

Rethinking CECL

Innovative Insights to Drive Business

By Brooks Williams



Can CECL help your bank be more innovative? Yes, it can—with advisors that you trust. PCBB can help you glean insights for your strategic planning, while calculating your CECL reserve. Most community bankers are starting to prepare for CECL by collecting additional loan data. Yet, the plethora of data collected can be used for more than just CECL calculations. Whether you have been thinking of M&A, adding new business units or discontinuing products, the data itself, and the technology used with the data, allow you to be more proactive, shrewd and thoughtful about your strategic planning too.

Data to achieve goals

Some banks may feel that they cannot capture all the data, and so they don't have the benefit of leveraging enough information for their strategic planning. However, backfilling with industry data and dynamically grouping loans for CECL makes it possible to look at different characteristics and run various "what-if" scenarios to gain a deeper understanding of long-term trends.

The resulting trends will help you better assess which long-term goals are more realistic and which ones need more research. For example, your data may tell you that a specific lending team's results are not as strong as

expected, or trends may indicate certain niche markets are no longer as viable.

Use your time more wisely

With CECL, you need to gather and automate your data. Once you have done that, not only will you be able to more easily figure out your reserve, but you will also be able to put more energy into areas you didn't have as much time for before, such as customer profitability. Management can now dig deeper and look further into relevant innovations and industry trends, and determine how it wants to incorporate both.

"With the help of industry experts at PCBB, banks can use the data gathered for CECL and apply deeper insights for their strategic planning to position themselves ahead of the business curve."

Greater transparency

One of the outcomes of CECL is greater transparency—for your bank, the auditors and the examiners. So, you will definitely need to be well-versed on how you calculate your reserve. But, not only that, this transparency gives you the detail and insight you need to justify your strategic plans to your board. All the data will be

clean, properly linked and readily available. If your board questions a strategic direction, you will immediately have the "drill-down" data needed to back up those decisions.

We all need to transition to CECL. However, using the data gathered for CECL and applying deeper insights for strategic planning allows banks to position themselves ahead of the business curve. If you are looking for the right technology and people to help you gather your data, provide you with the depth and transparency you need, and facilitate more robust strategic planning, PCBB has the solution.

Our approach is to combine an interactive SaaS solution with a team of advisors that support you from data gathering to implementation to analyzing the impact of each of the 7 methods to customizing reports to meet your needs. CECL FIT™ SaaS solution gives you a customizable executive dashboard with an intuitive graphic display. Further, our experts are with you every step of the way, as little or as much as you need.

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