

STATEMENT BY

**TRAVIS HILL
ACTING CHAIRMAN
FEDERAL DEPOSIT INSURANCE CORPORATION**

on

“Oversight of Prudential Regulators”

before the

**COMMITTEE ON FINANCIAL SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES**

**December 2, 2025
2128 Rayburn House Office Building
Washington, DC**

Introduction

Chairman Hill, Ranking Member Waters, and Members of the Committee, I am pleased to appear at today's hearing entitled "Oversight of Prudential Regulators." I appreciate the opportunity to report on the Federal Deposit Insurance Corporation's (FDIC) recent work to improve our regulatory and supervisory approach across a number of areas, while continuing to fulfill our core mission of insuring deposits, promoting the safety and soundness of banks, and resolving failed institutions.

Over the past ten months, the FDIC has made significant progress on reforming supervision so it is less process-driven and more focused on core financial risks; engaging in a thoughtful review of our regulations, guidance, and manuals; reevaluating numerous aspects of our resolution and receivership management functions; and promoting the prudent adoption of innovative and transformative technologies in the financial services sector. Going forward, we will continue to work to drive economic growth and access to capital, while fulfilling our critical role in promoting a safe, sound, and resilient banking system.

Supervision Reform

The FDIC and other federal banking agencies are responsible for promoting the safety and soundness of supervised banks. A key tool to achieve this objective is on-site examinations. The FDIC is implementing a number of changes to our supervisory process to reorient our focus more towards core, material financial risks, and away from risk management process, among other reforms.

Interagency Rulemaking on "Unsafe or Unsound" Practice

In October, the FDIC and the Office of the Comptroller of the Currency (OCC) issued a joint proposed rule that would define an "unsafe or unsound practice" for purposes of section 8

of the Federal Deposit Insurance Act (FDI Act), and would establish uniform standards for matters requiring attention and non-binding supervisory observations as part of the examination process.¹ By defining these key terms in a rule, the FDIC intends to ensure supervisory criticisms are focused on the issues most relevant to a bank's safety and soundness. The FDIC looks forward to receiving comments on the proposal.

Supervisory Appeals Process

In July, the FDIC proposed to establish an Office of Supervisory Appeals to adjudicate appeals of material supervisory determinations.² This Office would be a standalone entity within the FDIC, independent of the Divisions that make supervisory determinations, whose sole function is to resolve appeals. The Office would be staffed by reviewing officials who have a deep understanding of banking and direct experience with the supervisory process, with an objective of promoting an independent, apolitical, and consistent appeals process. By recruiting externally, the FDIC expects to attract impartial candidates who are less likely to have established relationships with individuals involved in the supervisory process. An appeals process with an independent body will also help ensure that examiners are applying policies consistently across the country. The FDIC expects to finalize its guidelines to establish the Office in the near future.

CAMELS Rating System

The FDIC is also working with the other members of the Federal Financial Institutions Examination Council (FFIEC) to review the Uniform Financial Institutions Rating System, more commonly known as the CAMELS rating system. This review is oriented toward refocusing the

¹ Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, [Unsafe or Unsound Practices, Matters Requiring Attention](#), 90 Fed. Reg. 48,835 (Oct. 30, 2025).

² Federal Deposit Insurance Corporation, [Guidelines for Appeals of Material Supervisory Determinations](#), 90 Fed. Reg. 33,942 (July 18, 2025).

CAMELS rating system on material financial risks, including a reevaluation of the definitions of the component ratings. The FDIC is actively working with other FFIEC members to reevaluate the ratings definitions, with a goal to emphasize core financial risks while shifting away from an overemphasis on process-related issues that have little bearing on financial condition or solvency.

Streamlining the Examination Process

Earlier this year, the FDIC implemented changes to improve the efficiency of the examination process and the timeliness of supervisory feedback by simplifying internal procedures and reducing unnecessary documentation, particularly for well-rated community banks. We are also risk-focusing examination procedures, shortening reports, and reducing documentation for specialty reviews (such as anti-money laundering (AML) and information technology examinations). These changes will not impact or undermine the safety and soundness of supervised banks, but have improved the efficiency of our examination process. We are also evaluating potential options for implementing additional tailoring and streamlining for small banks with a history of being highly rated and well-capitalized.

