

PUBLICATION

Coronavirus: Regulators Encourage Banks to "Work with Customers"

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March 16, 2020

Both the FDIC and the OCC issued letters on Friday responding to bankers' requests to acknowledge that the regulators will provide some leniency to banks as they work with their customers in addressing the potential business impact of COVID-19 (coronavirus). More specifically, the regulators are encouraging financial institutions to take prudent steps to assist customers and communities affected. They recognize that efforts to work with customers and communities affected by the coronavirus can be consistent with safe and sound banking practices and in the public interest.

The FDIC in Financial Institutions Letter 17-2020 encourages financial institutions to work with all borrowers, especially borrowers from industry sectors particularly vulnerable to the volatility in the current economic environment and small businesses and independent contractors that are reliant on affected industries. A financial institution's prudent efforts to modify the terms on existing loans for affected customers will not be subject to examiner criticism. In addition, the FDIC will work with financial institutions to reduce burdens when scheduling examinations, including making greater use of offsite reviews, consistent with applicable legal and regulatory requirements. The FDIC's staff stands ready to work with financial institutions that may experience challenges fulfilling their regulatory reporting responsibilities and will act expeditiously if institutions need to temporarily close facilities.

The OCC in [Bulletin 2020-15](#) also encourages banks to work with affected customers and communities. The OCC recognizes that such efforts serve the long-term interests of communities and the financial system when conducted with appropriate management oversight and are consistent with safe and sound banking practices and applicable laws, including consumer protection laws. The OCC lists a number of specific methods for banks to address these issues, including waiving certain fees, such as ATM fees for customers and non-customers, overdraft fees, late payment fees on credit cards and other loans, and early withdrawal penalties on time deposits; increasing ATM daily cash withdrawal limits; easing restrictions on cashing out-of-state and non-customer checks; increasing credit card limits for creditworthy borrowers; and offering payment accommodations, such as allowing borrowers to defer or skip some payments or extending payment due dates, which would avoid delinquencies and negative credit bureau reporting caused by coronavirus-related disruptions. The OCC also confirms that prudent efforts to modify the terms on existing loans for affected customers should not be subject to examiner criticism.

Last week, the Tennessee Bankers Association held a teleconference in which various bankers shared actions they are taking to address the coronavirus with respect to their employees and customers. Some of these suggestions included separating critical departments (such as information technology) into different locations, encouraging certain groups of employees (including more susceptible employees, those tending to family members, etc.) to work remotely, issuing more laptops to core employees, closing branch locations to walk-up traffic and only allowing drive-through access, requiring customers to call to make arrangements for any critical contact such as accessing their safe deposit boxes, retaining extra cash reserves, requiring employees who have traveled to areas of concern to self-quarantine, monitoring the travel of employees, determining and announcing how employees will be paid in certain situations, conducting deep cleaning of offices, and making available cleaning and antibacterial supplies everywhere.

Baker Donelson continues to monitor the impact of the coronavirus on the financial services industry. The FFIEC's Interagency Statement on Pandemic Planning was addressed in our alert from [last week](#).

If you have any questions regarding these issues or how your financial institution can improve its pandemic protocols, please contact any member of [Baker Donelson's Financial Services Team](#). Also, please visit our [Coronavirus \(COVID-19\): What You Need to Know](#) information page on our website.