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Regulatory Dispatch

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

July 30, 2025

Federal Bank Regulatory Agencies Seek Further Comment on Interagency Effort to Reduce Regulatory Burden

WASHINGTON - The federal bank regulatory agencies announced their fourth notice requesting public comment to reduce regulatory burden. The Economic Growth and Regulatory Paperwork Reduction Act requires the agencies to review their regulations at least once every 10 years to identify outdated, unnecessary, or unduly burdensome regulatory requirements for their supervised institutions.

To facilitate this review, the agencies divided their regulations into 12 categories and are now soliciting comments on their regulations for the three remaining categories: Banking Operations, Capital, and the Community Reinvestment Act. The public has 90 days from publication in the Federal Register to comment on the relevant regulations.

The agencies will hold outreach meetings where interested parties may comment on applicable regulatory requirements directly to the agencies. Information about the outreach meetings will be publicized as details are finalized.

ATTACHMENTS:

- Federal Register Notice (PDF)
- Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) website

Comment: There are 19 questions being asked, this time in relation to in banking operations, capital, and community reinvestment categories and on any rules finalized by the agencies as of July 25, 2025.

Bank Management

Baker Donelson The GENIUS Act: A New Era for Stablecoins Begins – What the Fintech, Investment and Banking Industry Sectors Need to Know? (07/24/2025) – On July 18, 2025, President Trump signed into law the Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025 – better known as the GENIUS Act. The GENIUS Act establishes the most comprehensive federal framework to date for the regulation of payment stablecoins in the United States. Whether you're a fintech startup issuing digital dollars, a national bank considering custody services, or a hedge fund evaluating new instruments, this is not one to miss out on. Here's what you need to know, and what you should be doing next.

The GENIUS Act at a Glance: Why It Matters

	The GENIUS Act is a deliberate attempt to shore up trust in digital dollars while reserving room for innovation. The Act creates a clear legal path for issuing and operating payment stablecoins – a category of digital assets designed to maintain a stable value relative to a traditional fiat currency, typically the U.S. dollar. Stablecoins function as a bridge between traditional finance and blockchain-based systems, offering the speed and programmability of crypto coupled with the familiarity and predictability of fiat. Unlike volatile cryptocurrencies such as Bitcoin or Ethereum, stablecoins are issued by entities that commit to redeeming each token for a fixed monetary value, typically on a 1:1 basis. The GENIUS Act recognizes this unique role and allows stablecoin issuance only by entities that are federal= or state- approved, provided they meet strict requirements for reserves (e.g., cash or short-term Treasuries), transparent reporting, independent attestation, and timely redemption practices. ***Comment: Fiserv has announced plans to launch a stablecoin and supporting platform that could be used by its clients, which include community banks across America. Surely, they won't be the last. Community banks should understand what the GENIUS Act does and does not mean for community banks. Engaged prepared with the facts.***
	Patomak American Bankers Association Conference Focused on AI (07/24/2025) – Situation Overview: The 2025 American Bankers Association (ABA) Risk and Compliance Conference heavily focused on Artificial Intelligence (AI) in Banking – including top use cases and best practices in AI governance. What: The banking industry, across firms of all sizes, is heavily focused on AI and how it should be utilized and governed to support strategic goals. Who: All banks. In Depth In June 2025, the ABA held its annual Risk and Compliance Conference. The conference heavily focused on how banks are leveraging AI to support front-, middle-, and back-office functions. Conference participants noted that bank employees are likely already using AI, regardless of internal policies and procedures. ***Comment: In March of 2025, the ABA Banking Journal published an interesting article entitled AI for Banks: A Starter Guide for Community and Regional Institutions.***
	CSBS Community Bank Sentiment Index (07/21/2025) – The 2025 Q2 Community Bank Sentiment Index Number - This represents a positive reading in economic sentiment by community bankers and but slipped three points from its peak value of 129 recorded in last quarter's survey. This is the first decline in the CBSI after advancing for seven consecutive quarters. **Key Highlights** • At 126, the second quarter 2025 CBSI fell three points from the first quarter 2025 value but is still among the highest three readings recorded since the survey's inception in 2019. The latest CBSI is up 27 points from one year ago. • At 145, the profitability component fell seven points from last quarter's record level of 152.

