

Oral Statement of Joseph M. Otting
Comptroller of the Currency
Committee on Banking, Housing, and Urban Affairs

U.S. Senate

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Chairman Crapo, Ranking Member Brown, and members of the Committee, thank you for this opportunity to update the committee on the many activities underway at the Office of the Comptroller of the Currency. Over the last two months, the OCC has worked independently and together with the other federal banking agencies to respond quickly to the COVID-19 public health emergency. I am proud to work with employees and colleagues who understand the need to provide rapid clarity and guidance that encourages the banks and savings associations we supervise to work with consumers, businesses, and communities facing economic hardship from this pandemic. I am proud of what we have accomplished in a short amount of time. We recognize that there is more to be done to ensure that banks remain safe and sound and able to serve the individuals, families and businesses in their communities throughout this pandemic.

America's national banks and federal savings associations, big and small, entered this situation well equipped to play a central role in the federal relief programs created by the CARES Act. Capital and liquidity were strong and asset quality good. Banks acted quickly from a position of strength to provide relief to their customers and communities and to deploy initiatives such as the Paycheck Protection Program, mortgage forbearance and foreclosure relief, and lending facilities that provide capital and liquidity so that our economy can continue to operate. America's banks remain sources of strength and engines of opportunity.

Since early March, the OCC has engaged in rapidly-developing efforts to support the orderly function of the federal banking system and promote its role in the nation's response to COVID-19. The agency has been in regular communication with the 1,200 banks and savings associations we supervise to understand the challenges they face and quickly work through emerging issues. We have coordinated closely with other federal and state regulators to issue more than 40 pieces of guidance, statements, and interim final rules that clarify regulatory expectations regarding capital, liquidity, accounting, and customer accommodation. These actions allow and encourage banks to use their strength to support the customers and the communities.

In February, the agency also implemented enhanced market-data collection to closely monitor the condition of the industry. Agency executives meet daily to discuss issues facing consumers, banks, and the broader financial services industry. This effort has resulted in real-time awareness of the financial condition of the banks and early identification of concerns allowing us to act promptly to promote the orderly flow of credit and banking services.

The extent of COVID-19's impact on individuals and families, banks, and our economy depends on the depth and duration of this downturn and how quickly demand returns to the economy. Our monitoring efforts will continue so that we have current data to use as we respond to industry challenges as the situation evolves.

The agency has conducted its day-to-day activities, put forth valuable rules and guidance, and managed the demands of COVID-19, while nearly 95 percent of the OCC's employees have worked from home since early March. I am proud of the OCC teammates who have demonstrated resilience and professionalism during these difficult circumstances. Remote access

to data and information and video conferences have become the norm so that the agency can perform its important mission without missing a beat.

As the nation plans for a return to a more normal environment, the OCC is planning for its employees to return to offices and banks across the country. As we make this transition, we will put the health and safety of our employees at the forefront of every operational decision we make. OCC employees stood tall as our public health emergency unfolded. We will support them as they deal with the long-term challenges COVID-19 presents.

While our hearts and minds have focused on those afflicted by COVID-19, the agency has also performed its regular mission and duties to ensure the federal banking system can meet the needs of its customers well after this crisis passes. My testimony provides details about the range of activities currently underway, including our efforts to strengthen the Community Reinvestment Act regulations, make Bank Secrecy Act compliance more effective and efficient, and encourage banks to provide more responsible small-dollar lending.

Thank you again for holding today's hearing, and I look forward to your questions.