

U.S. Financial Regulation Developments

August 2025 Regulatory Intelligence Report

1. Executive Branch Financial Policy

Executive Order: “Guaranteeing Fair Banking for All Americans”

On August 7, 2025 the White House issued a major executive order directing federal financial regulators to address “debanking,” defined as the denial or termination of banking services based on political, religious, or lawful business affiliations.

Key directives included:

Regulatory supervision changes

- Federal banking agencies must eliminate use of “reputation risk” as a supervisory factor.
- Agencies must review supervisory frameworks to ensure decisions rely only on measurable financial risk.

Consumer access protections

- Financial institutions may not deny services based on constitutionally protected beliefs or lawful industries.

Regulatory coordination

- The order instructs the following regulators to conduct reviews and submit policy revisions:
 - Federal Reserve
 - FDIC
 - OCC
 - CFPB

- NCUA
- SBA

Broader regulatory context

- The initiative formed part of a broader deregulatory agenda emphasizing reduction of supervisory burdens and focusing regulation on capital, liquidity, and financial safety metrics.

Strategic impact:

- Potential removal of reputational risk considerations from supervisory examinations.
 - Expanded scrutiny of prior bank account closures linked to political or industry considerations.
 - Potential rulemaking updates across prudential regulators.
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2. Federal Banking Agencies

Federal Reserve Board

Resolution Planning Disclosure

On August 5, 2025 the Federal Reserve and FDIC released public portions of resolution plans submitted by:

- Eight large domestic banking organizations
- Fifty six foreign banking organizations

These plans describe strategies for orderly resolution in the event of financial distress.

Key regulatory implications:

- Continued implementation of the post financial crisis “living will” regime.
- Focus on operational continuity, liquidity planning, and cross border resolution strategies.

Supervisory Policy Changes

Novel activities supervision program

The Federal Reserve announced plans to sunset its specialized “novel activities supervision program,” shifting oversight of emerging activities back to the standard supervisory process.

Scope included:

- digital asset activities
- fintech partnerships
- emerging financial technology services

Purpose:

- integrate emerging activities into traditional supervisory frameworks.

Enforcement actions

Two public enforcement actions occurred during August involving former bank employees at:

- Regions Bank
- First Horizon Bank

These cases involved misconduct and violations of banking laws tied to employee conduct.

Federal Deposit Insurance Corporation

Resolution Plan Coordination

The FDIC jointly released resolution plan sections with the Federal Reserve on August 5.

The process evaluates:

- recovery and resolution planning
- operational resilience
- systemic risk mitigation.

Enforcement actions

The FDIC published administrative enforcement actions taken during August 2025.

Summary of actions:

- 14 enforcement orders
- 1 formal notice

Types of actions included:

- 2 prohibition orders
- 3 consent orders
- 3 consent order terminations
- 6 termination orders covering 100 waiver orders.

These actions typically involve:

- unsafe or unsound banking practices
- regulatory violations
- compliance deficiencies.

Office of the Comptroller of the Currency

Enforcement action announcements

The OCC issued enforcement actions during August 2025 including a formal agreement with:

First National Bank and Trust Company
Clinton, Illinois

The enforcement agreement cited deficiencies in:

- capital management
- strategic planning
- liquidity management
- contingency funding planning.

Purpose:

- require corrective action by bank management and boards.
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3. Consumer Financial Protection

CFPB

Although August 2025 saw fewer major rulemakings due to organizational and funding constraints, several ongoing regulatory activities remained active.

Enforcement actions

The CFPB continued enforcement actions targeting:

- deceptive consumer lending practices
- unlawful fee structures
- mortgage servicing violations
- consumer protection violations.

These enforcement proceedings occur through:

- federal district court litigation
- administrative adjudication proceedings.

Policy environment

The agency faced significant funding pressure during 2025 and began reassessing certain regulatory initiatives, including open banking data sharing rules.

4. Financial Stability and Systemic Oversight

Financial Stability Oversight Council

During 2025, the Treasury Department and FSOC signaled a shift toward a lighter regulatory posture emphasizing:

- economic growth
- innovation
- reduced regulatory burden.

The policy direction includes reconsideration of post crisis regulatory frameworks affecting large financial institutions and emerging technologies.

5. Bank Supervision and Regulatory Strategy

Supervisory philosophy shift

Regulators during 2025 moved toward focusing supervision on:

- capital adequacy
- liquidity risk
- material financial exposures.

Supervisory emphasis reduced attention to areas such as:

- ESG related risk frameworks
- reputational risk
- climate risk considerations.

Regulators also reduced the scope of certain supervisory examinations and replaced formal enforcement letters with guidance in some cases.

6. Anti Money Laundering and Financial Crime

FinCEN and Treasury AML policy developments

During 2025 Treasury proposed expanding the role of FinCEN in AML enforcement.

Potential reforms included:

- allowing FinCEN to override findings by prudential regulators
- centralizing AML enforcement authority
- prioritizing drug trafficking related financial crime enforcement.

The reforms aim to modernize enforcement of the Bank Secrecy Act and strengthen financial crime detection.

7. Crypto Asset and Digital Finance Oversight

Federal banking regulators issued statements during 2025 addressing:

- banks engaging in crypto asset services
- third party custodial relationships
- operational and legal risks associated with digital asset activities.

Banks remain responsible for third party activities performed on their behalf under supervisory guidance.

8. Major Regulatory Themes in August 2025

1. Anti Debanking Policy

A central policy theme involved federal efforts to prevent politically motivated denial of banking services.

2. Deregulatory Banking Supervision

Federal regulators continued moving toward reduced regulatory burden and narrower supervisory focus.

3. Resolution Planning and Systemic Risk Oversight

Large bank living will disclosures continued under Dodd Frank resolution planning requirements.

4. Enforcement Activity

Agencies maintained enforcement activity involving unsafe banking practices and regulatory violations.

5. Emerging Technology Oversight

Supervision of fintech and crypto activities shifted toward integration within standard supervisory frameworks.

9. Institutions and Regulatory Bodies Impacted

Key agencies participating in the August 2025 regulatory developments included:

Prudential regulators

- Federal Reserve
- FDIC
- OCC
- NCUA

Consumer protection regulator

- CFPB

Financial intelligence and sanctions

- Treasury Department
- FinCEN
- OFAC

Financial stability authorities

- FSOC
- OFR

Law enforcement and oversight

- Department of Justice
- GAO

Cybersecurity and technology oversight

- CISA
- NIST

Industry policy groups

- ABA
- ICBA
- BPI
- SIFMA
- CUNA

10. Strategic Implications for Financial Institutions

Compliance

Institutions must prepare for potential regulatory changes removing reputational risk considerations from supervisory frameworks.

Governance

Boards and compliance functions must maintain strong controls in capital planning, liquidity risk management, and strategic oversight.

Consumer policy

Banks may face additional scrutiny regarding account closures or service denials.

Technology oversight

Banks engaging in crypto or fintech partnerships remain responsible for third party operational risk.

AML compliance

Future reforms could centralize enforcement authority under Treasury and FinCEN.