



## Community Bankers of Michigan Regulatory Dispatch

January 14, 2026

*Timely news and resources community bankers can use*

### **Modernizing Supervision and Regulation: 2025 and the Path Ahead** **Vice Chair for Supervision Michelle W. Bowman**

Progress in Supervisory and Regulatory Modernization: Since June of last year, we have significantly advanced on the agenda I laid out in my Georgetown University speech.<sup>2</sup> While we have made a great deal of progress in just a few months' time, today, I would like to focus on a few of these priorities.

Beginning with properly targeted supervision. Supervision is a powerful instrument for promoting safety and soundness. It enables examiners to rigorously assess institutions and detect any material weaknesses requiring remediation. Every institution is distinct—with respect to its products and services, geographic presence, market position, and the specific risks it poses.

Supervision is one of our most valuable diagnostic tools. It requires a balanced approach, tough decisions, and reasoned judgement. What is the scope of the examination? Which risks should be prioritized? Are there new or emerging risks that require additional review? To be effective in promoting safety and soundness and U.S. financial stability, supervision must focus on the most important risks—which are the core and material financial risks.

In late October 2025, for the first time, the Federal Reserve published supervisory operating principles designed to enhance supervisory transparency and accountability and sharpen our examination processes.<sup>3</sup> These principles direct supervisory staff to identify and require early remediation of material financial risks. The failure of Silicon Valley Bank (SVB) exposed critical flaws in our prior supervisory approach, which became an ever-expanding scope of unfocused activities that led examiners and the bank to overlook or downplay severe interest-rate and liquidity risks that triggered the bank's collapse and eroded broader public confidence.

As I have said a number of times in the past, significant lessons remain from the SVB episode, and we are committed to identifying and rigorously addressing them.

Turning back to the operating principles, since their introduction, we have made significant progress in their implementation, including through question and answer sessions with leaders and staff throughout the Federal Reserve System, both at the Board and the Reserve Banks; providing illustrative examples to demonstrate how they should be applied in different circumstances, which we will add to over time; hosting conversations and answering questions from Supervision leaders and staff; and soliciting feedback from regulated firms. If we discover areas that should have been included but were not covered in the initial set of principles, or if we find that there is confusion or misunderstanding about how they should be applied we will refine our approach.

***Comment: Bowman specifically calls for more effective approaches to supervising community banks, which could be accomplished by separating the community bank oversight program from those designed for larger and regional banks to focus examiner attention on small bank risks and activities, thereby eliminating the temptation to "push down" standards and expectations to community banks.***

## **Bank Management**

**FDIC [Consolidated Reports of Condition and Income for Fourth Quarter 2025](#)** (01/09/2026) – This Financial Institution Letter and the attached Supplemental Instructions for the December 31, 2025, report date should be shared with the individual(s) responsible for preparing the Call Report at your institution.

There are no new data items that take effect this quarter in the FFIEC 031, FFIEC 041 or FFIEC 051 Call Report forms. The instructions have been updated to specify the length of time that loan modifications to borrowers experiencing financial difficulty should be reported in the Call Report (see [FIL-30-2025](#), dated July 11, 2025). Institutions should refer to the attached Supplemental Instructions for December 2025 for additional guidance on certain reporting issues, including recently issued accounting standards updates. The Call Report forms for December 31, 2025, are available for printing and downloading from the FFIEC's [Reporting Forms](#) webpage for each version of the Call Report. These forms can also be accessed from the FDIC's [Bank Financial Reports](#) webpage.

### **Statement of Applicability:**

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

### **Distribution:**

FDIC-Insured Institutions

***Comment: Be sure to get these FIL's to your staff that prepare the bank's Call Report.***

**CSBS [Community Bankers End Year on Sunny Note](#)** (01/06/2026) – **Washington, D.C.** – Community bankers ended 2025 with a high sentiment on future conditions, according to the 2025 fourth quarter results of the [Community Bank Sentiment Index](#) (CBSI) released by the Conference of State Bank Supervisors (CSBS).

