



## Community Bankers of Michigan Regulatory Dispatch

March 4, 2026

*Timely news and resources community bankers can use*

### **FDIC-Insured Institutions Reported Return on Assets of 1.24 Percent and Net Income of \$77.7 Billion in Fourth Quarter 2025**

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 4,336 insured commercial banks and savings institutions.

In fourth quarter of 2025, FDIC-insured institutions reported a return on assets (ROA) ratio of 1.24 percent and aggregate net income of \$77.7 billion, a decrease of \$1.6 billion (2.0 percent) from the prior quarter. For the full year, FDIC-supervised institutions reported net income of \$295.6 billion, a 10.2 percent increase from 2024. 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:

- The net interest margin rose from the previous quarter to 3.39 percent, driven by a 2.2 percent increase in net interest income.
- Net income among community banks decreased 3.8 percent from the prior quarter.
- Loan growth accelerated to 2.0 percent from the prior quarter, and annual growth increased to 5.9 percent.
- Domestic deposits grew 1.8 percent, the sixth consecutive quarterly increase.
- Asset quality metrics remained generally favorable, though some commercial real estate and consumer portfolios have elevated delinquency rates.
- The Deposit Insurance Fund Reserve Ratio increased 2 basis points to 1.42 percent.

***Comment: What can community banks expect in 2026? IF community banks enjoy an environment of steady economic growth, the continued easing inflationary pressures, and a more predictable interest rate environment community banks will face a more favorable operating environment in 2026 leading to improved results. None of that is certain, however.***

#### **Bank Management**

**OCC [National Bank Chartering: Final Rule](#) (02/27/2026) – Summary** - The Office of the Comptroller of the Currency (OCC) is issuing a final rule to clarify the longstanding authority of national banks limited to the operations of trust companies and activities related thereto to engage in non-fiduciary activities in addition to their fiduciary activities. The final rule would neither expand nor contract the OCC's authority to charter a national bank. The final rule is effective April 1, 2026.

### Note for Community Banks

The final rule applies to all applicants for a national bank charter that is limited to the operations of a trust company and activities related thereto.

### Highlights

The final rule amends the OCC's chartering regulation at 12 CFR 5.20 to

- Align with the OCC's statutory authorization to charter national banks limited to the operations of a trust company and activities related thereto.
- Change references from "fiduciary activities" to "operations of a trust company and activities related thereto."

***Comment: 'This final rule from the OCC discards the term "fiduciary activities" – a long-held and commonly understood definition of what it means to engage in trust activities – in favor of ambiguity and unfettered agency discretion. The OCC received numerous comments raising serious concerns with the proposed rule before the deadline just 16 days ago.' - [Statement from CSBS President and CEO Brandon Milhorn on the final rule.](#)***

**OCC [Comptroller Gould Testifies on Agency Priorities](#) (02/26/2026) – WASHINGTON—**Comptroller Jonathan V. Gould testified on the Office of the Comptroller of the Currency's (OCC) priorities and activities before the U.S. Senate Committee on Banking, Housing, and Urban Affairs.

Excerpts from Comptroller Gould's testimony are below.

On risk tolerance: "In the years since the 2008 financial crisis, Washington too often sought to eliminate rather than manage risks, resulting in a less relevant and diverse banking system. Unelected bureaucrats discouraged prudent risk-taking, stifled innovation, and drove credit out of reach for small businesses and communities. The Dodd-Frank Act, far from ending too big to fail, created a 'moat' around the very largest banks and introduced 'too-small-to-succeed.' Community banks with less than one billion dollars in total assets have since seen their numbers cut in half."

On debanking: "No American should be denied access to banking products and services because of political or religious beliefs or lawful business activity. We are implementing President Trump's Executive Order on Guaranteeing Fair Banking for All Americans by, among other things, reviewing the activities of the largest national banks and investigating complaints of alleged debanking. We have also proposed a rule to eliminate reputation risk from supervision, a tool too often used to debank politically disfavored individuals or groups. We are intent on ensuring banks provide access to banking products and services based on individualized, objective, risk-based criteria, not politics or ideology."

