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Regulatory Dispatch

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September 16, 2026

Agencies Jointly Release Frequently Asked Questions Regarding Treatment of Verifiable Digital Credentials Under the Customer Identification Program Rule

The Financial Crimes Enforcement Network, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, and Office of the Comptroller of the Currency are issuing two new frequently asked questions (FAQs) that address the use of state-issued mobile driver's licenses (mDLs) and other government-issued digital credentials, which may be used to verify the identities of natural person customers under the Customer Identification Program (CIP) rule. Additionally, FinCEN and the Agencies are amending a previously issued FAQ to reflect updated terminology being used to describe verifiable digital credentials (VDCs).

Statement of Applicability: The contents of, and material referenced in, this FIL apply to all FDIC-insured financial institutions.

Highlights:

- An mDL is a driver's license or identity card that is issued by a state government and contains all of the same information as a physical driver's license. An mDL is a type of VDC.
- The CIP rule neither requires nor prohibits reliance on government-issued VDCs such as mDLs as a means of verifying a customer's identity.
- An unexpired, government-issued VDC, such as an mDL, would qualify as a "government-issued identification" for purposes of the CIP Rule, though it must also "evidence nationality or residence and bear a photograph or similar safeguard."
- A bank may use a VDC, such as an mDL, to verify a customer's identity, to the extent permitted by the bank's CIP and so long as the bank or credit union maintains the appropriate technology or systems to extract the relevant information from the VDC.

FIL-56-2026

Attachment(s)

Frequently Asked Questions Regarding Treatment of Verifiable Digital Credentials Under the Customer Identification Program Rule (PDF)

Comment: The federal banking agencies and FinCEN issued these FAQs clearing banks and credit unions to accept state-issued mobile driver's licenses and verifiable digital credentials for customer identification program compliance. While the acceptance of these cryptographically secured digital IDs is optional and excludes simple screenshots, valid credentials may be used for documentary verification alongside standard fraud prevention protocols.

CBAK Insights (Ask Anything)

Q: An insider has a grandchild that is the primary on the account. The insider is a joint owner on the account, and it became overdrawn. There was no plan in place. However, there were funds available in another account of the insider, but no plan to sweep those funds.

A: Let's start with the statutory language.

(e) Overdrafts.

(1) No member bank may pay an overdraft of an executive officer or director of the bank or executive officer or director of its affiliates on an account at the bank, unless the payment of funds is made in accordance with:

This prohibition does not apply to the payment by a member bank of an overdraft of a principal shareholder of the member bank, unless the principal shareholder is also an executive officer or director. This prohibition also does not apply to the payment by a member bank of an overdraft of a related interest of an executive officer, director, or principal shareholder of the member bank or executive officer, director, or principal shareholder of its affiliates.

(i) A written, preauthorized, interest-bearing extension of credit plan that specifies a method of repayment; or

(ii) A written, preauthorized transfer of funds from another account of the account holder at the bank.

(2) The prohibition in paragraph (e)(1) of this section does not apply to payment of inadvertent overdrafts on an account in an aggregate amount of $1,000 or less, provided:

(i) The account is not overdrawn for more than 5 business days; and
(ii) The member bank charges the executive officer or director the same fee charged any other customer of the bank in similar circumstances.

[Reg. O, 59 FR 8837, Feb. 24, 1994; 59 FR 37930, July 26, 1994, as amended at 61 FR 57770, Nov. 8, 1996; 62 FR 13298, Mar. 20, 1997]

Source link.

The joint account is a red herring - the rules extend to any account where an executive officer or director is a legal owner, regardless of who is listed as "primary". If an executive officer or director is a joint owner with a spouse, child, or grandchild, and that relative overdraws the account, the bank has legally paid an overdraft on an account belonging to an executive officer or director.

Additionally, the regulators do not look at whether the executive officer or director could have covered the money, or if they had funds sitting in separate savings accounts or separate entities. Reg O cares exclusively about the specific transaction account that went into the negative.

