




# News

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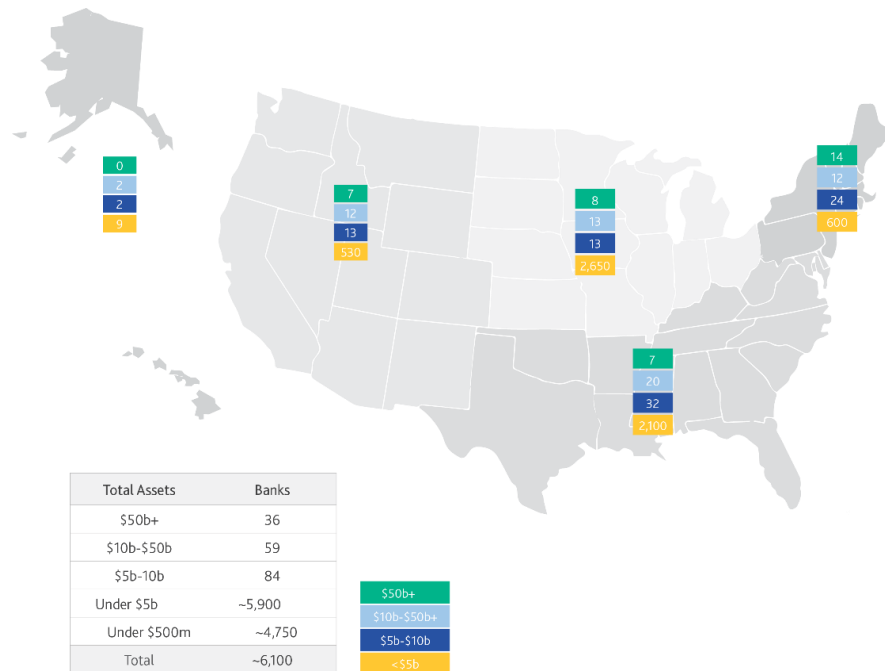
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## Moody's Analytics: US Banks Expect to Increase Loan Loss Provisions Under CECL Accounting Standard

NEW YORK, December 19, 2016 – The new CECL accounting standard will significantly impact banks' loan loss provisions, according to a survey by Moody's Analytics. Almost all banks surveyed expect provisions to increase under the new standard.

Moody's survey also reveals that data quality and applicability of models pose the biggest challenges in preparing for CECL. The full report is now available in the latest edition of Moody's Analytics *Risk Perspectives*, [The Convergence of Risk, Finance, and Accounting: CECL](#).

### Banks subject to CECL by location and total assets



Source: [CECL Survey Results](#) Moody's Analytics Risk Perspectives  
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"The implementation of CECL poses a range of process and methodological challenges for banks. It requires an interdisciplinary approach that leverages expertise from credit risk, accounting, treasury, finance, and technology teams," said Anna Krayn, Senior Director at Moody's Analytics and Editor-in-Chief of *Risk Perspectives*. "Given the potential impact of CECL on earnings and capital, firms must understand the changes required to transition to the new standard and put implementation plans in place ahead of the launch date."

With staggered adoption of the CECL standard scheduled to begin in 2019 many institutions expect a major effort to prepare for the new accounting regime. All but the largest banks in the Moody's Analytics survey anticipate challenges related to quantity and quality of data, and in applying life-of-loan loss models. Banks with over \$50 billion in assets expect more significant impacts to reporting under CECL. With a more complex stakeholder landscape, larger banks have to manage multiple, overlapping reporting requirements, presenting more compliance challenges.

For more in-depth analysis on CECL, including industry-wide implications of the new standard and the differences and similarities in asset impairment under the CECL and IFRS 9 regimes, [view the online edition](#) of *Risk Perspectives*. Other articles in this edition include:

- [New Impairment Model: Governance Considerations](#)
- [CECL's Implications for Bank Profitability, System Stability, and Economic Growth](#)
- [Mortgage Models for CECL: A Bottom-Up Approach](#)

## About Moody's Analytics

Moody's Analytics helps capital markets and risk management professionals worldwide respond to an evolving marketplace with confidence. The company offers unique tools and best practices for measuring and managing risk through expertise and experience in credit analysis, economic research, and financial risk management. By providing leading-edge software, advisory services, and research, including the proprietary analysis of Moody's Investors Service, Moody's Analytics integrates and customizes its offerings to address specific business challenges. Moody's Analytics is a subsidiary of Moody's Corporation (NYSE: MCO), which reported revenue of \$3.5 billion in 2015, employs approximately 10,900 people worldwide and maintains a presence in 36 countries. Further information is available at [moodyanalytics.com](http://moodyanalytics.com).

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