Although the CBSI slipped one point to 132 from last quarter's record high of 133, it remains well above the neutral level of 100 and signals continued optimism among community bankers.

"Community bankers' continued optimism seems to be driven by solid earnings prospects from wider net interest margins that have boosted profitability," said CSBS Chief Economist Tom Siems. "Moreover, most community bankers are deeply embedded in their local markets and express confidence they can navigate uncertain economic conditions through disciplined credit oversight and their focus on relationship lending."

While their optimistic outlook is buoyed by expectations that the regulatory environment will be less burdensome, community bankers continued to indicate some concern over business conditions in the new year. Compared to the previous quarter, four of the seven CBSI components declined, two increased, and one remained the same.

Three of the declining indicators (monetary policy, operations expansion, profitability) fell from near all-time highs, while the regulatory burden indicator surged to a near record value, indicating that community bankers expect a lower regulatory burden in the coming year. For the fourth straight quarter, the only component dragging the index lower was expected future business conditions, although this component improved one point to 99 from last quarter's reading.

The CBSI surveys community bankers nationwide in the last month of each quarter to capture their thoughts on future economic conditions in seven areas. An index reading of 100 indicates a neutral sentiment. Anything above 100 indicates a positive sentiment, and anything below 100 indicates a negative sentiment.

A total of 246 community bankers from 43 states and the District of Columbia responded to the survey. Quarterly results are included in the Federal Reserve Economic Data, the online database maintained by the Federal Reserve Bank of St. Louis, known informally as the FRED.

***Comment: 'At 130, the regulatory burden component surged 16 points from last quarter, indicating bankers foresee a lighter regulatory environment in the coming year. The indicator once again hit its record high of 130 reached in the first quarter 2025 survey. The regulatory burden indicator has remained at or above 100 for five consecutive quarters, following fifteen consecutive quarters—from early 2021 to late 2024—when the indicator was consistently below 30 and indicated a much heavier regulatory burden expected ahead.'***

## BSA / AML

No news to report this week.

## Deposit / Retail Operations

**FRB [Financial Services to take new actions to support penny circulation](#)** (01/08/2026) – CHICAGO — Federal Reserve Financial Services (FRFS) announced new actions to better support the circulation of pennies for commercial activity. Beginning on Jan. 14, the Federal Reserve will resume accepting pennies from banks and credit unions at commercial coin distribution locations providing services under arrangements with the Federal Reserve that were previously suspended.

While the Federal Reserve continues to support penny deposits, local inventory constraints had limited that activity at some locations. Our monitoring of the flow of penny deposits from financial institutions as these changes take effect will determine whether some subsequent expansion of ordering options for pennies is feasible, given that penny production has ended.

The Federal Reserve's role for coin is limited to distribution to banks and credit unions on behalf of the U.S. Mint, which is the nation's issuing authority for coins. The Federal Reserve does not provide coins directly to businesses or consumers.

***Comment: The bottom line is that the FRB will continue to recirculate the approximately 114 billion pennies currently in existence for as long as possible, according to the Treasury's FAQs, noting, "How long existing pennies remain in circulation depends largely on consumer behavior."***

**FTC [Planning for 2026? Add Identity Theft Awareness Week to your calendar](#)** (01/02/2026) – If you're taking stock of your finances, setting goals, and preparing for a fresh start in 2026, make protecting yourself against identity theft part of your 2026 planning. Why? Identity thieves can drain your bank account, ruin your credit, and even block access to your health benefits and tax refund. On the bright side, there are ways to protect yourself. Identity Theft Awareness Week (IDTAW) is a great opportunity to learn more about getting started.

