



# IFSA EDUCATIONAL SERIES

## TODAY'S TOPIC

### *The Economic Crisis*

### *...How It Has And May Still Affect Reporting*

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# The Economic Crisis...



## Troubled Asset Relief Program (TARP)

- TARP money represents equity ownership intended to add capital to the banks, and to leverage it with deposits (which takes time; making loans often means lending below cost now since Fed Funds rate so low)
- As of mid-March over **\$330 billion** was disbursed to almost 500 banks (and one insurance company)



## **The New Bank Holding Companies (BHCs): Why is everyone becoming BHC?**

- Gov't-sponsored programs
- Equal footing
- Capital requirements
- Fed discount window
- New Fed lending facilities for banks



## The New BHCs: The Caveats

- Extra regulatory burden, especially related to risk
  - Risk mgmt. from a banking perspective: must re-assess and re-organize risk management programs throughout the company which may be costly and require skill sets now non-existent
- Restricts the amount of debt that can be taken
- Mandates capital requirements
- Have 2 years to comply with stricter regs and extensions allowed one year at a time

(in millions)

Name	First Mortgage	HELOC (Lines and Increases)	US Card (Managed): Initial Line Amount	Other Consumer Lending	Commercial & Industrial: Renewal of Existing Accounts	Commercial & Industrial: New Commitments	Commercial & Industrial: Renewal of Existing Accounts	Commercial Real Estate: New Commitments
Bank of New York Mellon	\$212	\$34	\$0	\$17	\$802	\$1,055	\$213	\$195
Citigroup	\$16,274	\$1,122	\$27,121	\$4,219	\$3,553	\$6,470	\$955	\$378
Goldman Sachs	\$1,086	\$150	\$0	\$203	\$571	\$3,686	\$10	\$0
JPMorgan Chase	\$28,271	\$1,606	\$17,900	\$6,037	\$57,127	\$48,533	\$2,693	\$2,560
KeyCorp	\$315	\$467	\$0	\$237	\$3,439	\$2,375	\$2,575	\$1,020
Marshall & Ilsley	\$411	\$130	\$16	\$155	\$1,318	\$777	\$366	\$545



## TARP Intermediation Snapshot

- Key Metrics:
  - Levels
  - Volumes
  - Drivers of Credit
- Keeping in mind other economic factors affecting lending (i.e. demand falls during an economic downturn, time to process loans, etc.)
- Monthly report for the public and Treasury to see lending trends and capital market activities of Top 20 TARP banks
- Designed to be used in conjunction with quarterly regulatory reports
- Done monthly to get more frequent, timely information



## The Future

- Jumping through regulatory hoops
  - TARP reporting
  - BHC call report (FR Y-9C) and other FRB reporting requirements
  - Increased oversight
  - Increased demand for transparency and details



# Summary of Current Reporting Changes...



## The Reports

- FAS 141(R), FAS 160
- Increased detail and oversight on reports
  - Short sales & trading commodities contracts
  - Regulatory Capital
  - Real estate loans
  - TARP
  - Construction & development loans
  - Commercial MBS
  - Structured financial products



## The Reports (continued)

- Increased detail and oversight on reports
  - Fair value measurements
  - Pledged loans & trading assets
  - Collateral for OTC derivative exposures
  - Past due & non-accrual trading assets
  - Enhanced information on credit derivatives
  - Borrowings
  - Real estate ventures



## Potential Future Reporting Changes

- TARP reporting
- Enhanced credit card information
  - Probable report changes
  - Probable increase in details to be submitted to regulatory agencies
- Hedge fund reporting



# Changes in Submitted Data...



## New Requirements

- Detailed data requirements
- Frequencies
- Automation via XBRL [*eXtensible Business Reporting Language, an extension of XML (eXtensible Machine Language)*]



# Questions??

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## IFSA Service Partners Committee

The goal of the Service Partners Committee is to broaden the industry point of view regarding issues confronting the financial community. The Services Partners Committee will add its knowledge and expertise to offer solutions in partnership with the financial community





- **Shauna Hughes** is an accounting and banking professional with over eighteen years of experience. She has a well-rounded knowledge of banking reports, reporting mechanisms and bank accounting. Ms. Hughes possesses strong analytical skills and is an accomplished problem solver, skilled in implementing new and innovative ways to improve procedures. Prior to joining IDOM, Ms. Hughes was an employee of the Federal Reserve Bank of New York for four years in the capacity of Operations Support Analyst. Ms. Hughes has a Bachelor of Science degree in Finance from Seton Hall University.
- **Barbara Barker** is an accomplished banking software sales executive with over twenty-five years of experience in sales and sales management to the financial services sector. She has a proven track record of success acquiring and managing corporate clients in domestic and foreign markets. Ms. Barker's expansive skills include knowledge of foreign exchange trading platforms, web-based hedge funds management solutions, and automated regulatory reporting solutions. As an independent consultant for thirteen years, she has advised business owners on strategizing and closing business for their high tech companies.
- **IDOM, Inc.** has been helping its customers solve their regulatory and compliance concerns since 1988 and is considered an industry leader in providing scaleable, reliable solutions that reflects our expertise in the areas of banking, compliance and technology. The company's software products include its industry-leading REG-Reporter, an automated regulatory reporting solution, and DOC-Tracker, an automated documentation and KYC compliance management solution. Please contact either Barbara Barker, SVP, Director of Sales, ([bbarker@idomusa.com](mailto:bbarker@idomusa.com) / 973-648-8409) or Vincent Raniere, President and CFO, ([vraniere@idomusa.com](mailto:vraniere@idomusa.com) / 973-648-8402) for additional information.



## About the IFSA

The International Financial Services Association (IFSA) is a not-for-profit trade association whose members are the world's largest international financial services organizations. At the current time the IFSA has over 165 Members and over 600 participating organizations headquartered around the world. The IFSA's focus is on international financial services, which includes trade services products such as documentary credits, funds transfer, treasury operations, compliance, regulatory reporting, etc. The IFSA membership represents over 98 percent of the letters of credit issued in the US as well as over 98 percent of the US funds transfer volume. In the 1920's, the IFSA created the first rules for the processing of letters of credit between banks. These rules were the model for the International Chamber of Commerce Uniform Customs and Practice for Documentary Credits.

The organization was founded in 1924 and has been in continuous existence since that time. The IFSA provides a forum for members to meet and discuss the various issues related to the financial services industry. The IFSA's primary functions are education, representing the membership to international bodies such as SWIFT and the ICC as well as the US regulatory bodies, and provide a community through which members can network. Much of the work of the organization is carried out by volunteers who participate on the organization's thirteen (13) technical committees. These committees represent the major disciplines of international financial services operations. Through these committees the organization establishes operating rules and procedures for financial services institutions and work with the global regulating bodies to provide input on laws and regulatory procedures/practices. For additional information log on to our website [www.IFSAonline.org](http://www.IFSAonline.org) or contact the IFSA at [Support@Intlbanking.org](mailto:Support@Intlbanking.org).



# The Next IFSA Presentation Series Webinar

Thursday, June 11<sup>th</sup> at 11:00 am EDT

Selecting Sanctions Lists: From OFAC to  
the Central Bank of Seychelles

Presented By:

