

STATEMENT BY

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on

“Update from the Prudential Regulators: Rightsizing Regulation to Promote American Opportunity”

before the

**COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE**

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Introduction

Chairman Scott, Ranking Member Warren, and Members of the Committee, I am pleased to appear at today's hearing entitled "Update from the Prudential Regulators: Rightsizing Regulation to Promote American Opportunity." I appreciate the opportunity to report on the Federal Deposit Insurance Corporation's (FDIC) recent work to improve our regulatory and supervisory approach across a number of areas, while continuing to fulfill our core mission of insuring deposits, promoting the safety and soundness of banks, and resolving failed institutions.

Over the past year, the FDIC has made significant progress on reforming supervision so it is less process-driven and more focused on core financial risks; engaging in a thoughtful review of our regulations, guidance, and manuals; reevaluating numerous aspects of our resolution and receivership management functions; and promoting the prudent adoption of innovative and transformative technologies in the financial services sector. Going forward, we will continue to work to drive economic growth and access to capital, while fulfilling our critical role in promoting a safe, sound, and resilient banking system.

Supervision Reform

The FDIC and other federal banking agencies are responsible for promoting the safety and soundness of supervised banks. A key tool to achieve this objective is on-site examinations. The FDIC is implementing a number of changes to our supervisory process to reorient our focus more towards core, material financial risks, and away from risk management process, among other reforms.

Interagency Rulemaking on "Unsafe or Unsound" Practice

In October 2025, the FDIC and the Office of the Comptroller of the Currency (OCC) issued a joint proposed rule that would define an "unsafe or unsound practice" for purposes of

section 8 of the Federal Deposit Insurance Act (FDI Act), and would establish uniform standards for matters requiring attention and non-binding supervisory observations as part of the examination process.¹ By defining these key terms in a rule, the FDIC intends to ensure supervisory criticisms are focused on the issues most relevant to a bank's safety and soundness. The comment period closed on December 29, 2025, and the FDIC is reviewing the comments received.

In the meantime, the FDIC has taken a variety of steps to reorient our supervisory focus towards material financial risks. For example, the FDIC has initiated a process to begin reviewing outstanding supervisory criticisms to close out those that do not align with the new approach, in order to focus supervisory and bank attention on true safety and soundness issues. Once the FDIC issues a final rule, the FDIC will provide more specific instructions to examiners and will continue its reviews to ensure that all past and future supervisory criticisms align with the final rule.

Supervisory Appeals Process

In January 2026, the FDIC finalized guidelines to establish an Office of Supervisory Appeals to adjudicate appeals of material supervisory determinations.² This Office will be a standalone entity within the FDIC, independent of the Divisions that make supervisory determinations, whose sole function is to resolve appeals. The Office will be staffed by reviewing officials who have a deep understanding of banking and direct experience with the supervisory process, with an objective of promoting an independent, apolitical, and consistent appeals process. By recruiting externally, the FDIC expects to attract impartial candidates who

¹ Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, [Unsafe or Unsound Practices, Matters Requiring Attention](#), 90 Fed. Reg. 48835 (Oct. 30, 2025).

² Federal Deposit Insurance Corporation, [Guidelines for Appeals of Material Supervisory Determinations](#), 91 Fed. Reg. 3184 (Jan. 26, 2026).

are less likely to have established relationships with individuals involved in the supervisory process. An appeals process with an independent body will also help ensure that examiners are applying policies consistently across the country. The FDIC recently began accepting applications from individuals to be reviewing officials and will provide public notice once the Office is operational.

CAMELS Rating System

The FDIC is also working with the other members of the Federal Financial Institutions Examination Council (FFIEC) to review the Uniform Financial Institutions Rating System, more commonly known as the CAMELS rating system. This review is oriented toward refocusing the CAMELS rating system on material financial risks, including a reevaluation of the definitions of the component ratings. The FDIC is actively working with other FFIEC members to reevaluate the ratings definitions, with a goal to emphasize core financial risks while shifting away from an overemphasis on process-related issues that have little bearing on financial condition or solvency.