***Comment: Find ways to share these FTC alerts with your accountholders.***

## Human Resources

	No news to report this week.
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## Lending

	<b>FRB <a href="#">Consumer Credit - G.19</a></b> (01/08/2026) – In November, consumer credit increased at a seasonally adjusted annual rate of 1.0 percent. Revolving credit decreased at an annual rate of 1.9 percent, while nonrevolving credit increased at an annual rate of 2.0 percent.
	<b>CFPB <a href="#">Issues Final Rule Amending Regulation C (Home Mortgage Disclosure)</a></b> (01/07/2026) – The Consumer Financial Protection Bureau (Bureau) is issuing a final rule amending the official commentary that interprets the requirements of the Bureau's Regulation C (Home Mortgage Disclosure) to reflect the asset-size exemption threshold for banks, savings associations, and credit unions based on the annual percentage change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).  <i><b>Comment: Routine adjustment in the asset-size exemption.</b></i>
	<b>CFPB <a href="#">Adjusts Regulation Z (Truth in Lending) Asset-Size Exemption Threshold</a></b> (01/07/2026) – The Consumer Financial Protection Bureau (Bureau) is amending Regulation Z (Truth in Lending) to implement certain amendments to the Truth in Lending Act made by the Dodd-Frank Act. This rule amends the official commentary that interprets the requirements of the Bureau's Regulation Z (Truth in Lending) to reflect changes in the asset-size thresholds for certain creditors to qualify for an exemption to the requirement to establish an escrow account for a higher-priced mortgage loan. For certain first-lien higher-priced mortgage loans, the exemption threshold is adjusted to increase to \$2.785 billion from \$2.717 billion. Therefore, creditors with assets of less than \$2.785 billion (including assets of certain affiliates) as of Dec. 31, 2025, are exempt, if other requirements of Regulation Z also are met, from establishing escrow accounts for higher-priced mortgage loans in 2026.  <i><b>Comment: Routine adjustment in the asset-size exemption.</b></i>
	<b>CFPB <a href="#">HMDA Filing Reminders and Tips</a></b> (01/05/2026) – As the 2026 Home Mortgage Disclosure Act (HMDA) filing season is in full swing for 2025 data, here are some reminders and tips for preparing and uploading your submission. <ul style="list-style-type: none"><li>• <b>Filing Season Dates:</b> The 2026 filing season is now open for HMDA Data submissions. It will close for on-time submissions on Monday, March 2, 2026. You can review annual filing season information here: <a href="https://ffiec.cfpb.gov/documentation/faq/filing-faq">https://ffiec.cfpb.gov/documentation/faq/filing-faq</a></li><li>• <b>Rate Spread APOR File Path Changes:</b> An upgrade to the HMDA Platform was performed and as a result, the fixed, adjustable, and survey table APOR file paths have changed. On Tuesday, January 20, 2026, the old APOR file paths will be removed and inaccessible and APOR files will no longer be provided via the AWS S3 public bucket. Please update your bookmarks and integrations to correspond with these changes.</li><li>• <b>What's my User Account?</b> If you are new to filing and do not have an account, please fill out a registration form <a href="#">here</a>. All users logging into the HMDA platform will need to login via Login.gov, which utilizes multifactor authentication (MFA).</li><li>• <b>Active HMDA Platform Users:</b> Any user accounts that have not logged in to the HMDA platform within the last two years will be disabled at the end of the 2026 filing season. If you would like to</li></ul>

