PUBLIC CITIZEN

December 22, 2025

Jonathan V. Gould
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20219

Travis Hill
Chairman
Federal Deposit Insurance Corporation
1776 F Street NW
Washington, DC 20006

Re: Prohibition on Use of Reputation Risk by Regulators: Docket ID OCC-2025-0142, RIN 1557–AF34, RIN 3064-AG12

Dear Comptroller Gould and Chairman Hill:

Public Citizen opposes the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation's (FDIC) proposed rule to codify the elimination of reputation risk from the agencies' supervisory programs. Bank examiners should be free to consider all risks to the institutions they supervise, rather than be forced to exclude certain risk categories. Reputation risks have materially impacted bank safety and soundness in the past and will continue to do so, whether or not they are monitored by supervisors. Calls to remove reputation risk from bank supervision by influential industries—namely digital asset firms and their financial backers—should not be prioritized above the safety and soundness of supervised firms and broader financial stability. Rather than remove risk categories from their supervisory programs, the OCC and FDIC should prioritize adequately resourcing bank examiners so that they can monitor and manage the broad range of risks banks face.

I. Background

The proposed rule would prohibit the OCC and FDIC from taking adverse action against an institution on the basis of reputation risk.[1] The proposed rule would also prohibit the agencies from requiring, instructing, or encouraging an institution to alter a relationship with a third party on the basis of reputation risk or the third party's political, social, cultural, or religious views or beliefs, constitutionally protected speech, or involvement in lawful business activities perceived

[1] Prohibition on Use of Reputation Risk by Regulators, 90 FR 48825 (Oct. 30, 2025).

to present reputation risk.[2] The proposed rule responds to Executive Order 14331, Guaranteeing Fair Banking for All Americans, which instructs regulators to "remove the use of reputation risk or equivalent concepts that could result in politicized or unlawful debanking…from their guidance documents, manuals, and other materials."[3] The executive order asserts that "bank regulators have used supervisory scrutiny and other influence over regulated banks to direct or otherwise encourage politicized or unlawful debanking activities."

The proposed rule is built on the faulty premise that banks—at the mandate or encouragement of their regulators—are engaged in a widespread campaign of "debanking." Evidence of debanking is limited, and claims that debanking is the result of mandates or pressure from financial regulators are concentrated among cryptocurrency executives and investors with a financial stake in minimizing regulatory scrutiny of digital asset firms.[4] Engagement with cryptocurrency firms exposes banks to unique risks. Evidence of fraud, money laundering, and other financial crimes are well documented in the industry and the legal, reputational, and financial risks of engaging with crypto firms should be considered by banks and their supervisors.[5] Considering these risks is not evidence of a debanking conspiracy nor reason to reshape bank supervision in the interest of crypto firms. Moreover, removing reputation risk from the agencies' supervisory programs will have impacts beyond the relationship between banks and digital asset firms, including on bank safety and soundness, consumer protection, and financial stability.

II. Reputation risk can pose a threat to bank safety and soundness.

A key argument advanced by the agencies is that reputation risks are not material to bank safety and soundness and therefore should not be considered in bank supervision. This assertion neglects numerous examples of reputation risk negatively impacting a bank's safety and soundness and even cases of reputation risks contributing to a bank's failure. It also neglects the role reputation plays preserving trust in the banking system. As former Federal Reserve Governor Sarah Bloom Raskin stated in a 2013 speech on reputation risk,

> Supervisors have a duty to see that all risks are fully understood, even those risks that, like reputational risk, are unquantifiable or have not fully emerged…To the extent possible, supervision can unveil hidden loss exposures that may be building

[2] Id at 48827.
[3] Guaranteeing Fair Banking For All Americans, 90 FR 38925 (Aug. 7, 2025).
[4] Erin Griffith and David Yaffe-Bellany, How Crypto Insiders Turned 'Debanking' Into a Political Storm, The New York Times (Dec. 10, 2024), https://www.nytimes.com/2024/12/10/technology/crypto-debanking-trump.html.
[5] Press Release, U.S. Department of Justice, Samuel Bankman-Fried Sentenced to 25 Years for His Orchestration of Multiple Fraudulent Schemes (Mar. 28, 2024), https://www.justice.gov/archives/opa/pr/samuel-bankman-fried-sentenced-25-years-his-orchestration-multiple-fraudulent-schemes; Press Release, U.S. Department of Justice, Binance and CEO Plead Guilty to Federal Charges in $4B Resolution (Nov. 21, 2023), https://www.justice.gov/archives/opa/pr/binance-and-ceo-plead-guilty-federal-charges-4b-resolution.