Streamlining the Examination Process

In 2025, the FDIC implemented changes to improve the efficiency of the examination process and the timeliness of supervisory feedback by simplifying internal procedures and reducing unnecessary documentation, particularly for well-rated community banks. We are also risk-focusing examination procedures, shortening reports, and reducing documentation for specialty reviews (such as anti-money laundering (AML) and information technology examinations). These changes will not impact or undermine the safety and soundness of supervised banks, but have improved the efficiency of our examination process. We are also

evaluating potential options for implementing additional tailoring and streamlining for small banks with a history of being highly rated and well-capitalized.

Continuous Examination Process

The FDIC has historically supervised banks under either a point-in-time examination process or a continuous examination process. Prior to recent changes, nearly all FDIC-supervised banks with \$10 billion or more in assets were subject to the continuous examination process, as were a small handful below \$10 billion in assets. The FDIC recently raised the threshold for presumptive inclusion in the continuous examination process from \$10 billion to \$30 billion in assets, while retaining the ability to, on occasion, include a bank below \$30 billion in assets if warranted. For banks between \$10 billion and \$30 billion in assets, the FDIC is now applying a hybrid approach with additional attention compared to point-in-time institutions, but fewer reviews, fewer dedicated examiners, and more tailored monitoring than institutions in the continuous examination process.

Consumer Compliance Exam Frequency

In the area of consumer compliance, the FDIC is reducing the frequency of consumer compliance and Community Reinvestment Act (CRA) exams to approximately once every five years, with a midcycle review, for most institutions with less than \$3 billion in assets. Specifically, institutions with between \$350 million and \$3 billion in assets that have a consumer compliance rating of 1 or 2 and a satisfactory CRA rating will be subject to a joint compliance and CRA examination approximately once every five years with a midcycle review. Banks with less than \$350 million in assets that have a consumer compliance rating of 1 or 2 and a satisfactory CRA rating will be subject to a joint compliance and CRA examination approximately once every six years with a midcycle review.

Updated Standards for Termination of Cease-and-Desist and Consent Orders

In September 2025, the FDIC modified its policies and procedures for terminating cease and desist orders under Section 8(b) of the FDI Act.³ The FDIC’s policy now allows for termination of such orders when substantial compliance has been achieved, and the FDIC may deem an institution to have achieved substantial compliance with an order when it has satisfied the essential requirements of the order’s purpose or objective, even if minor, isolated requirements have not been fully satisfied.

Leveraged Lending

In December 2025, the FDIC and the OCC rescinded the 2013 “Interagency Guidance on Leveraged Lending” (2013 Guidance) and the 2014 “Frequently Asked Questions for Implementing March 2013 Guidance on Leveraged Lending” (2014 FAQs).⁴ The 2013 Guidance and 2014 FAQs were overly restrictive and contributed to a significant drop in leveraged lending market share by regulated banks and significant growth in leveraged lending market share by nonbanks. In place of the 2013 Guidance and 2014 FAQs, the agencies noted several general principles that banks should consider when managing risks associated with leveraged lending.

Capital

Strong capital standards are critical to ensuring a resilient banking system, in which banks can withstand unexpected shocks and continue to serve their customers and communities. Setting capital requirements requires balancing a number of competing objectives, including both

³ Federal Deposit Insurance Corporation, [The FDIC Updates its Enforcement Actions Manual regarding Minimum Standards for Termination of Cease-and-Desist and Consent Orders](#), FIL-42-2025 (Sept. 8, 2025).

⁴ Press Release, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, [Interagency Statement on OCC and FDIA Withdrawal from the Interagency Leveraged Lending Guidance Issuance](#) (Dec. 5, 2025).

the safety and soundness and resilience of the banking system and the ability of banks to drive growth in the economy through a range of economic conditions. The FDIC has been pursuing adjustments to capital rules to ensure they appropriately balance these objectives.

Enhanced Supplementary Leverage Ratio

In November 2025, the FDIC, together with the Board of Governors of the Federal Reserve System (Federal Reserve) and the OCC, issued a final rule to modify the enhanced supplementary leverage ratio (eSLR) applicable to U.S. bank holding companies identified as global systemically important bank holding companies and their depository institution subsidiaries.⁵ The final rule will help ensure that the eSLR serves as a backstop to risk-based capital requirements rather than as a frequently binding constraint, and will provide more capacity for these institutions to engage in low-risk activities that are critical to the functioning of the financial system, such as U.S. Treasury market intermediation and repo financing.

