



# Arkansas State Bank Department

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Commissioner

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DATE: September 13, 2017  
TO: Chief Executive Officer  
FROM: Candace A. Franks  
SUBJECT: CSBS Current Expected Credit Losses (CECL) Readiness Checklist Tool

The Conference of State Bank Supervisors (CSBS) has developed a tool to help financial institutions prepare for the changes associated with the Financial Accounting Standards Board's (FASB) release of Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses* (Topic 326) commonly referred to as the Current Expected Credit Losses (CECL) method. The tool was developed to provide a framework that a financial institution could use to plan for these accounting changes. CECL will have a significant impact on the way a financial institution estimates and provides for credit losses. It is prudent for institutions to start planning as soon as possible to adopt CECL in an orderly manner.

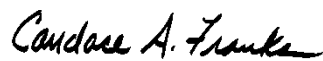
There is no regulatory expectation from the Arkansas State Bank Department that this tool be used. It is simply offered as an optional resource to plan and prepare for the implementation of CECL. The suggested dates in the tool are suggestions only and are not regulatory expectations or deadlines. The tool does not replace or revise any agency guidance related to CECL, nor should it replace advice your institution may receive from your auditor or accounting experts.

This optional tool was developed in response to comments from financial institutions, particularly small, noncomplex financial institutions, that a set of steps to prepare for CECL would be helpful. Accordingly, the 14 steps provided in the tool represent one possible path a financial institution management team could take to prepare for this change. At its core, the tool encourages early research, data maintenance, and communication amongst members of a financial institution's management team.

The Conference of State Bank Supervisors has made the CECL Readiness Tool and an associated guide for state bank examiners available here: [CSBS Job Aid website](#). If you have questions, comments, or feedback about the tool, please email Susannah Marshall ([smarshall@banking.state.ar.us](mailto:smarshall@banking.state.ar.us)) or you may email Kyle Thomas ([kthomas@csbs.org](mailto:kthomas@csbs.org)) and Mary Beth Quist ([mbquist@csbs.org](mailto:mbquist@csbs.org)) at the Conference of State Bank Supervisors.

The Arkansas State Bank Department understands that each financial institution's approach to implement CECL will be unique. In that regard, we hope this tool provides sufficient flexibility for most institutions to begin the planning process. The Arkansas State Bank Department will continue to work with other state and federal agencies, through the Conference of State Bank Supervisors, to provide timely guidance and other materials as the implementation dates approach.

Thank you,



Candace A. Franks  
Bank Commissioner