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Statement of Jonathan V. Gould
Comptroller of the Currency

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Committee on Banking, Housing, and Urban Affairs
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Chairman Scott, Ranking Member Warren, and Members of the Committee, thank you for the opportunity to appear before you. It is an honor to discuss the Office of the Comptroller of the Currency's (OCC) work implementing the President's economic agenda by ensuring that America's federal banking system is safe and sound, and remains the world's most trusted, dynamic, and resilient.

Over 160 years ago, President Lincoln had a vision for a federal banking system to serve this country and its economic ideals, and he empowered the OCC to oversee that system. Today, the OCC supervises more than 1,000 institutions that hold \$17.9 trillion in assets, two-thirds of all U.S. commercial banking assets, and have more than \$90 trillion in assets under administration.

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. They will benefit, perhaps the most, from a tailored framework that reflects a more rational risk tolerance.

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.

The OCC's support functions have degraded in recent years, posing a risk to our ability to execute our statutory mission. Outward signs of this decline include the hiring of a fraudulent "Chief Financial Technology Officer" in 2022 and an email data breach that took nearly two years to identify and halt. These issues were the tip of the iceberg, and fixing agency operations is a top priority for me. To that end, we are working to ensure accountability for these failures and to recruit qualified and competent individuals.

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.

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.

Innovation has driven American finance from the telegraph to the blockchain. 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. And we will draw inspiration from their examples as we modernize our own operations and activities through similar innovations.

The federal banking system must remain dynamic, competitive, and fair. By providing a path for banks to embrace new technologies in a safe and sound manner, ending politicized debanking, and modernizing supervision, we are ensuring the long-term relevance of the federal banking system. And we are restoring the OCC's historic balancing of prudence and progress. This is what Lincoln envisioned: a federal banking system that serves all Americans, drives our thriving economic union, and stands ready to meet modern challenges.