> up through the accumulation of reputational risk elements. If we were better able to identify and monitor such free-floating risk… we could help reduce the underpricing of these risks.[6]

Despite the agencies' claim, unmanaged reputation risks can have serious consequences for banks and the banking system, as the following examples illustrate:

2023 regional bank failures. Reputation risk from concentrated relationships with cryptocurrency firms contributed to the high-profile regional bank failures of 2023. The Material Loss Review of Signature Bank of New York contracted by the FDIC's Office of Inspector General (OIG) highlighted that rapid growth and concentrated expansion into digital asset markets brought increased susceptibility to liquidity, reputation, and regulatory risks to the bank.[7] Disruption in cryptocurrency markets and associated reputation risks, including the bankruptcy of Signature Bank client FTX, also contributed to the bank's failure.[8] In the Material Loss Review of First Republic Bank, the OIG recommended expanding the agency's actions to mitigate reputation risk, rather than limiting them. The report recommends the FDIC explore potential processes and information sources for real-time monitoring of large bank reputation risk as well as identification and monitoring of similar risks—including "reputational characteristics"—present across banks that can cause contagion across institutions.[9]

Collapse of Credit Suisse. Reputation risk also contributed to the failure of Swiss bank Credit Suisse in 2023. After the bank's collapse, the Swiss Financial Market Supervisory Authority (FINMA) identified "recurrent scandals [which] undermined the bank's reputation, weighed on its results, and resulted in customers, investors, and the market losing faith in the bank" as one of the primary reasons for the bank's failure.[10] FINMA highlighted compliance and risk management failures related to anti-money laundering (AML) laws as a key factor in the bank's numerous high profile scandals starting in 2018.[11] Despite the contribution of poor AML compliance in the case of Credit Suisse's failure and the role of poor AML compliance in numerous other bank scandals, resulting in fines and reputational damage, the OCC and FDIC's

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[6] Governor Sarah Bloom Raskin, Reflections on Reputation and its Consequences at the 2013 Banking Outlook Conference at the Federal Reserve Bank of Atlanta (Feb. 28, 2023), https://www.federalreserve.gov/newsevents/speech/raskin20130228a.htm.
[7] Material Loss Review of Signature Bank of New York: Report No. EVAL-24-02, Federal Deposit Insurance Corporation Office of Inspector General 27 (Oct. 23 2023), https://www.fdicoig.gov/sites/default/files/reports/2023-12/EVAL-24-02.pdf.
[8] Id. at 7.
[9] Material Loss Review of First Republic Bank: Report No. EVAL-24-03, Federal Deposit Insurance Corporation Office of Inspector General (Nov. 28 2023), https://www.fdicoig.gov/sites/default/files/reports/2023-12/EVAL-24-03.pdf.
[10] FINMA Report Lessons Learned from the CS Crisis, The Swiss Financial Market Supervisory Authority 7 (Dec. 19, 2023), https://www.finma.ch/en/~/media/finma/dokumente/dokumentencenter/myfinma/finma-publikationen/cs-bericht/20231219-finma-bericht-cs.pdf.
[11] Id. at 27.

proposed rule prohibits supervisors from using Bank Secrecy Act and AML concerns as a pretext for reputation risk.[12]

Wells Fargo fraudulent account scandal. In some cases reputation risk arises from a bank's own predatory practices that erode public trust and the institution's reputation. The 2016 Wells Fargo fraudulent account scandal—revelations that Wells Fargo employees were opening unauthorized accounts for clients to meet sales quotas—significantly eroded the bank's reputation, weighed on the stock price, led to supervisory sanctions—including a cap on the bank's asset growth—and a $3 billion settlement with the Department of Justice.[13] Prohibiting the consideration of reputation risk removes a tool supervisors have to deter banks from engaging in predatory practices that harm consumers and, when brought to light, harm the bank's bottom line.

Given the numerous examples of reputation risk impacting bank safety and soundness, the agencies should abandon this proposal or provide strong evidence for the claim that reputation risk does not add material value from a safety and soundness perspective.

