

# Regulatory Dispatch

*Timely news and resources community bankers can use*

## FDIC [Consumer Compliance Supervisory Highlights](#)

The FDIC's Consumer Compliance Supervisory Highlights is an annual publication. Its purpose is to enhance transparency regarding the FDIC's consumer compliance supervisory activities and provide a high-level overview of consumer compliance issues identified in 2024 through the FDIC's supervision of state non-member banks and thrifts.

Statement of Applicability: The contents of, and material referenced in, this FIL apply to all FDIC-supervised financial institutions.

Highlights:

This edition of the FDIC's Consumer Compliance Supervisory Highlights includes:

- A summary of the overall consumer compliance performance of FDIC-supervised institutions in 2024;
- A description of the most frequently cited violations; and,
- An overview of consumer complaint trends.

***Comment: No surprise that TILA and Flood lead the list of most frequently cited areas violations. Reg. E and HMDA remain problematic as well. This information can help you home in during your compliance audits to identify weaknesses in your own programs. The information on consumer complaints is equally valuable with credit reporting disputes double or even triple other complaints – likely the validity of the debt. And this in particular 'One or more third-party providers (TPPs) were identified among 4,282 consumer complaint cases in 2024, representing nearly a 13 percent increase from 2023 when 3,800 complaints involved one or more TPPs.'***

## Bank Management

**FRB** [Reputational Risk Will No Longer be a Component Of Examination Programs in its Supervision of Banks](#) (06/23/2025) – The Federal Reserve Board on Monday announced that reputational risk will no longer be a component of examination programs in its supervision of banks.

The Board has started the process of reviewing and removing references to reputation and reputational risk from its supervisory materials, including examination manuals, and, where appropriate, replacing those references with more specific discussions of financial risk. The Board will train examiners to help ensure this change is implemented consistently across Board-supervised banks and will work with the other federal bank regulatory agencies to promote consistent practices, as necessary.

	<p>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 nor is it intended to impact whether and how Board-supervised banks use the concept of reputational risk in their own risk management practices.</p> <p><b><i>Comment: The Fed joins the OCC in eliminating reputational risk as a part of their examinations. The Fed added, “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 nor is it intended to impact whether and how Board-supervised banks use the concept of reputational risk in their own risk management practices.” The Fed said that where appropriate, it will replace references to reputational risk in its materials with more specific discussions of financial risk.</i></b></p>
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## BSA / AML

	<p><b>FinCEN <a href="#">Treasury Issues Unprecedented Orders under Powerful New Authority to Counter Fentanyl</a></b> (06/25/2025) – Today, the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) issued orders identifying three Mexico-based financial institutions—CIBanco S.A., Institución de Banca Múltiple (CIBanco), Intercam Banco S.A., Institución de Banca Múltiple (Intercam), and Vector Casa de Bolsa, S.A. de C.V. (Vector)—as being of primary money laundering concern in connection with illicit opioid trafficking, and prohibit, respectively, certain transmittals of funds involving CIBanco, Intercam, and Vector. These orders are the first actions by FinCEN pursuant to the Fentanyl Sanctions Act and the FEND Off Fentanyl Act, which provide Treasury with additional authorities to target money laundering associated with the trafficking of fentanyl and other synthetic opioids, including by cartels. This prohibition becomes effective 21 days following publication in the Federal Register.</p> <p><b>Treasury News release:</b> <a href="https://home.treasury.gov/news/press-releases/sb0179">https://home.treasury.gov/news/press-releases/sb0179</a></p> <p><b>Treasury News release (Spanish):</b> <a href="https://www.fincen.gov/news/news-releases/el-departamento-del-tesoro-emite-historicas-ordenes-bajo-una-nueva-y-poderosa">https://www.fincen.gov/news/news-releases/el-departamento-del-tesoro-emite-historicas-ordenes-bajo-una-nueva-y-poderosa</a></p> <p><b>FinCEN’s CIBanco Order:</b> <a href="https://www.federalregister.gov/d/2025-11993">https://www.federalregister.gov/d/2025-11993</a></p> <p><b>FinCEN’s Intercam Order:</b> <a href="https://www.federalregister.gov/d/2025-11990">https://www.federalregister.gov/d/2025-11990</a></p> <p><b>FinCEN’s Vector Order:</b> <a href="https://www.federalregister.gov/d/2025-11991">https://www.federalregister.gov/d/2025-11991</a></p> <p><b>FAQs:</b> <a href="https://www.fincen.gov/sites/default/files/shared/Final-FAQs.pdf">https://www.fincen.gov/sites/default/files/shared/Final-FAQs.pdf</a></p> <p><b><i>Comment: What now? The law firm Hogan Lovells wrote an excellent article answering that and other questions entitled <a href="#">FinCEN invokes new Section 2313a authority against three Mexican financial institutions: The who, what, when, where, why, and what-to-do-now.</a></i></b></p>

