Banking and Finance Law Daily Wrap Up

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Addressing the EU’s Single Resolution Board conference, Jelena McWilliams highlighted lessons learned in dealing with the pandemic.

In remarks delivered virtually at the European Union's Single Resolution Board Annual Conference, Federal Deposit Insurance Corporation Chairman Jelena McWilliams addressed the FDIC's response to the coronavirus pandemic and the pandemic’s resulting economic and financial market stress. McWilliams said she was "truly impressed by the way our teams have adapted to this crisis and enabled strong and stable financial institutions." She also said the agency will continue to build plans, test scenarios, and improve capabilities.

McWilliams remarks highlighted a few lessons learned in dealing with the pandemic.

- Make room for change, adaptation, and flexibility so you can move past the last crisis in order to address the next one.
- One team—such as the recently created Division of Complex Institution Supervision and Resolution—increases the agency's "crisis readiness" better than separate divisions or offices creating silos that limited information sharing.
- Reminding the audience that the FDIC is in the resolution planning business, McWilliams said her agency is "constantly trying to imagine failure scenarios so that we can identify gaps early and take steps to address them."
- It is critical to focus on specific organizational capabilities, identifying shared services, key personnel, or liquidity needs, or building flexible and redundant IT systems.
- Although information technology and operational risks can be liabilities, they can also become part of a solution, as "almost overnight financial institutions, regulators, servicers, customers and counterparties around the world all left their offices, went home and stayed there for months…and it worked."
- Use capital and liquidity buffers wisely—regulators have helped by prudently providing flexibility in the rules without compromising safety and soundness.
- "[G]ood old fashioned human relationships" improve resilience.

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