



## Community Bankers of Michigan Regulatory Dispatch

June 3, 2026

*Timely news and resources community bankers can use*

### Bank Management

**FRB** [The Opportunities and Risks AI Presents for the Economy and Financial System](#) Governor Lisa D. Cook (05/27/2026) – *Risks and Vulnerabilities Related to AI Broadly, I see AI as stimulating economic growth, which all else equal, should support financial stability. However, as a policymaker, I understand that innovation can lead to increased risk, if not monitored appropriately. I think about this likelihood both through the lens of AI's interactions with long-standing vulnerabilities and of the risk a hypothetical AI shock would present to the system.*

*AI might introduce vulnerabilities to the financial system through a number of channels. One of the most commonly cited is the increased prevalence of AI-driven algorithmic trading. Traditional algorithms are fast, simple rules operating at nanosecond frequencies, but they are relatively rigid and hard coded. Generative AI and machine learning add self-learning based on historical experience, adaptation based on current market conditions, and analysis of unstructured data, such as text. Policymakers and academics have noted that, increasingly, AI-driven algorithmic trading may generate financial-stability risks, such as more correlated trading, endogenous model collusion, potential market manipulation, and greater market concentration.*

*Another potential risk comes from the probability that AI may displace or disrupt entire sectors. For example, concerns about AI disruption risk have affected speculative-grade bonds in the technology sector, where spreads have increased, as our Financial Stability Report noted earlier this month. These trends reflect AI disruption concerns in the software industry and arose after a large AI firm introduced products aimed at that sector. Concerns about credit exposure to software also contributed to the wave of redemptions that have put significant pressure on both traded and nontraded perpetual business development companies in recent months.*

*Another emerging trend that may have implications for financial stability relates to the fact that firms are increasingly tapping debt markets to finance the capital investments relating to AI infrastructure. Many of the hyperscaler firms have executed large investment-grade bond deals in recent months to fund AI capital expenditures. In addition, smaller data-center developers are raising debt from private debt funds, as well as asset-backed credit markets, to fund their investments.<sup>9</sup> While many of the largest investors are also strong borrowers, the increasing use of leverage to finance investments in an emerging technology carries risk, and a sustained boom in debt issuance could eventually represent a financial-stability concern. I will note that even under very ambitious investment and debt-issuance projections, we would be unlikely to return to peak leverage levels observed before the Global Financial Crisis.*

**[FDIC Insured Institutions Reported Return on Assets of 1.26 Percent and Net Income of \\$80.5 Billion in First Quarter 2026](#)** (05/27/2026) – WASHINGTON—The Federal Deposit Insurance Corporation (FDIC) released the results of its latest [Quarterly Banking Profile](#), a comprehensive summary of financial results based on reports from 4,278 insured commercial banks and savings institutions.

In first quarter 2026, FDIC-insured institutions reported a return on assets (ROA) ratio of 1.26 percent and aggregate net income of \$80.5 billion, an increase of \$2.8 billion (3.6 percent) from the prior quarter. The banking industry continued to maintain strong capital and liquidity levels, which support lending and protect against potential losses. Other key findings of the FDIC's *Quarterly Banking Profile* include:

- Net income among community banks increased 3.9 percent from the prior quarter.
- Industry net interest margin declined 8 basis points from the prior quarter to 3.31 percent as earning asset yields declined faster than funding costs.
- Domestic deposits grew 2.1 percent, the seventh consecutive quarterly increase.
- Loan growth increased 1.6 percent from the prior quarter, and annual growth accelerated to 7.1 percent.
- Asset quality metrics remained generally favorable, though some commercial real estate and consumer portfolios continue to have elevated delinquency rates.
- The Deposit Insurance Fund reserve ratio increased 1 basis point to 1.43 percent.

For more information, read the [FDIC's statement with accompanying charts](#). Additional [charts and data](#) are available for download.

***Comment: 'While community bankers still foresee a lighter regulatory environment in the coming year, their optimism has faded somewhat. The regulatory burden indicator, at 122, has remained at or above 100 for six straight quarters, following 15 consecutive quarters—from early 2021 to late 2024—when the indicator was consistently below 30 indicating a much heavier regulatory burden expected.'*** – [CSBS Community Bankers Remain Positive about Their Future Despite Concerns](#)

## BSA / AML

No news to report this week.

