



Community Bankers of Michigan Regulatory Dispatch

February 25, 2026

Timely news and resources community bankers can use

Federal Reserve Board announces it will hold a hybrid public outreach meeting on Thursday, March 26, as part of its review of regulations under the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA)

The Federal Reserve Board announced that it will hold a hybrid public outreach meeting on Thursday, March 26, as part of its review of regulations under the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA). EGRPRA requires the Board, with input from the public, to review its regulations at least once every 10 years to identify any outdated, unduly burdensome, or otherwise unnecessary regulatory requirements applicable to certain supervised institutions.

The outreach meeting is an opportunity for interested stakeholders to present their views on the regulatory categories listed in any of the four [Federal Register notices](#) applicable to Board supervised institutions that were published as part of this effort: applications and reporting; powers and activities; international operations; consumer protection; directors, officers and employees; money laundering; rules of procedure; safety and soundness; securities; banking operations; capital; and the Community Reinvestment Act.

Individuals interested in providing oral comments, either virtually or in person, must [register](#) by March 19, 2026, and indicate the regulatory category or categories they would like to discuss. Individuals selected to provide comments will be notified.

This public meeting will take place at the Federal Reserve Board building in Washington, D.C., and will be livestreamed for the public at [federalreserve.gov](https://www.federalreserve.gov) and on [YouTube](#). Advance registration is also required to attend this public meeting as an in-person observer. Please email EGRPRA@frb.gov with general inquiries about the public meeting.

Comment: 'Current leadership at the Federal Reserve, the Office of the Comptroller of the Currency (OCC), and the FDIC has consistently decried the regulatory burden faced by banks and adopted an industry-friendly approach to regulation and capital. We expect that industry-friendly approach to persist in the coming year, resulting in a relaxed regulatory burden for banks of all sizes.' - [Banking on Ease: How the Regulatory Burden on Banks Will Lessen in 2026 Capstone](#).

CBM Insights

Q: I want to confirm that we can stop collecting Beneficial Ownership information at every account opening...correct? or is there a grace period? I don't want to tell my new accounts personnel they can stop doing this and then something comes up and we must change procedure again.

A: Issued 2/13/26

FinCEN is granting exceptive relief from the requirements to identify and verify the identities of beneficial owners at each new account opening.

Covered financial institutions (FIs) may instead limit their identification and verification of the identities of beneficial owners to the following circumstances:

- 1) *When a legal entity customer first opens an account with a covered FI,*
- 2) *Any time thereafter when the FI has knowledge of facts that would reasonably call into question the reliability of beneficial ownership information previously obtained about the legal entity customer; and*
- 3) *As needed based on an FI's risk-based procedures for conducting ongoing customer due diligence.*
 - a) *When scenario (3) arises, the covered financial institution may rely on beneficial ownership information previously obtained, provided the customer certifies or confirms (verbally or in writing) that such information is up-to-date and accurate.*
 - b) *The covered FI must maintain a record of such certification or confirmation, including for both verbal and written confirmations by the customer.*
 - c) *If a customer is unable to certify or confirm that previously obtained beneficial ownership information is up-to-date and accurate, or if the FI has knowledge of facts that would reasonably call into question the reliability of beneficial ownership information previously obtained about the legal entity customer, the FI must identify and verify the identities of the beneficial owners of the legal entity customer.*

The relief stems from EO 14192, Unleashing Prosperity Through Deregulation and is also part of FinCEN's obligations under the CTA to revise the 2016 CDD Rule.

And below is some information from an article by Bradley Arant Boult Cummings LLP entitled [FinCEN's New Exceptive Relief Order: A Welcome Change, But Not a Green Light to Relax Your BSA/AML Vigilance](#).

Practical Takeaways for Financial Institutions

As you evaluate how to incorporate this exceptive relief into your operations, consider the following:

1. Review Your CDD Procedures – Assess whether and how you want to modify your current beneficial ownership verification procedures in light of this relief.
2. Update Policies and Training – Ensure that your policies, procedures, and staff training materials reflect the new framework — including the circumstances under which verification is still required.
3. Document Risk-Based Decisions – If you elect to rely on previously obtained beneficial ownership information, ensure you have robust processes to document customer certifications or confirmations and to flag circumstances that would trigger re-verification.
4. Don't Abandon Good Practices – Consider whether your current practices serve legitimate risk management purposes beyond mere regulatory compliance. If so, think carefully before eliminating them.
5. Stay Tuned for Further Developments – FinCEN has signaled that additional changes to the CDD Rule are forthcoming through the rulemaking process. Monitor these developments closely.

