



Regulatory Dispatch

Timely news and resources community bankers can use to better stay on top of a rapidly changing world.

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[Technology Vendor Contract Review for Financial Institutions: Key AI, Data, and Fintech Risks – Venable LLP](#)

Sensitive Financial and Proprietary Data May Be Bleeding into Vendor Models

Financial institutions operate on highly sensitive, often proprietary datasets, such as trading strategies, portfolio compositions, pricing models, and deal pipelines. Vendors providing analytics, AI models, or portfolio management tools frequently require access to this data to deliver their services.

The issue is no longer simply confidentiality, but how data is reused. Many vendors now seek rights to use client data (often in "aggregated" or "de-identified" form) to train models, enhance benchmarks, or develop commercial products. In financial services, this can create acute competitive risk. Even anonymized data can reveal valuable hedge fund trading strategies or PE deal activity.

To address this, contracts should clearly prohibit using client data for model training, limit pooling data across clients, and specifically exclude trading, pricing, and investment strategy data from any reuse.

Comment: Four keys when vetting third-party AI vendors: Review reports, especially the SOC 2 reports focusing on security credentials of all AI providers; assess financial viability to ensure the vendor can sustain long-term security commitments; review liability clauses to confirm the vendor assumes risk for data breaches; and finally, demand transparent architecture - meaning you understand exactly how the AI processes and stores information.

CBAK Insights (Ask Anything)

Q: A runner conducted deposits into three separate accounts involving three entities with common ownership. The individual deposits were under the CTR threshold. When you add everything up the activity overall exceeds \$10,000. Do we need to file this CTR together in this instance since the one person made deposits into all three accounts?

A: A CTR is required when one or more "cash-in" or "cash-out" currency transactions exceeding \$10,000 on the same business day are conducted BY a person or ON BEHALF OF a person that is not exempt.

When the "cash-in" or "cash-out" transactions exceed \$10,000, all known persons who conducted, and all persons on whose behalf they were conducted, are identified in the CTR.

When the courier is engaged by the depositor(s), the individual courier rep is the conductor and you aggregate based on the total cash brought in by him or her in all deposits if more than one.

Aggregation takes us back to the 'common ownership' question. Notice the underlined passage below.



Although multiple businesses may share a common owner, the presumption is that separately incorporated entities are independent persons.⁵ Therefore, the currency transactions of separately incorporated businesses should not automatically be aggregated as being on behalf of any one person simply because those businesses are owned by the same person. The presumption that the entities are separate, however, is rebuttable. It is ultimately up to a financial institution to determine, based on information obtained in the ordinary course of business, whether multiple businesses that share a common owner are, in fact, being operated independently depending on all the facts and circumstances. The results of this determination affect whether the businesses' currency transactions should be aggregated for purposes of complying with currency transaction reporting obligations.

Source [link](#).

The point is, the common courier is not single determinative factor on whether you aggregate or not.

Bank Management

FRB [issues Economic Well-Being of U.S. Households in 2025 report](#) (05/13/2026) – The Federal Reserve Board on Wednesday issued its Economic Well-Being of U.S. Households in 2025 report, which examines the financial circumstances of U.S. adults and their families. Overall, the report shows that financial well-being was consistent with recent years. Survey results indicate that the labor market remained solid, despite some softening since the previous year's survey. Price increases remained the most common financial concern, though the share of U.S. adults saying it was a major concern declined slightly.

The report draws from the Board's annual Survey of Household Economics and Decision-making (SHED), which was fielded in October 2025. It analyzes a wide variety of topics, including financial well-being, employment, income and expenses, and housing.

"As we work to support a strong and vibrant economy, it's critical for the Federal Reserve to understand the economic experiences of families and communities," said Federal Reserve Board Governor Michael S. Barr. "The SHED provides valuable data on how households are dealing with evolving financial opportunities and challenges."

The report indicates that 73 percent of adults reported either doing okay or living comfortably financially, consistent with 2024 but below the overall high of 78 percent in 2021. The share who would cover a \$400 emergency expense using cash or its equivalent also remained unchanged from 2024 at 63 percent.

Prices continued to be the most common financial concern among U.S. adults, with the share citing it as either a major or minor concern unchanged at 91 percent. However, the share who cited "price increases" as a "major concern" declined to 53 percent, down from 56 percent in 2024.

Responses indicated a solid labor market, but one that softened since the previous year's survey. Forty-two percent of adults said "finding or keeping a job" was either a minor or major concern, up from 37 percent in 2024. The percentage of adults who voluntarily left a job declined slightly to 8 percent. There was a small increase in layoffs, as 7 percent of all adults reported being laid off, up from 6 percent in 2024.

The report also discusses the adoption of generative artificial intelligence (AI) at work. One in four workers used generative AI at work in the prior month, and 81 percent of users agreed that it saves them time. AI users were also more likely to agree that the technology would improve their careers than to say that they were worried that AI would replace their jobs. However, workers who did not use AI in the prior month saw fewer potential benefits.

The report, fact sheet, downloadable data, data visualizations, and a video summarizing the report's findings are available [here](#).

