



Community Bankers of Michigan Regulatory Dispatch

March 18, 2026

Timely news and resources community bankers can use

Remarks by FDIC Chairman Travis Hill: An Update on Reforms to the Regulatory Toolkit

Supervision Reform - To start, reforming supervision continues to be a top priority at the FDIC. Unlike some of our other efforts to make regulations more fit for purpose, reforming supervision involves more than simply publishing new rules. Given the nature of the supervisory process, fundamentally remodeling how we approach supervision requires a variety of measures.

Over the past few months, we (1) issued a joint proposal with the OCC defining “unsafe or unsound practices” and “matters requiring attention;” (2) issued instructions to examiners to refocus examinations on material financial risks and violations of laws and regulations, which will be updated once the rulemaking with the OCC is finalized; (3) initiated a “lookback” of all outstanding supervisory recommendations for consistency with the new supervisory approach; and (4) made significant progress on interagency reforms to the CAMELS rating system, which we hope to propose in the coming weeks. We also have ongoing workstreams dedicated to overhauling the training we provide our examiners and updating our examination manuals to reflect the recent and forthcoming changes. The result of these initiatives is not lenient supervision; it is supervision focused on the things that truly matter.

While most of our attention related to supervision reform thus far has been on safety and soundness examinations, the FDIC also supervises banks for compliance with consumer laws and regulations. We did make certain modifications to our approach in 2025 – specifically, reducing the frequency of consumer compliance examinations for small banks, eliminating the use of disparate impact in fair lending analysis, and generally limiting supervisory criticisms during consumer compliance examinations to actual violations of banking-related laws and regulations.

In the coming weeks and months, we plan to look closely at a range of additional improvements to our consumer compliance supervision program. Today, that process continues to be highly-process driven, with significant focus on a bank’s compliance management system (CMS) and considerable emphasis on policies, procedures, and training, rather than on actual outcomes. Our goal is to reorient our focus more towards noncompliance with laws and regulations, and actual harm to consumers, as opposed to policies and procedures, training, and other process-related considerations.

We also plan to address the breadth of FDIC compliance exams. Today, pre-examination scoping often involves asking institutions a voluminous list of broad, detailed questions. For larger institutions, this includes questions related to consumer laws for which we do not supervise, including statutes like the Equal Credit Opportunity Act and Truth in Savings Act. For smaller banks, we will look at doing more to risk-focus our exams, which will include focusing more on products that are material to an institution’s business. Furthermore, we plan to explore guardrails around the use of “visitations” outside of the specified examination cycle, so that they are only used in rare circumstances.

Additionally, we clearly need to increase the dollar thresholds that dictate the severity of violations, which trigger meaningful consequences. Today, the highest, most severe violations are those that result in aggregate “harm” to consumers of more than \$10,000. We also will ensure the FDIC does not retroactively require restitution for actions taken before a policy is adopted or changed, as occurred when the FDIC issued its Financial Institution Letter on nonsufficient funds fees in 2022.

Overall, we continue to believe in the importance of banks treating their customers fairly and acting in compliance with the law, but we will explore these reforms and others to make consumer compliance examinations less process-driven and more effective.

Comment: Chairman Hill also stated that the agency plans to propose that payment stablecoins will not be eligible for "pass-through [deposit] insurance." He argued that treating stablecoin holders as insured depositors contradicts recent legislative efforts prohibiting stablecoins from being marketed as federally insured. He clarified that tokenized traditional deposits would remain eligible for standard "deposit insurance treatment."

Bank Management

Troutman Pepper Locke [Lions, Tigers, and Sovereign Citizens, Oh My! UCC and Banking Litigation Trends and a 2026 Forecast](#) — The Consumer Finance Podcast (03/12/2026) – In this episode of The Consumer Finance Podcast, Chris Willis is joined by Troutman Pepper Locke Partners Heryka Knoespel and Mary Zinsner for a year-in-review and look-ahead tour through the sometimes wild world of UCC and banking litigation. From check cashers and sovereign citizens to elder financial exploitation, the panel unpacks the major trends banks faced in 2025, including a steady stream of retail deposit disputes and increasingly inventive plaintiff theories to recover funds, often running headlong into the UCC's traditional allocation of risk.

