

Statement
Of
Joseph M. Otting
Comptroller of the Currency
At the
Financial Stability Oversight Council
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Thank you, Mr. Secretary, for convening FSOC and the work done by the staff. We also appreciate your leadership as our country manages its response to the COVID-19 national emergency.

As Comptroller of the Currency, I oversee nearly 4,000 men and women who work day and night to ensure the 1,200 national banks and federal savings associations that make up the federal banking system continue to operate in a safe, sound, and fair manner. The banks we oversee hold nearly 70 percent of all assets in the nation's commercial banking system and provide tens of trillions of dollars in retail and commercial credit. Those banks are open for business, continue to lend and support their depositors, and remain capable of serving the needs of households and businesses across the nation. Deposits in national banks and federal savings associations remain 100 percent safe and are insured through the Federal Deposit Insurance Corporation, just as they have been every day since 1933. The federal banking system is a source of strength for the national economy, both in the near and long term.

In the decade leading up to recent events, banks built their capital and liquidity to historic highs, precisely for times like these, to serve the consumers, businesses, and communities that depend on them. I am grateful for the cooperation of fellow regulators and heads of other federal agencies who have acted quickly to provide banks greater flexibility to assist their customers

through this challenging period. The OCC and other federal regulators have taken specific steps to ensure ample liquidity is available to meet customer demands and so banks can use the temporary facilities we set up to meet liquidity needs. Over the weekend, the OCC took additional steps to ease pressure on short-term investment funds by authorizing banks to extend maturities on those funds in response to COVID-19. The OCC also joined federal and state bank regulators to provide information on loan modifications and troubled debt restructuring, making it clear to banks that regulators will not criticize institutions for prudently working with customers affected by COVID-19, and regulators will not direct supervised institutions to automatically categorize loan modifications as troubled debt restructurings. We have provided guidance to banks that now is the time to use the strength they have built over the last decade. Supporting customers includes easing terms on new loans and modifying or restructuring existing borrower debt obligations because of temporary hardships resulting from COVID-19-related issues. We also have provided more incentive for banks to support community relief by temporarily expanding Community Reinvestment Act credit for retail lending, community development activities, and services that support communities' responses to COVID-19.

As the situation develops, the OCC and other regulators will consider additional regulatory and supervisory actions to support the orderly function of banks in meeting the needs of their customers and the nation. In addition to the work we have done already, the agency continues to discuss other topics that are important to the industry and the nation, including small-dollar lending, CECL, and appraisals for commercial loans. We also want to be clear that banks have the flexibility and authority to adjust hours and provide alternative service options that meet customer needs and to manage their unique circumstances related to COVID-19.

I want to express my deep appreciation to banks across the country who continue to operate and work to support the households and businesses that depend on them just as they are managing concerns of their own employees and their families. Now more than ever banks are demonstrating why they are pillars of communities throughout our nation.

Just as the banks remain open for business, the OCC has taken steps to ensure its continuity of operations. The office remains fully operational as OCC staff members work with national banks and federal savings associations to assess risks banks face, ensure effective risk management, and continue to operate in a safe, sound, and fair manner. I am proud of the OCC employees' professionalism and work during this difficult period.