Community Bank Leverage Ratio

In November 2025, the FDIC, Federal Reserve, and OCC issued a notice of proposed rulemaking (NPR) proposing targeted amendments to the community bank leverage ratio (CBLR).⁶ The proposal would lower the CBLR requirement from 9 percent to 8 percent and extend the current two-quarter grace period to four quarters, while establishing a limitation on the amount of time a bank would be able to use the longer grace period to help ensure the grace period is not abused. The proposed changes are designed both to expand eligibility for the

⁵ Office of the Comptroller of the Currency, Federal Reserve System, Federal Deposit Insurance Corporation, [Regulatory Capital Rule: Modifications to the Enhanced Supplementary Leverage Ratio Standards for U.S. Global Systemically Important Bank Holding Companies and Their Subsidiary Depository Institutions; Total Loss Absorbing Capacity and Long-Term Debt Requirements for U.S. Global Systemically Important Bank Holding Companies](#), 90 Fed. Reg. 55248 (Dec. 1, 2025).

⁶ Office of the Comptroller of the Currency, Federal Reserve System, Federal Deposit Insurance Corporation, [Regulatory Capital Rule: Revisions to the Community Bank Leverage Ratio Framework](#), 90 Fed. Reg. 55048 (Dec. 1, 2025).

CBLR and to encourage community banks that are currently eligible but not participating in the framework to opt in, while still ensuring banks subject to the CBLR are subject to rigorous capital standards.

Modernizing Risk-Based Capital Requirements

The FDIC is also engaged in interagency work with the Federal Reserve and OCC to modernize risk-based capital requirements, including implementation of the 2017 Basel agreement. The FDIC seeks adjustments to capital rules that appropriately balance driving economic growth while ensuring safety, soundness, and resilience to shocks, and we are coordinating closely with our interagency colleagues with these principles in mind.

Resolution

Resolution Planning

In April 2025, the FDIC modified its approach to resolution planning for insured depository institutions (IDIs).⁷ The purpose was to focus the process on the operational information most relevant for the FDIC to (1) resolve a large IDI through a weekend sale or (2) in the event a viable weekend sale proves unavailable, operate the institution for a short period of time while actively marketing it to potential acquirers.

Accordingly, for full resolution submissions during the current submission cycle, the FDIC exempted IDIs from the requirements to utilize a bridge bank strategy and a hypothetical failure scenario in the plan, as well as certain other content elements that can be obtained from other sources or which were not of high value. The FDIC continues to evaluate other aspects of our IDI resolution planning rule and expects to propose changes as part of a future NPR.

⁷ Press Release, Federal Deposit Insurance Corporation, [FDIC Modifies Approach to Resolution Planning for Large Banks](#) (Apr. 18, 2025).

Bidding Process

The FDIC has also taken steps to make bank resolution more efficient by modernizing the resolution process and improving our own capabilities. One area of focus has been improving the effectiveness of our failed bank marketing process, especially as it applies to large banks of the type which failed in 2023. Throughout the course of 2025, we conducted dozens of outreach meetings with financial institutions in their capacity as potential failed bank acquirers to seek their input on how to improve the bidding process and remove potential obstacles to lower-cost bids. We are using feedback from these meetings to enhance the quality of information we make available to bidders, improve the marketing process so that it can be deployed with increased speed and flexibility, and enhance the quality of bids received. Many institutions also stressed the need to be more transparent in our approach to marketing failed banks and maintain engagement even in times of relative calm, and we expect to take further steps in these regards.

Additionally, we continue to look for ways to increase competition in failed bank auctions by better enabling the participation of nonbank entities, either as direct bidders for failed bank assets or as partners with bank acquirers. One example of progress we have made in this area is the establishment of a seller-financing program for nonbank bidders, to provide them with similar transaction offerings as those available to bank bidders. The FDIC has also developed a pre-qualification process for nonbank bidders, with the intent of qualifying them to bid in advance of any offering, which we are piloting with a group of nonbank bidders that have participated in recent failed bank auctions. We expect to release additional details regarding the process and application publicly after incorporating feedback.

