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Greetings!

It's been almost two months since I was [appointed](#) director of the Financial Institution Supervision and Credit Division here at the San Francisco Fed. Several of you have reached out to offer congratulations and other comments. I appreciate your support and I look forward to working with you and strengthening the cooperation between our organizations.

I would be remiss if I didn't note here that I am both excited and humbled by the opportunity to lead the supervision and regulation function throughout the 12th Federal Reserve District. I am excited for various reasons, namely to execute the Fed's supervisory programs in the District, work to understand the changes in the banking industry so that we can better tailor our supervisory expectations, and engage with you on topics that are of particular concern to you or your institutions. But I am also humbled. My predecessor, [Teresa Curran](#), enjoyed a good, working relationship with many of you, and it's my goal to build on her legacy of leadership, inclusion, and outreach.

With this in mind, I plan to continue sharing a perspective on various issues in this new publication, *Supervision in Brief*. Like in previous updates from past San Francisco Fed supervision directors, I will offer thoughts on hot topics in banking, new guidance, trends, and supervisory concerns. I will also regularly highlight speeches, articles, events, and resources that I think would be of particular interest to 12th District financial institutions. I hope that you find this briefing both informative and enlightening. But before I get into a few top line issues that may interest you, I want to share a bit about me.

I began my career at the Bank in 1989 as an associate examiner and had the opportunity to work in a number of areas in supervision over the years. I've spent most of my career engaged in consumer compliance and CRA supervision, but I've also had responsibility for our safety and soundness examination teams, our strategy and operations function, our regulatory applications function, and most recently our financial technology (fintech) team. Based on my fintech work, which includes leading the Federal Reserve System's supervision initiative to research developments in fintech, I also have had the opportunity to represent the System on the Basel Committee on Banking Supervision's Task Force on Financial Technology.

As you can tell, I have had some interesting and diverse experiences here at the Fed. So far it's been an incredible journey; one which I believe will help me approach this role and my interaction with you and your institutions in a collegial and constructive manner. As we move forward, I welcome any suggestions, feedback, or other top-of-mind thoughts that you may have.

Speaking of top-of-mind thoughts, there are a few that I'd like to mention here. First, it's no secret that financial conditions in the 12th District continue to strengthen and banking conditions remain sound. Meanwhile, banks across the District (on average) are outperforming their nationwide peers in many areas. In the second quarter 2017 issue of our banking and economic report [First Glance 12L](#), we note these findings and also highlight some areas that we are monitoring closely. These include Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) compliance, balancing overhead expense pressures with risk management requirements, and information security and evolving cyberthreats. These and other areas are drawing heightened supervisory attention within the 12th District based on risk exposures and metrics of Federal Reserve-supervised institutions. If you're interested in learning more about these areas and the 12th District's performance, please take a look at the report. If you're not already a *First Glance 12L* subscriber, you can do so [here](#).

Secondly, as I mentioned above, I have been heavily involved in the fintech space, and I have [spoken](#) on several occasions about our fintech efforts here at the San Francisco Fed and in the Federal Reserve System. Here at the Bank we have a small team of fintech analysts who study the impact of digital innovation to understand a range of issues impacting the banking industry and supervisors. Recently we launched a public facing [outreach program](#) to engage with firms and other industry groups as they try to navigate the regulatory and supervisory system in support of their involvement with financial technologies. Firms generally contact us with questions on a broad range of our responsibilities: supervision and regulation, payments, and other related areas. These meetings also provide us with opportunities to learn more about these new technologies and their application in financial services.

In addition to this work, we are also monitoring developments in this space with an eye toward understanding how changing technologies could lead to growing risk and/or challenges for 12th District financial institutions. You may recall Teresa Curran's *Community Banking Connections* [article](#) that was published earlier this year on fintech. In it, she highlighted important information for bankers to consider as more financial institutions collaborate with fintech firms. She also provided comments about what supervisors are doing in response. It's a worthwhile read, and I encourage you to check it out.

Finally, since being named to this position, I have spent a lot of time listening to our supervision staff here at the Bank, talking with my peers across the Federal Reserve System, and reaching out to some of you as we've worked through this transition. I value our dialogue and you should feel free to contact me with any questions or comments. I look forward to hearing from you.

Best regards,
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