



Community Bankers of Michigan Regulatory Dispatch

October 22, 2025

Timely news and resources community bankers can use

Exploring the Possibilities and Risks of New Payment Technologies

Governor Michael S. Barr

Risks to Achieving the Benefits of New Payment Technologies

I have mentioned just a few of the potential ways in which stablecoins can provide benefits to households and business. Continued investment in technology can also support compliance with important legal restrictions that prevent the use of the financial system for nefarious purposes. This investment will be a key area necessary for supporting stablecoins in achieving their potential benefits. Let me start with money laundering and terrorist financing.

The potential for technology to support anti-money-laundering compliance

One unique feature of stablecoins is their role as bearer instruments, similar to old-fashioned traveler's checks, but mostly operating on global permissionless networks that can include plenty of users with bad intentions. That creates particular challenges for preventing money laundering and terrorist finance, since bad actors can purchase stablecoins in secondary markets that may not have customer identification requirements. The U.S. puts a heavy premium on ensuring that all financial institutions comply with rules that seek to prevent criminals and terrorists from using our financial system. Financial companies, particularly banks, that take shortcuts on anti-money-laundering compliance sooner or later come to regret these shortcuts.

Compliance with Bank Secrecy Act and anti-money-laundering requirements can be very data intensive and costly, requiring significant staffing to identify and then address or resolve flagged issues. Permissioned networks with only trusted nodes doing the know your customer work can reduce the risks. Moreover, new technologies, used with care, can potentially reduce frictions on legitimate payments and speed up the identification of problem payments. AI may be well suited to flag payments that are outliers relative to typical patterns, potentially reducing the volume of false positives and unnecessary filings. There may also be ways to improve the explainability of payments if they travel through the payment cycle with more data elements, such as those in the ISO 20022 standards recently implemented on Fedwire. There are also technologies that can aid with stablecoin compliance, such as trusted identity tokens in wallets that satisfy Customer Identification Program requirements and smart contracts that freeze stablecoins in problematic wallets. This suite of tools can also be used for preventing other types of crime, such as fraud.

Comment: Barr acknowledged the promise of stablecoins as a financial technology but warned that "caution is warranted because of the long and painful history of private money created with insufficient safeguards." His remarks likely set a baseline for Democratic priorities in shaping additional guardrails for the sector.

CBM Insights

Q: Our bank is going to open ‘new’ accounts online, and we are exploring the possibility of allowing the customer to fund the account via ACH transfer from another bank. We are concerned about potential fraud. Would that transfer to open a ‘new’ account be subject to next day availability?

A: Short answer – ‘No,’ the funds availability for this type of ACH transfer (a **debit**) can be delayed for a reasonable amount of time, until your bank can determine that the transfer was not fraudulent.

Long answer - Regulation CC, § 229.10(b), requires making an electronic payment available for withdrawal within two business days after receiving the funds. Additionally, § 229.2(p), defines electronic payment to mean, in part, “an ACH **credit** transfer.” And § 229.2(b), defines an ACH to mean, in part, a facility that processes debit and credit transfers.

Further, the commentary to § 229.2(b), clarifies that in an ACH **credit** transfer, the originator orders that its account be debited and another account credited. In an ACH **debit** transfer, the originator, with prior authorization, orders another account to be debited and the originator’s account to be credited. In the question, the originator is indeed ordering another account debited and the originator’s account credited. Accordingly, the originator is making an ACH **debit** transfer, which is not an electronic payment under Regulation CC; and therefore, is not subject to the two-day funds’ availability requirement. See below for more details:

(b) Electronic payments —

(1) In general. A bank shall make funds received for deposit in an account by an electronic payment available for withdrawal not later than the business day after the banking day on which the bank received the electronic payment.

(2) When an electronic payment is received. An electronic payment is received when the bank receiving the payment has received both—

(i) Payment in actually and finally collected funds; and

(ii) Information on the account and amount to be credited.

A bank receives an electronic payment only to the extent that the bank has received payment in actually and finally collected funds.

(p) Electronic payment means a wire transfer or an ACH credit transfer.