	<p><b>Joint <a href="#">Financial Institutions May Rely On Third Parties For Social Security, Taxpayer Identification Numbers</a> (06/27/2025)</b> – WASHINGTON—The Federal Deposit Insurance Corporation, the Office of Comptroller of the Currency, and the National Credit Union Administration (collectively, “agencies”), with the concurrence of the Financial Crimes Enforcement Network, today issued an order granting an exemption from a requirement of the Customer Identification Program (CIP) Rule implementing Section 326 of the USA PATRIOT Act. The CIP Rule requires a bank or credit union to obtain taxpayer identification number (TIN) information from its customer before opening an account, and the exemption permits a bank or credit union to use an alternative collection method to obtain TIN information from a third-party rather than from the customer.</p> <p>The order applies to accounts at all entities supervised by the agencies. Since the CIP Rule was issued initially in 2003, there has been a significant evolution in the ways consumers access financial services, along with a rise in reported customer reluctance to provide their full TIN due, in part, to data breaches and identity theft concerns. Accordingly, this exemption provides flexibility to those entities supervised by the agencies that must comply with the CIP Rule. The exemption does not change the underlying requirement for banks and credit unions to have risk-based CIP procedures that enable them to form a reasonable belief they know the true identity of each customer.</p> <p>Attachment(s)  <a href="#">Order - Customer Identification Program Rule Exemption Order (PDF)</a></p> <p><b><i>Comment: This exemption is optional, and banks are not required to use an ‘alternative collection method’ to obtain a customer’s TIN information. Be sure to address in any board approved CIP policies and in contracts with third parties if your bank is going to accept and rely upon those third parties for collection of TIN’s.</i></b></p>
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## Deposit / Retail Operations