Continuous Examination Process

The FDIC has historically supervised banks under either a point-in-time examination process or a continuous examination process. Prior to recent changes, nearly all FDIC-supervised banks with \$10 billion or more in assets were subject to the continuous examination process, as were a small handful below \$10 billion in assets. The FDIC recently raised the threshold for presumptive inclusion in the continuous examination process from \$10 billion to \$30 billion in assets, while retaining the ability to, on occasion, include a bank below \$30 billion in assets if warranted. For banks between \$10 billion and \$30 billion in assets, the FDIC is now

applying a hybrid approach with additional attention compared to point-in-time institutions, but fewer reviews, fewer dedicated examiners, and more tailored monitoring than institutions in the continuous examination process.

Consumer Compliance Exam Frequency

In the area of consumer compliance, the FDIC is reducing the frequency of consumer compliance and Community Reinvestment Act (CRA) exams to approximately once every five years, with a midcycle review, for most institutions with less than \$3 billion in assets.

Specifically, institutions with between \$350 million and \$3 billion in assets that have a consumer compliance rating of 1 or 2 and a satisfactory CRA rating will be subject to a joint compliance and CRA examination approximately once every five years with a midcycle review. Banks with less than \$350 million in assets that have a consumer compliance rating of 1 or 2 and a satisfactory CRA rating will be subject to a joint compliance and CRA examination approximately once every six years with a midcycle review.

Updated Standards for Termination of Cease-and-Desist and Consent Orders

In September 2025, the FDIC modified its policies and procedures for terminating cease and desist orders under Section 8(b) of the FDI Act.³ The FDIC's policy now allows for termination of such orders when substantial compliance has been achieved, and the FDIC may deem an institution to have achieved substantial compliance with an order when it has satisfied the essential requirements of the order's purpose or objective, even if minor, isolated requirements have not been fully satisfied.

³ Federal Deposit Insurance Corporation, [The FDIC Updates its Enforcement Actions Manual regarding Minimum Standards for Termination of Cease-and-Desist and Consent Orders](#), FIL-42-2025 (Sept. 8, 2025).

Capital

Strong capital standards are critical to ensuring a resilient banking system, in which banks can withstand unexpected shocks and continue to serve their customers and communities. Setting capital requirements requires balancing a number of competing objectives, including both the safety and soundness and resilience of the banking system and the ability of banks to drive growth in the economy through a range of economic conditions. The FDIC has been pursuing adjustments to capital rules to ensure they appropriately balance these objectives.

Enhanced Supplementary Leverage Ratio

Last week, the FDIC, together with the Board of Governors of the Federal Reserve System (Federal Reserve) and the OCC, issued a final rule to modify the enhanced supplementary leverage ratio (eSLR) applicable to U.S. bank holding companies identified as global systemically important bank holding companies and their depository institution subsidiaries.⁴ The final rule will help ensure that the eSLR serves as a backstop to risk-based capital requirements rather than as a frequently binding constraint, and will provide more capacity for these institutions to engage in low-risk activities that are critical to the functioning of the financial system, such as U.S. Treasury market intermediation and repo financing.

Community Bank Leverage Ratio

The FDIC, Federal Reserve, and OCC also issued a notice of proposed rulemaking (NPR) last week proposing targeted amendments to the community bank leverage ratio (CBLR).⁵ The proposal would lower the CBLR requirement from 9 percent to 8 percent and extend the current

⁴ Office of the Comptroller of the Currency, Federal Reserve System, Federal Deposit Insurance Corporation, [Regulatory Capital Rule: Modifications to the Enhanced Supplementary Leverage Ratio Standards for U.S. Global Systemically Important Bank Holding Companies and Their Subsidiary Depository Institutions; Total Loss Absorbing Capacity and Long-Term Debt Requirements for U.S. Global Systemically Important Bank Holding Companies](#).