2. The reference to “debit and credit transfers” does not refer to the corresponding debit and credit entries that are part of the same transaction, but to different kinds of ACH payments. In an ACH credit transfer, the originator orders that its account be debited and another account credited. In an ACH debit transfer, the originator, with prior authorization, orders another account to be debited and the originator’s account to be credited.

Source [link](#).

Bank Management

Joint Agencies Announce Withdrawal of Principles for Climate-Related Financial Risk Management (10/16/2025) – WASHINGTON -- The federal bank regulatory agencies announced the withdrawal of interagency Principles for Climate-Related Financial Risk Management for Large Financial Institutions.

The agencies do not believe principles for managing climate-related financial risk are necessary because the agencies’ existing safety and soundness standards require all supervised institutions to have effective

	risk management commensurate with their size, complexity, and activities. In addition, all supervised institutions are expected to consider and appropriately address all material financial risks and should be resilient to a range of risks, including emerging risks. The interagency principles were previously issued jointly by the agencies in October 2023. The notice, which will be issued in the Federal Register, rescinds these principles effective immediately. The OCC withdrew its participation in the principles earlier this year. Federal Register Notice <i>Comment: The federal banking agencies adopted the climate risk guidance in October 2023, applying it to banks with more than \$100 billion in assets. “Banks already manage climate risk as part of their existing risk management frameworks,” Austin Anton, with the Bank Policy Institute, said on last Friday. “This guidance was not additive; it was redundant.”</i>
	OCC Interest Rate Risk: Interest Rate Risk Statistics Report (10/16/2025) – The Office of the Comptroller of the Currency (OCC) published the fall 2025 edition of the Interest Rate Risk Statistics Report. The report presents interest rate risk data gathered during examinations of OCC-supervised midsize and community banks and federal savings associations (collectively, banks). The statistics are for informational purposes only and do not represent OCC-suggested limits or exposures. Rescissions This bulletin rescinds OCC Bulletin 2025-11, “Interest Rate Risk: Interest Rate Risk Statistics Report,” which transmitted the spring 2025 report. Note for Community Banks The report is for informational purposes only. Highlights The fall 2025 report provides statistics on interest rate risk exposures and risk limits for different midsize and community bank populations, including • all OCC-supervised midsize and community banks with reported data. • banks by asset size. • banks by charter type. The publication is intended as a resource to the industry, examiners, and the public. Related Link: Interest Rate Risk Statistics Report, Fall 2025 <i>Comment: The OCC’s analysis includes calculations of exposures and risk limits for commonly modeled target accounts in various interest rate stress scenarios, along with key non-maturity deposit assumptions for different non-maturity deposit types, establishing a range of exposures and risk limits across midsize and community banks. The report stated it should be used for informational purposes only and does not represent OCC-suggested limits of exposures.</i>
	FRB Beige Book (10/15/2025) – Overall Economic Activity - Economic activity changed little on balance since the previous report, with three Districts reporting slight to modest growth in activity, five reporting no change, and four noting a slight softening. Overall consumer spending, particularly on retail goods, inched down in recent weeks, although auto sales were boosted in some Districts by strong demand for electric vehicles ahead of the expiration of a federal tax credit at the end of September. Demand for

leisure and hospitality services by international travelers fell further over the reporting period, while demand by domestic consumers was largely unchanged. Nevertheless, spending by higher-income individuals on luxury travel and accommodation was reportedly strong. Several reports highlighted that lower- and middle-income households continued to seek discounts and promotions in the face of rising prices and elevated economic uncertainty. Manufacturing activity varied by District, and most reports noted challenging conditions due to higher tariffs and waning overall demand. Activity in agriculture, energy, and transportation was generally down among reporting Districts. Conditions in the financial services sector and other interest rate-sensitive sectors, such as residential and commercial real estate, were mixed; some reports noted improved business lending in recent weeks due to lower interest rates, while other reports continued to highlight muted activity. The outlook for future economic growth varied by District and sector. Sentiment reportedly improved in a few Districts, with some contacts expecting an uptick in demand over the next 6 to 12 months. However, many others continued to expect elevated uncertainty to weigh down activity. One District report highlighted the downside risk to growth from a prolonged government shutdown.