On supervision: "The OCC is strengthening its supervision by returning to a risk-based approach rooted in law with an emphasis on examiner judgment, not arbitrary checklists. Examiners will focus on issues that materially affect banks' safety and soundness. We are also codifying reforms to the 'Matters Requiring Attention' process, clarifying enforcement standards, and ensuring supervisory tools are used proportionately and predictably."

On regulatory reform: "The OCC is working with our interagency partners to repropose the Basel III capital rulemaking, and evaluating opportunities to improve the Community Reinvestment Act framework. These efforts share a common principle: regulation should safeguard the system, not smother it. We are also advancing BSA/AML modernization, and targeted burden relief for community institutions. Taken together, these actions will make our regulatory architecture simpler, stronger, and more accountable."

On innovation: "The GENIUS Act is this Congress's effort to advance American innovation through payment stablecoins, and we look forward to comments on our proposal to implement it. We also welcome

applicants for bank charters. Their renewed interest is a return to the norm and a sign of a healthy banking system. We will continue to evaluate applications on a case-by-case basis and in an even-handed fashion, consistent with the statutory factors and our high supervisory standards. We will also work with OCC-supervised banks to clarify new ways for banks to conduct the very old business of banking and embrace new technologies like AI, ensuring these opportunities are available to all banks that wish to take advantage of them rather than a privileged few.”

***Comment: In testimony, agency officials framed operational fixes as foundational to broader regulatory goals. The official said the OCC will codify reforms to the "matters requiring attention" process, clarify enforcement standards, and ensure supervisory tools are used "proportionately and predictably," with examiners focusing on issues that "materially affect banks' safety and soundness." The official characterized the shift as a return to examiner judgment rather than an "arbitrary checklist" approach.***

**FRB [Following earlier actions to remove reputation risk from its supervision of banks, Federal Reserve Board requests comment on proposal to codify that removal](#) (02/23/2026)** – Following earlier actions to remove reputation risk from its supervision of banks, the Federal Reserve Board requested comment on a proposal to codify that removal. The proposal reiterates the Board's policy against penalizing or prohibiting an institution from banking a customer engaged in legal activity.

"We have heard troubling cases of debanking—where supervisors use concerns about reputation risk to pressure financial institutions to debank customers because of their political views, religious beliefs, or involvement in disfavored but lawful businesses," said Vice Chair for Supervision Michelle W. Bowman. "Discrimination by financial institutions on these bases is unlawful and does not have a role in the Federal Reserve's supervisory framework."

In June, the Board announced that reputation risk would no longer be a component of examination programs in its supervision of banks. This proposal would build on that announcement to help ensure supervisory decisions are based on material financial risks, as well as increase clarity and facilitate greater precision in supervisory decision making. It would also support the Board's focus on core financial risk in its supervision of banks.

This change does not alter the Board's expectation that banks maintain strong risk management to ensure safety and soundness and compliance with law and regulation.

Comments are due within 60 days after publication in the Federal Register.

***Comment: The Proposal would prohibit the FRB from encouraging or compelling banks to deny services based on customers constitutionally protected political or religious beliefs, or involvement in lawful but politically disfavored business activities. The Proposal seeks to increase clarity and objectivity in the supervisory process by focusing examinations on core financial risks, such as credit, market, liquidity, operational, and legal risk.***

## BSA / AML

**FinCEN [Invites Nominations for Membership on the Bank Secrecy Act Advisory Group](#) (02/24/2026)** – The Financial Crimes Enforcement Network (FinCEN) is inviting nominations for membership on the Bank Secrecy Act Advisory Group (BSAAG). BSAAG membership is open to financial institutions subject to the Bank Secrecy Act (BSA), trade groups with members that are subject to the BSA, and federal and non-federal regulators and law enforcement agencies that are located within the United States. Membership is granted to organizations, not to individuals. Organizational members will be selected to serve a three-year

term. Please see the Federal Register Notice for important details about eligibility criteria and the nominations process.

**Federal Register Notice:** <https://www.federalregister.gov/public-inspection/2026-03707/request-for-membership-application-bank-secrecy-act-advisory-group>

*Comment: CBM encourages interested bankers to reach out and would welcome the opportunity to nominate a candidate for the Bank Secrecy Act Advisory Group.*

## Deposit / Retail Operations

**FRB [Shaping Payments Innovation at Industry Events This Spring](#)** (02/26/2026) – Digital Account Onboarding: The First Defense Against Fraud

### PAYMENTS EFFICIENCY

Digital account onboarding can create new areas of fraud risk for financial institutions. This article highlights several approaches and tools to help keep your new account process secure.