	<p><b>FTC <a href="#">Scammers Are Impersonating Local Law Enforcement</a> (07/01/2025)</b> – Have you gotten a call that looks like it’s from your local police department? Scammers are faking <a href="#">caller ID</a> to <a href="#">impersonate</a> local law enforcement, hoping to get you to pay. Learn how this scam works so you can avoid it.</p> <p>The call comes from someone claiming they’re a sheriff or deputy at your local police department. They say they’ve confiscated a package with your name on it. It’s filled with money, illegal drugs, or weapons — and you’ll be arrested unless you pay a fine. To avoid being arrested, they might tell you to send cash, deposit money at a <a href="#">Bitcoin ATM</a>, buy <a href="#">gift cards</a> and give them the numbers, or send money over a <a href="#">payment app</a> like Zelle, Cash App, or Venmo.</p> <p>Even if the caller uses the name of a real officer, has a real number show up on <a href="#">caller ID</a>, or has information about you (like your address), that’s not a real officer calling. It’s a scammer trying to steal your money. Here’s what to know:</p>
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	<ul style="list-style-type: none"> <li>• Real law enforcement officers won't call to say you're going to be arrested (or threaten to arrest you if you hang up).</li> <li>• Real law enforcement officers won't call to insist that you pay fines by cash, <a href="#">gift card</a>, <a href="#">cryptocurrency</a>, <a href="#">payment app</a>, or a <a href="#">wire transfer service</a> — and never as a way to buy your way out of a "crime."</li> </ul> <p>If you get a call like this, hang up. Don't call the number back. If you want to check it out, contact your local police department, but use a website or phone number you know is real. Then report it to the FTC at <a href="https://www.ftc.gov/ReportFraud">ReportFraud.ftc.gov</a>.</p> <p><b><i>Comment: Remind. Remind. Remind.</i></b></p>
	<p><b><u>Joint Federal Bank Regulatory Agencies Seek Comment to Address Payments and Check Fraud</u></b> (06/16/2025) – The federal bank regulatory agencies today announced a request for comment on potential actions to help consumers, businesses, and financial institutions mitigate risk of payments fraud, with a particular focus on check fraud. For purposes of the request for information, payments fraud generally refers to the use of illegal means to make or receive payments for personal gain, including scams.</p> <p>Because payments fraud may involve multiple institutions and payment methods, no single agency or private-sector entity can address payments fraud on its own. Therefore, the agencies are seeking public comment on discrete actions, collectively or independently, to mitigate payments fraud, including check fraud, within their respective bank regulation and payments authorities.</p> <p>Input is requested on five potential areas for improvement and collaboration:</p> <ul style="list-style-type: none"> <li>• External collaboration among the agencies, Federal Reserve Banks, and industry stakeholders;</li> <li>• Consumer, business, and industry education by the agencies and Federal Reserve Banks to educate about payments fraud;</li> <li>• Regulation and supervision to mitigate payments fraud, including opportunities the Board may have related to check fraud;</li> <li>• Payments fraud data collection and information sharing; and</li> <li>• Federal Reserve Banks' operator tools and services to reduce payments fraud.</li> </ul> <p>In addition to seeking public input, the agencies will also continue looking for additional opportunities to effectively collaborate across other state and federal agencies given the importance of interagency coordination to help mitigate payments fraud.</p> <p>Comments must be received within 90 days after date of publication in the <i>Federal Register</i>.</p> <p><b><i>Comment: Community Banking Associations (CBAs) around the country will be coordinating a response. Worth noting that despite a decline in overall check usage, check fraud has seen a significant rise. Checks can be stolen, altered, or forged, and their</i></b></p>

	<i>physical nature makes them susceptible to theft. Moreover, checks contain sensitive information that can be exploited for other fraudulent activities. The U.S. Department of the Treasury reports a 385% increase in check fraud since the COVID-19 pandemic.</i>
	<p><b>FRB</b> <a href="#">User Insights on the Value of the ScamClassifier Model</a> (06/24/2025) – As the <a href="#">ScamClassifier model</a> reaches its one-year release milestone, users across the payments industry are reporting meaningful improvements in how they detect, categorize and respond to scams.</p> <p>The model supports consistent scam classification through a shared definition: the use of deception or manipulation intended to achieve financial gain. <a href="#">User insights reveal the ScamClassifier model is a powerful tool</a> for fraud prevention across the payments ecosystem, driving targeted detection, better internal education and smarter scam response.</p>