Labor Markets

Employment levels were largely stable in recent weeks, and demand for labor was generally muted across Districts and sectors. In most Districts, more employers reported lowering head counts through layoffs and attrition, with contacts citing weaker demand, elevated economic uncertainty, and, in some cases, increased investment in artificial intelligence technologies. Employers that reported hiring generally noted improved labor availability, and some favored hiring temporary and part-time workers over offering full-time employment opportunities. Nevertheless, labor supply in the hospitality, agriculture, construction, and manufacturing sectors was reportedly strained in several Districts due to recent changes to immigration policies. Wages grew across all reporting Districts, generally at a modest to moderate pace, and labor cost pressures intensified in recent weeks due to outsized increases in employer-sponsored health insurance expenses.

Prices

Prices rose further during the reporting period. Several District reports indicated that input costs increased at a faster pace due to higher import costs and the higher cost of services such as insurance, health care, and technology solutions. Tariff-induced input cost increases were reported across many Districts, but the extent of those higher costs passing through to final prices varied. Some firms facing tariff-induced cost pressures kept their selling prices largely unchanged to preserve market share and in response to push back from price-sensitive clients. However, there were also reports of firms in manufacturing and retail trades fully passing higher import costs along to their customers. Waning demand in some markets reportedly pushed prices down for some materials, such as steel in the Sixth District and lumber in the Twelfth District.

Chicago

Economic activity in the Seventh District was flat. Consumer spending increased modestly; construction and real estate activity increased slightly; employment was flat; nonbusiness contacts saw no change in activity; business spending declined slightly; and manufacturing activity declined modestly. Prices rose moderately, wages were up modestly, and financial conditions loosened slightly. Prospects for 2025 farm income were unchanged.

FRB [Innovation at the Speed of AI Governor Christopher J. Waller](#) (10/15/2025) – Every technology that changes how we live and work brings both promise and risk. AI is no exception. Fraud, disinformation, bias, and cybersecurity threats are already emerging. Any tool powerful enough to improve lives can also be misused. The task for policymakers is to manage those risks without slowing the innovation that drives growth. History shows that adaptation, not avoidance, is what sustains progress. Each wave of technology has disrupted industries and employment, but over time it has also lifted productivity, raised real incomes, and improved living standards.

We see different approaches to managing the disruption that occurs with technological change. Europe has often chosen to regulate first—to contain potential harms before the technology fully develops. The United States is taking a different path, leaning on its tradition of experimentation and market dynamism. That openness has long been a competitive advantage. It allowed the United States to lead in earlier waves of technology—from the internet to advanced computing—and it can do the same with AI. Over time, that willingness to experiment has translated into faster productivity growth and stronger economic performance than many of our peers, including Europe.

Thirty years ago, the United States embraced a new and disruptive technology—the World Wide Web. Europe was more cautious, weighed down by regulations and legacy industries that sought to control this innovation. The result, of course, is that America led a global technological revolution that disrupted media and other industries but also delivered jobs and broadly shared prosperity that handily outpaced the European Union over those thirty years. Perhaps the most important legacy of the American-led innovation of networked communications and computing was the culture of entrepreneurship and innovation it fostered, one that, in fact, has greatly contributed to America's leadership in AI. The American tradition is to invent and make use of technology, not shrink from it. Where there are risks, we take reasonable steps to mitigate them, rather than seek to avoid them altogether. Risk-taking is at the heart of our market economy; it fuels innovation, and we must preserve it.

Much like the leaders in this audience, the Federal Reserve is also learning by doing. I have championed a System-wide approach to continually educate our teams and enable experimentation with the latest wave of innovations—from large language models and agentic AI to applications in coding and payments. That's why, on October 21, I'm convening industry leaders to discuss AI in Payments as part of our Payments Innovation Conference. These engagements, combined with our own hands-on technical research, allow us to apply these technologies within the Fed and to support innovation across the private sector.

