

U.S. Financial Regulatory and Policy Developments

Comprehensive Report: February 2025

Executive Overview

February 2025 saw developments across several major regulatory themes:

1. **Bank supervision transparency and crypto oversight**
2. **Leadership and governance changes in financial regulators**
3. **Consumer finance enforcement and policy signals**
4. **Community reinvestment and fair lending oversight**
5. **Cybersecurity and operational risk monitoring**
6. **Sanctions and financial intelligence activity**
7. **Industry policy alignment and advocacy**
8. **State-level enforcement and regulatory updates**

Federal banking regulators increased transparency around crypto supervision and continued oversight of community reinvestment compliance. At the same time, leadership changes across federal financial agencies signaled potential shifts in regulatory priorities.

1. Federal Banking and Prudential Regulation

Interagency Regulatory Coordination

Primary authorities:

- Federal Reserve
- FDIC
- OCC
- FFIEC

Key Themes

- Supervision of digital asset activities
 - Community reinvestment oversight
 - Transparency in supervisory processes
 - Inflation adjustment for regulatory thresholds
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Federal Deposit Insurance Corporation (FDIC)

1. Crypto Supervision Document Release

On February 5, 2025 the FDIC released **175 documents related to bank crypto activities supervision**.

Key elements:

- Documentation covered interactions with banks exploring or engaging in crypto services
- Materials included supervisory communications and internal analysis
- Release increased transparency around regulatory treatment of crypto activities

The action followed congressional and industry scrutiny of how regulators treated banks serving crypto firms.

2. Community Reinvestment Act Examination Ratings

February 4, 2025 the FDIC issued a list of banks recently evaluated for compliance with the Community Reinvestment Act.

The publication included:

- Ratings for state nonmember banks
- Examinations conducted in November 2024
- Performance categories such as Outstanding, Satisfactory, Needs to Improve

This periodic disclosure supports transparency around banks' obligations to serve low and moderate income communities.

3. Enforcement Actions

In March 2025 the FDIC publicly released **February enforcement decisions** covering:

- administrative enforcement orders
- civil money penalties
- consent orders and cease and desist actions

These actions targeted unsafe banking practices and regulatory violations at specific institutions.

Federal Reserve System

Supervision and Monetary Policy

During early 2025 the Federal Reserve continued supervisory work related to:

- liquidity risk management
- interest rate risk after rapid rate increases
- banking sector stability monitoring

- stress testing and capital adequacy frameworks

Internal supervisory work emphasized resilience following the 2023 regional bank failures.

Supervisory Letters and Board Orders

Typical February activity included:

- supervisory guidance updates
- enforcement actions related to bank governance or risk management
- approval orders for mergers or acquisitions

These orders typically focus on:

- Bank Holding Company Act applications
- Community Reinvestment Act considerations
- financial stability implications.

Office of the Comptroller of the Currency (OCC)

Policy Priorities

OCC activity in early 2025 emphasized:

- risk-based supervision
- bank governance standards
- fintech and digital asset engagement
- modernization of bank examination processes

Bulletins and interpretive letters typically addressed:

- capital treatment
 - operational risk
 - third party risk management
 - fintech partnerships.
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FFIEC

The Federal Financial Institutions Examination Council coordinated interagency guidance across:

- cybersecurity
- BSA AML compliance
- IT examination procedures
- Home Mortgage Disclosure Act reporting

February activity often includes updates to:

- the **Cybersecurity Assessment Tool**
 - IT examination handbooks
 - BSA AML InfoBase materials.
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2. Consumer Financial Protection and Fair Lending

Consumer Financial Protection Bureau (CFPB)

Leadership Change

In February 2025 President Donald Trump nominated **Jonathan McKernan** to serve as CFPB Director.

McKernan previously served on the FDIC Board.

Policy implications of this nomination included potential shifts in:

- fintech regulation
- consumer protection enforcement priorities
- small business lending rules
- mortgage servicing regulation.

CFPB Enforcement and Supervision

Typical enforcement themes in early 2025 included:

- mortgage servicing misconduct
- unfair or deceptive practices
- credit reporting violations
- consumer lending discrimination.

Supervisory Highlights

The CFPB's supervisory reporting emphasized:

- digital payment platforms
 - auto lending compliance
 - buy now pay later lending practices
 - data privacy risks.
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3. Financial Markets and Securities Regulation

Securities and Exchange Commission (SEC)

February regulatory activity generally covered:

- investment adviser compliance
- crypto securities enforcement
- public company disclosure enforcement
- broker dealer supervision.

Key areas of SEC attention:

- ESG disclosure litigation
 - digital asset market oversight
 - investment adviser fiduciary obligations.
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Commodity Futures Trading Commission (CFTC)

Press releases during this period focused on:

- derivatives market surveillance
 - digital asset derivatives oversight
 - enforcement actions against trading fraud and manipulation.
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Federal Trade Commission (FTC)

Financial practices enforcement targeted:

- deceptive fintech marketing
 - credit repair scams
 - identity theft schemes.
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4. Treasury, Sanctions, and Financial Intelligence

U.S. Treasury Department

Treasury announcements frequently addressed:

- financial stability policy
 - international financial cooperation
 - sanctions enforcement
 - financial sector cybersecurity.
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Office of Foreign Assets Control (OFAC)

February sanctions activity included:

- additions to the Specially Designated Nationals list
- Russia related sanctions updates
- Iran and terrorism related financial restrictions.

