



## FEDERAL RESERVE BANK *of* ST. LOUIS

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P.O. Box 442  
St. Louis, MO 63166  
[www.stlouisfed.org](http://www.stlouisfed.org)

### **Rapid Response with Erik Soell of the St. Louis Fed's Banking Regulation and Supervision Division**

**Erik Soell:** So, Rapid Response was a program that was created out of the Banking Supervision department to help examiners with emerging topics (and) current issues. And it was really modeled off a program in New York, which was called the Knowledge Sharing Sessions, which were run monthly, they were videotaped, and it was primarily for a segment of examiners that handled large complex organizations. So, there was a subset of examiners that attended those. They really liked those and so we took that model, worked with them, and said, "What if we offered something like that for all examiners?" And we designed it as a weekly phone call, very low tech, some presentation material, and then an opportunity for people to ask questions. We really wanted that collaborative element; so, the people could get some information in a timely manner and then ask questions, follow-up, that kind of thing as well.

**Interviewer:** Okay. And who was the audience?

**Erik Soell:** The audience are bank examiners in the Fed originally. And then after the program had been out for about six or eight months, we opened it up to state examiners as well. So, right now it's Fed examiners and then state examiners.

**Interviewer:** How does such an internal program ultimately benefit banks and bank holding companies that the Fed supervises?

**Erik Soell:** What we're seeing is a few things that's really helping people. One, it's getting some current information out to people in a pretty efficient manner. So, there has been some regulations that have come out, some supervisory letters that come out or administrative directives that come out from the Board. So, people are able to get that pretty quickly in such a way that if they get asked questions by a banker or by an administrator in a bank, they can at least speak intelligently enough about a topic and make sure they know where to direct those questions, which I think has been a huge help to people.

**Interviewer:** Can you give examples, specific examples of how Rapid Response has helped?

**Erik Soell:** You know what, there's a couple of examples that stick out, (such as) one related to the state of California did not pass a budget around mid-summer. In fact it was right around the July 4th holiday. We saw this coming and said, "You know, there's some information we need to get out to people pretty quickly because they were going to essentially issue IOUs." And, so, we saw this coming and then when the budget was not passed there was some information coming out of the Board; so, we worked with the person at the board, the senior person there who knew all about this and was putting some information together and said, "Would you mind

hosting a Rapid Response session?” So, we worked with her and pretty quickly, in about a week, we turned around approaching her, getting some content together and then hosting a call. And that was obviously for Fed examiners and for state examiners, and we had almost 250 people join this call to find out okay, what does this mean, these registered warrants, which is essentially an IOU, what does that mean if you are in the state of California, does this apply to businesses, vendors, does it apply to tax refunds, people, the regular consumer and what is a bank going to do when they get this note that says, “I owe you this much money, but I’m not going to pay it until October 2009.” And, so, there are a lot of really good questions. We had some great examiners from the San Francisco Fed who were on the call who said, “Well hey, we’re looking at institutions right now and these are the things we’re seeing.”

It was a great session, very collaborative, a lot of good information shared, and we didn’t know everything. I mean, even the people in the Board said we don’t know the answers to all the questions yet, but this is what we do know and we’ll get some more information out to you when it is available. So, I think that was just the best example of something popped up pretty quick—we had this program in place that really, with pretty minimal effort, we were able to host a session, 250 or so people, so that was great. So, that’s one example of an emerging topic.

I think another example that I’m really proud of was we had Mark Zandi, who is the co-founder and chief economist of moodys-economy.com, join us for a session in July as well, and his was really an outlook on the economy, so that one there was a little bit of prep. He was able to pull some data together, and it was a great perspective on where the economy had been, where it was and where he thought it was going. And that was another session we had more than a couple hundred people in there, a lot of good questions. And what I liked about it, it was a non-Fed perspective—it certainly aligned with I think all the things our economists were seeing—but it was great to have that outside perspective. It was great to have an opportunity for any examiner in the Fed if they wanted to join ask Mark Zandi, who is very well known and respected, ask direct questions about data, what he thought he might be seeing with institution failures because we’re getting a lot of that data through the FDIC, as well as our own economists.

That was just another great session and on top of it, it happened to be our 50th Rapid Response; so, we had a little celebration around that and had some fun: the 50th registrant to that 50th session won an IPOD. An examiner out of New York won that, so that was really cool and on top of that we loaded the IPOD with all 50 podcasts from the previous sessions, 49 podcasts from the previous sessions. So, that was fun too, and we also did a very similar drawing in St. Louis just for St. Louis.