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Posted by the **Comptroller of the Currency** on Dec 10, 2025

Comment

December 10, 2025

Chief Counsel's Office
Office of the Comptroller of the Currency (OCC)
400 7th Street SW
Washington, DC, 20219

Att: Comment Processing, "Prohibition on Use of Reputation Risk by Regulators"
Re: OCC-2025-0142

Thank you for the opportunity to write this Comment Letter on the "Prohibition on Use of Reputation Risk by Regulators" rule proposal. Consumers utilizing banking services have significant impacts on the development of public sentiment. While banks and financial institutions exist to profit from lucrative services, they do so by creating loyal and consistent customer pools. Removing reputation risk does not solve cost-reduction challenges associated with waste. Removing reputation risk does not solve core concerns of dispelling ineffective correlational relationships between financial soundness and public sentiment alone. Removing OCC's evaluation of reputation risk opens the risk of encouraging unethical business practices.

The core concern presented in this letter focuses on improving ethical banking, business, and institutional practices and procedures. This main issue answers the proposed rule's tenth item under specific requests for comment. There is one primary section in this letter that supports why the OCC should reconsider the total withdrawal of reputation risk:

1. Removing reputation risk downplays mainstream customer loyalty.

Customer Loyalty Risk

The language presented in the proposed rule, OCC-2025-0142, does not mention "ethics", "ethical", or similar root “ethic”-related terminology. This omission casts doubt on the rule’s intentions behind the request to stop evaluating reputation risk. In other words, the removal of reputation risk creates the unintended consequence of communicating to the public that ethical practices and procedures are diminished by delegitimizing reputation risk management.

If reputation is delegitimized and profits remain steady, then public sentiment could shift to sway customers’ perspective in recognizing that they are not the firm’s core clientele. Shifting public opinion has empirical roots that impact sound business performance. For example, Alhusaini et al. (2025) recently conducted an empirical study that found that data and cybersecurity breaches negatively impacted investment behaviors. Pull-backs from financial investments associated with data breaches creates chaotic and ill-informed financial decision-making within an auditing or financial firm’s stock pricing. Negatively impacting reputation also negatively impacts investor and customer trust in supporting the success of a company, regardless of sound financial business practices.

Removing reputation risk, administratively, does not remove the real reputation assessments that customers will continue to grant to financial institutions. Boggs (2025) found that regardless of the business failure, customers will still “punish reputational failures” (para. 19). Removing reputation risk in the evaluation of a financial institutions’ business resilience could create more opportunities for customers to be disloyal towards their companies of choice. Removing OCC regulations covering reputation risk will not remove the corrective authority of public sentiment, especially since 83% of consumers think that companies ought to be engaged with accountable and responsible social, cultural, and environmental goals (PWC, n.d.).

If the goal is to remove the regulation of reputation risk, then OCC-2025-0142 ought to reformat how this would be achieved without discarding the need to communicate sound ethical business decisions to all stakeholders.

Thank you again for your careful attention to this ethical consideration. I look forward to seeing meaningful and productive changes to support the OCC’s regulation of sound financial decision-making. These sound regulatory choices can support accountable pathways for enhancing business-to-consumer relationships.

Sincerely,
Anonymous Healthcare Professional

References

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Boggs, C. (2025). Reputational risk isn’t going away just because regulators changed the label. CUInsight. https://www.cuinsight.com/reputational-risk-isnt-going-away-just-because-regulators-changed-the-label/

PWC. (n.d.). Beyond compliance: Consumers and employees want business to do more on ESG: How business can close the expectations gap. Retrieved December 9, 2025, from https://www.pwc.com/us/en/services/consulting/library/consumer-intelligence-series/consumer-and-employee-esg-expectations.html

Comment ID

OCC-2025-0142-0013

Tracking Number

miz-sfce-3lg3

Comment Details | **Submitter Info**

Document Subtype

Public Comment

Received Date

Dec 10, 2025

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