To conclude, AI is moving faster than previous waves of innovation. That velocity means both the disruptions and the benefits will arrive sooner. The challenge is to keep pace—to help workers and firms adjust so the gains in efficiency translate into higher real wages and sustained growth across the economy. For policymakers, we must let the disruption occur and trust that the long-run benefits will exceed any short-run costs.

FRB [Understanding the Fed's Balance Sheet - Chair Jerome H. Powell](#) (10/14/2025) – Current Economic Conditions and Monetary Policy Outlook - *I will close with a brief discussion of the economy and the outlook for monetary policy. Although some important government data has been delayed due to the shutdown, we routinely review a wide variety of public- and private-sector data that have remained available. We also maintain a nationwide network of contacts through the Reserve Banks who provide valuable insights, which will be summarized in tomorrow's Beige Book.*

Based on the data that we do have, it is fair to say that the outlook for employment and inflation does not appear to have changed much since our September meeting four weeks ago. Data available prior to the shutdown, however, show that growth in economic activity may be on a somewhat firmer trajectory than expected.

While the unemployment rate remained low through August, payroll gains have slowed sharply, likely in part due to a decline in labor force growth due to lower immigration and labor force participation. In this less dynamic and somewhat softer labor market, the downside risks to employment appear to have risen. While official employment data for September are delayed, available evidence suggests that both layoffs and hiring remain low, and that both households' perceptions of job availability and firms' perceptions of hiring difficulty continue their downward trajectories.

Meanwhile, 12-month core PCE inflation was 2.9 percent in August, up slightly from earlier this year, as rising core goods inflation has outpaced continued disinflation in housing services. Available data and surveys continue to show that goods price increases primarily reflect tariffs rather than broader inflationary pressures. Consistent with these effects, near-term inflation expectations have generally increased this year, while most longer-term expectation measures remain aligned with our 2 percent goal.

Rising downside risks to employment have shifted our assessment of the balance of risks. As a result, we judged it appropriate to take another step toward a more neutral policy stance at our September meeting. There is no risk-free path for policy as we navigate the tension between our employment and inflation goals. This challenge was evident in the dispersion of Committee participants' projections at the September meeting. I will stress again that these projections should be understood as representing a range of potential outcomes whose probabilities evolve as new information informs our meeting-by-meeting approach to policymaking. We will set policy based on the evolution of the economic outlook and the balance of risks, rather than following a predetermined path.

BSA / AML

FinCEN [Issues Final Rule Severing Huione Group from the U.S. Financial System](#) (10/15/2025) – The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued a final rule that severs Cambodia-based Huione Group from the U.S. financial system. Huione Group serves as a critical node for laundering proceeds of cyber heists carried out by the Democratic People's Republic of Korea and for transnational criminal organizations in Southeast Asia perpetrating virtual currency investment scams, commonly known as "pig butchering" scams, among others. This action finalizes a rulemaking that FinCEN issued in May identifying Huione Group as a financial institution of primary money laundering concern. By finalizing this rule, covered financial institutions are now prohibited from opening or maintaining correspondent accounts for or on behalf of Huione Group, and are required to take reasonable steps not to process transactions for the correspondent account of a foreign banking institution in the United States if such a transaction involves Huione Group, preventing indirect access by Huione Group to the U.S. financial system.

Treasury's Office of Foreign Assets Control and the United Kingdom's Foreign, Commonwealth, and Development Office took complementary actions today against criminal networks responsible for targeting citizens of the United States and other allied nations through online scams and the laundering of stolen funds.

Treasury News Release: <https://home.treasury.gov/news/press-releases/sb0278>

Final Rule: <https://www.federalregister.gov/public-inspection/2025-19571/imposition-of-special-measure-regarding-huione-group-as-a-foreign-financial-institution-of-primary>

Comment: Federal authorities seized 127,271 Bitcoin, valued at approximately \$15 billion, from Chen Zhi, the alleged leader of a sprawling cybercrime network based in Cambodia, the Justice Department said. Officials said it's the largest financial seizure on record. "This action represents one of the most significant strikes ever against the global scourge of human trafficking and cyber-enabled financial fraud," Attorney General Pamela Bondi said in a statement.

