Fiscal Year 2020 Bank Supervision Operating Plan
Office of the Comptroller of the Currency
Committee on Bank Supervision

The Office of the Comptroller of the Currency's (OCC) Committee on Bank Supervision (CBS) operating plan sets forth the agency's supervision priorities and objectives. The agency's fiscal year (FY) for 2020 begins October 1, 2019, and ends September 30, 2020. The FY 2020 plan outlines the OCC's supervision priorities and aligns with "The OCC's Strategic Plan, Fiscal Years 2019–2023" and the National Risk Committee's (NRC) priorities. The operating plan facilitates the development of supervisory strategies for individual national banks, federal savings associations, federal branches and agencies of foreign banking organizations (collectively, banks), as well as identified service providers. Managers and staff in the OCC's supervisory units—Bank Supervision Policy, Economics, Large Bank Supervision, Midsize and Community Bank Supervision, and Specialty Supervision in Systemic Risk Identification and Specialty Supervision (collectively, supervisory units)—will use this plan to guide their supervisory priorities, planning, and resource allocations for FY 2020.

Priority Objectives for Supervisory Units

The FY 2020 Bank Supervision Operating Plan identifies priority objectives across the supervisory units. Supervisory units and managers should use this guidance to develop and execute individual operating unit plans and risk-focused bank supervisory strategies. While the objectives are similar for the Large Bank Supervision, Midsize and Community Bank Supervision, and Specialty Supervision departments, managers will differentiate bank size, complexity, and risk profile when developing individual bank supervisory strategies. Operating plans include resources and support for risk-focused examinations of technology and significant service providers that provide critical processing and services to banks. The OCC will adjust supervisory strategies, as appropriate, during the fiscal year in response to emerging risks and supervisory priorities. For FY 2020, in addition to the baseline supervision to assign ratings, the development of supervisory strategies will focus on the following risk areas:

- Cybersecurity and operational resiliency, with emphasis on threat vulnerability and detection, access controls and data management, and managing third-party connections. Examiner focus should include information technology risk management evaluation and institutions' information technology systems maintenance.
- Bank Secrecy Act/anti-money laundering (BSA/AML) compliance, with emphasis on customer due diligence and beneficial ownership; determining whether BSA/AML risk management systems match the complexity of business models and products offered; evaluating technology solutions to perform or enhance BSA/AML oversight functions; and assessing the adequacy of suspicious activity monitoring and reporting systems and processes.
- Commercial and retail underwriting practices, with a focus on evaluating credit risk appetites, risk layering, and portfolio risk exposure.

- Commercial and retail credit oversight and control functions, including portfolio administration and risk management, independent loan review, concentration risk management, policy exception tracking, collateral valuation, stress testing, and collections management.
- Impact of changing interest rate outlooks on bank activities and risk exposures, including deposit costs, funding migration, asset valuations, borrower debt service capacity, and housing affordability.
- Preparedness for the current expected credit losses (CECL) accounting standard, including bank implementation plans and use of third-party vendors to assist in methodology, modeling, and management information systems development. Examiner evaluation of institution preparedness should consider the various CECL implementation dates.
- Preparation for the potential phaseout of the London Interbank Offering Rate (LIBOR) as a reference rate after 2021, including impact assessments, correlated risk assessments, vendor management, and change management related to the implementation of an alternative index for pricing loans, deposits, other products and services, as well as operational and compliance risks.
- Technological innovation and implementation, including use of cloud computing, artificial intelligence, digitalization in risk management processes, new products and services, and strategic plans.

Resources should remain focused on significant risks in FY 2020 while considering appropriate coverage of other areas. Supervisory strategies should focus on control functions and, as appropriate, leverage the institutions' audit, loan review, and risk management processes.

To facilitate an agency-wide view of risk on selected topics, supervisory units will prioritize and coordinate resources and conduct various horizontal risk assessments during the fiscal year. The CBS may direct horizontal assessments, as appropriate, during the supervisory cycle.

The OCC will provide periodic updates regarding supervisory priorities, emerging risks, and horizontal risk assessments in the *Semiannual Risk Perspective* report.