STATEMENT OF

JELENA MCWILLIAMS
CHAIRMAN
FEDERAL DEPOSIT INSURANCE CORPORATION

before the

SUBCOMMITTEE ON CONSUMER PROTECTION AND FINANCIAL INSTITUTIONS
COMMITTEE ON FINANCIAL SERVICES
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Chairwoman Waters, Ranking Member McHenry, Chairman Meeks, Ranking Member Luetkemeyer, members of the Subcommittee and staff, thank you for the opportunity to participate today. I hope that you, your families and your staff are staying healthy as you engage on issues of national importance.

Over the past several months, the COVID-19 pandemic has created unprecedented challenges, including significant disruptions to the U.S. economy and global financial markets.

In response to the current challenges, the FDIC has taken swift, decisive actions to maintain stability and public confidence in the nation's financial system.[1] These actions have focused on providing necessary flexibility to both banks and their customers while maintaining the overall safety and soundness of the banking system. I appreciate the opportunity to discuss these actions with the Committee, including those taken pursuant to the CARES Act.

At the outset, I want to emphasize that the economic challenges before us did not originate within the banking system. Rather, they emanated from an exogenous shock that is reverberating through the system and impacting the global economy. Our nation's banks entered the crisis with aggregate equity over $2.1 trillion, which translated to an average common equity tier 1 capital ratio of 13.21 percent.[2] They have withstood the initial volatility and are well positioned to support individuals and businesses through lending and other financial intermediation.

To enhance the resiliency of the banking system, the FDIC has taken actions to (1) encourage banks to work with affected customers and communities, (2) increase flexibility for banks to meet the needs of their customers, (3) foster small business lending, (4) protect consumers and increase financial options, and (5) actively monitor the financial system.

Our supervisory and regulatory response is guided by a focus on enabling banks to best serve their communities during these difficult times. The brunt of this economic impact is going to fall hardest and fastest on individual consumers, small businesses, independent contractors, low-income borrowers, and hourly workers. As the FDIC encourages banks to take prudent steps to work with customers, we remain particularly mindful of these affected groups and of those in our communities who are most vulnerable both to the pandemic and its ensuing economic shock – our senior citizens, and particularly those on fixed income.

The FDIC continues to engage with banks and their customers affected by COVID-19 to address questions and concerns. As part of our extensive outreach, we have contacted all 50 state banking commissioners, spoken to numerous members of Congress, reached out to consumer groups, and maintained regular contact with supervised institutions, particularly community banks. These engagements have helped us better understand the particular challenges facing banks and communities across the nation.

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[1] *See* FDIC, Coronavirus (COVID-19) Information for Bankers and Consumers, available at https://www.fdic.gov/coronavirus/index.html.

[2] *See* FDIC Quarterly Banking Profile, Fourth Quarter 2019, available at https://www.fdic.gov/bank/analytical/qbp/2019dec/qbp.pdf.

While responding to the economic risks related to COVID-19 remains the FDIC's highest priority, our key supervisory activities and other essential functions remain operational. We have maintained our supervisory programs for both safety and soundness and consumer protection, and we have worked with the small number of institutions experiencing operational challenges to delay portions of examinations.

While the FDIC does not have many open rulemakings at this time, we continue to focus our efforts on modernizing and improving the efficiency and resiliency of the financial system. We are evaluating on a case-by-case basis pending rulemakings for which the FDIC has sole jurisdiction, and prioritizing rules that are necessary or appropriate at this time and that will not disrupt or add unnecessary uncertainty to the market. We are actively engaged with our fellow regulators as we collectively assess how to proceed on each pending interagency rulemaking.

As we respond to the COVID-19 pandemic and continue our vital work, the 6,000 dedicated employees of the FDIC continue to fulfill the agency's critical mission. Our employees are working tirelessly to maintain stability and public confidence in the financial system. I could not be more proud of their efforts and unwavering commitment to the FDIC's mission.

The FDIC was born out of a crisis, and it has dealt with many crises. We will get through this one together. Since 1933, no depositor has lost a penny of FDIC-insured deposits, and that will not change now.

Thank you again for the opportunity to participate today, and I look forward to your questions.