Community Bankers of Michigan

Community Bankers of Michigan Regulatory Dispatch

February 18, 2026

Timely news and resources community bankers can use

Bank Management

FFIEC Announcement 2026-02: Changes to UBPR Peer Groups (02/13/2026) – The Federal Financial Institutions Examination Council's member agencies are making changes to the Uniform Bank Performance Report's (UBPR) commercial bank peer group population definitions on or shortly after February 26, 2026. These changes, being led by the Task Force on Surveillance Systems, are part of the review of commercial bank peer groups initiated in 2025.

More information on the changes to the UBPR peer groups is available at UBPR Peer Group Adjustments Memo.

CSBS OCC Charters Must Adhere to National Bank Act (02/11/2026) – Washington, D.C. – The Office of the Comptroller of the Currency's (OCC's) seemingly benign proposal to clarify national trust charter regulations would instead create uncertainty and could result in serious implications by overstepping National Bank Act authority, the Conference of State Bank Supervisors (CSBS) said in a comment letter.

The OCC has proposed replacing the term "fiduciary activities" with "operations of trust companies and activities related thereto" in its chartering regulations, which could dilute or remove restrictions for national trust charters mandated by Congress through the National Bank Act. To address ambiguities in the proposal and cure existing flaws in the OCC chartering regulation, CSBS recommended specific changes to ensure OCC rules conform to the limits of the National Bank Act.

"The OCC does not have blanket chartering authority, as proven time and again by Congress and the courts. The National Bank Act authorizes deposit-taking banks, predominately fiduciary trust charters, and bankers' banks. The OCC cannot create Franken-charters by cobbling together bits and pieces of all three," said CSBS President and CEO Brandon Milhorn.

Under the National Bank Act, national trust charters can engage in predominately fiduciary activities, as well as incidental or related services, such as custody. Any special purpose national bank engaged in the business of banking must accept deposits and be FDIC insured. Allowing national trust charters to primarily engage in nonfiduciary activities would exceed the OCC's authority.

Comment: On January 8, 2026, the OCC issued a Notice of Proposed Rulemaking that would amend the OCC's chartering regulation under 12 CFR 5.20. The proposal would revise this regulation to clarify that a national trust bank may engage in activities of a trust company, "activities related thereto," and

	activities that are part of the business of banking. The OCC stated that it was thereby confirming its view that national trust banks may engage in non-fiduciary activities in addition to their fiduciary activities, and that this view is consistent with the National Bank Act.

BSA / AML

FinCEN Issues Exceptive Relief to Streamline Customer Due Diligence Requirements (02/13/2026) – **WASHINGTON**—The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued an order granting exceptive relief to covered financial institutions from certain requirements under FinCEN's Customer Due Diligence Requirements for Financial Institutions rule (the "2016 CDD Rule"). The order excepts covered financial institutions from the requirement to identify and verify the beneficial owners of a legal entity customer each time the customer opens a new account.

"Today's action reflects FinCEN's commitment to modernizing the Bank Secrecy Act framework while maintaining strong safeguards against illicit finance," said **FinCEN Director Andrea Gacki.** "This relief supports a more efficient, risk-based approach to customer due diligence and reduces unnecessary regulatory burden without weakening the foundational requirements that protect the U.S. financial system."
Under the order, a covered financial institution is required to identify and verify the beneficial owners of a legal entity customer in only the following circumstances:

- when a legal entity customer first opens an account with the institution;
- when the institution has knowledge of facts that reasonably call into question the reliability of previously obtained beneficial ownership information; and
- as otherwise required based on the institution's risk-based procedures for ongoing customer due diligence.

Notwithstanding this exceptive relief, covered financial institutions must comply with all other applicable anti-money laundering/countering the financing of terrorism requirements under the Bank Secrecy Act, including the obligation to conduct ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information.

Exceptive Relief Order
- Exceptive Relief from Requirement to Identify and Verify Beneficial Owners at Each Account Opening

Comment: This 'exceptive relief' more closely aligns the Customer Due Diligence requirements with the Customer Information Program requirements. CIP had exempted from the definition of 'customer' a person that at the time a new account is opened currently had an existing account with the bank.

