Statement at September 2025 FSOC Meeting

Over the past eight months, the FDIC has been working to improve its regulatory and supervisory approach across a number of different areas.

We are working to reform supervision so it is less process-driven and more focused on core financial risks. This work currently includes, among other items:[1]

- First, working on an interagency rulemaking to define certain key terms to impose guardrails on, and improve the consistency of, the supervisory process;
- Second, working to reform the CAMELS rating system, including by amending the definitions of the component ratings, with a goal of shifting the emphasis towards financial risks and away from process;
- Third, issuing a proposal to revamp our supervisory appeals process;[2]
- Fourth, modifying our continuous exam program, including by raising the threshold from $10 billion to $30 billion in assets;
- Fifth, reducing the frequency of consumer compliance exams to once every five years, with a midcycle review, for most institutions with less than $3 billion in assets;[3]
- Sixth, streamlining aspects of our BSA[4] and IT exams;[5]
- Seventh, modifying our enforcement policy to allow termination of enforcement orders when an institution has achieved "substantial compliance";[6]

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[1] Additional items include, for example, a range of steps to streamline internal procedures and reduce documentation to improve the efficiency of the examination process and improve timeliness of supervisory feedback. The list above will continue to grow over time, and will include updates to our examination manuals and training, and additional steps to tailor supervision for small institutions.

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

[3] Banks with less than $350 million in assets will generally have compliance exams once every six years, with a midcycle review. These new timelines will apply to institutions who have a consumer compliance rating of 1 or 2 and a satisfactory CRA rating.

[4] In July, the FDIC implemented new examination procedures for low complexity banks, with new procedures generally corresponding to those established in the Federal Financial Institutions Examination Council BSA/AML Manual. The FDIC continues to work with other agencies on broader BSA reforms, including changes to the BSA Program Rule. The FDIC has also taken steps to modernize its approach to customer identification program (CIP) requirements. *See, e.g.*, Federal Deposit Insurance Corporation, Customer Identification Program Rule Exemption from Collecting Taxpayer Identification Number Information from Customers, FIL-26-2025 (June 27, 2025); 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).

[5] In July, the FDIC adopted streamlined procedures for IT exams for all FDIC-supervised institutions. The FDIC continues to evaluate broader reforms to IT exams.

[6] 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).

- Eighth, ending the use of disparate impact in fair lending exams;[7] and
- Ninth, reevaluating our consumer compliance complex bank program.

With respect to capital rules, we:

- Issued a joint proposal to modify the enhanced supplementary leverage ratio;[8]
- Continue to work on a reproposal to modernize risk-based capital standards; and
- Are analyzing potential changes to the community bank leverage ratio (CBLR).

With respect to digital assets, we:

- Rescinded Biden-era "prior notification" requirements;[9]
- Provided clarity that banks may engage in permissible crypto-asset activities;[10]
- Publicly released hundreds of pages of supervisory correspondence to provide transparency regarding the prior administration's misguided approach to digital assets; and
- Have begun work to implement the GENIUS Act and recommendations from the President's Working Group on Digital Asset Markets.

With respect to bank resolution, we:

- Issued FAQs to shift the focus of resolution planning for large regional banks based on lessons learned from the 2023 bank failures;[11]
- Are in the midst of a "bidder outreach" process to engage with prospective bidders for failed banks, as part of a broader effort to improve our bidding process;
- Issued updated FAQs on Part 370 recordkeeping to provide a path for achieving "substantial compliance" with the rule;[12] and

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

[8] 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, 90 Fed. Reg. 30,780 (July 10, 2025).

[9] Federal Deposit Insurance Corporation, FDIC Clarifies Process for Banks to Engage in Crypto-Related Activities, FIL-7-2025 (March 28, 2025); Press Release, Federal Deposit Insurance Corporation, Agencies Withdraw Joint Statements on Crypto-Assets (Apr. 24, 2025).

[10] *Id.*

[11] Press Release, Federal Deposit Insurance Corporation, FDIC Modifies Approach to Resolution Planning for Large Banks (Apr. 24, 2025).

[12] Federal Deposit Insurance Corporation, 12 CFR Part 370 Recordkeeping for Timely Deposit Insurance Determination (last updated Mar. 21, 2025).

- Are reevaluating numerous other aspects of our resolution and receivership management functions.

With respect to ending debanking,[13] we are, among other things:

- Working on a rulemaking to prohibit examiners from (1) criticizing institutions on the basis of reputational risk or (2) requiring, directing, or encouraging institutions to close customer accounts on the basis of political, social, cultural, or religious views;[14] and
- Conducting reviews of our supervised institutions for evidence of unlawful debanking, consistent with the President's Executive Order on fair banking.[15]

Finally, we are doing work in a number of other areas, including:

- Issuing a proposal to raise and index 37 regulatory asset thresholds,[16] and evaluating additional steps on a range of other asset thresholds;
- Rescinding our 2024 statement of policy on bank mergers,[17] and working on additional improvements to the merger review process and analytical framework;
- Continuing to explore ideas for encouraging more de novo bank activity;[18]
- Issuing a proposal to significantly enhance the speed and certainty of the approval process for new branch openings;[19] and
- Rescinding the 2023 Community Reinvestment Act rule.[20]

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[13] *See, e.g.*, Press Release, Federal Deposit Insurance Corporation, Statement from Acting Chairman Travis Hill on Executive Order Titled "Guaranteeing Fair Banking For All Americans" (Aug. 8, 2025) ("The FDIC looks forward to working with our interagency partners to ensure that all law-abiding individuals and businesses have access to bank accounts, and that the era of debanking politically disfavored customers is over.").

[14] *See, e.g.*, Travis Hill, View from the FDIC: Update on Key Policy Issues (Apr. 8, 2025) ("We are also working on a rulemaking related to reputational risk that would prohibit FDIC supervisors from (1) criticizing or taking adverse action against institutions on the basis of reputational risk and (2) requiring, instructing, or encouraging institutions to close, modify, or refrain from offering accounts on the basis of political, social, cultural, or religious views.").

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

[16] Federal Deposit Insurance Corporation, Adjusting and Indexing Certain Regulatory Thresholds, 90 Fed. Reg. 35,449 (July 28, 2025).

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

[18] *See* View from the FDIC: Update on Key Policy Issues, *supra* note 14 ("While I do not expect we will get anywhere close to the 100-plus new banks per year of the pre-2008 era, in order to preserve the long-term viability of the community bank model, we need to find ways to encourage more new bank formation, and we are actively considering several ideas to achieve this objective.").

[19] Federal Deposit Insurance Corporation, Establishment and Relocation of Branches and Offices, 90 Fed. Reg. 33,898 (July 18, 2025).

[20] 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).

Altogether, our goal is to unleash the banking system to drive economic growth and access to capital, while still fulfilling our critical role promoting safety and soundness and financial stability.