Deposit / Retail Operations

No news to report this week.

Human Resources

No news to report this week.

Lending

OCC [Fair Housing Act: Update to Fair Housing Lender Posters](#) (10/15/2025) – This bulletin informs banks¹ of updates to the Office of the Comptroller of the Currency’s (OCC) Equal Housing Lender poster template in accordance with Executive Order 14224 (EO 14224) “Designating English as the Official Language of the United States.”

Note for Community Banks

This bulletin applies to all banks subject to the Fair Housing Act.

Highlights

Banks must post and maintain fair housing posters at all of their places of business that participate in activities subject to the Fair Housing Act. Federal savings associations are required to include in their posters a statement directing persons who believe that they have been discriminated against to send a complaint to the Assistant Secretary for Fair Housing and Equal Opportunity, U.S. Department of Housing and Urban Development, Washington, DC 20410, and to the appropriate federal regulator.

EO 14224, issued March 1, 2025, designates English as the official language of the United States and instructs agencies to make decisions as they deem necessary to fulfill their respective missions and efficiently provide government services to the American people. Consistent with EO 14224, the OCC has updated the Spanish language version of the Equal Housing Lender poster template to include the following language:

“Como se describe en la Orden Ejecutiva 14224, el inglés es el idioma oficial de los Estados Unidos.”

Related Links

- [Equal Housing Opportunity Poster – Spanish](#) (PDF)
- OCC Bulletin 2025-6: “[Community Reinvestment Act, Fair Housing Act, and Equal Credit Opportunity Act: OCC Contact Information for Certain Notices and Posters](#)”

Comment: If you are a national bank, update your Equal Housing Lender poster accordingly.

Technology / Security

No news to report this week.

Selected federal rules – proposed

Proposed rules are included only when community banks may want to comment. Date posted may not be the same as the Federal Register Date.

10.06.2025 **OCC [Fair Housing Home Loan Data System](#)** SUMMARY: The Office of the Comptroller of the Currency (OCC) invites public comment on a notice of proposed rulemaking (proposed rule) to rescind its Fair Housing Home Loan Data System regulation codified at 12 CFR part 27. The OCC has determined that the regulation is obsolete and largely duplicative of and inconsistent with other legal authorities that require national banks to collect and retain certain information on applications for home loans. Moreover, part 27 imposes asymmetrical data collection requirements on national banks compared to

their other depository institution counterparts, and the data collected has limited utility. For these reasons, rescinding the regulation would eliminate the regulatory burden attributable to part 27 for national banks without having a material impact on the availability of data necessary for the OCC to conduct its fair housing-related supervisory activities. **DATES: Comments must be received on or before December 5.**

10.05.2025 **Joint [Unsafe or Unsound Practices, Matters Requiring Attention](#)** SUMMARY: The Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) propose to define the term “unsafe or unsound practice” for purposes of section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818) and to revise the supervisory framework for the issuance of matters requiring attention and other supervisory communications. **DATES: Comments must be received by December 4.**

09.19.2025 **Treasury [GENIUS Act Implementation](#)** SUMMARY: The Department of the Treasury (Treasury) is issuing this advance notice of proposed rulemaking (ANPRM) to solicit public comment on questions relating to the implementation of the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act. The GENIUS Act tasks Treasury (and various other federal agencies) with issuing regulations that encourage innovation in payment stablecoins while also providing an appropriately tailored regime to protect consumers, mitigate potential illicit finance risks, and address financial stability risks. Through this ANPRM, Treasury is seeking public comment on potential regulations that may be promulgated by Treasury, including regarding regulatory clarity, prohibitions on certain issuances and marketing, Bank Secrecy Act (BSA) anti-money laundering (AML) and sanctions obligations, the balance of state-level oversight with federal oversight, comparable foreign regulatory and supervisory regimes, and tax issues, among other things. Treasury is seeking comment on all aspects of the ANPRM from all interested parties and also requests commenters to identify other issues that Treasury should consider. **DATES: Comments on this ANPRM must be received on or before November 4, 2025.**