Bank Management

FRB [What Will Artificial Intelligence Mean for the Labor Market and the Economy? Governor Michael S. Barr](#) (02/17/2026) – *Implications for the Labor Market*

Predictions about how generative AI will evolve, and in particular how it will affect the labor market, range from the utopian to the apocalyptic. In previous speeches, I have outlined a couple of scenarios as a way to think through the potential effects of AI on the economy, including the labor market. But as is the case for AI's technological advances, the debate about the possible effects of AI evolves quickly, so I will briefly revisit these scenarios and then discuss how new research is starting to bring the initial and potential labor market effects of AI into focus.

Scenario of gradual adoption

Under a first scenario, AI proceeds like other general-purpose technologies, perhaps diffusing a bit faster. This leads to strong productivity growth, comparable to what we saw in the late 1990s and early 2000s, or maybe even stronger than that. As was the case during earlier technological advances, some occupations are displaced while new ones emerge, as AI is increasingly integrated into many existing roles. But AI adoption occurs gradually enough that large and widespread joblessness is avoided. Unemployment might rise somewhat in the short term due to skill mismatch, but education and training choices adjust over time, and many workers successfully retrain and retain their jobs or find new ones. With strong productivity growth, the economy can sustain faster output growth and real wages rise.

Scenario of rapid growth in AI capabilities and adoption

Under a second scenario, AI capabilities grow exponentially and adoption is extremely rapid, ushering in a "jobless boom." AI agents replace or displace a range of professional and service occupations. Autonomous vehicles and robotics automate many manufacturing and transportation jobs, with labor increasingly concentrated in a few manual or highly skilled trades, or in roles where consumers put a premium on human interaction. AI-centric start-ups with radically new business models displace firms that are unable to adapt, and layoffs soar, leading to widespread unemployment in the short run and declines in labor force participation over time, as a large share of the population is essentially unemployable. It is understandable why many people would fear such a future, and it would present profound social and distributional challenges. With a vastly more productive economy, but much less demand for labor, society would have to rethink the social safety net to ensure that the gains from unprecedented economic growth are shared rather than concentrated among a small group of capital holders and AI superstars. And there would need to be profound changes in education, training, and workforce development. We should be clear-eyed about how painful these changes could be for affected workers and how challenging it would be for the government and the private sector to successfully manage the fallout.

One thing that these two scenarios have in common is that AI's initial promise is borne out, and it transforms the economy—either gradually and in a more manageable way, or abruptly and to a much greater extent.

Scenario of stalled growth in AI capabilities and adoption

A third option is that improvements in AI capabilities stall, perhaps owing to the exhaustion of training data, a shortage of electricity supply or distribution to satisfy the huge demands of data centers, or shortages of the capital required to build all this new infrastructure. One estimate is that AI investment will require the issuance of \$1 trillion in new debt over the next five years, and other estimates are even higher. With questions about whether demand will grow sufficiently to utilize this investment, some have drawn comparisons to the overinvestment in the dot-com era. Timing mismatches in the investment and business integration process could lead to reduced realization of the potential of AI. The hard work of business process transformation takes time, which partly accounts for the J curve dynamics I mentioned earlier. Businesses that do not see immediate productivity improvements may lose interest. In a scenario of stalled growth in AI capabilities and adoption, some productivity improvements occur in

easy-to-learn tasks, but AI proves incapable of completing hard-to-learn tasks or complex projects, or an AI bust occurs, abruptly ending needed investment. As a result, any boost that AI provides to aggregate productivity growth is modest and fades over time.

It is possible that in this scenario, AI still ends up widely adopted. As is the case for social media or smartphones, AI applications may still generate significant value for consumers and many businesses. In the workplace, it might look much like email or search engines do now—tools that are ubiquitous, even indispensable, but not necessarily revolutionary by themselves. In a scenario where AI disappoints, the balance of risks shifts from the labor market to the financial sector. When anticipated demand falls short, the risk of financial stress increases, as happened following the expansion of the U.S. railroad network in the late 19th century. More recently, we saw these dynamics play out in a more limited way with the overbuilding of fiber optic telecommunications in the early 2000s, which contributed to stress in bond markets.

Of course, these are stylized scenarios, and facts on the ground may play out differently. Or different scenarios might come to pass in different sectors of the economy in different ways and at different speeds. But a scenario-based approach helps ground our thinking about these potential outcomes.

Comment: AI has the potential to reshape the way community banks approach labor intensive tasks like credit underwriting and compliance, offering efficient solutions to both complex regulatory and policy requirements.

OCC [Requests Comment on Proposed Rulemaking on the Bank Appeals Process](#) (02/17/2026) – WASHINGTON—The Office of the Comptroller of the Currency (OCC) requested comment on a proposal to establish revised procedures and policies for appeals by OCC-supervised entities of material supervisory determinations.