## Deposit / Retail Operations

**[FDIC Summary of Deposits Survey and Filing for June 30, 2026](#)** (05/29/2026) – Summary: The Summary of Deposits (SOD) is the annual survey of branch office deposits as of June 30, 2026 for all FDIC-insured institutions, including insured U.S. branches of foreign banks. All institutions with branch offices are required to submit the survey; institutions with only a main office are exempt. All survey responses are required by July 31, 2026. No filing extensions will be granted.

Statement of Applicability:

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

### 2026 Summary of Deposits Timeline:

#### By June 30, 2026

Institutions should review branch office information (branch office names, physical addresses, and service types) using the FDIC's [BankFind Suite - Find Insured Banks](#) website. Changes should be submitted through [FDICconnect](#) (FCX). Changes that cannot be submitted through FCX and changes that are not submitted by June 30, 2026, should be included in the SOD survey itself.

### Beginning July 1, 2026

Institutions may submit their SOD survey for June 30, 2026. However, the FDIC recommends that institutions submit their Call Report for June 30, 2026, **before** filing the SOD survey, to enable comparisons of deposit totals between the two reports.

### By July 31, 2026

Your completed SOD survey must be received by July 31, 2026. No extensions will be granted for submitting SOD data.

***Comment: The FDIC Summary of Deposits (SOD) is the official annual survey that collects branch-level deposit totals as of June 30 for all FDIC-insured institutions. Share with those responsible for completing your regulatory reports.***

**FTC** [Asked to enter your email address and password to open a party invite? That's a scam](#) (05/26/2026) – It's graduation and summer party season. The FTC is getting reports about unexpected "You're invited" texts and emails that are actually [phishing scams](#). These fake invitations ask for your email login credentials or a special pass code to open them, but don't do it. Learn how these phishing scams work and how to protect yourself if you get one.

Scammers send unexpected messages [that look like they're from well-known invitation platforms](#) like Evite or Paperless Post. Some messages list someone you know as the host and make you enter your email username and password to see event details. Some messages tell you to enter a phone number and share a special code to RSVP. That's not how real invitations work. This is just a scammer trying to steal (or reset) your account information. If they get in, they might take over your email account and send the same scam to your contacts.

If you get an unexpected invitation like this, resist the urge to click. Instead, check with the host to make sure it's real.

To help protect yourself from phishing texts and emails:

- **Keep security software updated.** Set your computer [software to update automatically](#) so it will deal with any new security threats. Update [your phone's software](#) regularly, too.
- **Use two-factor authentication.** Taking extra steps to verify who you are makes it harder for scammers to log into your accounts if they get your username and password.
- **Act quickly.** If you think a scammer has your email account information, change your password to create a [new, strong passphrase](#) right away. Then, go to [IdentityTheft.gov](#) for specific steps to take based on other information you may have lost.

Forward phishing emails to the Anti-Phishing Working Group at [reportphishing@apwg.org](mailto:reportphishing@apwg.org) and texts to SPAM (7726). Then, report the phishing attempt to the FTC at [ReportFraud.ftc.gov](https://www.ftc.gov/report-fraud).

***Comment: You can't remind your accountholders too many times not to click any links in unexpected texts or emails, even if they look like they are from legitimate services.***

## Human Resources

No news to report this week.

## Lending

**BankingDive** [CFPB faces lawsuit over fair housing rule change](#) (05/28/2026) – The agency’s final rule amending how the Equal Credit Opportunity Act is applied “effectively guts” fair lending protections, according to four plaintiffs.

The Consumer Financial Protection Bureau has been accused of “revers[ing] 50 years of fair lending protections” by changing how the Equal Credit Opportunity Act is applied, according to court documents filed Wednesday.

The agency and its acting director, Russ Vought, are being sued by the National Fair Housing Alliance and fellow non-profit Rise Economy, along with consultant BLDS LLC and compliance software firm SolasAI. The group is challenging a final rule the CFPB issued in April that amends Regulation B, which implements the ECOA, by eliminating “disparate impact” – or unintentional discrimination – as a basis for enforcement.

***Comment: The plaintiffs allege that the regulatory change upends 50 years of anti-discrimination protections and makes it significantly easier for lenders to bypass underserved communities without legal consequence.***

## Technology / Security

No news to report this week.

