In 2016, the Financial Accounting Standards Board (FASB) issued a new accounting standard that introduced the CECL methodology for estimating credit loss allowances in response to the criticism that the incurred loss methodology delays the recognition of credit losses. Under CECL, the allowance for credit losses is an estimate of the lifetime expected credit losses on financial assets measured at amortized cost. The effective dates of the new standard vary according to an institution's characteristics, ranging from 2020–2022.

Reminder: CECL is scalable.

CECL permits the use of various methods to estimate expected credit losses, including a loss rate method. We believe that CECL is scalable to an institution's size and complexity and that community banks can implement CECL without the use of costly and/or complex modeling techniques.

We acknowledge that the implementation of CECL continues to be an area of concern for community banks. We plan to provide additional guidance to institutions and continue our outreach efforts to the industry and other stakeholders to understand potential implementation issues and communicate supervisory views. This document provides a list of available resources to assist you in the implementation of CECL.

CECL Resources

Interagency Guidance
The Joint Statement and Frequently Asked Questions (FAQs) provide a summary of the key elements of CECL, initial supervisory views, and answers to FAQs pertaining to the implementation of CECL. Proposed reporting changes to various Federal Financial Institutions Examination Council (FFIEC) report forms, including the Call Report are available at www.ffiec.gov. The federal banking agencies issued a final rule that provides an option for a three-year phase-in of CECL's day-one impact on regulatory capital.

- SR Letter 16-12, "Interagency Guidance on the New Accounting Standard on Financial Instruments – Credit Losses"
- SR Letter 17-8, "Frequently Asked Questions on the Current Expected Credit Losses Methodology (CECL)"
- Redlined FFIEC report forms, including the Call Report
- Regulatory Capital Rule: Implementation and Transition of the Current Expected Credit Losses Methodology for Allowances and Related Adjustments to the Regulatory Capital Rule and Conforming Amendments to Other Regulations

CECL Webinars
Webinars include a discussion on loss rate methods that community banks can use to implement CECL and a Q&A focused on community banker questions. Recordings of past CECL webinars are available at askthefed.org (registration is free!); once registered, search using the keyword CECL.

- Ask the Regulators: CECL Questions and Answers for Community Institutions – July 30, 2018
- Ask the Regulators: Practical Examples of How Smaller, Less Complex Community Banks Can Implement CECL – February 27, 2018

FASB Resources
The FASB has formed a Transition Resource Group (TRG) on credit losses. The TRG periodically meets to discuss potential issues arising from CECL implementation. The issues, which may be submitted by any stakeholder, are technical in nature. The FASB staff in January 2019 released a Q&A document related to the weighted-average remaining maturity method for estimating the allowance for credit losses. This Q&A, as well as information on the TRG, may be found at fasb.org.

American Institute of Certified Public Accountants (AICPA) Resources
Information on CECL and the CECL Issues Tracker for CECL implementation issues identified by the AICPA Depository Institutions and Insurance Expert Panel may be found at aicpa.org.

Conference of State Bank Supervisors (CSBS) CECL Readiness Tool
A framework that a community bank could use to plan for the implementation of CECL may be found at csbs.org.