Internal Operational Improvements

At the same time, we have been working on a number of internal operational improvements. For instance, we updated templates for contractual agreements and invited public feedback.⁸ We made improvements to our least-cost test model—which the FDIC uses to estimate the cost of different resolution options to determine which is the least costly to the Deposit Insurance Fund (DIF)—improving the valuation capabilities for more complex transactions, reducing the need for manual inputs, and cutting the time needed to run the analysis from days to hours. We have also enhanced a range of other systems and reviewed mission-critical contracts to ensure that they can scale for the failure of larger and more complex institutions. We are also reevaluating our process for resolution-related contracts, to enable the FDIC to enter into contracts with the highest quality firms. Additionally, to bolster staff preparedness, we have implemented a cross-training program to ensure our resolution divisions may tap resources within and across the Corporation during either a large bank resolution or a large volume of failures.

Amended Special Assessment Collection

In December 2025, the FDIC issued an interim final rule⁹ to amend the collection of the special assessment to cover losses to the DIF arising from the systemic risk determination announced in March of 2023 following the closures of Silicon Valley Bank and Signature Bank, as required by the FDI Act. The rule is intended to ensure that banks pay the correct amount to cover the losses associated with the 2023 systemic risk determination, without overpaying or underpaying.

⁸ Federal Deposit Insurance Corporation, [FDIC Provides Additional Transparency Regarding Marketing and Sale of Failing Financial Institutions](#), FIL-62-2025 (Dec. 30, 2025).

⁹ Federal Deposit Insurance Corporation, [Special Assessment Collection](#), 90 Fed. Reg. 59369 (Dec. 19, 2025).

Thresholds

In November 2025, the FDIC issued a final rule to raise certain thresholds in FDIC regulations and regularly adjust these thresholds in the future to preserve their levels in real terms over time.¹⁰ Among other thresholds, the final rule raised and indexed more than twenty thresholds found in Part 363 of the FDIC's regulations related to audit, internal control, audit committee composition, and related reporting requirements, and will help to provide a more durable regulatory framework by preserving the thresholds' value in real terms over time.

This final rule is the first of a multi-phase effort to reevaluate thresholds within the FDIC's regulations. The FDIC continues to evaluate other thresholds within its regulations to be included in one or more future proposals.

Bank Secrecy Act (BSA)

The FDIC has also been working to improve our BSA-related examinations and regulations. With respect to examinations, the FDIC implemented new examination procedures for low-complexity banks last year, and we continue to look for ways to find greater efficiencies in our BSA examinations. Additionally, the FDIC continues to work with other federal financial institution regulatory agencies, the U.S. Department of the Treasury, and the Financial Crimes Enforcement Network (FinCEN) on broader BSA reforms, including changes to the BSA Program Rule. Specifically, the agencies are drafting a forthcoming NPR to reform AML/countering the financing of terrorism (CFT) compliance obligations for financial institutions under the BSA. The agencies' intent is to improve outcomes from a law enforcement and national security perspective, and to reorient the AML/CFT regulatory and supervisory

¹⁰ Federal Deposit Insurance Corporation, [Adjusting and Indexing Certain Regulatory Thresholds](#), 90 Fed. Reg. 55789 (Dec. 4, 2025).

regime around the outcomes that an institution's reasonably designed AML/CFT program produces, rather than focusing on technical compliance with regulatory requirements. This objective, consistent with the Anti-Money Laundering Act of 2020, is to allow institutions to reallocate resources away from lower-value reporting to higher-value reporting in line with defined AML/CFT priority areas.

The FDIC has also taken steps to modernize our approach to customer identification program (CIP) requirements. In February 2025, I sent a letter to FinCEN expressing support for allowing more flexibility with respect to certain CIP requirements for bank-fintech partnerships.¹¹ Following that letter, in June 2025, the FDIC, the OCC, and the National Credit Union Administration, with the concurrence of FinCEN, issued an order granting an exemption from a requirement of the CIP Rule implementing Section 326 of the USA PATRIOT Act¹² to allow institutions to collect only the last four digits of a customer's taxpayer identification number (TIN) and then use a trusted third-party to verify the full nine-digit TIN.

In addition, in August 2025, the FDIC updated its supervisory approach to allow FDIC-supervised institutions to use pre-populated customer information for the purpose of opening an account to satisfy CIP requirements,¹³ including information from current or prior accounts or relationships involving the bank or third parties. These actions will allow institutions to take advantage of technology to make it easier to serve their customers.

¹¹ Press Release, Federal Deposit Insurance Corporation, [Acting Chairman Travis Hill Expresses Support for Enhancing Flexibility with Respect to Customer Identification Program Requirements](#) (Feb. 7, 2025).