Reputation risks do not exist in isolation. Bank failures or more isolated threats to bank safety and soundness are rarely the result of one unmanaged risk type. In reality, reputation risk is intertwined with other forms of risk and is most appropriately considered by banks and by supervisors in its broader context. Prohibiting the consideration of reputation risk wrongly assumes these risks can be neatly parsed out and excluded from consideration without affecting a supervisor's consideration of other risk types. In the case of Signature Bank, it was not reputation risk alone that caused the bank to collapse, but reputation risk coupled with a concentrated depositor base, inadequate liquidity management, and other factors. Permitting supervisors to consider risks to a bank from a concentrated depositor base but prohibiting the consideration of reputation risks arising from those depositors is an artificial distinction that will add ambiguity to a supervisor's role. **The agencies should clarify how supervisors can**

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[12] Press Release, U.S. Department of Justice, TD Bank Pleads Guilty to Bank Secrecy Act and Money Laundering Conspiracy Violations in $1.8B Resolution (Oct. 10, 2024), https://www.justice.gov/archives/opa/pr/td-bank-pleads-guilty-bank-secrecy-act-and-money-laundering-conspiracy-violations-18b; Press Release, U.S. Department of Justice, Goldman Sachs Charged in Foreign Bribery Case and Agrees to Pay Over $2.9 Billion (Oct. 22, 2020), https://www.justice.gov/archives/opa/pr/goldman-sachs-charged-foreign-bribery-case-and-agrees-pay-over-29-billion.

[13] Press Release, Board of Governors of the Federal Reserve System, Responding to widespread consumer abuses and compliance breakdowns by Wells Fargo, Federal Reserve restricts Wells' growth until firm improves governance and controls. Concurrent with Fed action, Wells to replace three directors by April, one by year end (Feb. 2, 2018), https://www.federalreserve.gov/newsevents/pressreleases/enforcement20180202a.htm; Press Release, Wells Fargo Agrees to Pay $3 Billion to Resolve Criminal and Civil Investigations into Sales Practices Involving the Opening of Millions of Accounts without Customer Authorization (Feb. 21, 2020), https://www.justice.gov/archives/opa/pr/wells-fargo-agrees-pay-3-billion-resolve-criminal-and-civil-investigations-sales-practices.

consider and report risks attributable to multiple risk categories, including how supervisors should address reputational characteristics that amplify another risk category.

Promoting safety and soundness means not only addressing risks to individual banks, but also risks to the deposit insurance fund (DIF).[14] At present, this rule does not address potential impacts to the DIF. **The agencies should contemplate the impact on the DIF, including by projecting losses arising from the inability of supervisors to consider reputation risk in bank examinations.**

III. *The exclusion of reputation risk from bank supervision is a gift to industries favored by the Trump Administration, not a policy grounded in principles of bank supervision.*

Crypto executives and investors are powerful proponents of removing reputation risk from bank supervision. The term "debanking" was first popularized by venture capital investor Marc Andreessen. Andreessen claimed that financial regulatory agencies during the Biden Administration were responsible for the alleged debanking of the crypto industry, calling the effort a "privatized sanctions regime that lets bureaucrats do to American citizens the same thing that we do to Iran, kick you out of the financial system."[15] The claims were amplified by Elon Musk, Coinbase CEO Brian Armstrong, and crypto exchange founder and investor Tyler Winklevoss.[16] The debanking narrative was adopted by policymakers despite no evidence that regulators were directing banks to cut ties with the crypto industry. President Trump's executive order on Guaranteeing Fair Banking For All Americans asserted that "bank regulators have used supervisory scrutiny and other influence over regulated banks to direct or otherwise encourage politicized or unlawful debanking activities."[17] The Senate Banking Committee's first full committee hearing of the 119th Congress was entitled, "Investigating the Real Impacts of Debanking in America" and featured Nathan McCauley, Co-Founder and CEO of the crypto platform Anchorage Digital as a witness.[18]

Prohibiting the use of reputation risk in bank supervision reduces regulatory oversight for industries beyond digital assets. Lending to fossil fuel firms and other extractive industries can

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[14] Under proposed rule Unsafe or Unsound Practices, Matters Requiring Attention, 90 FR 48835 (Oct. 30, 2025), the FDIC and OCC would define the term "unsafe or unsound practice" for purposes of 12 USC 1818 as a practice, act, or failure to act, alone or together with other practices, acts, or failures to act, that (1) is contrary to generally accepted standards of prudent operation; and (2) (i) if continued, is likely to (A) materially harm the financial condition of the institution; or (B) present a material risk of loss to the DIF; or (2)(ii) materially harmed the financial condition of the institution.

