Good policy and good supervision require good data. But good data analytics can mean even better policy and supervision - especially during a pandemic.

While state regulators have always used data analytics in some format, advanced technologies have allowed us to rethink how to use it. That is why the strategic plan CSBS implemented this year is committed to improved access to data and the exploration of predictive analytics and machine learning.

The current pandemic has highlighted the importance of iterative analytics design. We have worked to empower state regulators with risk identification tools and economic analysis. To understand the impact of Covid-19 in their local markets, state regulators have to dig deeper, using new enhanced data analytics that lead to even better supervision during this economic crisis.

New resources are providing bank and nonbank examiners a broader range of data to capture important trends in economic activity, employment concentrations, unemployment, housing and delinquency. Examiners are moving towards a data-driven approach to financial supervision for banks and nonbanks, which will only enhance the judgment part of their work.

The FDIC’s recent announcement about launching a rapid prototyping competition to help develop a new and innovative approach to financial reporting is a positive step forward. I commend Chairman McWilliams for exploring this type of innovation.

There is so much work to be done to improve the access, quality, and types of data that it will take many initiatives like this to move financial regulation to a place of dynamic and
actionable data. This can be done while at the same time reducing the burden on the banks.

CSBS and state regulators are committed to using advanced technology. We know it enhances supervision and creates more meaningful engagement with state-regulated institutions. And that means a stronger financial system for all of us.