	- At 114, the monetary policy component improved eight points from 106 last quarter and remains in positive territory (above 100) for the fifth straight quarter. - At 114, the regulatory burden component had the greatest quarterly change, falling 16 points from the first quarter survey. However, it stayed above 100 for only the second time in the survey's history. The regulatory burden indicator was below 30 for 15 consecutive quarters from early 2021 to late 2024 but is up 94 points from one year ago, contributing about 13 points of the 27-point increase in the overall CBSI from last year's value of 99. - In the open-ended comments, community bankers continue to mention several areas of concern that impact their ability to plan ahead. While not as pronounced as last quarter, heightened uncertainty persists regarding the impact from tariffs (particularly on consumer spending, agriculture, and small businesses), how federal government spending will impact the national debt and economic growth, and how the Federal Reserve will respond. ***Comment: The CSBS Community Bank Sentiment Index captures on a quarterly basis what community bankers nationwide think about future business and economic conditions over the next 12 months. The composite index is created from survey responses to seven questions which are used to calculate an index for each indicator. Each index is calculated by subtracting the percentage of respondents reporting a decrease from the percentage reporting an increase and then adding 100. When the share of community banks reporting an increase exceeds the share of community banks reporting a decrease, the index will be greater than 100, suggesting expansion and positive sentiment. If the share of community banks reporting a decrease exceeds the share reporting an increase, the index will be below 100, suggesting contraction and negative sentiment. An index will be 100 when the number of community banks reporting an increase is equal to the number of community banks reporting a decrease. For further information regarding the CSBS Community Bank Sentiment Index, visit: The CSBS website***

BSA / AML

	FinCEN Treasury Announces Postponement and Reopening of Investment Adviser Rule (07/21/2025) – WASHINGTON—In order to ensure efficient regulation that appropriately balances costs and benefits, the US Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) today is announcing its intention to postpone the effective date of the final rule establishing Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers (IA AML Rule) and to revisit the scope of the IA AML Rule at a future date. FinCEN anticipates delaying the effective date of the IA AML Rule from January 1, 2026, until January 1, 2028. ***Comment: FinCEN published the IA AML Rule in August 2024. Subject to certain exceptions, the rule applied anti-money laundering requirements under the Bank Secrecy Act to SEC-registered investment advisers (RIAs) and exempt reporting advisers (ERAs).[2] The rule was scheduled to take effect on January 1, 2026. In announcing the two-year postponement, FinCEN noted that "extending the effective date of the rule may help ease potential compliance costs for industry" and, more broadly, FinCEN "intends to revisit the substance of the IA AML Rule through a future rulemaking process."***

Deposit / Retail Operations

	FTC Scammy Texts Offering "Refunds" for Amazon Purchases (07/24/2025) – Scammers are pretending to be Amazon again. This time, they're sending texts claiming there's a problem with something you bought. They offer a refund if you click a link — but it's a scam. Here's how the scam works so you can avoid it. You get an unexpected text that looks like it's from Amazon. It claims the company did a "routine quality inspection" and an item you recently bought doesn't meet Amazon's standards or has been recalled. The text offers you a full refund and says you don't need to return the item — as long as you click a link to request your money back. But there is no refund. Instead, it's a phishing scam to steal your money or personal information. To avoid a scam like this: • **Don't click links in unexpected texts** — and don't respond to them. If you think the message could be legit, contact the company using a phone number, email, or website you know is real — not the info from the text. • **Check your Amazon account**. If you're worried, log in through the Amazon website or app — don't use the link in the text — to see if there's a problem with or recall on anything you've ordered. • **Send unwanted texts to 7726 (SPAM)** or use your phone's "report junk" option. Once you've reported it, delete the message.
	FRB FraudClassifier Model Marks Five-Year Anniversary with Global Adoption (07/23/2025) – Since its launch in 2020, the Federal Reserve's **FraudClassifier model** has achieved growing global adoption among financial institutions, fintechs and payment service providers. These organizations cite using the model to enhance internal reporting, support data-driven fraud mitigation strategies and improve coordination across the industry. Recently, the model was adopted by Payments NZ, which governs Aotearoa New Zealand's three core payment clearing systems. **Read more** about the FraudClassifier's role in building a more fraud-aware, resilient and globally connected payments ecosystem.