OCC Report on Criminal Regulatory Offenses (05/08/2026) – WASHINGTON – The Office of the Comptroller of the Currency (OCC) today issued a report to identify criminal regulatory offenses consistent with section 4 of [Executive Order 14294, "Fighting Overcriminalization in Federal Statutes."](#)

The report contains a list of criminal regulatory offenses enforceable by the OCC or the Department of Justice.


Related Link

- [Report](#) (Excel)

BSA / AML

FinCEN Issues Alert to Stop Money Laundering by Iranian Revolutionary Guard Corps (05/11/2026) – WASHINGTON—Today, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued an Alert to help financial institutions identify and stop funding streams and procurement networks supporting Iran's Islamic Revolutionary Guard Corps (IRGC). The IRGC has engaged in terrorist activity since its inception with the full support of the Iranian regime. The Alert outlines how the IRGC facilitates and launders the proceeds of illicit oil sales by using networks of shell companies and financial facilitators. To promote detection and reporting of suspicious activity by financial institutions, the Alert provides red flags related to the IRGC's oil smuggling, front company abuse, and use of digital assets.

"Degraded by Economic Fury, the Iranian military is desperately trying to fund its weapons programs and terrorist proxies," said Secretary of the Treasury Scott Bessent. "Treasury will continue to deny the Islamic Revolutionary Guard Corps access to the financial networks it exploits to fund its terrorist acts. Financial institutions should be on notice that they have a responsibility to detect suspicious activity and stop it in its tracks."

 **Financial institutions should exercise vigilance and look for red flags.** The Alert contains a full list of red flags. Examples include:

- Shipping companies with Iranian counterparties

- Efforts to disguise vessel information and ownership, or efforts to disguise oil origins
- Unusual use of exchange houses
- Unusual digital asset payments by petroleum, shipping, trading, or trust companies
- Unregistered P2P exchangers, foreign-located money services businesses, and nested digital asset service providers

Comment: The risk for many community banks is the mentality that ‘it can’t happen here’ which is called complacency risk.

Deposit / Retail Operations

FDIC [Updated Questions and Answers Regarding FDIC Official Signs and Advertising Requirements](#) (05/15/2026) – Summary: - The Federal Deposit Insurance Corporation (FDIC) is updating its Questions and Answers (Q&As) related to the FDIC’s regulation governing FDIC Official Signs, Advertisement of Membership, False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC Name or Logo, to reflect the FDIC’s 2026 amendments to the rule (part 328). The Q&As provide answers to a collection of questions from stakeholders, including insured depository institutions (IDIs), trade associations, technology companies, vendors, and other entities, and are intended to promote transparency and support implementation efforts.

The [Q&As](#) can be found on the FDIC’s website.

Statement of Applicability:

This Financial Institution Letter (FIL) applies to all FDIC-insured financial institutions.

Distribution:

FDIC-Insured Institutions

Comment: The compliance date for the modernized Part 328 final rule was January 1, 2025. This 2026 Q&A update does not establish a new compliance deadline but rather clarifies existing obligations under the rule. As such, the FDIC expects institutions to be in full compliance with the interpretations provided in this update immediately. Institutions found to be out of compliance during their next regulatory examination may be subject to criticism or enforcement actions, particularly if they have failed to update their digital signage or third-party monitoring programs since the 2025 deadline.

FDIC [Releases Staff Study of Deposit Flows at Three Failed Banks in Spring 2023](#) (05/14/2026) – WASHINGTON – The Federal Deposit Insurance Corporation (FDIC) today released “Dissecting Depositor Flight: An Analysis of the Spring 2023 Bank Failures,” a detailed staff study of deposit flows at three banks that failed in the spring of 2023. Using transaction-level data from Silicon Valley Bank (SVB), Signature Bank (SBNY), and First Republic Bank (FRB), the analysis provides a day-by-day look at depositor behavior around the time the institutions were closed and placed into FDIC receivership. Prior to failure, all three banks experienced deposit outflows that were unprecedented in their size and speed.

FDIC Chairman Travis Hill said, “I have long believed that regulators need to develop a more sophisticated understanding of deposit behavior. This study provides a highly

detailed account of deposit flows during the fastest bank runs in U.S. history and deepens our understanding of run dynamics in today's banking environment.”

Using operational data from the core deposit and wire systems of the three banks, FDIC staff studied depositor behavior in the weeks surrounding SVB, SBNY and FRB's failures. Among other things, the study found that depositors with substantial uninsured funds were far more likely to run while fully insured retail depositors generally did not run prior to the banks' failures.

The study also suggested that other considerations are important as well. For example, the largest depositors at all three banks were significantly more likely to run than other uninsured depositors, withdrawing all or nearly all their deposits across their accounts, including accounts that may have been used for business operations. These withdrawal patterns also held true for certain categories of large depositors that maintained large insured balances on a pass-through basis.

Attachment(s)

[Dissecting Depositor Flight: An Analysis of the Spring 2023 Bank Failures \(PDF\)](#)

Comment: Reading through the report, fully insured retail depositors did not run. Instead, deposit insurance acted as an effective anchor. Insured retail deposits actually saw net inflows during the peak of the crisis. Insured balances grew by 46 percentage points at SVB and 8 percentage points at FRB.

