

Snapshot Design

The snapshot contains quantitative information on three major categories of lending – consumer, commercial, and other activities – based on banks’ internal reporting, as well as commentary to explain changes in lending levels for each category. In addition, the snapshot contains a qualitative section that provides market color on lending demand and credit standards generally to help Treasury and the public meaningfully and accurately interpret the quantitative data.

Why base the quantitative data on internal reporting? Treasury believes that it is critical to provide the public and Congress with as much information as possible about the programs we are implementing to stabilize the financial system. In this spirit, the snapshot has been designed to collect new information on a more frequent basis from banks. In order to do this, Treasury must utilize banks’ internal reporting. This snapshot complements the detailed quarterly reports provided by banks on activities and financial condition to regulators, which is also publicly available. The Treasury snapshot is focused on lending activities and will be issued on a monthly basis. This information will also help guide policy making going forward as Treasury and the federal regulators continue to coordinate to develop a comprehensive response to the unprecedented financial markets crisis.

Why include both commentary and a qualitative section? Lending levels are a function of credit availability, which is in banks’ control, as well as a host of factors outside of banks’ control: loan demand, borrower creditworthiness, capital markets liquidity, the macroeconomic environment, etc. The purpose of the commentary and qualitative section is to allow banks to provide color on the interaction of these variables so that readers can put the banks’ information in context and draw meaningful conclusions from the quantitative data.

What are the limits of the snapshot? The snapshot’s reliance on internal reporting means that aggregation by loan category and comparisons of asset and origination levels across firms may be imperfect. Snapshot readers should focus on trends within a firm across time, particularly in percentage change terms, a fact that is reflected in Treasury’s summary analysis.