⁵ Office of the Comptroller of the Currency, Federal Reserve System, Federal Deposit Insurance Corporation, [Regulatory Capital Rule: Revisions to the Community Bank Leverage Ratio Framework](#).

two-quarter grace period to four quarters, while establishing a limitation on the amount of time a bank would be able to use the longer grace period to help ensure the grace period is not abused. The proposed changes are designed both to expand eligibility for the CBLR and to encourage community banks that are currently eligible but not participating in the framework to opt in, while still ensuring banks subject to the CBLR are subject to rigorous capital standards.

Modernizing Risk-Based Capital Requirements

The FDIC is also engaged in interagency work with the Federal Reserve and OCC to modernize risk-based capital requirements, including implementation of the 2017 Basel agreement. The FDIC seeks adjustments to capital rules that appropriately balance driving economic growth while ensuring safety, soundness, and resilience to shocks, and we are coordinating closely with our interagency colleagues with these principles in mind.

Resolution

Resolution Planning

In April 2025, the FDIC modified its approach to resolution planning for insured depository institutions (IDIs).⁶ The purpose was to focus the process on the operational information most relevant for the FDIC to (1) resolve a large IDI through a weekend sale or (2) in the event a viable weekend sale proves unavailable, operate the institution for a short period of time while actively marketing it to potential acquirers.

Accordingly, for full resolution submissions during the current submission cycle, the FDIC exempted IDIs from the requirements to utilize a bridge bank strategy and a hypothetical failure scenario in the plan, as well as certain other content elements that can be obtained from

⁶ Press Release, Federal Deposit Insurance Corporation, [FDIC Modifies Approach to Resolution Planning for Large Banks](#) (Apr. 18, 2025).

other sources or which were not of high value. At the same time, we retained elements related to an IDI's capability to quickly set up a virtual data room, which is key for potential acquirers to perform due diligence and offer competitive bids.

The changes described above were made through updated Frequently Asked Questions (FAQs). The FDIC is currently working on an NPR that will propose amendments to the IDI Rule, including codifying changes made by the FAQs.

Bidding Process

The FDIC has also taken steps to make bank resolution more efficient by modernizing the resolution process and improving our own capabilities. One area of focus has been improving the effectiveness of our failed bank marketing process, especially as it applies to large banks of the type which failed in 2023. Throughout the course of 2025, we conducted dozens of outreach meetings with financial institutions in their capacity as potential failed bank acquirers to seek their input on how to improve the bidding process and remove potential obstacles to lower-cost bids. We are using feedback from these meetings to enhance the quality of information we make available to bidders, improve the marketing process so that it can be deployed with increased speed and flexibility, and enhance the quality of bids received. Many institutions also stressed the need to be more transparent in our approach to marketing failed banks and maintain engagement even in times of relative calm, and we expect to take further steps in these regards.

Additionally, we continue to look for ways to increase competition in failed bank auctions by better enabling the participation of nonbank entities, either as direct bidders for failed bank assets or as partners with bank acquirers. One example of progress we have made in this area is the establishment of a seller-financing program for nonbank bidders, to provide them with similar transaction offerings as those available to bank bidders. The FDIC has also

developed a pre-qualification process for nonbank bidders, with the intent of qualifying them to bid in advance of any offering. We plan to pilot this pre-qualification process in early 2026 with nonbank bidders that have participated in recent failed bank auctions, and then expect to release the process and application publicly after incorporating feedback.

Internal Operational Improvements

At the same time, we have been working on a number of internal operational improvements. For instance, we have made improvements to our least-cost test model—which the FDIC uses to estimate the cost of different resolution options to determine which is the least costly to the Deposit Insurance Fund—improving the valuation capabilities for more complex transactions, reducing the need for manual inputs, and cutting the time needed to run the analysis from days to hours. We have also enhanced a range of other systems and reviewed mission-critical contracts to ensure that they can scale for the failure of larger and more complex institutions. Finally, to bolster staff preparedness, we have implemented a Large Bank Ready Reserve cross-training program to ensure our resolution divisions may tap resources within and across the Corporation during either a large bank resolution or a large volume of failures.

