

## FFIEC Statement of Principles on Examination Information Requests

The members of the Federal Financial Institutions Examination Council (FFIEC) have completed the final phase of the Examination Modernization Project, which was initiated in response to a review of regulations under the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA).<sup>1</sup> This statement presents the results of this final phase, in which the FFIEC members (1) developed and committed to implementing principles for examination information requests, and (2) developed a common authentication mechanism for external access to the FFIEC members' respective supervision systems.

### Background on the Examination Modernization Project

The objective of the Examination Modernization Project was to identify and assess improvements to the effectiveness, efficiency, and quality of examination processes with respect to community financial institutions, and to minimize regulatory burden.

During the Examination Modernization Project, the FFIEC members sought feedback on examination processes from select supervised institutions and examiners. The FFIEC members then assessed the feedback to identify initiatives with the potential to deliver meaningful reduction of the regulatory burden on community financial institutions.

In this final phase of the Examination Modernization Project, the FFIEC members focused their efforts to address the feedback provided by supervised entities regarding two specific areas:

- (1) Redundant and/or duplicative examination information requests; and
- (2) Differing and cumbersome authentication requirements to access FFIEC members' supervision systems.

### FFIEC Principles for Examination Information Requests

To address the feedback on examination information requests, the FFIEC members undertook an initiative to compare information gathering processes and examination information request lists to identify opportunities for improvement and uniformity. The initiative considered practices for safety and soundness examinations for community financial institutions, as well as for consumer compliance examinations for all supervised financial institutions. The review concluded that there are general similarities in the programs and processes that state and federal regulators have developed and implemented for risk-tailoring examinations.

As a result of these efforts, the FFIEC members have identified the following principles as best practices for requesting examination information from financial institutions:

- Information requests should be risk-focused and relevant to the examination.
- Supervised institutions should be given sufficient time to produce new or additional requested information.

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<sup>1</sup> On [March 22, 2018](#), and [November 27, 2018](#), the FFIEC issued separate press releases providing prior updates on the Examination Modernization Project. The March 22, 2018, press release noted the steps taken to improve the examination process, which included the identification of areas with the potential for the most meaningful supervisory burden reduction. The November 27, 2018, press release focused on tailoring examination plans and procedures based on risk.

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- Examiners should coordinate information requests among the examination team to avoid duplicative and/or redundant requests.
- Information requests should be made through the supervised institution's designated regulatory examination point-of-contact, if applicable, to avoid placing burden on other institution staff.
- Information requests and supplemental information requests should be clearly articulated in writing.

### FFIEC Technological Cooperation

To address the feedback related to authentication requirements to supervision systems, the FFIEC members evaluated areas in which increased technological cooperation among the agencies is possible, to enhance efficiency and reduce burden for supervised institutions. As a result of this effort, the FFIEC Task Force on Supervision approved a common authentication solution for secure access to the FFIEC members' supervision systems. Common authentication will allow supervised institutions and the FFIEC member agencies to securely authenticate to supervision systems, while eliminating the need for multiple credentials to access regulator systems. The agreed upon transition strategy provides each FFIEC agency the flexibility to implement common authentication as needed, at its own planned pace and as resources become available. As FFIEC members continue to align their technological capabilities where permissible and possible, additional opportunities for burden reduction will be evaluated.

### FFIEC Commitment for Ongoing Coordination

As part of the FFIEC's commitment to improve examination information gathering processes, each member agrees to:

- Review and refine its examination information request lists and practices periodically.
- Reinforce examiner awareness and training regarding examination information request practices.
- Share best practices among members, including information request list templates, as warranted.
- Explore and implement common technological solutions that create efficiency, facilitate information exchange, and further reduce burden on supervised institutions when possible and permissible.

### Conclusion

These initiatives represent the completion of the Examination Modernization Project. In line with the mission of the FFIEC, its members remain committed to reviewing and improving examination processes.