

When Problems Arise in Commercial Banking Operations

When problems arise for customers in either bank deposit operations or in lending/borrowing matters, a good understanding of how applicable regulations plus the bank's organizational/policy requirements and structures - and how the bank's internal departments work together - can assist in resolving them.

In deposit operations, the seminal USA PATRIOT Act of 2001 and follow-on legislation provide a Federal law background through which the Office of the Comptroller of the Currency (OCC), Federal Reserve Bank, FinCEN and other agencies require commercial banks to provide annual training and updates to all employees in the 'Know Your Customer' ('KYC'), Customer Due Diligence ('CDD') and Customer Information Programs ('CIP') areas. This data normally interfaces with the bank's available account records, operational policies, audit, and record retention policies. Most bank deposit accounts are now insured by the FDIC, which also provides key foundational and guidance requirements for member banks.



On the lending side of a bank, the OCC and FDIC (and/or state agencies and statutes for state-chartered banks) similarly provide Federal lending guidelines which work in tandem with a bank's in-house lending policies to promote the bank's financial soundness and the proper underwriting, boarding and monitoring of its loans and credit extensions.

A bank's lending policies are often developed separate from its operational policies, and yet they must work together to fulfill the bank's charter and mission to serve its communities and constituencies. The bank's executives and leadership are tasked with creating appropriate departmental capabilities, interfaces, responses, and compliance to ensure that appropriate records are kept both to facilitate both the customer's deposit and credit needs, and to meet the bank's simultaneous objectives of soundness, profitability and growth.

Douglas E. Johnston, Jr.

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Doug Johnston is an expert witness in commercial banking, mergers & acquisitions (M&A), and in financial due diligence. He has served as one of the youngest bank presidents in U.S. history, and has designed, built, staffed and managed five full-service bank offices in California and Texas, including his participation in over 1000 loan committee meetings. Additionally, he served in the global M&A industry as EVP-Finance and a 'Founding Father' of Platinum Equity, LLC, which is now the largest private company in Los Angeles. He has personally supervised the closing of approximately \$5 Billion in closed transactions, and has both lent and borrowed over \$2 Billion from commercial banks including most major industry sectors. djohnston@fivemanagement.net 310-917-1075/310-699-3467