Bank Management

	Joint [Proposed Interagency Third-Party Risk Management Guidance and Issuance of Joint Statement on Community Banks' Engagement with Core Service Providers]() (09/11/2026) – Summary: The Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRB), and National Credit Union Association (the agencies) are issuing a proposal for public comment to replace existing third-party risk management guidance with proposed guidance that would focus attention on tailoring risk management practices to the level of risk involved. In addition, the FDIC, OCC, and FRB are issuing a Joint Statement on Community Banks' Engagement with Core Service Providers to provide clarity on risk-based supervision of certain services provided to community banking organizations. **Statement of Applicability**: The contents of, and material referenced in, this FIL apply to all FDIC-supervised financial institutions. **Distribution:** FDIC-Supervised Financial Institutions. ***Comment: The proposed guidance is principles-based, allowing banks to scale their vendor oversight based on actual risk rather than treating all vendors equally. Additionally, the agencies formally acknowledge that risk cannot be entirely eliminated. Banks can move forward with vendors if remaining risks are documented and fit their risk appetite. Fintechs and new market entrants will no longer be automatically classified as "high risk" simply due to being new.***
	Joint [Agencies Reduce Regulatory Burden for Community Banks, Increase Eligibility for 18-Month Exam Cycle]() (09/10/2026) – WASHINGTON—The federal bank regulatory agencies today issued an interim final rule increasing the number of community banks eligible for an 18-month exam cycle. The 21st Century ROAD to Housing Act increased the total asset threshold from $3 billion to $6 billion for certain supervised institutions to qualify for an extended 18-month on-site exam cycle. Extending the exam cycle for these small non-complex firms from 12 months to 18 months appropriately reduces burden, including time and resources spent, for these low-risk institutions. By law, to be eligible for the extended exam cycle, these institutions must meet certain criteria, including that they are considered well managed and well capitalized. The interim final rule incorporates the increase into the agencies' regulations for well-rated institutions. The extended cycle applies to small banks with relatively low-risk profiles, but the agencies would continue the current supervisory practice of offsite monitoring between scheduled exams. The rule also makes parallel changes to the agencies' regulations governing the on-site examination cycle for U.S. branches and agencies of foreign banks.

The interim final rule will be effective immediately upon publication in the *Federal Register*, and comments will be accepted for 30 days.

Attachment(s)
Interim Final Rule on Expanded Examination Cycle for Certain Small Insured Depository Institutions and U.S. Branches and Agencies of Foreign Banks (PDF)

Comment: Regulators have doubled the asset threshold for community banks from $3 billion to $6 billion to qualify for an extended 18-month on-site examination cycle. Eligible institutions must remain well-capitalized, well-managed, and free from active enforcement proceedings to benefit from the reduced frequency.

BSA / AML

FinCEN Issues Whistleblower Bulletin on Iran-Related Illicit Finance (09/10/2026) – Today, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) is issuing a Whistleblower Bulletin in support of Operation Economic Outcast. FinCEN maintains a whistleblower incentive program for the public to submit information about violations of certain statutes enforced by Treasury and the Department of Justice, including the Bank Secrecy Act (BSA) and the national security laws that serve as the foundation for U.S. trade and economic sanctions. FinCEN welcomes tips regarding individuals or entities that may be violating the BSA or sanctions programs administered by Treasury's Office of Foreign Assets Control. This includes information about violations of these authorities that may involve the use of Iranian proxies and facilitators operating outside of Iran. Individuals who voluntarily provide such information may be eligible for awards. Treasury is prepared to take enforcement actions against any foreign company supporting illicit Iranian commerce, and, as necessary, may act against foreign financial institutions and companies that facilitate Iran's activities when such activities violate the BSA or U.S. sanctions laws.

To learn more about the whistleblower program, including how to report tips, visit FinCEN's webpage for the Office of the Whistleblower.

Resources

- Treasury Press Release
- FinCEN's Whistleblower Bulletin: Blow the Whistle on Iran-Related Illicit Finance

Comment: Illicit networks assume community banks have less sophisticated network-detection tools than major international banks, making them targets for nested accounts or complex trade-finance routing. FinCEN's program incentivizes anyone—including bank employees, contractors, or counterparties—to report unaddressed compliance gaps directly to the government for substantial financial rewards.

FinCEN Issues Financial Trend Analysis on Health Care Fraud (09/09/2026) – Today, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued a *Financial Trend Analysis* identifying approximately $17.5 billion in suspicious financial activity potentially linked to health care fraud, underscoring the Trump Administration's commitment to eliminating fraud, protecting taxpayers, and safeguarding the integrity of federal health care programs.

Resources

- Treasury Press Release

	• Financial Trend Analysis: *Health Care Fraud: Trends in Bank Secrecy Act Data* ***Comment: The vast majority of flagged activity involves shell companies posing as healthcare entities that perform no real medical services. Compliance teams should scrutinize commercial accounts where a medical business is registered to a residential address or shows cash flows inconsistent with an active clinic.***