Sweet Talk to Financial Ruin: Romance Impostor Scams

### PAYMENTS SECURITY

Each year, romance impostor scams account for billions of dollars in consumer loss. Learn how to identify and prevent these scams that use relationships to gain the trust of their victims.

Federal Reserve Board Seeks Comment to Address Future of Check Services

### AROUND THE FED

The Federal Reserve Board has issued a request for public input on the impact of potential strategic changes to check services provided by the Fed as well as check usage and preferences. All comments must be received by March 9, 2026.

**FTC [Issues COPPA Policy Statement to Incentivize the Use of Age Verification Technologies to Protect Children Online](#)** (02/25/2026) – Policy statement announces enforcement approach regarding the collection, use, and disclosure of personal data to determine the age of a user.

The Federal Trade Commission issued a policy statement announcing that the Commission will not bring an enforcement action under the Children’s Online Privacy Protection Rule (COPPA Rule) against certain website and online service operators that collect, use, and disclose personal information for the sole purpose of determining a user’s age via age verification technologies.

[View Press Release](#)

*Comment: The FTC is saying the collection of required ‘age data’ would not be a per say trigger of COPPA enforcement.*

**OCC Requests Comments on Proposal to Implement GENIUS Act** (02/25/2026) – WASHINGTON—The Office of the Comptroller of the Currency (OCC) issued a proposed rulemaking to implement the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act.

The notice of proposed rulemaking generally sets forth, and seeks comment on, the regulations that would apply to permitted payment stablecoin issuers and foreign payment stablecoin issuers under the OCC’s jurisdiction as well as certain custody activities conducted by OCC-supervised entities.

“The OCC has given thoughtful consideration to a proposed regulatory framework in which the stablecoin industry can flourish in a safe and sound manner,” said Comptroller of the Currency Jonathan V. Gould. “We welcome feedback on the proposal to inform a final rule that is effective, practical and reflects broad industry perspective. The OCC will continue its work to implement the GENIUS Act and provide OCC regulated entities with more opportunities to meet the needs of their customers and communities.”

The proposed rule addresses all the regulations the OCC is required to promulgate under the GENIUS Act other than those related to the Bank Secrecy Act, Anti-Money Laundering, and Office of Foreign Asset Control sanctions, which will be addressed in a separate rulemaking in coordination with the Department of Treasury. The OCC will continue to coordinate with other agencies responsible for implementing aspects of the GENIUS Act.

Comments from the public are due 60 days from the date of publication in the Federal Register.

***Comment: The law firm Orrick, Harrington & Sutcliffe did a very informative piece entitled [OCC Proposes Rule to Implement the GENIUS Act](#) that is worth reading.***

## Human Resources

No news to report this week.

## Lending

No news to report this week.

## Technology / Security

**FBI Increase in Malware Enabled ATM Jackpotting Incidents Across United States** (02/17/2026) – Summary - The Federal Bureau of Investigation (FBI) is releasing this FLASH to disseminate indicators of compromise (IOCs) and technical details associated with malware enabled ATM jackpotting. Threat actors exploit physical and software vulnerabilities in ATMs and deploy malware to dispense cash without a legitimate transaction. The FBI has observed an increase in ATM jackpotting incidents across the United States. Out of 1,900 ATM jackpotting incidents reported since 2020, over 700 of them with more than \$20 million in losses occurred in 2025 alone. This FLASH is being provided to encourage organizations to implement the recommended mitigation steps and to outline the information requested from the public.

***Comment: How does it work? Criminals install malware such as Ploutus into ATM machines. This malware infects the ATM’s software that controls its physical operations. Normally, ATMs send instructions for bank approval before giving cash. But hackers send their own commands, skipping bank authorization. This lets them take cash without any card, account, or permission. The scam usually attacks the ATM machine itself, not customer bank accounts.***

## 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 60 days after date of publication in the Federal Register.**
- 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.**