March 5, 2019

Mr. Wes Bricker	Mr. Russ Golden
Chief Accountant	Chairman
U.S. Securities and Exchange Commission	Financial Accounting Standards Board
100 F Street NE	301 Merritt 7 / P.O. Box 5116
Washington, DC 20549	Norwalk, CT 06856

Dear Mr. Bricker and Mr. Golden:

The U.S. Chamber of Commerce, American Bankers Association, Bank Policy Institute, Real Estate Roundtable, Commercial Real Estate Finance Council, Mortgage Bankers Association, National Association of Realtors, Credit Union National Association and National Association of Federal Credit Unions would like to thank you for your engagement regarding implementation of the current expected credit loss (CECL) accounting standard, which is set to take effect for certain institutions beginning in January 2020. We believe that the roundtable convened by the Financial Accounting Standards Board on January 28th was an important step to hear from stakeholders and members of our institutions regarding the potential impact this standard could have on bank lending and economic growth. We also appreciate the lengthy standard-setting process that FASB undertook in promulgating CECL.

As the implementation phase of CECL has begun, we feel it is important to maintain the process that FASB has exercised so far by analyzing the standard and ensuring there are no unintended consequences, taking into account both operational considerations and assessing the availability of decision-useful information for all sizes and types of institutions. In addition to economic concerns, there still are compliance concerns for companies. According to a survey by KPMG, while progress has been made, companies are still struggling to make certain accounting, modeling, and data decisions.[1] We believe it is important to delay implementation of CECL in order to allow for time to conduct a quantitative impact analysis and to consider potential alternatives, while allowing for post-issuance field testing. Time for further assessment will also allow regulators to better understand and address the key consequences of any proposal for capital and other regulatory purposes.

While we think CECL is a well-intended effort to provide investors with better information, certain of our members—both preparers and users of such information--have expressed concerns that the standard will have a negative impact on long-term lending, be "procyclical" and disincentivize lending particularly during economic downturns, and will exacerbate many of the hurdles to extending credit that institutions are already facing in the wake of increased capital requirements. We appreciate the view by FASB to ensure that the standard will not change the economics of lending; however, we have seen practical examples that CECL, in requiring estimates that forecast future economic trends, would in fact have a negative and real impact on lending nationwide. A recent analysis done by the Bank Policy Institute confirms this, as it found that had CECL been in effect during the financial crisis, bank capital ratios would actually have been more than one and a half percentage point lower, and that aggregate bank lending to the economy would have been reduced by an additional nine percentage points.[2]

We continue to support the independence of standard setters such as FASB. Congress has long recognized the independence of FASB and designated the SEC as the primary agency with oversight of FASB. We believe this system has served our capital markets extremely well, and that the SEC and FASB are the appropriate bodies to spearhead the ongoing discussion and review of CECL. As the regulatory body overseeing FASB, we recognize the important role the SEC has in this process. While FASB may not have the adequate resources to do an economic analysis, we know that this is something that the SEC's Division of Economic and Risk Analysis is well suited to analyze.

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[1] https://advisory.kpmg.us/content/dam/advisory/en/pdfs/2018/cecl-survey-paper.pdf

[2] https://bpi.com/wp-content/uploads/2018/07/CECL_WP-2.pdf

Thank you for your attention and engagement on this important matter, and we look forward to continuing to work with you during this process.

Sincerely,

U.S. Chamber of Commerce
American Bankers Association
Bank Policy Institute
The Real Estate Roundtable
Commercial Real Estate Finance Council
Mortgage Bankers Association
National Association of Realtors
Credit Union National Association
National Association of Federal Credit Unions