

# Comprehensive Regulatory Update Report

## U.S. Financial Services Regulatory Developments

June 2025

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## 1. Federal Banking and Prudential Regulation

### 1.1 Interagency Banking Agencies

(Federal Reserve, FDIC, OCC)

#### Interagency Request for Information on Payments and Check Fraud

On **June 5 and June 13 2025**, the federal banking regulators issued a **joint Request for Information (RFI)** addressing increasing fraud across payment systems.

Agencies involved:

- Federal Reserve Board
- Federal Deposit Insurance Corporation
- Office of the Comptroller of the Currency

The RFI sought public input on supervisory and policy approaches to address fraud in:

- paper checks
- Automated Clearing House payments
- wire transfers
- instant payments networks

Key focus areas included:

1. improved interagency collaboration
2. consumer and business education initiatives
3. supervisory guidance and regulatory changes
4. improved fraud data collection and sharing
5. development of enhanced Federal Reserve fraud mitigation tools

The agencies stated that payment fraud had become **a growing systemic risk affecting banks, consumers, and businesses**, and requested industry recommendations to strengthen fraud detection and prevention capabilities.

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## 1.2 Regulatory Capital Framework Review

Federal banking agencies also requested comments on **modifications to regulatory capital standards**, exploring whether capital requirements may discourage lower risk activities such as market making in U.S. Treasury markets.

The review focused on:

- supplementary leverage ratio effects
- capital treatment of Treasury securities
- incentives affecting market liquidity
- capital requirements at the depository institution level

These consultations reflected broader discussions on recalibrating bank capital rules to improve Treasury market functioning.

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## 1.3 Federal Reserve Stress Test Results (June 27 2025)

The Federal Reserve released results from its **annual supervisory stress test**.

Key findings:

- large U.S. banks maintained capital levels well above regulatory minimums
- institutions remained capable of supporting lending during a severe recession
- the scenario incorporated large declines in real estate and corporate debt markets

The results confirmed resilience across the largest banking organizations and provided input into each bank's stress capital buffer requirements.

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## 1.4 Supervisory Policy Change: Removal of Reputation Risk

During June 2025, the Federal Reserve announced supervisory changes removing **reputation risk as a factor in bank examination programs**.

Examinations shifted toward measurable financial risk categories including:

- credit risk
- liquidity risk
- market risk
- operational risk

The change aimed to ensure supervisory focus remained on quantifiable financial safety and soundness concerns rather than subjective reputational considerations.

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# 2. Federal Deposit Insurance Corporation

## 2.1 FDIC Press Releases

**Distressed or Underserved Nonmetropolitan Middle Income Areas**

On **June 16 2025**, the FDIC published an updated list of geographic areas designated as:

- distressed nonmetropolitan middle income
- underserved nonmetropolitan middle income

These designations affect Community Reinvestment Act evaluations and encourage investment in qualifying rural areas.

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## **CRA Examination Schedules**

The FDIC released updated schedules identifying institutions scheduled for **Community Reinvestment Act examinations**.

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## **Bank Acquisition Approval**

On **June 27 2025**, the FDIC approved:

Coleman County State Bank acquisition of insured deposits from The Santa Anna National Bank in Texas.

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## **2.2 FDIC Enforcement Activity**

The FDIC published enforcement actions covering:

- civil money penalties
- consent orders
- prohibition orders against individuals

Typical violations addressed:

- unsafe or unsound practices
- Bank Secrecy Act deficiencies

- internal control failures
  - consumer compliance violations
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## 3. Office of the Comptroller of the Currency

### 3.1 OCC Policy and Rulemaking

The OCC participated in multiple joint regulatory initiatives:

#### **Fraud Mitigation Initiative**

Joint interagency RFI on payment fraud risk mitigation.

#### **Regulatory Capital Consultation**

Joint effort with the Federal Reserve and FDIC to evaluate capital rule adjustments affecting Treasury market activity.

