

Remarks of FASB Chair Richard R. Jones
AICPA Conference on Banks and Savings Institutions (Virtual)
September 15, 2020

Thank you for having me here today.

As you heard from that kind introduction, I'm only three months into my role as FASB chair. Like any new job, there's a bit of learning curve that comes with the territory—and I have gotten welcome comments and advice from many sources. But in some cases, I was a bit surprised by the source. One of my children is pursuing an undergraduate degree and has already taken a few accounting courses. A few months ago, he received his intermediate accounting textbook for his remote summer semester.

Soon after the semester started, he sent me the following text:

“Dad—Chapter one of my intermediate accounting textbook doesn't make working at the FASB sound like much fun.”

Despite that dire assessment, I'm thoroughly enjoying my new role. After 32 rewarding years in public accounting, I'm very pleased to be on the other side of the table. The chance to help modify and improve the accounting rulebook after a career interpreting and applying it was just too good to pass up.

That said, I knew there would be challenges. I just didn't expect a worldwide pandemic to be one of them. Earlier this year, before the lockdowns, I *was* able to spend a couple of weeks in the FASB's Norwalk, Connecticut office, learning the ropes from my predecessor, Russ Golden, prior to shifting to a remote working environment.

On the bright side, recent events have allowed me to experience firsthand the collaborative culture FASB members and staff have created. We may not all be in the same room together, but we continue to host public meetings and work on standard-setting issues born of these unpredictable times. Thanks to the AICPA and others, we're also able to participate in industry conferences like this.

I'm grateful for the opportunity to join you at this virtual event. I'm aware that some FASB standards have been controversial in the banking industry. I'm also aware that you've experienced a period of major accounting changes that have kept you quite busy—even without the added stress of the pandemic.

The FASB hears you. We've taken steps to lighten your burden and learn from your experiences so that we can continue to improve GAAP. They're not mutually exclusive objectives. And they're among the things I hope to accomplish in my new role.

Today, I'll talk about my priorities as FASB chair. I'll start with my top priority—namely, listening to and learning from our stakeholders. They include financial statement users, preparers, auditors, academics, regulators—in short, all of you.

I'll discuss what I plan to do with what I learn—and how your input will drive our “quality control” assessment of standards to evaluate whether they've performed to expectation.

Finally, I'll discuss our pandemic response—what we've accomplished so far, what we'll continue to do to address ongoing challenges, and what, if any, changes are needed.

Then, I'll turn the presentation over to [Shayne Kuhaneck](#), FASB's Deputy Technical Director. He'll provide you with a deeper dive into some of our post implementation activities as well as the FASB's technical update—the “nuts and bolts” of certain projects in progress. Following that presentation, Shayne and I will be available to answer your questions.

Before I continue, I want to remind you that official positions of the FASB are reached only after extensive due process and deliberations. In other words, what I am about to say are my views and only my views.

Overview

My immediate priority as FASB chair is to learn as much as I can from those who are involved in the process, both internally and externally.

In recent months, I've met with FASB members and staff to understand our internal processes. As the “front line” workers in standard setting, they have unique insight into what we're doing well and what we need to adjust. So far, they've provided valuable input on how we can improve several areas related to staffing, workflow, and stakeholder outreach. I'll be working closely with Shayne and our new technical director, [Hillary Salo](#), to implement these improvements.

This may seem like “inside baseball,” but our internal processes directly affect our ability to engage with you in the most effective and efficient ways possible. Your time is valuable—and while accounting standards are our priority, they aren't necessarily yours. We're looking at ways to make it easier for you to share input into our activities and projects, to encourage more participation in our process.

In addition, I've made it a priority to meet with diverse stakeholder groups to understand your perspectives on the FASB. Specifically, I want to know how you view your experiences with us—what works well, and what doesn't. I also want your perspectives on standards in progress and standards you've implemented.

Some of the groups I've met with include banking regulators, and representatives of the American Bankers Association, Financial Executives International, and other professional organizations. I've also initiated contact with groups that have had less involvement in the standard setting process. From them, I hope to learn how we can facilitate more engagement.

This is important to a “new guy” like me. All my experience has been in public accounting, so I bring that perspective to the table. But it’s not the only perspective. History shows that we make the best decisions when we consider all views. My goal is to continue to ensure those views inform all aspects of the process, from agenda decisions to implementation of our standards.

Now I’ll turn my attention to what I hope to focus on in the next few months, starting with our agenda.

Agenda Review

The FASB technical agenda currently includes 24 active and 8 research projects. Additionally, we have well over 20 different agenda requests—items that one stakeholder group or another wants us to explore for standard setting.

How would we decide what makes the cut? That’s going to depend on upcoming Board discussions and other factors.

Broadly speaking, though, I think to change accounting standards, we must make a clear case for change. As I see it, there are three primary reasons for change:

- First, to provide users with better, more useful information that will directly influence their decisions and behavior
- Second, to remove cost and complexity from the system
- And third, to clarify and improve consistency around the codification.