The proposed changes reflect the OCC’s experience administering the bank appeals process and are intended to enhance the independence and efficiency of the appeals function.

The proposal would make several changes to the current appeals process, including adding an “appeals board” to hear bank appeals, enhancing the role of the Ombudsman as a neutral liaison to help banks seek redress for grievances, establishing a de novo standard of review for appeals, and strengthening prohibitions against retaliation.

Comments on the attached proposal are due 60 days after the date of publication in the *Federal Register*.

Related Link

- [Federal Register Notice](#) (PDF)

Comment: Roughly three weeks before the OCC's NPRM was published, the Federal Deposit Insurance Corporation ("FDIC") published [separate guidelines](#) to clarify its appeals process. In many ways, the OCC's NPRM and the FDIC's guidelines are similar: they establish multi-member independent review bodies, codify de novo standards for review, and formally provide for the publication of redacted appeals decisions. However, the OCC's proposal goes further in certain respects by embedding its framework in regulation rather than guidance, articulating detailed standards for granting stays pending appeal, and creating more formal anti-retaliation rules.

BSA / AML

FinCEN [Webpage for Whistleblower Tips on Fraud, Money Laundering, Sanctions Violations](#) (02/13/2026) – The U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) launched a new dedicated webpage to confidentially accept whistleblower tips on fraud, money laundering, and sanctions violations.

FinCEN’s Office of the Whistleblower is accepting tips involving violations and conspiracies related to the Bank Secrecy Act, U.S. sanctions programs, and several other laws critical to safeguarding the U.S. financial system and national security. Individuals who provide information may be eligible for awards if their tip leads to a successful enforcement action.

Whistleblowers are encouraged to submit information as soon as possible and to provide detailed, specific documentation to support their claims. Learn more information on [FinCEN’s whistleblower program and how to submit tips](#).

Resources:

- [Treasury News Release](#)
- [Bulletin](#)
- [FinCEN Whistleblower Program Webpage](#)

Deposit / Retail Operations

No news to report this week.

Human Resources

No news to report this week.

Lending

No news to report this week.

Technology / Security

CISA [The End is Just the Beginning of Better Security: Enhanced Vulnerability Management with OpenEoX](#) (02/13/2026) – Benefits of OpenEoX:

- **For Producers:** OpenEoX is a business game changer. With a standardized, automated framework for communicating EOS milestones, producers streamline customer communications, scaling trust and transparency while cutting manual costs and customer confusion. These localized business efficiencies compound to global cybersecurity wins.
- **For Consumers:** OpenEoX enables organizations to get ahead of cyber threats –quickly. As a machine-readable framework that integrates with other tools, organizations are empowered to seamlessly and proactively identify and address risk in products that are approaching, or past, their EOS status.

Call to Action

Unlocking the full potential of OpenEoX requires unified action across the vulnerability management ecosystem. Everyone has a crucial role to play. Recommended actions include:

- **For Producers:**
 - **Adopt and Publish OpenEoX Data Publicly:** Hardware and software producers should publicly publish OpenEoX documents for products. This information should be made publicly available without barriers to entry (i.e., no customer portals, paywalls, etc.).
 - **Integrate OpenEoX with Existing Tools:** Developers of vulnerability scanners, asset management platforms, and other related tools and standards should incorporate OpenEoX to automate product lifecycle tracking and the exchange of EOS information.
- **For Consumers:**
 - **Enhance Existing Workflows with OpenEoX:** Organizations should adapt their operational processes to integrate OpenEoX data into their existing workflows. Vulnerability management processes can be streamlined to include proactive replacement of EOS devices, timely patching of critical vulnerabilities, and updates to outdated software and hardware.
 - **Encourage Partners to Adopt OpenEoX:** Organizations should encourage their partners and providers to publish and leverage OpenEoX data. Another adopter means another door closed on threat actors.

Comment: CISA said the presence of unsupported edge hardware and software allows threat actors to exploit systems that no longer receive vendor updates. The agency warned that nation-state adversaries have increasingly used these devices to gain access, maintain persistence and compromise sensitive data.

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.

- 02.23.2026 **OCC [Bank Appeals Process](#) SUMMARY:** The Office of the Comptroller of the Currency (OCC) is issuing a notice of proposed rulemaking to establish revised procedures and policies for appeals of material supervisory determinations by OCC supervised entities. The proposed changes would reflect the OCC’s experience administering the bank appeals process and are intended to enhance the independence and efficiency of the appeals function. **DATES: Comments must be received on or before 60 DAYS AFTER publication in the Federal Register.**
- 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.**