CECL: The New Accounting Standard for Measurement of Credit Losses on Financial Instruments

Date/Time: Monday, December 4, 2017
4:00PM - 6:00PM Roundtable Discussion
6:00PM - 7:00PM Networking Reception.

Location: NYU Stern School of Business | Kaufman Management Center
44 West 4th Street
Gardner Commons, Room KMC 1-100

Roundtable Overview:

The Ross Institute of Accounting Research is hosting a Roundtable on FASB Accounting Standards Update 2016-13, Measurement of Credit Losses on Financial Instruments. One of the most significant financial reporting changes in recent decades, the new standard will have a major impact on how financial institutions and other lenders measure credit losses on loans. In addition to affecting these firms’ financial statements, this rule should encourage lenders to issue capital prior to or early in economic downturns and thereby should enable them to lend more during downturns. Such effects would enhance the stability of the economy.

Current GAAP generally requires firms to accrue for credit losses on loans using the Incurred Loss Model (ILM), wherein credit losses are recognized only when these losses have been incurred, are probable, and are capable of reasonable estimation. The ILM has been criticized as backward looking, specifically, that it ignores losses that are expected but have not yet been incurred, or are not probable, or are not capable of reasonable estimation. The financial crisis highlighted the deficiencies of the ILM, since the financial statements of financial institutions did not reflect their deteriorating loan quality on a timely basis as the crisis first approached and then worsened.

The new Current Expected Credit Loss (CECL) model aims to correct this deficiency, by incorporating reasonable and supportable forecasts of future economic conditions and loan performance over the remaining life of loans in the determination of credit losses on loans.

The Roundtable will consist of brief presentations from a panel of experts from financial institutions, regulatory agencies, public accounting, and academia to debate the key issues related to the proposed accounting standard. A networking reception with hors d’oeuvres will follow.

Confirmed Roundtable Presenters:

- Larry Cordell, Vice President, RADAR Group, Federal Reserve Bank of Philadelphia
- Frederick Currie, Partner, PwC
- Jason Goldberg, Director, Barclays
- Kevin Guckian, Partner, EY
- Masha Muzyka, Senior Director, Moody's Analytics
- Richard Ebil Ottoo, Vice President, Global Association of Risk Professionals
- Stephen Ryan, Charlotte Lindner MacDowell Faculty Fellow, Professor of Accounting, NYU Stern
- Harold Schroeder, Board Member, Financial Accounting Standards Board

This Ross Roundtable is coordinated by: Paul Zarowin, NYU Stern
Learning Objectives: The Ross Roundtable provides a forum for "public opinion shapers" -- business writers, financial analysts, educators, corporate financial executives, regulators, etc. -- to discuss with policymakers important developments in capital markets and the financial world. To provide ample opportunity for participants to voice their opinions, the size of the Roundtable is limited.

Delivery Method: Group-live

Program Level: Update

Prerequisites: Applicable involvement in the business and/or academic experience in the subject matter.

No fee involved.

No advance preparation needed.

To register for this course, contact Sarah Yoon, Vincent C. Ross Institute of Accounting Research at 212.998.4143 or visit our website, http://w4.stern.nyu.edu/ross

Complaint Resolution Policy: For information regarding complaint and program cancellation policies, please contact our office at 212.998.4143

Earn 2 CPE credits (based on a 50 minute credit hour).

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