Recordkeeping

In March 2025, the FDIC published new and updated FAQs regarding the deposit recordkeeping and reporting requirements under Part 370 of the FDIC’s rules. Among other things, these FAQs clarified that an IDI may certify its compliance with the rule if it can accurately calculate deposit insurance for substantially all of its deposit accounts not subject to exceptions provided for under the rule. These FAQs also clarified that minor recordkeeping deficiencies that do not impede an IDI’s capabilities from accurately calculating deposit

insurance coverage will not result in a violation of the rule, provided that actions are being taken to address such deficiencies in a timely manner.

Thresholds

Last week, the FDIC issued a final rule to raise certain thresholds in FDIC regulations and regularly adjust these thresholds in the future to preserve their levels in real terms over time.⁷ Among other thresholds, the final rule raises and indexes more than twenty thresholds found in Part 363 of the FDIC's regulations related to audit, internal control, audit committee composition, and related reporting requirements, and will help to provide a more durable regulatory framework by preserving the thresholds' value in real terms over time.

This final rule is the first of a multi-phase effort to reevaluate thresholds within the FDIC's regulations. This first phase is focused on thresholds that are within regulations issued only by the FDIC which are not set by statute and are relatively straightforward to adjust. The FDIC continues to evaluate other thresholds within its regulations to be included in one or more future proposals.

Bank Secrecy Act (BSA)

The FDIC has also been working to improve our BSA-related examinations and regulations. With respect to examinations, the FDIC implemented new examination procedures for low-complexity banks earlier this year, and we continue to look for ways to find greater efficiencies in our BSA examinations. Additionally, the FDIC continues to work with other federal financial institution regulatory agencies, the U.S. Department of the Treasury, and the Financial Crimes Enforcement Network (FinCEN) on broader BSA reforms, including changes

⁷ Federal Deposit Insurance Corporation, [Adjusting and Indexing Certain Regulatory Thresholds](#).

to the BSA Program Rule. Specifically, the agencies are drafting a forthcoming NPR to reform AML/countering the financing of terrorism (CFT) compliance obligations for financial institutions under the BSA. The agencies' intent is to improve outcomes from a law enforcement and national security perspective, and to reorient the AML/CFT regulatory and supervisory regime around the outcomes that an institution's reasonably designed AML/CFT program produces, rather than focusing on technical compliance with regulatory requirements. This objective, consistent with the Anti-Money Laundering Act of 2020, is to allow institutions to reallocate resources away from lower-value reporting to higher-value reporting in line with defined AML/CFT priority areas.

The FDIC has also taken steps to modernize our approach to customer identification program (CIP) requirements. On February 7, 2025, I sent a letter to FinCEN expressing support for allowing more flexibility with respect to certain CIP requirements for bank-fintech partnerships.⁸ Following that letter, in June 2025, the FDIC, the OCC, and the National Credit Union Administration (NCUA), with the concurrence of FinCEN, issued an order granting an exemption from a requirement of the CIP Rule implementing Section 326 of the USA PATRIOT Act⁹ to allow institutions to collect only the last four digits of a customer's taxpayer identification number (TIN) and then use a trusted third-party to verify the full nine-digit TIN.

In addition, in August 2025, the FDIC updated its supervisory approach to allow FDIC-supervised institutions to use pre-populated customer information for the purpose of opening an account to satisfy CIP requirements,¹⁰ including information from current or prior accounts or

⁸ Press Release, Federal Deposit Insurance Corporation, [Acting Chairman Travis Hill Expresses Support for Enhancing Flexibility with Respect to Customer Identification Program Requirements](#) (Feb. 7, 2025).

⁹ Federal Deposit Insurance Corporation, [Customer Identification Program Rule Exemption from Collecting Taxpayer Identification Number Information from Customers](#), FIL-26-2025 (June 27, 2025).