	<p>receive a list of user accounts associated with your financial institution, please contact <a href="mailto:hmdahelp@cfpb.gov">hmdahelp@cfpb.gov</a>.</p> <ul style="list-style-type: none"> <li>• <b>Multiple User Accounts:</b> Multiple employees from the same institution can create an account on the HMDA Platform. If your institution would like to add additional users to the HMDA Platform, please have them register for an account at <a href="https://ffiec.cfpb.gov/filing/">https://ffiec.cfpb.gov/filing/</a>.</li> <li>• <b>LEI Reminder:</b> Filers must have an LEI, or Legal Entity Identifier, to register with the HMDA Platform and submit HMDA data, and that LEI must relate to the institution covered by Regulation C. An institution may not use an LEI assigned to a parent company, holding company, or other affiliated institution. You can learn more about registering your institution for a LEI here: <a href="https://www.gleif.org/en/about-lei/get-an-lei-find-lei-issuing-organizations">https://www.gleif.org/en/about-lei/get-an-lei-find-lei-issuing-organizations</a></li> <li>• <b>"No associated institutions" message:</b> If you login to the HMDA Platform and receive a message stating "No associated institutions," please send an email to <a href="mailto:hmdahelp@cfpb.gov">hmdahelp@cfpb.gov</a>. HMDA Help can assist you with adding your institution to your account, so you are able to complete your filing.</li> <li>• <b>Reporting Street Address:</b> When reporting Street Address (Field 13), please ensure that you are following the reporting guidance in the <a href="#">Filing Instructions Guide</a>. The Street Address field should not contain placeholders or multiple addresses.</li> <li>• <b>Census Tract:</b> When reporting the census tract data point (Field 18), use the boundaries and codes effective January 1<sup>st</sup> of the calendar year covered by the loan/application register that it is reporting.</li> <li>• <b>NMLSR Identifier:</b> The reported value for Mortgage Loan Originator NMLSR Identifier (Field 95) should be an integer with a minimum of four digits as defined by <a href="#">NMLS</a>, if not reporting <i>Exempt</i> or <i>NA</i> in the field. The value should pertain to the mortgage loan originator with primary responsibility for the transaction as of the date of action taken. If the mortgage loan originator is not required to obtain and has not been assigned an NMLSR ID, a financial institution must report NA. Please refer to <a href="#">Regulation C, Section 1003.4(a)(34)</a> for additional reporting guidance on NMLSR ID.</li> <li>• <b>Online Loan/Application Register (LAR) Formatting Tool:</b> The <a href="#">Online LAR Formatting Tool</a> helps financial institutions, often those with small volumes of covered loans and applications, create an electronic file that can be submitted to the HMDA Platform. Filers can create their transmittal sheet and LAR rows, entering values for each data field, and use this tool to download the entire LAR file. Filers can also easily edit an existing file by uploading their file to the tool. The Online LAR Formatting Tool does not save any user data.</li> </ul> <p><b>Have a question?</b> HMDA filers can contact the HMDA Help queue at <a href="mailto:hmdahelp@cfpb.gov">hmdahelp@cfpb.gov</a> throughout the filing season for data questions, filing help, and other inquiries.</p> <p><i><b>Comment:</b> Be sure to get this to your staff responsible for compiling and filing of HMDA data.</i></p>
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## Technology / Security

	No news to report this week.
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## 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 February 17, 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.**
- 11.30.2025 [Joint Regulatory Capital Rule: Revisions to the Community Bank Leverage Ratio Framework](#) 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 inviting public comment on a notice of proposed rulemaking (proposal) that would lower the community bank leverage ratio (CBLR) requirement for certain depository institutions and depository institution holding companies from 9 percent to 8 percent, consistent with the lower bound provided in section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The proposal would also extend the length of time that certain depository institutions or depository 2 of 58 institution holding companies can remain in the CBLR framework while not meeting all of the qualifying criteria for the CBLR framework from two quarters to four quarters, subject to a limit of eight quarters in any five-year period. **DATES: Comments must be received by January 30, 2026.**
- 11.28.2025 **OCC** [Request for Information Regarding Community Banks' Engagement with Core Service Providers and Other Essential Third-Party Service Providers](#) SUMMARY: The OCC is issuing a request for information (RFI) on community bank engagement with their core service providers and other essential third-party service providers. The RFI seeks to better understand how challenges community banks face with such service providers affect these banks' abilities to remain competitive in a rapidly evolving marketplace, as well as what actions the OCC can take to address any of these challenges. **DATES: Comments must be received by January 27, 2026.**