[15] The Joe Rogan Experience #2234 - Marc Andreessen at 01:36:08 https://www.youtube.com/watch?v=ye8MOfxD5nU.

[16] Erin Griffith and David Yaffe-Bellany, How Crypto Insiders Turned 'Debanking' Into a Political Storm, The New York Times (Dec. 10, 2024), https://www.nytimes.com/2024/12/10/technology/crypto-debanking-trump.html.

[17] Guaranteeing Fair Banking For All Americans, 90 FR 38925 (Aug. 7, 2025).

[18] Investigating the Real Impacts of Debanking in America, U.S. Senate Committee on Banking, Housing, and Urban Affairs (Feb. 5, 2025), https://www.banking.senate.gov/hearings/investigating-the-real-impacts-of-debanking-in-america.

create reputation risks for banks arising from environmental harms, pollution, and accidents. Prior to March 2025, the Comptroller's Handbook on oil and gas exploration and production lending provided guidance to banks on managing the unique reputation risks associated with lending to the oil and gas sector. The OCC advised banks that "lending to companies found or perceived by the public to be negligent in preventing environmental damage, hazardous accidents, or weak fiduciary management can damage a bank's reputation."[19] Finalizing the proposed rule will prohibit supervisors from considering reputation risks from the sector and the ways these risks interact with other risk types. As is the case with digital asset firms, prohibiting the use of reputation risk in bank supervision is a welcomed regulatory reprieve for the fossil fuel sector that has lobbied against supervisory oversight of the industry's risks, including climate-related financial risks, to banks and the financial system.[20]

In the proposed rule, the agencies assert that examining for reputation risk can result in "distortions to industries and the U.S. economy, as the agencies' examiners use reputation risk to choose winners and losers among market participants and industries."[21] Considering all risks to supervised institutions regardless of their source is not choosing winners and losers among market participants. Instead, it is prohibiting examiners from considering certain risk types or risks from certain sources that compromise the agencies' market neutrality. By prohibiting supervisors from considering reputation risk, the agencies are putting their thumb on the scale in favor of the companies and industries creating the most reputation risk for banks.

In December, the OCC published a report entitled, "Preliminary Findings from the OCC's Review of Large Banks' Debanking Activities." In the report, the OCC claimed that firms in numerous sectors—including oil and gas, digital assets, private prisons, payday lending, and adult entertainment—have been inappropriately denied banking services due, in large part, to the reputation risk of these firms.[22] Notably the report cites bank policies and banks' own assessment of reputation risk—not mandates or encouragement from their supervisors—as the reason for the alleged debanking. In the agency's press release on the report, Comptroller Gould states, "it is unfortunate that the nation's largest banks thought these harmful debanking policies were an appropriate use of their government-granted charter and market power… Going forward, the OCC will hold banks accountable for these actions and ensure unlawful debanking does not

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[19] Oil and Gas Exploration and Production Lending, Office of the Comptroller of the Currency (Oct. 2025), https://www.occ.treas.gov/publications-and-resources/publications/comptrollers-handbook/files/oil-gas-exploration-prod-lending/pub-ch-oil-and-gas.pdf.

[20] Jane Mayer, How Fossil-Fuel Companies Are Stonewalling Sarah Bloom Raskin's Nomination to the Fed, The New Yorker (Mar. 2, 2022), https://www.newyorker.com/news/news-desk/how-fossil-fuel-companies-are-stonewalling-sarah-bloom-raskins-nomination-to-the-fed.

[21] Prohibition on Use of Reputation Risk by Regulators at 48827.

[22] Preliminary Findings from the OCC's Review of Large Banks' Debanking Activities, Office of the Comptroller of the Currency (Dec. 2025), https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-123a.pdf.

continue."[23] Importantly, digital asset and fossil fuel firms are not members of a protected class and are therefore not entitled to constitutional protection in the form of guaranteed access to the banking system.[24] Moreover, using OCC authority to coerce banks into providing services to firms or industries they have deemed too risky—as Comptroller Gould suggests the OCC will do—stands in direct opposition to the agencies' stated concern of picking winners and losers in the market. Prohibiting the use of reputation risk by bank supervisors and taking adverse action against banks making their own determinations of reputation risk puts the OCC in the position of dictating bank activities based on administration priorities and creates a chilling effect for banks looking to manage their own exposure to reputation risk.