Lending

	CLA Update on Reporting Loan Modifications Under CECL: New Call Report Guidance (07/25/2025) – CECL rules background - As highlighted in CLA's article, Reporting Loan Modifications with Implementation of CECL, ASU 2022-02 introduced changes to the accounting treatment of loan modifications to borrowers experiencing financial difficulty (a/k/a troubled loan modifications or TLMs and f/k/a troubled debt restructurings or TDRs). The new call report guidance The ASU amended Topic ASC 326 (CECL) to define reporting requirements for TLMs modified during the reporting period. However, call report instructions required all TLMs modified after the bank's CECL adoption date to be reported in RC-C or RC-N but didn't prescribe a specific duration for reporting such modifications, which was inconsistent with ASC 310-10-50-42. ***Comment: In 2023, the Fed published Community Banking Connections entitled Saying Goodbye to Troubled Debt Restructurings that is worth reading.***

Technology / Security

	CISA UPDATE: Microsoft Releases Guidance on Exploitation of SharePoint Vulnerabilities (07/24/2025) – **Update (07/24/2025):** CISA continues to update reporting on this ongoing activity, as threat actor tactics, techniques, and procedures (TTPs) continue to evolve. This update contains additional information on the deployment of ransomware, new webshells involved in exploitation, and enhanced detection guidance. **Update (07/22/2025):** This Alert was updated to reflect newly released information from Microsoft, and to correct the actively exploited Common Vulnerabilities and Exposures (CVEs), which have been confirmed as CVE-2025-49706, a network spoofing vulnerability, and CVE-2025-49704, a remote code execution (RCE) vulnerability. CISA is aware of active exploitation of a spoofing and RCE vulnerability chain involving CVE-2025-49706 and CVE-2025-49704, enabling unauthorized access to on-premise SharePoint servers. While the scope and impact continue to be assessed, the chain, publicly reported as "ToolShell," provides unauthenticated access to systems and authenticated access through network spoofing, respectively, and enables malicious actors to fully access SharePoint content, including file systems and internal configurations, and execute code over the network. Beyond the typical webshells, such as .aspx and .exe, .dll payloads have been observed during exploitation. Most recently, threat actors have also been observed encrypting files and distributing Warlock ransomware on compromised systems. While not actively exploited, Microsoft has identified the following new CVEs that pose a potential risk: • CVE-2025-53771 is a patch bypass for CVE-2025-49706. • CVE-2025-53770 is a patch bypass for CVE-2025-49704.

Selected federal rules – proposed

Proposed rules are included only when community banks may want to comment. Date posted may not be the same as the Federal Register Date.

06.16.2025 **Joint** Request for Information on Potential Actions to Address Payments Fraud **SUMMARY**: The Office of the Comptroller of the Currency (OCC), Treasury; the Board of Governors of the Federal Reserve System (Board); and the Federal Deposit Insurance Corporation (FDIC) seek public input on questions related to payments fraud. This request for information (RFI) offers the opportunity for interested stakeholders to identify ways that the OCC, the Federal Reserve System (FRS), and the FDIC could take actions collectively or independently in their varying respective roles to help consumers, businesses, and financial institutions mitigate check, automated clearing house (ACH), wire, and instant payments fraud. **DATES: Comments must be received by September 18, 2025.**