## Lending

	<p><b>FRB</b> <a href="#">Adverse Action Notifications – Examiner Insights</a> (07/03/2025) – Outlook Live Webinar Thursday, July 17, 2025</p> <p>Time:</p> <ul style="list-style-type: none"> <li>• 11:00 a.m.–12:00 p.m. Pacific</li> <li>• 12:00 p.m.–1:00 p.m. Mountain</li> <li>• 1:00 p.m.–2:00 p.m. Central</li> <li>• 2:00 p.m.–3:00 p.m. Eastern</li> </ul> <p>Please join us for a discussion of the regulatory requirements related to adverse action notifications under the Equal Credit Opportunity Act (ECOA), as implemented by Regulation B, and the Fair Credit Reporting Act (FCRA). Scott Sonbuchner and Kate Loftus from the Federal Reserve Bank of Minneapolis, and Scott Grotewold from the Federal Reserve Bank of Chicago, will provide an overview of the regulatory requirements, discuss the different requirements under ECOA and the FCRA, and review recent adverse action issues raised during examinations and through consumer complaints.</p> <p>We will follow the presentation with a Questions and Answers segment. To facilitate this session, please send your questions to <a href="mailto:fedwebinar@sf.frb.org">fedwebinar@sf.frb.org</a> by July 14, 2025.</p> <p>Continuing Education Credits</p> <p>This event was approved by ABA Professional Certifications for 1.25 CRCM, CERP credits. Certification holders must report these credits at <a href="https://aba.csod.com">https://aba.csod.com</a>. This event will appear under “Approved Non-ABA CE” as: Federal Reserve   Federal Reserve Outlook Live: Adverse Action Notifications – Examiner Insights.</p>
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	<p>Registration</p> <p>Please click on the URL or copy and paste it into your browser to register for this webinar: <a href="https://stlouisfed-org.zoomgov.com/webinar/register/WN_HUAB_QIDS5C7FRt4AKDILQ">https://stlouisfed-org.zoomgov.com/webinar/register/WN_HUAB_QIDS5C7FRt4AKDILQ</a></p> <p><b><i>Comment: Based upon the calls and remails IBAT routinely receives, this is an area of continued confusion from what is a 'completed application' to the reasons for denial. Compliance Officers and those responsible for providing adverse actions notices should not miss this program.</i></b></p>
	<p><b>OCCC <a href="#">Property Tax Lender Rule Review: Advance Rule Review Notice</a> (07/03/2025)</b> – The OCCC intends to conduct a rule review regarding property tax lenders. The OCCC is seeking informal feedback from stakeholders through July 31, 2025.</p> <p>The OCCC has posted an advance rule review notice at <a href="https://occc.texas.gov/publications/rules">https://occc.texas.gov/publications/rules</a>. The notice is available by clicking the link for “Property Tax Lender Rule Review.” The notice includes questions about whether the rules for property tax lenders should be updated.</p> <p>Updates on OCCC rules will be posted at: <a href="https://occc.texas.gov/publications/rules">https://occc.texas.gov/publications/rules</a></p>
	<p><b>CFPB <a href="#">1071 Status Report</a> (07/02/2025)</b> – In a status report filed with the Fifth Circuit in the lawsuit challenging the Section 1071 rule, the CFPB informed the court of its plans to initiate a new rulemaking process for Section 1071.</p> <p>Key Updates:</p> <p>Extended Deadlines: The CFPB has extended compliance and reporting dates for the 2023 rule by about a year for all regulated entities. The earliest compliance date is now July 1, 2026, for the largest lenders.</p> <ul style="list-style-type: none"> <li>• Tier 1 (2,500+ originations annually): Compliance from July 1, 2026; first filing June 1, 2027.</li> <li>• Tier 2 (500 – 2,499 originations annually): Compliance from January 1, 2027; first filing June 1, 2028.</li> <li>• Tier 3 (100 – 499 originations annually): Compliance from October 1, 2027; first filing June 1, 2028.</li> </ul> <p><b><i>Comment: The extension follows stays issued by courts in Texas, Kentucky, and Florida, impacting compliance deadlines for certain plaintiffs. The CFPB plans to initiate a new rulemaking process for Section 1071, aiming to issue a notice of proposed rulemaking soon.</i></b></p>
	<p><b>OCC <a href="#">Financial Literacy Update - Summer 2025</a> (07/02/2025)</b> – Banks are increasingly recognizing the benefits of helping customers improve their credit scores so they can</p>