For this talk, however, I will focus on the first two.

Before we can successfully make a change, we first need to communicate the reason for that change. We must also understand who would benefit from the change, and how those users would put that information to work. If we can’t clearly articulate these elements, we risk a weak standard that won’t stand up to challenges from those required to bear the costs of applying it.

Similarly, to reduce complexity in accounting, we must first understand the costs to implement and comply with the new standard. That includes, but is not limited to, the price we pay for poor compliance of a standard that is unclear or too complex. These costs aren’t just borne by preparers and auditors. There’s a cost to users, too.

While these judgments are often qualitative, they’re essential. And the earlier we can make them, the better.

How do we perform this analysis? I confess that I hold views based on my own experience with the costs and benefits of certain changes. But the main driver of our decisions will be what we

learn from outreach with you, our stakeholders. That's why we need you to continue to share your perspectives.

That said, I recognize that we've just gone through an extraordinary period of accounting change. Major standards on revenue recognition, leases, and credit losses have just recently been implemented—or are about to be implemented.

Now that public and some private companies and organizations have implemented leases, credit losses, and revenue recognition, we have real data to work with to understand what's working and what isn't.

This brings me to my next, and perhaps most important priority: to use the FASB's post-implementation review—or PIR—to ensure standards perform up to expectation.

The Post-Implementation Review Process

The PIR process is the “quality control” phase of the FASB's standard setting process. It begins as soon as a final standard is issued and continues for as long as there's a need to improve it. It helps us determine whether the value of information the standard generates justifies the resources required to deliver it. The PIR process gives the FASB the opportunity to identify and address any areas for improvement in “real time.”

We've already launched our PIR process for the credit losses, leases, and revenue recognition standards. By the way, if you're interested in reading up on the [PIR plans we discussed with FASAC last June](#), you can find them on the FASB website.

In the meantime, the PIR process has already yielded significant improvements to these standards, including:

- Effective date deferrals for certain groups
- Updates to improve and simplify guidance
- Staff question-and-answer documents to address practice issues
- Educational materials and implementation web pages
- Revenue recognition and credit losses transition resource groups, and
- Increased opportunities for outreach and educational sessions.

The FASB will continue to evaluate the need for additional guidance or educational support materials. And we'll continue to look to you for more insight.

We also recently launched a [PIR web portal](#) that provides quick access updates on each stage of the PIR process, including:

- *Post-Issuance Implementation Monitoring*, which begins soon after the final standard is issued, but before the date companies and organizations are required to implement it.
- *Post-Effective Date Costs/Benefits Evaluation*, which begins after companies and organizations have implemented the standard. Its purpose is to determine whether the value of information the standard is providing the capital markets is worth the resources required to deliver it.
- *Summary of Research and Reporting*, during which the FASB publicly discusses the results of its research and prepares a final report for the Financial Accounting Foundation (FAF) Trustees.

Standard Setting and COVID-19

Finally, I want to say just a few words about how the FASB has responded to the COVID-19 crisis, and how we plan to move forward.

Since March, the FASB has shifted its priorities to focus on stakeholder support. We intentionally slowed standard setting to focus on effective dates. We got to work on Q and As and other educational materials to address questions about lease abatements, which became a huge issue when COVID hit. We also are working with the AICPA and banking regulators, who are developing clarifying guidance on other unique accounting issues companies have faced.

To make it easier to find this information, we created a [COVID-19 web portal](#) that puts it all in one place. Available through the [FASB.org](#) home page, the portal also includes information on how to submit questions through our technical inquiry service. We continue to monitor and respond to these questions. Furthermore, they help us identify areas we may need to address through additional standard setting or educational resources.

In the coming months, we will continue to be cognizant of the environment in which our stakeholders operate. Specifically, we'll focus on:

- Emerging and critical issues
- Improvements to standards that have been issued but not yet implemented
- Longer exposure periods, and
- Implementation dates that are more responsive to the demands of that environment.

As I said earlier, there may be more work to do in this area. We don't know what we don't know. But I want to assure you we will continue to closely monitor your questions and are prepared to act on issues that may arise.

Conclusion

Mark Twain once said, “Continuous improvement is better than delayed perfection.” I think that summarizes the philosophy behind the FASB’s pursuit of better standards.

Our mission to both establish *and* improve accounting standards acknowledges that standard setting is an ongoing, not a finite, process. It’s one of the challenges that drew me to this job.

But continuous improvement requires continuous feedback—from you.

We’re always open to suggestions. If you have a view on our activities, standards, or other issues, let us know. Write a letter, submit a comment through our website, or ask a question through our technical inquiry service.

I want to thank you for giving me this opportunity to introduce myself. And I look forward to your questions later in the program.

In the meantime, I’ll turn it over to my colleague, Shayne Kuhaneck, for a deeper dive into these matters.

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