BSA / AML

FinCEN [Issues Expanded Southwest Border Geographic Targeting Order](#) (03/10/2026) – The U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) has issued an expanded Geographic Targeting Order (GTO) to help law enforcement combat the illicit activities and money laundering of Mexico-based cartels and other criminal actors along the southwest border of the United States. The GTO subjects certain money services businesses—which provide financial services outside of a formal bank—to enhanced reporting requirements with FinCEN. This important tool ensures law enforcement has access to critical data and can act quickly as they investigate illicit activity.

Resources

- [Press Release](#)
- [Copy of the GTO](#)

Comment: While not directly impacting businesses and banks in Michigan, for awareness and visibility and a good opportunity to ensure existing reporting requirements are being followed.

Deposit / Retail Operations

FRB [Share your feedback on the FraudClassifierSM model](#) (03/12/2026) – FedPayments Improvement wants to hear about your awareness and usage of the FraudClassifier model and thoughts on potential improvements. Your feedback is important to help drive industry usage and provide the best fraud classification model.

	<p>Take survey now</p> <p><i>Comment: For collaborative analytics to be effective, all parties must agree on key definitions related to fraud types, methods, and tactics. The FraudClassifier Model provides standardized definitions, enabling banks to implement a more targeted and effective strategy when responding to complex fraud types. Any suggestions you could provide to make the model better would be very helpful.</i></p>
	<p>FTC Seeks Public Comment in Response to Advance Notice of Proposed Rulemaking Regarding Negative Option Marketing Practices (03/11/2026) – Public comment to determine whether and how the Commission should use its authority to address negative option marketing, including whether the agency should amend the current rule to address deceptive or unfair acts or practices is being asked. Specifically, the FTC is seeking the following information to ensure its rulemaking adequately responds to concerns from both consumers and industry:</p> <ul style="list-style-type: none"> • Marketplace for Negative Option Programs. The Commission seeks information on the extent to which businesses market products and services using negative options and how these negative option programs operate; • Negative Option Practices. The Commission seeks information on practices that 1) prevent consumers from understanding the terms of a negative option program, 2) result in consumers being enrolled without their express informed consent, or 3) deter consumers from canceling their enrollments, and whether such practices are prevalent in the marketplace; • Addressing Unlawful Practices. The Commission seeks information on specific ways to address unfair or deceptive negative option practices, including retaining the current Rule, adopting provisions of the vacated 2024 Rule or some other provisions, or implementing alternatives to regulation (such as educating consumers and businesses on how to avoid unlawful negative option practices), and the costs and benefits of each of these measures; and • Supporting Studies and Data. The Commission encourages commenters to submit supporting market studies, economic data, or other empirical evidence. <p><i>Comment: Section 5 of the FTC Act generally prohibits entities from engaging in unfair or deceptive acts or practices in or affecting commerce. The FTC has also used its Section 5 authority to define specific acts or practices that are unfair or deceptive, including certain acts or practices pertaining to the sale of subscription services. Banks sometimes include subscription services as part of a ‘club’ or account ‘affinity’ program.</i></p>
	<p>FTC That random call saying “you’ve won a prize” is a scam (03/10/2026) – If you get a call saying “you’ve won a prize,” you might be thinking, why not claim it? Unfortunately, it’s likely a scam to steal your money – especially if it’s for a contest you didn’t enter. So how can you spot and avoid a prize scam?</p> <p><i>Comment: As always, find way to share fraud alerts and resources with your account holders.</i></p>

Human Resources

	No news to report this week.
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Lending

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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.

- 02.25.2026 **OCC** [Requests Comments on Proposal to Implement GENIUS Act](#) SUMMARY: The Office of the Comptroller of the Currency (OCC) proposes to issue regulations to implement the Guiding and Establishing National Innovation for U.S. Stablecoins Act regarding the issuance of payment stablecoins and certain related activities by entities subject to the OCC's jurisdiction. **DATES: Comments must be received by May 1, 2026.**
- 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 April 20, 2026.**
- 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.**