IV. Prohibiting the use of reputation risk is part of the agencies' broader efforts to weaken bank supervision.

The OCC and FDIC have justified the need to remove reputation risk from bank supervision under the guise of antidiscrimination. The agencies write, examining for reputation risk "can result in unfair treatment of different groups and impermissible restrictions on a group's or individual's ability to access financial services."[25] Discrimination in the banking system is a legitimate issue that the agencies' should work to remedy. But insulating crypto firms from regulatory scrutiny does nothing to further this goal. Outside of protecting wealthy executives and investors, the agencies have shown little interest in addressing discrimination in the banking system, particularly for low-income communities and communities of color that face the most significant barriers to accessing financial services. On the contrary, under the Trump Administration, the agencies have rolled back requirements under the Community Reinvestment Act, which incentivizes banks to meet the credit needs of the communities they operate in, including low-income communities.[26] In July the OCC announced that the supervisory process for fair lending compliance would no longer include examining for disparate impact.[27] In October, it was reported that the OCC paused fair lending examinations entirely.[28] These actions do not reflect a commitment to addressing discrimination in the banking system.

Removing reputation risk from bank examinations should be understood not as a legitimate effort to address discrimination in the banking system, but instead as a piece of the Trump Administration's broader deregulatory agenda. Since President Trump took office, the

[23] Press Release, OCC Releases Preliminary Findings from Its Review of Large Banks' Debanking Activities, Office of the Comptroller of the Currency (Dec. 10, 2025), https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-123.html.
[24] Graham S. Steele, Banks and ESG, Rock Center for Corporate Governance at Stanford University 47 (Oct. 17, 2024), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4992325#.
[25] Prohibition on Use of Reputation Risk by Regulators at 48827.
[26] Community Reinvestment Act Regulations, 90 FR 34086 (July 18, 2025).
[27] Fair Lending: Removing References to Disparate Impact, Office of the Comptroller of the Currency (July 14, 2025), https://www.occ.gov/news-issuances/bulletins/2025/bulletin-2025-16.html.
[28] Evan Weinberger, OCC Pauses Fair Lending Exams Even as It Probes 'Debanking', Bloomberg Law (Oct. 17, 2025), https://news.bloomberglaw.com/banking-law/occ-pauses-fair-lending-exams-even-as-it-probes-debanking.

OCC and FDIC have limited the scope of bank supervision considerably. The agencies have proposed a rule to narrow the definition of unsafe or unsound practices, limiting the ways supervisors can intervene in risky activities undertaken by banks.[29] The agencies ended consideration of climate-related financial risks in bank supervision by withdrawing the Principles for Climate-Related Financial Risk Management.[30] And the OCC announced it would stop all mandatory examination activities not required by statute or regulation for community banks in the new year.[31] At the same time, the agencies are cutting personnel. Primarily through voluntary buyouts, the OCC reduced its workforce by approximately 25 percent in 2025 and the FDIC reduced its workforce by 20 percent.[32] In sum, these actions limit both the scope of and the resources dedicated to bank supervision, paving the way for unmonitored bank risk taking that poses risk to banks themselves, to consumers, and to financial stability more broadly. This proposal aligns with others in that it is based not on real policy principles or evidence, but rather on political ideology and favoritism for the President's political allies. A policy so irrational and lacking in evidentiary support should be abandoned, not finalized.

Thank you for your consideration of these comments. Please reach out to Elyse Schupak [redacted] with any questions.

Sincerely,

Public Citizen

[29] Unsafe or Unsound Practices, Matters Requiring Attention, 90 FR 48835 (Oct. 30, 2025).
[30] Rescission of Principles for Climate Related Financial Risk Management for Large Financial Institutions, 90 FR 51756 (Nov. 18, 2025).
[31] Examinations: Frequency and Scope for Community Banks, Office of the Comptroller of the Currency (Oct. 6, 2025), https://www.occ.treas.gov/news-issuances/bulletins/2025/bulletin-2025-24.html.
[32] Evan Weinberger, Bank Regulator's Buyout Offer Sought by About a Quarter of Staff, Bloomberg Law (May 5, 2025), https://news.bloomberglaw.com/banking-law/around-25-of-occ-staff-apply-for-voluntary-buyout-programs; Evan Weinberger, FDIC Under Trump Shrinks Workforce by More Than 1,300 Positions, Bloomberg Law (Nov. 14, 2025), https://news.bloomberglaw.com/banking-law/fdic-under-trump-will-shrink-workforce-by-more-than-1-300-jobs.