

News of the Week: OCC Report Discusses Key Risks for Federal Banking System

WASHINGTON — The Office of the Comptroller of the Currency (OCC) today reported credit, operational, compliance, and interest rate risks are key themes for the federal banking system in its *Semiannual Risk Perspective for Fall 2018*.

Highlights from the report include:

- Credit quality remains strong, but the OCC is monitoring the origination quality of new loans, the potential for increased lender complacency within credit risk identification and management, and the potential embedded risks from successive years of eased underwriting.
- Operational risk is elevated as banks respond to an evolving and increasingly complex operating environment.
- Compliance risk is elevated as banks manage money laundering risks and comply with amended consumer protection requirements.
- Rising interest rates and increased competition for deposits may result in changes in funding mix or costs.

The report also highlights the emerging risk posed by the growth in nonfinancial corporate debt, and includes a credit underwriting assessment supplement. The report covers risks facing national banks and federal savings associations based on data as of June 30, 2018.

The report presents information in five main areas: the operating environment, bank performance, special topics in emerging risk, trends in key risks, and supervisory actions. It focuses on issues that pose threats to those financial institutions regulated by the OCC and is intended as a resource to the industry, examiners, and the public.

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