## 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.

05.20.2026 **FRB** [Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests](#) SUMMARY: The Board of Governors of the Federal Reserve System (Board) is issuing a notice and request for comment on proposed revisions to the Federal Reserve Policy on Payment System Risk (PSR Policy), including the proposed addition of a new Part IV, to accommodate the provision by Reserve Banks of special-purpose accounts that would clear and settle certain payment activity (Payment Accounts). The Board is also proposing updates to its guidelines for Federal Reserve Banks (Reserve Banks) to utilize in evaluating requests for access to Reserve Bank account and services (Account Access Guidelines or Guidelines) to accommodate requests for access to Payment Accounts. Finally, the Board is encouraging Reserve Banks to pause decisions on requests for Reserve Bank accounts and services from institutions that are Tier 3 under the Account Access Guidelines until the Board has completed its policy development process on the Payment Account proposal. **DATE: Comments must be received on or before July 27, 2026.**

04.08.2026 **Treasury** [Permitted Payment Stablecoin Issuer Anti-Money Laundering/Countering the Financing of Terrorism Program and Sanctions Compliance Program Requirements](#) SUMMARY: The Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) and Office of Foreign Assets Control (OFAC) are jointly issuing this proposed rule to implement provisions of the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act). Specifically, it implements the GENIUS Act’s directive to treat permitted payment stablecoin issuers (PPSIs) as financial institutions for purposes of the Bank Secrecy Act, proposes anti-money laundering obligations for PPSIs, and proposes certain specific obligations required by the GENIUS Act for PPSIs. It also implements the GENIUS Act’s directive

to require PPSIs to maintain effective sanctions compliance programs. **DATES: Comments must be received by June 9, 2026.**

04.07.2026 **Joint [Anti-Money Laundering and Countering the Financing of Terrorism Programs](#)** SUMMARY: The Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA) (collectively, “the Agencies” or “Agency” when referencing the singular) are inviting comment on a proposed rule that would require banks to establish and maintain effective anti-money laundering and countering the financing of terrorism (AML/CFT) programs reasonably designed to identify, assess, and mitigate risks of illicit finance.. The amendments are intended to align with changes that are being concurrently proposed by the Financial Crimes Enforcement Network (FinCEN) to implement provisions of the Anti-Money Laundering Act of 2020 (AML Act). Among other changes, this proposed rule would ensure that institutions establish and maintain effective AML/CFT programs that are intended to better achieve the purposes of the Bank Secrecy Act (BSA), culminating in the development of highly useful information related to illicit financial transactions for law enforcement and national security agencies. Through this rulemaking, the Agencies also intend to modernize and reform Federal supervision of AML/CFT programs by enhancing FinCEN’s role in AML/CFT supervision and enforcement. **DATES: Written comments must be received by June 9, 2026.**

04.07.2026 **FDIC [GENIUS Act Requirements and Standards for FDIC-Supervised Permitted Payment Stablecoin Issuers and Insured Depository Institutions](#)** SUMMARY: The Federal Deposit Insurance Corporation (FDIC) is soliciting comment on a proposal that would implement certain requirements pursuant to the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) applicable to FDIC-supervised permitted payment stablecoin issuers and insured depository institutions, clarify deposit insurance coverage for deposits held as reserve assets for payment stablecoins, and clarify the treatment of tokenized deposits. **DATES: Comments must be received by the FDIC no later than June 9, 2026.**

03.19.2026 **Joint [Regulatory Capital Rules: Regulatory Capital and Standardized Approach for Risk-weighted Assets](#)** 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 proposing to modify certain aspects of the regulatory capital rule (the proposal). The proposal would revise the risk-based capital treatment of certain exposure categories under the standardized approach, focusing on improving the calibration and risk sensitivity of risk weights that are particularly material to covered banking organizations’ lending activities. The proposal would also modify the definition of regulatory capital by removing the threshold-based deduction for mortgage servicing assets for all banking organizations subject to the regulatory capital rule, including Page 2 of 436 banking organizations subject to the community bank leverage ratio framework. In addition, the proposal would require Category III and IV banking organizations to recognize most elements of accumulated other comprehensive income in their regulatory capital. The agencies are concurrently publishing a separate proposal, which would require Category I and II banking organizations to use a new framework to calculate risk-weighted assets, called the expanded risk-based approach and would allow other banking organizations to elect to use the expanded risk-based approach. **DATES: Comments must be received by June 18, 2026.**