

## Pandemic Risk Readiness Checklist

This tool was developed based on a reading of guidance provided by the CDC and other government agencies and from feedback provided by community bankers. This checklist is not intended to be comprehensive; rather, it should be used as a starting point and tailored to each bank's unique situation.

### Cleaning Processes

- ☐ Are dispensers of hand sanitizers readily available for employees and customers?
- ☐ Is there disinfectant soap for frequent hand washing?
- ☐ Has an alternative to shaking hands been adopted?
- ☐ Create an inventory of areas that need frequent cleaning and implement processes to address (e.g., wipe with disinfectant wipes), including but not limited to:
  - All office locations
  - ATMs
  - Drive-thru tube systems and canisters
  - Night-drop doors
  - Office equipment, filing cabinets, company vehicles, etc

### Work Processes

- ☐ How are operational risks (such as data privacy) being managed to adjust for remote working situations?
- ☐ Are there clear procedures governing travel restrictions?
- ☐ Do you have procedures ready if your company has an employee or contractor who tests positive?
- ☐ Have you addressed how to identify and handle employees who should not be coming to work?
- ☐ Do you know how or where to refer employees for testing? It's more complicated than you think.

### Operational Processes

- ☐ How are overdrafts being monitored and addressed?
- ☐ How are returned items, processing rejects and Reg E disputes being monitored and addressed?
- ☐ If the bank is publicly owned, have you considered expanded disclosures related to COVID-19 impacts and possible impairments?

- ☐ How can you improve customer service through the drive-thru lanes or over the Internet?
- ☐ Are call centers adequately staffed?
- ☐ How can you manage in-house appointments for loans or other business to be sure your customers are safely and expeditiously taken care of?

### Asset Quality and Loan Concentration

- ☐ Has an assessment been made of the concentration of restaurant and/or hotel loans?
- ☐ Have you considered reinstating regular outside loan reviews?
- ☐ Is the asset/liability management program on top of exposures from very low interest rates, liquidity stress and market risks?
  - Do you now have return-free risk assets that are a drag on interest income?
  - Have you tested your ability to draw on the Federal Reserve's discount window?
  - Have you increased monitoring of borrower draws on lines of credit?
  - Have you considered reorganizing your investment portfolio?
- ☐ Have you taken a careful look at your strategic business plan with a special review of the section on your capital and liquidity plans?
- ☐ Are you keeping your board of directors apprised of the steps you have been taking?
- ☐ Even though the FDIC has issued guidance on COVID-19 delinquencies, have you discussed the issues with your outside auditors to be certain your actions do not create a TDR which could then affect your ability to pledge loans to the FHLB and adversely affect liquidity?

## Policy Readiness

- ☐ Are credit risk policies sufficient for a possible (and likely) decline in credit quality over the coming weeks and months?
- ☐ Are collection procedures ready?
- ☐ Are you familiar with your regulators' requirements about keeping them informed of branch closures or shortened hours?



## Additional Risk Assessment

- ☐ What reputational risks are emerging and need to be managed?
- ☐ How are you communicating with customers and the community?
- ☐ How is the ability to manage compliance risks being affected?
- ☐ Will your financial institution be providing payment holidays or deferrals and are you prepared to do so in a way to meet compliance requirements and expectations?
- ☐ What new attacks are hackers launching under the guise of the Coronavirus or COVID-19?
- ☐ Are you tracking new scams and frauds, especially involving elder abuse?
- ☐ What new legal risks and exposures are present?
- ☐ Are there *force majeure* provisions in third-party provider contracts that may be activated and need discussion with legal counsel?
- ☐ How will you conduct any required stockholder or member meetings if state laws and/or bylaws do not permit virtual meetings?
- ☐ How will you handle board meetings?

**Our financial institutions are meant to be sources of strength in a crisis and we have work to do to help employees and customers and to aid the economy's recovery.**

**Be calm, be prepared and be ready for the challenge.**

---

Randy Dennis, DD&F President

---

We would welcome any additions to this checklist that you may have identified in your financial institution. Please email any additions or insight you have to Randy Dennis at [rdennis@ddfconsulting.com](mailto:rdennis@ddfconsulting.com).