Banks were required to:

- screen transactions
 - block sanctioned assets
 - report blocked property.
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Financial Crimes Enforcement Network (FinCEN)

FinCEN activity in early 2025 focused on:

- AML priorities
 - beneficial ownership reporting implementation
 - illicit finance alerts
 - suspicious activity reporting guidance.
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5. Federal Financial Stability and Housing Oversight

Financial Stability Oversight Council (FSOC)

Key areas monitored in early 2025:

- systemic risks from private credit markets
 - bank liquidity pressures
 - fintech and digital asset systemic exposure
 - climate related financial risks.
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Federal Housing Finance Agency (FHFA)

FHFA regulatory updates covered:

- Fannie Mae and Freddie Mac oversight
 - mortgage affordability initiatives
 - risk management standards.
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Department of Housing and Urban Development (HUD)

HUD fair lending oversight included:

- discrimination enforcement
 - housing finance compliance monitoring
 - fair housing rulemaking.
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6. Federal Enforcement and Justice

Department of Justice (DOJ)

Financial enforcement in February included cases related to:

- bank fraud
- pandemic relief fraud
- mortgage fraud
- securities fraud.

Fair lending enforcement often involved:

- redlining investigations
 - discriminatory lending settlements.
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7. Cybersecurity and Technology Authorities

Cybersecurity and Infrastructure Security Agency (CISA)

February cybersecurity advisories addressed:

- financial sector vulnerabilities
 - ransomware threats
 - software supply chain security.
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Known Exploited Vulnerabilities (KEV)

CISA maintained a list of actively exploited vulnerabilities affecting:

- banking infrastructure
 - authentication systems
 - remote access platforms.
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National Institute of Standards and Technology (NIST)

Cybersecurity policy work focused on:

- updates to the NIST Cybersecurity Framework
 - AI risk management guidance
 - software supply chain security.
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8. Executive Branch Technology Policy

White House AI Policy

Federal AI initiatives during this period focused on:

- risk management for financial sector AI systems
 - responsible AI governance
 - financial fraud detection technologies.
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9. Accounting and Financial Standards

Financial Accounting Standards Board (FASB)

Standards updates addressed:

- financial instrument accounting
 - lease accounting
 - credit loss measurement under CECL.
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Public Company Accounting Oversight Board (PCAOB)

Inspection reports evaluated:

- audit firm quality
 - financial reporting controls
 - auditor independence compliance.
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10. Industry Policy and Regulatory Coordination

Major financial industry groups issued policy commentary during February 2025.

American Bankers Association

Topics included:

- capital rulemaking opposition
 - regulatory burden reduction
 - crypto custody regulation.
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Independent Community Bankers of America

Advocacy focused on:

- community bank capital relief
 - fintech partnership oversight.
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Bank Policy Institute

Research reports addressed:

- liquidity requirements
 - stress testing reforms.
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Clearing House Association

Policy positions covered:

- payment system modernization
 - fraud prevention standards.
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11. Financial Sector Cyber Intelligence

FS ISAC

Threat intelligence updates focused on:

- ransomware targeting financial institutions
 - phishing campaigns targeting payment systems
 - data exfiltration attacks.
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SANS Internet Storm Center

Security reporting highlighted:

- malware campaigns targeting financial networks

- credential theft attacks.
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12. State Banking Regulators

Every state banking department publishes updates on:

- enforcement actions
- bank charter approvals
- consumer protection enforcement
- licensing actions.

Key states with major regulatory activity during February 2025:

- New York
 - California
 - Texas
 - Florida
 - Illinois.
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13. State Attorneys General Consumer Protection

State AG enforcement in February 2025 included cases involving:

- predatory lending

- debt collection violations
- mortgage servicing misconduct
- fintech consumer protection violations.

Multi state enforcement actions often targeted:

- credit reporting agencies
 - payment processors
 - lending platforms.
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14. Major Regulatory Themes Emerging in February 2025

Across the entire regulatory ecosystem several strategic trends emerged.

1. Increased Transparency in Crypto Banking Supervision

The FDIC disclosure of internal supervisory communications marked a significant shift toward transparency around crypto related oversight.

2. Leadership Changes in Federal Financial Agencies

The nomination of a new CFPB director indicated potential policy direction changes in consumer finance regulation.

3. Continued Focus on Community Reinvestment

CRA examination disclosures reinforced the importance of community lending compliance.

4. Enforcement Against Financial Misconduct

Federal and state authorities continued enforcement across fraud, consumer protection, and AML violations.

5. Growing Cybersecurity Threat Monitoring

Federal cybersecurity agencies maintained active vulnerability alerts affecting financial infrastructure.

Conclusion

February 2025 reflected a financial regulatory environment characterized by:

- continued oversight of bank stability
- regulatory transparency regarding crypto supervision
- leadership transitions affecting consumer finance policy
- sustained enforcement against financial misconduct
- coordinated cybersecurity monitoring.

Regulatory priorities across agencies remained focused on **financial stability, consumer protection, operational resilience, and transparency in supervisory processes.**