	<p>obtain credit from banks. Many banks offer various activities and programs to help customers strengthen or build their credit reports and scores, which is beneficial for both the customer and the bank.</p> <p>The Office of the Comptroller of the Currency's (OCC) <i>Financial Literacy Update</i> is a quarterly e-newsletter that lists events, initiatives, and other resources offered by the OCC and other government agencies and organizations. (<a href="#">View disclaimer</a>)</p> <ul style="list-style-type: none"> <li>▪ <a href="#">Spotlight – Tax Season: Consider These Tax Credits and Resources</a></li> <li>▪ <a href="#">Upcoming Financial Literacy Events</a></li> <li>▪ <a href="#">New Resources and Initiatives</a></li> </ul>
	<p><b>FFIEC <a href="#">2024 HMDA Data Release</a></b> (06/26/2025) – The Federal Financial Institutions Examination Council (FFIEC) recently published data on 2024 mortgage lending transactions reported under the Home Mortgage Disclosure Act (HMDA) by 4,908 U.S. financial institutions. The Snapshot National Loan-Level Dataset released contains the national HMDA datasets as of May 19, 2025.</p> <p>The FFIEC released <a href="#">several data products</a> to serve a variety of data users, including the 2024 Snapshot National Loan-Level Dataset, the HMDA Dynamic National Loan-Level Dataset, and Aggregate and Disclosure Reports. The One-Year National Loan Level Dataset for 2023 and the Three-Year National Loan Level Dataset for 2021 were released as well. Users can use the <a href="#">Data Browser Dataset Filtering tool</a> to download customized reports based on the updated data.</p> <p>For any questions regarding HMDA Data products, please contact <a href="mailto:HMDAHelp@cfpb.gov">HMDAHelp@cfpb.gov</a>.</p>
	<p><b>Joint <a href="#">Agencies Release List of Distressed or Underserved Nonmetropolitan Middle-Income Geographies</a></b> (06/25/2025) – WASHINGTON – Federal bank regulatory agencies today released the 2025 list of distressed or underserved nonmetropolitan middle-income geographies where certain bank activities are eligible for Community Reinvestment Act (CRA) credit.</p> <p>Under the CRA, the agencies assess a bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations. The list released by the agencies includes distressed or underserved nonmetropolitan middle-income geographies where revitalization or stabilization activities are eligible to receive CRA consideration. The designations reflect local economic conditions, including unemployment, poverty, and population changes. Previous years' lists and criteria for designating these areas are available <a href="#">here</a>.</p> <p>Revitalization or stabilization activities in these geographies are eligible to receive CRA consideration under the community development definition for 12 months after publication of the current list. As with past lists, the agencies apply a one-year lag period for geographies that were included in 2024 but are no longer designated as distressed or underserved in the current list.</p>

	<p>The agencies leveraged an updated methodology to designate underserved middle-income census tracts for this list, based upon revised source information from various agencies. As a result, the amended urban influence codes use similar criteria and methods as previous delineations but have been consolidated from 12 to 9 categories. Additional information is available in the Source Information and Methodology.</p> <p>Attachment(s)</p> <p><a href="#">2025 List of Distressed or Underserved Nonmetropolitan Middle-Income Geographies (PDF)</a></p> <p><a href="#">Source Information and Methodology (PDF)</a></p>
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## Technology / Security

	<p><b>CLA</b> <a href="#">Preparing for the Sunset of the FFIEC CAT Framework</a> (07/17/2025) – As the FFIEC Cybersecurity Assessment Tool (CAT) framework approaches its sunset date, financial institutions must adopt new frameworks to meet compliance and reduce risks.</p> <p>WEBINAR   Thursday, July 17   1 – 2 p.m. CT Recommended CPE: 1 CPE credit, Information Technology</p> <p>Join us for a comprehensive, <b>complimentary</b> webinar where industry professionals will:</p> <ul style="list-style-type: none"> <li>• Discuss the implications of this transition,</li> <li>• Explore alternative frameworks, and</li> <li>• Provide actionable recommendations to help your institution navigate this change effectively.</li> </ul> <p><b>At the end of this session, you'll be able to:</b></p> <ul style="list-style-type: none"> <li>• Recall the implications of the FFIEC CAT framework sunset and the urgency of adopting a new cybersecurity framework.</li> <li>• Identify alternative frameworks and their suitability for different institution sizes and complexities.</li> <li>• Identify practical steps and strategies for transitioning to a new cybersecurity framework before the effective date.</li> <li>• Discuss the impact of doing nothing and the risks associated with non-compliance and outdated cybersecurity measures.</li> <li>• Recall how to reduce the impact of the transition on your institution and provide a smooth adoption process.</li> </ul> <p><b>Who should attend</b></p> <p>This session is designed for cybersecurity, risk, compliance, and IT leaders at financial institutions responsible for framework transitions and regulatory readiness.</p> <p><b>Speakers</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Randy Romes</a>, Principal</li> <li>• <a href="#">Sundeep Bablani</a>, Principal</li> <li>• <a href="#">Tim Dively</a>, Digital Growth Manager</li> </ul>
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### Questions?