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### 3.2 Customer Identification Program (CIP) Flexibility

On **June 27 2025**, the OCC, FDIC, and NCUA issued an order allowing banks to obtain **customer tax identification numbers from third party sources**.

Purpose:

- improve identity verification efficiency
- support digital account opening
- maintain compliance with Customer Identification Program rules

Financial institutions remained responsible for verifying the accuracy of information obtained through third party sources.

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## 4. Federal Reserve System

### 4.1 Monetary Policy and Financial Stability

While no major interest rate policy shifts occurred in June 2025, the Federal Reserve continued monitoring:

- inflation stabilization progress
- financial stability risks
- commercial real estate exposure

Stress test results reinforced the resilience of large bank capital levels under severe macroeconomic scenarios.

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### 4.2 Leverage Ratio Policy Review

In June 2025 the Federal Reserve scheduled a public meeting to discuss potential revisions to the **supplementary leverage ratio (SLR)** framework.

Topics under consideration:

- exclusion of certain low risk assets such as U.S. Treasuries
- adjustment to capital calibration
- balancing bank safety with market liquidity

Industry participants have long argued the SLR restricts Treasury market intermediation during periods of market stress.

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## 5. Consumer Financial Protection Bureau

## **5.1 Enforcement and Consumer Protection Oversight**

During June 2025 the CFPB continued enforcement actions addressing:

- mortgage servicing violations
  - credit reporting inaccuracies
  - unfair or deceptive practices in consumer lending
  - fintech compliance failures
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## **5.2 Supervisory Activity**

CFPB supervision focused heavily on:

- digital payment platforms
- buy now pay later products
- data sharing and consumer privacy practices

The Bureau also continued monitoring large financial institutions and nonbank lenders for compliance with consumer protection laws including:

- Truth in Lending Act
  - Equal Credit Opportunity Act
  - Fair Credit Reporting Act
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# **6. National Credit Union Administration**

## **6.1 Regulatory and Supervisory Actions**

NCUA board actions during June 2025 addressed:

- credit union liquidity and capital supervision
- cybersecurity readiness expectations
- examination modernization efforts

The agency continued oversight of credit unions with assets exceeding the \$10 billion threshold.

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## **7. Securities and Capital Markets Regulation**

### **7.1 Securities and Exchange Commission**

Key regulatory priorities during June 2025 included:

- investment adviser compliance reviews
- disclosure obligations for private funds
- market structure reforms affecting equity trading

SEC enforcement actions during the period targeted:

- insider trading violations
  - securities fraud
  - misstatements in public company disclosures
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### **7.2 Commodity Futures Trading Commission**

CFTC press releases highlighted enforcement against:

- derivatives market manipulation
  - cryptocurrency fraud schemes
  - reporting violations by swap dealers
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## **8. Treasury Department and Financial Intelligence**

### **8.1 Treasury Department Policy**

Treasury continued focusing on:

- financial sanctions enforcement
  - anti money laundering modernization
  - digital asset oversight
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### **8.2 Financial Crimes Enforcement Network (FinCEN)**

FinCEN issued guidance supporting enhanced identity verification flexibility through the joint CIP exemption allowing third party TIN verification.

This policy aimed to:

- facilitate digital banking
  - improve fraud prevention
  - maintain AML compliance.
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# 9. Federal Financial Stability Oversight

## 9.1 Financial Stability Monitoring

Federal oversight bodies continued monitoring several macro financial risks:

1. commercial real estate exposure
  2. cyber threats to financial infrastructure
  3. payment system fraud trends
  4. concentration risks in nonbank financial intermediaries
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# 10. Federal Cybersecurity and Technology Authorities

## 10.1 CISA Cybersecurity Advisories

CISA issued multiple alerts addressing:

- ransomware campaigns targeting financial institutions
  - vulnerabilities in enterprise identity management systems
  - supply chain software risks affecting financial services firms
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## 10.2 Known Exploited Vulnerabilities Catalog

Updates added newly exploited vulnerabilities affecting:

- network security appliances

- authentication systems
- financial services infrastructure software

These updates triggered patching expectations across financial institutions.