¹⁰ Federal Deposit Insurance Corporation, [FDIC Supervisory Approach Regarding the Use of Pre-Populated Information for Purposes of Customer Identification Program Requirements](#), FIL-39-2025 (Aug. 5, 2025).

relationships involving the bank or third parties. These actions will allow institutions to take advantage of technology to make it easier to serve their customers.

Debanking

On August 7, 2025, President Trump issued an executive order (EO) holding that no American should be denied access to financial services because of constitutionally or statutorily protected beliefs, affiliations, or political views and that politicized or unlawful debanking should not be used as a tool to inhibit such beliefs, affiliations, or views.¹¹

The FDIC has taken several actions to respond to the EO. The FDIC and OCC recently issued an NPR that would prohibit examiners from (1) criticizing institutions on the basis of reputational risk or (2) directing or encouraging institutions to close accounts on the basis of political, social, religious, or other views.¹² The proposed rule would codify the elimination of reputation risk from the agencies' supervisory programs. Additionally, the FDIC has sent requests for information to the largest FDIC-supervised banks, conducted a review of FDIC-supervised banks' policies and procedures, conducted an in-depth review of the FDIC's complaint database, and surveyed examiners-in-charge, among other steps.

Digital Assets

Throughout the course of the year, the FDIC has taken a more open-minded approach with respect to banks that offer products and services related to digital assets, while maintaining our expectation that such activities are conducted in a safe and sound manner. Earlier this year, the FDIC rescinded a requirement that FDIC-supervised institutions provide prior notification and information before engaging in digital asset activity, which served as a significant barrier to

¹¹ Executive Order 14331, [Guaranteeing Fair Banking for All Americans](#), 90 Fed. Reg. 38,925 (Aug. 12, 2025).

¹² Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, [Prohibition on Use of Reputation Risk by Regulators](#), 90 Fed. Reg. 48,825 (Oct. 30, 2025).

banks' adoption of digital asset activities.¹³ The FDIC also withdrew from several interagency joint statements, including one that suggested that use of public distributed ledger systems was likely inconsistent with safe and sound banking practices.¹⁴

On July 18, 2025, President Trump signed into law the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act),¹⁵ which established a federal regulatory framework for stablecoin issuers. The FDIC will be responsible for licensing and supervising subsidiaries of FDIC-supervised IDIs approved to issue payment stablecoins. The Act requires a number of rulemakings, including establishing capital requirements, liquidity standards, and reserve asset diversification standards, among others.¹⁶ The FDIC has begun work to promulgate rules to implement the GENIUS Act; we expect to issue a proposed rule to establish our application framework later this month and a proposed rule to implement the GENIUS Act's prudential requirements for FDIC-supervised payment stablecoin issuers early next year.

In addition to undertaking our work under the GENIUS Act, we are also considering the recommendations of the President's Working Group on Digital Asset Markets which issued its report in July.¹⁷ The report recommends clarifying or expanding permissible activities in which banks may engage, including the tokenization of assets and liabilities. We are also currently developing guidance to provide additional clarity with respect to the regulatory status of tokenized deposits.

¹³ Press Release, Federal Deposit Insurance Corporation, [FDIC Clarifies Process for Banks to Engage in Crypto-Related Activities](#) (Mar. 28, 2025).

¹⁴ Press Release, Federal Deposit Insurance Corporation, [Agencies Withdraw Joint Statements on Crypto-Assets](#) (Apr. 24, 2025).

¹⁵ Pub. L. No. 119-27, 139 Stat. 419 (codified at 12 U.S.C. 5901 – 5916).

¹⁶ See section 4(a)(4)(A) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)).

¹⁷ President's Working Group on Digital Asset Markets, [Recommendations to Strengthen American Leadership in Digital Financial Technology](#) (July 30, 2025).