Lending

	FFIEC Community Reinvestment Act (CRA): Introduction to Reporting Central (09/11/2026) – Beginning with the 2027 reporting year (for data due to be submitted by March 01, 2028), all institutions that are required or choosing to report CRA aggregate data, regardless of primary regulator, will have the option to submit annual CRA aggregated data through Reporting Central, the Federal Reserve's modern, secure web-based reporting application. This transition to Reporting Central provides a streamlined submission process, including enhanced data validation. Existing alternative submission methods, including email, diskette, and CD-ROM, will continue to be available. Key Information: **Submission options:** Reporting Central allows respondents to either upload CRA aggregate data in XML format or manually enter the aggregated data through the online application. Data will no longer be submitted through DES itself. **Data preparation:** DES Release 1 (R1) 2027, target for release at the beginning of Q1 2027, will continue to be available on the FFIEC CRA website to prepare CRA aggregate data in XML format for upload to Reporting Central. **Vendor software:** Institutions using third-party vendor software should work with their software vendor to ensure the software can generate the XML file required for Reporting Central submissions before the 2027 reporting cycle begins. An XML File Specification Guide will be posted on the FFIEC CRA website by Q1 2027. **Alternative submission methods:** Existing alternative submission methods described in the Interagency FAQs, including email, diskette, and CD-ROM, will continue to be available for institutions that choose to use them. **Credentialing:** Information about Reporting Central credentialing and access will be distributed through the FFIEC's email notification system beginning in Q2 2027. **Please note:** The existing CRA submission process will continue to be used for reporting years 2026 and earlier. For more information, continue to monitor the FFIEC CRA website and the FFIEC's email notification system for future announcements. Institutions that are not currently subscribed to the FFIEC's email distribution system are encouraged to subscribe to receive updates throughout the transition. You can view or update your subscriptions or e-mail address at any time on your User Profile Page. All you will need is your e-mail address. If you have any questions or problems visit subscriberhelp.govdelivery.com for assistance.

	FRB Consumer Credit - G.19 (09/08/2026) – July 2026 - In July, consumer credit increased at a seasonally adjusted annual rate of 4.2 percent. Revolving credit increased at an annual rate of 2.5 percent, while nonrevolving credit increased at an annual rate of 4.8 percent.

Technology / Security

	CISA New: Updated Insider Threat Mitigation Guide (09/08/2026) – Protect your organization from insider threats. This updated guide offers practical strategies for critical infrastructure stakeholders to establish or improve an effective insider threat mitigation program. ***Comment: Effective insider threat mitigation requires organizations to transition to proactive, multidisciplinary defense teams that span HR, Legal, and Operations to identify early behavioral indicators. Security programs must modernize to address hybrid work risks and AI-driven social engineering, while also focusing on empathetic training for unintentional mistakes and tightening cross-functional offboarding protocols to prevent retaliatory data loss.***

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.

08.27.2026 **FDIC** Reciprocal Deposits: Implementing the 21st Century ROAD to Housing Act SUMMARY: The Federal Deposit Insurance Corporation (FDIC) is amending its brokered deposit regulations to conform with recent changes to section 29 of the Federal Deposit Insurance Act made by section 902 of the 21st Century ROAD to Housing Act related to reciprocal deposits, which took effect on July 11, 2026. The FDIC is also providing certain clarifications regarding the reciprocal deposit framework to facilitate and simplify compliance. The FDIC invites public comment on this interim final rule. **DATES: The interim final rule is effective September 1, 2026. Comments must be received no later than October 1, 2026.**

07.31.2026 **FDIC** Extensions of Credit to Insiders SUMMARY: The Federal Deposit Insurance Corporation (FDIC) is proposing to increase quantitative thresholds for certain extensions of credit to insiders of FDIC supervised institutions, as restricted by the Federal Reserve Act and regulations promulgated thereunder. Specifically, the proposal would increase the thresholds for certain (1) extensions of credit to executive officers not otherwise specifically authorized by statute from $100,000 to $400,000; and (2) extensions of credit to insiders requiring prior approval by the board of directors from $500,000 to $2,000,000. The proposal would also establish an indexing methodology to periodically update such thresholds over time. **DATES: Comments must be received on or before on or before October 5, 2026.**

07.31.2026 **Joint** Community Reinvestment Act Regulations SUMMARY: The Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) are proposing to amend their Community Reinvestment Act rules by making certain substantive, technical, and process-oriented changes to refocus on the statutory objective of encouraging banks to meet the credit needs of their communities; to better ensure that community development grants reach the communities they are intended to benefit; to reduce unnecessary burden, particularly for community banks; and to provide greater clarity for how to obtain CRA consideration. The OCC and the FDIC are also proposing certain technical changes to their rules implementing the Community Reinvestment Act sunshine requirements of the Federal Deposit Insurance Act. In addition, the OCC is proposing similar technical changes to its Public Welfare Investments rule and its Rules, Policies, and Procedures for Corporate Activities. **DATE: Comments must be received on or before October 13, 2026.**

07.17.2026 **FDIC** Reporting Forms and Instructions Associated with Requirements and Standards for FDIC Supervised Permitted Payment Stablecoin Issuers SUMMARY: The FDIC invites comment on new forms and instructions associated with an Office of Management and Budget (OMB) control number (3064-0225) assigned in connection with a notice of proposed rulemaking. In accordance with the requirements of the Paperwork Reduction Act of 1995 (PRA), the FDIC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid OMB control number. As part of the notice of proposed rulemaking, the FDIC sought a new OMB control number for a new information collection that would include weekly and quarterly reporting forms that must be completed by permitted payment stablecoin issuers. **DATES: Comments must be submitted on or before September 18, 2026.**