

Fed to suspend exams for banks under \$100B

By

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WASHINGTON — The Federal Reserve will temporarily stop all examination activity for banks with less than \$100 billion of assets as it shifts supervisory priorities due to the coronavirus pandemic, the central bank said Tuesday.

The Fed is shifting its supervisory focus to monitoring and outreach to “help financial institutions of all sizes understand the challenges and risks of the current environment.”

The agency said it will be minimizing examination activities in order to do so, with the greatest reduction at smallest banks.

For banks with more than \$100 billion of assets, the Fed plans to defer a portion of planned examinations but will still conduct an exam when a financial stability or consumer protection issue has been flagged at a firm.

“The Board recognizes that the current situation is significantly affecting areas of the country in different ways and will work with financial institutions to understand the specific issues they are facing,” the Fed said in a statement.

Banks subject to the Comprehensive Capital Analysis and Review stress tests will still be required to submit capital plans to the Fed by April 6, but extra time will be granted for resolving non-critical existing supervisory findings in order to focus on “heightened risks in this current environment.”

This year’s capital plans will “be used to monitor how firms are managing their capital in the current environment, planning for contingencies, and positioning themselves to continue lending to creditworthy households and businesses,” the Fed said.

The temporary shift will last until at least the end of April, when the Fed will reassess whether conditions have changed.