¹² Federal Deposit Insurance Corporation, [Customer Identification Program Rule Exemption from Collecting Taxpayer Identification Number Information from Customers](#), FIL-26-2025 (June 27, 2025).

¹³ Federal Deposit Insurance Corporation, [FDIC Supervisory Approach Regarding the Use of Pre-Populated Information for Purposes of Customer Identification Program Requirements](#), FIL-39-2025 (Aug. 5, 2025).

Debanking

In August 2025, President Trump issued an executive order (EO) holding that no American should be denied access to financial services because of constitutionally or statutorily protected beliefs, affiliations, or political views and that politicized or unlawful debanking should not be used as a tool to inhibit such beliefs, affiliations, or views.¹⁴

The FDIC has taken several actions to respond to the EO. In October 2025, the FDIC and OCC issued an NPR that would prohibit examiners from (1) criticizing institutions on the basis of reputational risk or (2) directing or encouraging institutions to close accounts on the basis of political, social, religious, or other views.¹⁵ The proposed rule would codify the elimination of reputation risk from the agencies' supervisory programs. Additionally, the FDIC sent requests for information to the largest FDIC-supervised banks, conducted a review of FDIC-supervised banks' policies and procedures, conducted an in-depth review of the FDIC's complaint database, and surveyed examiners-in-charge, among other steps.

Digital Assets

Over the last year, the FDIC has taken a more open-minded approach with respect to banks that offer products and services related to digital assets, while maintaining our expectation that such activities are conducted in a safe and sound manner. In 2025, the FDIC rescinded a requirement that FDIC-supervised institutions provide prior notification and information before engaging in digital asset activity, which served as a significant barrier to banks' adoption of digital asset activities.¹⁶ The FDIC also withdrew from several interagency joint statements,

¹⁴ Executive Order 14331, [Guaranteeing Fair Banking for All Americans](#), 90 Fed. Reg. 38925 (Aug. 12, 2025).

¹⁵ Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, [Prohibition on Use of Reputation Risk by Regulators](#), 90 Fed. Reg. 48825 (Oct. 30, 2025).

¹⁶ Press Release, Federal Deposit Insurance Corporation, [FDIC Clarifies Process for Banks to Engage in Crypto-Related Activities](#) (Mar. 28, 2025).

including one that suggested that use of public distributed ledger systems was likely inconsistent with safe and sound banking practices.¹⁷

In July 2025, President Trump signed into law the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act),¹⁸ which established a federal regulatory framework for stablecoin issuers. The FDIC will be responsible for licensing and supervising subsidiaries of FDIC-supervised IDIs approved to issue payment stablecoins. The Act requires several rulemakings, including establishing capital requirements, liquidity standards, and reserve asset diversification standards, among others.¹⁹

In December 2025, the FDIC issued an NPR that would establish an application framework for FDIC-supervised IDIs to issue payment stablecoins pursuant to the GENIUS Act's requirements.²⁰ Under the proposed framework, the FDIC would evaluate applications based on the statutory factors, process applications within specified timeframes, and establish an appeal process for denied applications. The FDIC recently extended the comment period from February 17, 2026, to May 18, 2026.²¹ In addition, we expect to issue the proposed rule to implement the GENIUS Act's prudential requirements for FDIC-supervised payment stablecoin issuers in the near future.

In addition to undertaking our work under the GENIUS Act, we are also considering the recommendations of the President's Working Group on Digital Asset Markets which issued its

¹⁷ Press Release, Federal Deposit Insurance Corporation, [Agencies Withdraw Joint Statements on Crypto-Assets](#) (Apr. 24, 2025).

¹⁸ Pub. L. No. 119-27, 139 Stat. 419 (codified at 12 U.S.C. 5901 – 5916).

¹⁹ See section 4(a)(4)(A) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)).

²⁰ Federal Deposit Insurance Corporation, [Approval Requirements for Issuance of Payment Stablecoins by Subsidiaries of FDIC-Supervised Insured Depository Institutions](#), 90 Fed. Reg. 59409 (Dec. 19, 2025)

²¹ Federal Deposit Insurance Corporation, [Approval Requirements for Issuance of Payment Stablecoins by Subsidiaries of FDIC-Supervised Insured Depository Institutions; Extension of Comment Period](#), 90 Fed. Reg. 6138 (Feb. 11, 2026).

report in July 2025.²² The report recommends clarifying or expanding permissible activities in which banks may engage, including the tokenization of assets and liabilities. We are also currently developing guidance to provide additional clarity with respect to the regulatory status of tokenized deposits.