Kohrman Jackson KYC and AML Regulatory Requirements Applicable to U.S. Financial Institutions (02/11/2026) – Know Your Customer (KYC) and Anti-Money Laundering (AML) requirements form the foundation of the United States' framework for preventing money laundering, terrorist financing and other forms of financial crime. These obligations arise primarily under the Bank Secrecy Act of 1970 (BSA), as amended by subsequent legislation including the USA PATRIOT Act of 2001, and are implemented through regulations promulgated by the Financial Crimes Enforcement Network (FinCEN).

KYC and AML are closely related but distinct concepts. KYC focuses on identifying and understanding customers at onboarding and throughout the customer relationship. AML encompasses broader institutional obligations, including transaction monitoring, reporting, recordkeeping, internal controls and cooperation with law enforcement. Together, these requirements are designed to protect the integrity of the U.S. financial system and to ensure transparency regarding the ownership and movement of funds.

	Comment: A good summary document of the various expectations under KYC and AML broadly applicable to banks.
	Holland & Knight Recent FinCEN Actions Signal Trump Administration's Focus on Escalating AML Enforcement (02/11/2026) – The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) recently announced a sweeping enforcement operation targeting money services businesses (MSBs) operating along the Southwest U.S. border. In announcing the operation, Treasury Secretary Scott Bessent emphasized the Trump Administration's continued focus on combating drug cartels through enhanced anti-money laundering (AML) enforcement. FinCEN has also announced several initiatives to combat government benefits fraud and associated money laundering involving banks and MSBs in Minnesota. The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) recently announced a sweeping enforcement operation targeting money services businesses (MSBs) operating along the Southwest U.S. border. FinCEN's actions highlight certain enforcement risks for financial institutions subject to the Bank Secrecy Act (BSA), with continuing anti-money laundering (AML) compliance scrutiny expected in 2026. The risk is particularly high for MSBs along the Southwest border and in areas where the government is investigating large-scale government benefits fraud. ***Comment: Worth reading to identify the focus of the current administration.***

Deposit / Retail Operations

	ICBA Independent Banker shares tips for addressing the end of penny production (02/12/2026) – Since penny production has ended, a new **Independent Banker article** spotlights the economics of rounding and offers insights on dealing with the change. **Details:** The **latest Independent Banker magazine** shares tips on creating a rounding policy, providing support to business customers, and working with core providers to update teller systems. **Other Penny Resources:** • The Treasury Department last month published **non-binding guidance** for businesses and consumers on handling various penny situations. • An **ICBA blog post** breaks down recent developments and ICBA's efforts to gain clarity and address disruptions stemming from the end of penny production. • A Federal Reserve Bank of Atlanta **blog post** examines possible rounding methods the United States could use when penny production is phased out. The Federal Reserve Board released **FAQs** on anticipated changes to penny ordering and deposits following the Treasury Department decision to end penny production. ***Comment: The U.S. Department of the Treasury has officially ended production of the penny, marking a historic shift in American currency. While the penny remains legal tender, the abrupt way this was handled sent shock waves through retailers, banks, and consumers across the country. It's nice to see the Fed doing more to support those stakeholders rather than just refusing to accept or ship pennies.***

	FTC Why can't that new love interest meet in person? (02/12/2026) – Met someone new online…but you still haven't met in person? With Valentine's Day having just passed, it's a great time to make sure you know how to recognize a romance scam. Romance scams can happen to anyone. And with the help of AI and other tech, they might not be so easy to spot. AI or not, here are some signs you're dealing with a scammer: • **Scammers say they can't meet you in person**. They might say they're in the military, doing business overseas, or working on an oil rig. Or they might make plans to meet — but always need to cancel. • **Scammers ask you for money**. They might contact you every day and talk about everything under the sun. But eventually, they'll ask for money — maybe for a medical emergency, tickets to visit you, or some other issue. • **Scammers will tell you how to pay**. Scammers ask you to send money in a way that makes it hard for you to get it back — wiring money through a company like Western Union or MoneyGram, putting money on a gift card and giving them the numbers on the back, sending money through a payment app, or transferring cryptocurrency. So, what can you do if you suspect a romance scam? • Cut off contact and talk to someone you trust. Are they concerned, too? • Search online for the person's type of job, plus the word "scammer." Have other people posted similar stories? • Do a reverse image search of the person's profile picture. Is it associated with another name, or with details that don't match up? Those are signs of a scam. Read What You Need To Know About Romance Scams for more. ***Comment: Find ways to share this information with your customers.***