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## **10.3 NIST Cybersecurity and AI Risk Management**

NIST continued advancing frameworks related to:

- cybersecurity governance standards
- AI risk management frameworks applicable to financial services

These initiatives addressed the growing integration of artificial intelligence into financial risk models and fraud detection systems.

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# **11. Accounting and Financial Reporting Standards**

## **11.1 Financial Accounting Standards Board**

FASB continued implementation and guidance around:

- Current Expected Credit Loss accounting standards
  - income tax disclosure modernization
  - accounting treatment for crypto assets
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## **11.2 Public Company Accounting Oversight Board**

PCAOB inspections focused on audit quality at large accounting firms and compliance with enhanced audit documentation standards.

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## **12. Financial Sector Cyber Intelligence**

### **12.1 FS ISAC Threat Intelligence**

Financial institutions were warned of increased activity in:

- phishing campaigns targeting online banking users
  - credential theft targeting payment processors
  - ransomware attacks targeting smaller community banks
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### **12.2 SANS Internet Storm Center**

Security analysts identified increasing exploitation of:

- remote access vulnerabilities
  - identity management weaknesses
  - unpatched enterprise software in financial networks
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## **13. Industry Policy Organizations**

### **13.1 American Bankers Association**

The ABA published policy updates advocating:

- modernization of bank capital rules
  - stronger fraud mitigation collaboration
  - regulatory burden reduction for community banks
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## **13.2 Independent Community Bankers of America**

ICBA commentary emphasized:

- disproportionate regulatory burden on small banks
  - need for fraud liability reform in payment systems
  - modernization of CRA evaluation metrics.
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# **14. Financial Technology Infrastructure**

## **14.1 Banking Technology Providers**

Major core banking vendors emphasized improvements in:

- real time payment infrastructure
- fraud monitoring analytics
- digital identity verification systems.

These developments aligned with regulators' increased focus on payment fraud prevention.

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# **15. State Banking Regulators**

Across numerous state banking departments, June 2025 updates included:

- licensing approvals for fintech firms
- enforcement against unlicensed lenders
- guidance regarding digital asset custody activities
- cybersecurity expectations for state chartered banks

Several states also strengthened supervisory oversight of nonbank financial service providers.

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## 16. State Attorneys General

State attorneys general continued consumer protection actions targeting:

- predatory lending practices
- deceptive debt collection
- illegal payday lending operations
- fintech data privacy violations

Multistate investigations also continued involving digital lending platforms and credit reporting agencies.

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## Key Themes Emerging From June 2025

### 1. Fraud in Payment Systems

The most prominent regulatory initiative during the month involved **interagency efforts to address payment and check fraud**, signaling heightened concern across regulators.

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## 2. Capital Rule Reconsideration

Regulators began evaluating potential adjustments to capital frameworks affecting Treasury market functioning and leverage ratio requirements.

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## 3. Supervisory Modernization

The removal of reputation risk from Federal Reserve examinations reflected a shift toward measurable financial risk based supervision.

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## 4. Digital Banking and Identity Verification

Policies allowing third party identity verification supported increased adoption of digital banking platforms.

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## 5. Cybersecurity Threat Environment

Financial regulators and cybersecurity agencies continued highlighting ransomware, credential theft, and infrastructure vulnerabilities affecting the financial sector.

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# Conclusion

June 2025 represented a month of **significant policy consultation and supervisory modernization across the U.S. financial regulatory system.**

Major developments included:

- interagency fraud prevention initiatives
- reconsideration of bank capital frameworks
- supervisory policy adjustments
- continued stress testing of large banks

- expanded cybersecurity warnings
- ongoing enforcement against financial misconduct.

These initiatives reflected evolving risks in payment systems, digital finance, and financial infrastructure resilience.