Applications

Bank Mergers

In 2025, the FDIC rescinded the agency's 2024 Statement of Policy (SOP) on Bank Merger Transactions and reinstated the legacy SOP that was in place prior to 2024.²³ The 2024 SOP made the FDIC's process for reviewing merger applications longer, more difficult, and less predictable. Restoring the pre-2024 SOP provides greater clarity and predictability to interested parties in the near term. The FDIC also has been conducting a broader reevaluation of its bank merger review process, which includes improving internal timelines for processing merger applications and considering additional updates to modernize our SOP governing bank mergers. We will continue to seek to provide greater clarity, predictability, timeliness, and transparency through the merger process.

Establishment and relocation of branches and offices

The FDIC is also taking action to enhance the speed and certainty of the branch approval process, which currently places a significant burden on banks and the FDIC while providing little supervisory value. In December 2025, the FDIC issued a final rule to streamline the processes for the establishment and relocation of domestic branches and main offices. The final rule

²² President's Working Group on Digital Asset Markets, [Recommendations to Strengthen American Leadership in Digital Financial Technology](#) (July 30, 2025).

²³ Federal Deposit Insurance Corporation, [Statement of Policy on Bank Merger Transactions](#), 90 Fed Reg 29413 (July 3, 2025).

provides that most filings from institutions eligible for expedited processing will be deemed approved three business days after submission; eliminates the FDIC's discretion to remove filings from expedited processing; eliminates filing requirements for *de minimis* branch facility changes; streamlines filing content requirements; extends the expiration period for an approved filing; and eliminates public notice and public comment requirements for branch applications.²⁴ The final rule is intended to improve the speed and certainty of, and reduce the regulatory burden associated with, branch and main office filings.

De Novo Bank Formation

The FDIC is actively working on ways to improve the *de novo* deposit insurance application process and encourage more new bank formation. We have started to see growing interest in prospective applicants and increased draft and formal filings. Among other things, we are considering modifications to certain of our requirements that may overly restrict *de novo* formation from traditional community banks, and we are adopting a more open-minded approach to deposit insurance applications from organizers proposing banks with new or innovative business models. We will still require applicants for deposit insurance to satisfy the full suite of statutory and regulatory requirements of being a bank, but will also, in collaboration with the chartering authorities, approach these types of applications with an open mind.

Other Policy Work

Community Reinvestment Act

In June 2025, the FDIC, Federal Reserve, and OCC jointly issued an NPR to rescind the CRA final rule previously issued on October 24, 2023 (2023 CRA Final Rule) and to replace it

²⁴ Federal Deposit Insurance Corporation. [Establishment and Relocation of Branches and Offices](#), 90 Fed. Reg. 60547 (Dec. 29, 2025).

with the CRA framework that existed prior to the 2023 CRA Final Rule (1995 CRA Regulations).²⁵ Since banks are currently subject to and examined under the 1995 CRA regulations, the agencies expect minimal regulatory burden would be associated with recodifying those regulations.²⁶ The public comment period closed on August 18, 2025, and FDIC staff are reviewing the comments received.

Digital Signage

In January 2026, the FDIC issued a final rule to streamline and simplify FDIC regulations governing signage requirements related to the display of the FDIC official digital sign on digital deposit-taking channels and automated teller machines and like devices.²⁷ The rule, which establishes an April 1, 2027, compliance date, simplifies requirements for banks' display of the FDIC official digital sign and non-deposit signage on digital deposit-taking channels, such as bank websites and mobile applications, as well as on ATMs and like devices.

Disparate Impact

Consistent with Executive Order 14281, Restoring Equality of Opportunity and Meritocracy, the FDIC has ended the use of disparate impact in fair lending examinations. Specifically, consumer compliance examiners will no longer pursue evidence of disparate impact liability in fair lending examinations, and we have removed references to disparate impact in FDIC policies, procedures, and resources, including the FDIC Consumer Compliance

²⁵ Press Release, Federal Deposit Insurance Corporation, [Agencies Issue Joint Proposal to Rescind 2023 Community Reinvestment Act Final Rule](#) (July 16, 2025).