Open for Comment

Included only when specific to or relevant for community banks to comment on. Date posted may not be the same as the Federal Register Date.

- 04.08.2026 **Treasury** [Permitted Payment Stablecoin Issuer Anti-Money Laundering/Countering the Financing of Terrorism Program and Sanctions Compliance Program Requirements](#) SUMMARY: The Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) and Office of Foreign Assets Control (OFAC) are jointly issuing this proposed rule to implement provisions of the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act). Specifically, it implements the GENIUS Act's directive to treat permitted payment stablecoin issuers (PPSIs) as financial institutions for purposes of the Bank Secrecy Act, proposes anti-money laundering obligations for PPSIs, and proposes certain specific obligations required by the GENIUS Act for PPSIs. It also implements the GENIUS Act's directive to require PPSIs to maintain effective sanctions compliance programs. **DATES: Comments must be received by June 9, 2026.**
- 04.07.2026 **Joint** [Anti-Money Laundering and Countering the Financing of Terrorism Programs](#) SUMMARY: The Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA) (collectively, "the Agencies" or "Agency" when referencing the singular) are inviting comment on a proposed rule that would require banks to establish and maintain effective anti-money laundering and countering the financing of terrorism (AML/CFT) programs reasonably designed to identify, assess, and mitigate risks of illicit finance.. The amendments are intended to align with changes that are being concurrently proposed by the Financial Crimes Enforcement Network (FinCEN) to implement provisions of the Anti-Money Laundering Act of 2020 (AML Act). Among other changes, this proposed rule would ensure that institutions establish and maintain effective AML/CFT programs that are intended to better achieve the purposes of the Bank Secrecy

Act (BSA), culminating in the development of highly useful information related to illicit financial transactions for law enforcement and national security agencies. Through this rulemaking, the Agencies also intend to modernize and reform Federal supervision of AML/CFT programs by enhancing FinCEN's role in AML/CFT supervision and enforcement. **DATES: Written comments must be received by June 9, 2026.**

- 04.07.2026 **FDIC** [GENIUS Act Requirements and Standards for FDIC-Supervised Permitted Payment Stablecoin Issuers and Insured Depository Institutions](#) SUMMARY: The Federal Deposit Insurance Corporation (FDIC) is soliciting comment on a proposal that would implement certain requirements pursuant to the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) applicable to FDIC-supervised permitted payment stablecoin issuers and insured depository institutions, clarify deposit insurance coverage for deposits held as reserve assets for payment stablecoins, and clarify the treatment of tokenized deposits. **DATES: Comments must be received by the FDIC no later than June 9, 2026.**
- 04.01.2026 **FinCEN** [Whistleblower Incentives and Protections](#) SUMMARY: FinCEN is proposing a rule to establish a whistleblower program that offers incentives and protections to encourage individuals who have information about potential violations of the Bank Secrecy Act (BSA), International Emergency Economic Powers Act (IEEPA), Trading With the Enemy Act of 1917 (TWEA), and Foreign Narcotics Kingpin Designation Act (Kingpin Act) to voluntarily report such information (the "Whistleblower Program"). The proposed rule would implement section 6314 of the Anti-Money Laundering Act of 2020 (AML Act) and the Anti-Money Laundering Whistleblower Improvement Act (AML Whistleblower Improvement Act), which were enacted into law as part of the National Defense Authorization Act for Fiscal Year 2021 (FY21 NDAA) and the Consolidated Appropriations Act of 2023, respectively. The Whistleblower Program will contribute to the U.S. government's efforts to safeguard the financial system from illicit use, promote national security, and combat money laundering, terrorist financing, proliferation financing, and related crimes. This notice of proposed rulemaking invites comments from the public regarding all aspects of the proposed rule, as well as comments in response to specific questions. **DATES: Written comments on this proposed rule must be submitted on or before June 1, 2026.**
- 03.19.2026 **Joint** [Regulatory Capital Rules: Regulatory Capital and Standardized Approach for Risk-weighted Assets](#) SUMMARY: The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation are proposing to modify certain aspects of the regulatory capital rule (the proposal). The proposal would revise the riskbased capital treatment of certain exposure categories under the standardized approach, focusing on improving the calibration and risk sensitivity of risk weights that are particularly material to covered banking organizations' lending activities. The proposal would also modify the definition of regulatory capital by removing the threshold-based deduction for mortgage servicing assets for all banking organizations subject to the regulatory capital rule, including Page 2 of 436 banking organizations subject to the community bank leverage ratio framework. In addition, the proposal would require Category III and IV banking organizations to recognize most elements of accumulated other comprehensive income in their regulatory capital. The agencies are concurrently publishing a separate proposal, which would require Category I and II banking organizations to use a new framework to calculate risk-weighted assets, called the expanded riskbased approach and would allow other banking organizations to elect to use the expanded riskbased approach. **DATES: Comments must be received by June 18, 2026.**