Applications

Bank Mergers

Earlier this year, the FDIC rescinded the agency's 2024 Statement of Policy (SOP) on Bank Merger Transactions and reinstated the legacy SOP that was in place prior to 2024.¹⁸ The 2024 SOP made the FDIC's process for reviewing merger applications longer, more difficult, and less predictable. Restoring the pre-2024 SOP provides greater clarity and predictability to interested parties in the near term. The FDIC also has been conducting a broader reevaluation of its bank merger review process, which includes improving internal timelines for processing merger applications and considering additional updates to modernize our SOP governing bank mergers. We will continue to seek to provide greater clarity, predictability, timeliness, and transparency through the merger process.

Establishment and relocation of branches and offices

The FDIC is also taking action to enhance the speed and certainty of the branch approval process, which currently places a significant burden on banks and the FDIC while providing little supervisory value. On July 15, 2025, the FDIC issued an NPR that would provide that filings from institutions eligible for expedited processing will be deemed approved three business days after submission, eliminate the FDIC's discretion to remove filings from expedited processing, eliminate filing requirements for *de minimis* branch facility changes, and eliminate public notice and public comment requirements for branch applications. The comment period ended in mid-September, and the FDIC expects to issue a final rule later this month.

¹⁸ Federal Deposit Insurance Corporation, [Statement of Policy on Bank Merger Transactions](#), 90 Fed Reg 29,413 (July 3, 2025).

De Novo Bank Formation

The FDIC is actively working on ways to improve the *de novo* deposit insurance application process and encourage more new bank formation. We have started to see growing interest by prospective applicants and increased draft and formal filings. Among other things, we are considering modifications to certain of our requirements that may overly restrict *de novo* formation from traditional community banks, and we are adopting a more open-minded approach to deposit insurance applications from organizers proposing banks with new or innovative business models. We will still require applicants for deposit insurance to satisfy the full suite of statutory and regulatory requirements of being a bank, but will also, in collaboration with the chartering authorities, approach these types of applications with an open mind.

Among the types of deposit insurance applications the FDIC processes are applications from industrial loan companies (ILCs). On July 15, 2025, the FDIC issued a request for information (RFI) on ILCs and their parent companies.¹⁹ Through the RFI and its review of the resulting public comment process, the FDIC is reviewing the nature and structure of companies that have applied, or may in the future apply, for an ILC and the issues those applications and notices may present.

Other Policy Work

Community Reinvestment Act

In June, the FDIC, Federal Reserve, and OCC jointly issued an NPR to rescind the CRA final rule previously issued on October 24, 2023 (2023 CRA Final Rule) and to replace it with the CRA framework that existed prior to the 2023 CRA Final Rule (1995 CRA Regulations).²⁰

¹⁹ Federal Deposit Insurance Corporation, [Request for Information on Industrial Banks and Industrial Loan Companies](#), 90 Fed. Reg. 34,271 (July 21, 2025).

²⁰ Press Release, Federal Deposit Insurance Corporation, [Agencies Issue Joint Proposal to Rescind 2023 Community Reinvestment Act Final Rule](#) (July 16, 2025).

Since banks are currently subject to and examined under the 1995 CRA regulations, the agencies expect minimal regulatory burden would be associated with recodifying those regulations.²¹ The public comment period closed on August 18, 2025, and FDIC staff are reviewing the comments received.

Digital Signage

On August 19, 2025, the FDIC approved an NPR to streamline and simplify FDIC regulations governing signage requirements related to the display of the FDIC official digital sign on digital deposit-taking channels and automated teller machines and like devices.²² The proposed changes are intended to address implementation issues and sources of potential confusion that have arisen following the adoption of current signage requirements for these banking channels. The proposal would provide additional flexibility to banks while also enabling consumers to better understand when they are conducting business with an insured depository institution and when their funds are protected by the FDIC's deposit insurance coverage. The comment period closed on October 20, 2025, and the FDIC expects to finalize the proposal in early 2026.

Disparate Impact

Consistent with Executive Order 14281, Restoring Equality of Opportunity and Meritocracy, the FDIC has ended the use of disparate impact in fair lending examinations. Specifically, consumer compliance examiners will no longer pursue evidence of disparate impact liability in fair lending examinations, and we have removed references to disparate impact in FDIC policies, procedures, and resources, including the FDIC Consumer Compliance

²¹ Office of the Comptroller of the Currency, Federal Reserve System, Federal Deposit Insurance Corporation, [Community Reinvestment Act Regulations](#), 90 Fed. Reg. 34,086 (July 18, 2025).