²⁶ Office of the Comptroller of the Currency, Federal Reserve System, Federal Deposit Insurance Corporation, [Community Reinvestment Act Regulations](#), 90 Fed. Reg. 34086 (July 18, 2025).

²⁷ Federal Deposit Insurance Corporation, [FDIC Official Signs, Advertisement of Membership, False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC's Name or Logo](#), 91 Fed. Reg. 3801 (Jan. 29, 2026).

Examination Manual.²⁸ Examiners will otherwise continue to evaluate supervised institutions for compliance under the Equal Credit Opportunity Act and the Fair Housing Act.

Payment Fraud

The FDIC recognizes that payment fraud is a significant—and growing—concern for banks and consumers across the nation. We are engaged in interagency discussions to explore regulatory and policy solutions to address this issue. In June 2025, the FDIC, OCC, and Federal Reserve issued a joint Request for Information (RFI) on potential actions to address payments fraud.²⁹ The RFI’s purpose was to gather information and ideas to help consumers, businesses, and financial institutions mitigate fraud across various payment systems, including checks, Automated Clearing House payments, wire payments, and instant payments. The RFI focused on five key areas: external collaboration, education for consumers and businesses, regulation and supervision, data collection and information sharing, and enhancing the Federal Reserve Banks’ fraud prevention tools and services. The comment period closed on September 18, 2025, and the agencies have established a working group to review and assess comments received and consider next steps. The FDIC continues to work closely with the other federal banking agencies to identify further opportunities to address this issue, both through comments to the RFI and in subsequent engagement with the industry.

Climate

The FDIC ceased elevating the management of, or imposing enhanced expectations for, climate-related financial risk relative to other risks addressed by banks’ existing risk management processes and the FDIC’s other risk management rules and guidance. Accordingly,

²⁸ Federal Deposit Insurance Corporation, [Update to the FDIC’s Consumer Compliance Examination Manual](#), FIL-41-2025 (Aug. 29, 2025).

²⁹ Office of the Comptroller of the Currency, Federal Reserve System, Federal Deposit Insurance Corporation, [Request for Information on Potential Actions to Address Payment Fraud](#), 90 Fed. Reg. 26293 (June 20, 2025).

the FDIC dissolved its internal, interdivisional working group on climate-related financial risk last year, and, together with the OCC and Federal Reserve, rescinded interagency guidance providing principles for climate-related financial risk management for large financial institutions.³⁰ Further, the FDIC withdrew from the Network of Central Banks and Supervisors for Greening the Financial System as its work is outside of the FDIC's authorities and mandate.³¹

Workplace Culture

Finally, I continue to prioritize transforming the FDIC's workplace culture and creating an environment in which all employees are treated with professionalism and respect. Harassment, discrimination, and misconduct of any kind are unacceptable, and we are taking a range of actions to ensure that those who engage in misconduct are held accountable. Among many other steps, we have established two new offices responsible for intaking and investigating complaints and overseeing discipline for harassment, retaliation, other interpersonal misconduct, and discrimination; implemented new anti-harassment training; turned over much of the agency's leadership and reinforced among leadership the need to treat employees with civility and lead by example; established clear mechanisms for employees to report harassment and other interpersonal misconduct confidentially or anonymously; and improved our recordkeeping and tracking of data related to complaints. I remain committed to seeing this work through and ensuring that the FDIC is a place where employees are proud to work.

³⁰ Press Release, Federal Deposit Insurance Corporation, [Agencies Announce Withdrawal of Principles for Climate-Related Financial Risk Management](#) (Oct. 16, 2025).

³¹ Press Release, Federal Deposit Insurance Corporation, [FDIC Withdraws from the Network of Central Banks and Supervisors for Greening the Financial System](#) (Jan. 21, 2025).

Conclusion

I appreciate the opportunity to provide the Committee with an update of the FDIC's efforts to improve its regulatory and supervisory approach, while continuing to fulfill our core mission of insuring deposits, promoting the safety and soundness of banks, and resolving failed institutions. The FDIC remains committed to engaging with members of Congress, the public, and other stakeholders on the policies and priorities outlined in my testimony. I look forward to answering your questions.