Human Resources

	No news to report this week.

Lending

	FRB G. 19 Consumer Credit (02/06/2026) – December 2025 - In 2025, consumer credit increased 2.4 percent, with revolving and nonrevolving credit increasing 3.4 percent and 2.0 percent, respectively. During the fourth quarter, consumer credit increased at a seasonally adjusted annual rate of 3.0 percent, while in December it increased at a seasonally adjusted annual rate of 5.7 percent.

Technology / Security

	FTC Issues Second Report to Congress on its Work to Fight Ransomware and other Cyberattacks (02/06/2026) – The Federal Trade Commission issued a second report to Congress detailing the agency's efforts to fight against ransomware and other cyberattacks. The report is mandated by the Reporting Attacks from Nations Selected for Oversight and Monitoring Web Attacks and Ransomware from Enemies Act (RANSOMWARE Act), which requires the Commission to submit reports to Congress on its work to combat cyberattacks. In its initial report from 2023, the agency

provided an overview of the FTC's activities concerning China, Russia, North Korea, and Iran and the FTC's efforts to combat ransomware—a type of cyber-related attack in which bad actors hold data or computer access hostage until they receive payment—and other types of cyberattacks.

The 2025 Ransomware Report provides an update on those activities and highlights the FTC's continued contribution to the fight against ransomware and other cyberattacks. The report discusses the FTC's data security enforcement program aimed at ensuring companies take reasonable steps to protect the personal data they hold noting that the FTC has brought more than 90 enforcement actions with favorable outcomes to date, including settlements with GoDaddy and Illuminate Education.

The agency has also pursued bad actors involved in tech support scams and worked to educate the public and businesses on how to secure and protect data from cyberattacks. Specifically, the FTC's consumer and business education efforts include up-to-date alerts and advice about malware, cybersecurity, and tech support scams.

The Commission votes to approve the 2025 report was 2-0.

The Federal Trade Commission works with counterpart agencies to promote sound antitrust, consumer protection, and data privacy enforcement and policy. The FTC will never demand money, make threats, tell you to transfer money, or promise you a prize. For the latest news and resources, follow the FTC on social media, subscribe to press releases and subscribe to the FTC International Monthly.

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.

12.17.2025 **FDIC** Approval Requirements for Issuance of Payment Stablecoins by Subsidiaries of FDIC-Supervised Insured Depository Institutions SUMMARY: The Federal Deposit Insurance Corporation (FDIC) is soliciting comments on a proposal that would establish procedures to be followed by an insured State nonmember bank or State savings association (each, an FDIC-supervised institution) that seeks to obtain FDIC approval to issue payment stablecoins through a subsidiary pursuant to the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act). **DATES: Comments must be received by the FDIC no later than May 18, 2026.**

12.04.2025 **FRB** Requests Public Input on the Impact of Potential Strategic Changes to Check Services Provided by the Fed, as Well as Check Usage and Preferences SUMMARY: The Board of Governors of the Federal Reserve System (Board) seeks public input on questions related to the future of the Federal Reserve Banks' (Reserve Banks') check services. The Board will use responses to this request for information (RFI) to assess possible strategies for the future of the Reserve Banks' check services, including potentially substantial changes that may have longer run effects on the payments system. In addition, the Board will use responses to this RFI to analyze other actions that the Federal Reserve System could consider with respect to checks, in partnership with the industry, to support the overall safety and efficiency of the payments system. **DATES: Comments must be received by March 9, 2026.**