Contact CLA's meetings, events, and experience team at [CLAEvents@CLAconnect.com](mailto:CLAEvents@CLAconnect.com). See the [event web page](#) for more details and CPE information.

## 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.

- 07.03.2025 **OCCC** [ADVANCE RULE REVIEW NOTICE Rules for Property Tax Lenders](#) The is seeking your input in reviewing the rules in Texas Administrative Code, Title 7, Chapter 89, relating to property tax lenders. Rule review is a standard process that occurs at least once every four years for each of the OCC's rules. During rule review, the OCC and the Texas Finance Commission review rules to determine whether they should continue to exist and whether they should be amended or updated. **The OCC invites stakeholders to send informal feedback on these rules until July 31, 2025.**
- 06.18.2025 **CFPB** [Small Business Lending Under the Equal Credit Opportunity Act \(Regulation B\); Extension of Compliance Dates](#) **SUMMARY:** In light of court orders in ongoing litigation, the Consumer Financial Protection Bureau (CFPB or Bureau) is amending Regulation B to extend the compliance dates set forth in its 2023 small business lending rule, as amended by a 2024 interim final rule, and to make other date-related conforming adjustments. **DATES: This interim final rule is effective July 18, 2025. Comments must be received on or before July 18, 2025.**
- 06.16.2025 **Joint** [Request for Information on Potential Actions to Address Payments Fraud](#) **SUMMARY:** The Office of the Comptroller of the Currency (OCC), Treasury; the Board of Governors of the Federal Reserve System (Board); and the Federal Deposit Insurance Corporation (FDIC) seek public input on questions related to payments fraud. This request for information (RFI) offers the opportunity for interested stakeholders to identify ways that the OCC, the Federal Reserve System (FRS), and the FDIC could take actions collectively or independently in their varying respective roles to help consumers, businesses, and financial institutions mitigate check, automated clearing house (ACH), wire, and instant payments fraud. **DATES: Comments must be received by [INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].**
- 05.22.2025 **FinCEN** [Agency Information Collection Activities; Proposed Renewal; Comment Request; Renewal Without Change of Prohibition on Correspondent Accounts for Foreign Shell Banks; Records Concerning Owners of Foreign Banks and Agents for Service of Legal Process](#) **SUMMARY:** As part of its continuing effort to reduce paperwork and respondent burden, FinCEN invites comments on the proposed renewal, without change, of certain existing information collection requirements found in Bank Secrecy Act (BSA) regulations applicable to certain covered financial institutions. Under these regulations, among other requirements, a covered financial institution is prohibited from establishing, maintaining, administering, or managing correspondent accounts in

the United States for or on behalf of a foreign shell bank. The regulations require that a covered financial institution take reasonable steps to ensure that any correspondent account that it establishes, maintains, administers, or manages in the United States for a foreign bank is not used by the foreign bank to indirectly provide banking services to a foreign shell bank. The regulations also mandate that a covered financial institution that maintains a correspondent account in the United States for a foreign bank retain records in the United States identifying the owners of each such foreign bank whose shares are not publicly traded, unless the foreign bank files a Form FR-Y with the Federal Reserve Board identifying the current owners of the foreign bank, and the name and street address of a person who resides in the United States and is authorized, and has agreed to be an agent to accept service of legal process for records regarding each such correspondent account. This request for comments is made pursuant to the Paperwork Reduction Act of 1995. **DATES: Written comments are welcome and must be received on or before July 21, 2025.**