²² Press Release, Federal Deposit Insurance Corporation, [FDIC Board Approves Proposal to Amend Official Signs and Advertising Requirements](#) (Aug. 19, 2025).

Examination Manual.²³ Examiners will otherwise continue to evaluate supervised institutions for compliance under the Equal Credit Opportunity Act and the Fair Housing Act.

Payment Fraud

The FDIC recognizes that payment fraud is a significant—and growing—concern for banks and consumers across the nation. We are engaged in interagency discussions to explore regulatory and policy solutions to address this issue. In June 2025, the FDIC, OCC, and Federal Reserve issued a joint RFI on potential actions to address payments fraud.²⁴ The RFI’s purpose was to gather information and ideas to help consumers, businesses, and financial institutions mitigate fraud across various payment systems, including checks, Automated Clearing House payments, wire payments, and instant payments. The RFI focused on five key areas: external collaboration, education for consumers and businesses, regulation and supervision, data collection and information sharing, and enhancing the Federal Reserve Banks' fraud prevention tools and services. The comment period closed on September 18, 2025, and the agencies have established a working group to review and assess comments received and consider next steps.

Climate

The FDIC ceased elevating the management of, or imposing enhanced expectations for, climate-related financial risk relative to other risks addressed by banks’ existing risk management processes and the FDIC’s other risk management rules and guidance. Accordingly, the FDIC dissolved its internal, interdivisional working group on climate-related financial risk earlier this year, and more recently, together with the OCC and Federal Reserve, rescinded interagency guidance providing principles for climate-related financial risk management for

²³ Federal Deposit Insurance Corporation, [Update to the FDIC’s Consumer Compliance Examination Manual](#), FIL-41-2025 (Aug. 29, 2025).

²⁴ Office of the Comptroller of the Currency, Federal Reserve System, Federal Deposit Insurance Corporation, [Request for Information on Potential Actions to Address Payment Fraud](#), 90 Fed. Reg. 26,293 (June 20, 2025).

large financial institutions.²⁵ Further, the FDIC withdrew from the Network of Central Banks and Supervisors for Greening the Financial System as its work is outside of the FDIC's authorities and mandate.²⁶

Workplace Culture

Finally, I continue to prioritize transforming the FDIC's workplace culture and creating an environment in which all employees are treated with professionalism and respect.

Harassment, discrimination, and misconduct of any kind are unacceptable, and we are taking a range of actions to ensure that those who engage in misconduct are held accountable. Among many other steps, we have established two new offices responsible for intaking and investigating complaints and overseeing discipline for harassment, retaliation, other interpersonal misconduct, and discrimination; implemented new anti-harassment training; turned over much of the agency's leadership and reinforced among leadership the need to treat employees with civility and lead by example; established clear mechanisms for employees to report harassment and other interpersonal misconduct confidentially or anonymously; and improved our recordkeeping and tracking of data related to complaints. I remain committed to seeing this work through and ensuring that the FDIC is a place where employees are proud to work.

Conclusion

I appreciate the opportunity to provide the Committee with an update of the FDIC's efforts to improve its regulatory and supervisory approach, while continuing to fulfill our core mission of insuring deposits, promoting the safety and soundness of banks, and resolving failed

²⁵ Press Release, Federal Deposit Insurance Corporation, [Agencies Announce Withdrawal of Principles for Climate-Related Financial Risk Management](#) (Oct. 16, 2025).

²⁶ Press Release, Federal Deposit Insurance Corporation, [FDIC Withdraws from the Network of Central Banks and Supervisors for Greening the Financial System](#) (Jan. 21, 2025).

institutions. The FDIC remains committed to engaging with members of Congress, the public, and other stakeholders on the policies and priorities outlined in my testimony. I look forward to answering your questions.