How Bankers Can Prepare for the Shock of Coronavirus

Mar 11, 2020

Categories:

Blockchain and Digital Assets
Coronavirus Response Team

Authors:

William T. Repasky
Nancy Eff Presnell

Yesterday, March 10, Dr. Anthony Fauci, Director of the National Institute of Allergy and Infectious Diseases, speaking at a White House briefing, urged that it is time for the nation to change our day to day practices in light of the coronavirus a/k/a COVID-19. Banking is a part of daily life that will be affected by the coronavirus, particularly in terms of physical banking activities.

Bankers always hope for the best, but meticulously plan for the worst. This maxim will be tested in the upcoming weeks as our industry responds to the societal and financial effects of the coronavirus. Bankers have many questions, both those which are general to all businesses and employers, but also those unique to financial institutions.

- What does the institution's Business Continuity Plan actually say about pandemic planning, and are we there yet?
- Are you in contact with your vendors, do you understand their abilities to meet commitments, and are your contracts protective of your interests in the events of closure or non-performance, whether of you or them?
- What discussions do you need to have with regulators as you consider changes to daily operations, such as temporary branch closures and limiting branch hours?
- If a "bank holiday" is declared, either at the state or national level, what are its consequences for your Bank's deposit ops and loan operation teams?
- What are the lender's contractual rights, or its list of options, for borrowers in uniquely impacted industries, or for borrowers who, on a temporary basis, are simply unable to comply with a loan's covenants?
- What are the lender's responsibilities when encouraged by federal and state financial regulators to meet the financial needs of customers and members affected by the coronavirus?

- Cash is king, but how do your employees and customers feel about handling it?
- Are you monitoring cash levels at your branches for the possibility that your clients may start withdrawing and holding more cash as COVID-19 concerns heighten?
- Should your ATM policies, pricing or physical practices be adjusted?
- Are your customers at particular risk for coronavirus e-banking scams?
- Once this situation abates, how are our regulators and the court system likely to judge the merits of the various actions taken by your institution?

This list of questions touches upon just a few of the coronavirus-related issues financial institutions will face. These extraordinary circumstances will generate many banking challenges to be mastered. If better understanding specific legal, regulatory or compliance obligations will assist your institution in its business and operational planning, please contact any of the lawyers with Frost Brown Todd's Financial Services Industry Team. For more information relative to this specific topic, contact Bill Repasky at brepasky@fbtlaw.com or (502) 779-8184; Shannon Kuhl at skuhl@fbtlaw.com or (513) 651-6755; and Nancy Presnell at npresnell@fbtlaw.com or (502) 779-8750.

To provide guidance and support to clients as this global public-health crisis unfolds, Frost Brown Todd has created a Coronavirus Resource Page. We have also convened a dedicated Coronavirus Response Team, with attorneys on hand to field questions concerning labor and employment matters, commercial contracts, litigation risks, as well as business succession, continuity and crisis response planning.