



Federal & State Banking and Financial Regulatory Intelligence Report

April 2026

Coverage period: March 1–31, 2026

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Sections	15 sections covering all listed federal and state regulatory source families

Executive Summary

Key March 2026 themes: (1) Three interagency capital rule proposals — Basel III endgame, GSIB surcharges, and the standardized approach — with the OCC estimating a 6.9% aggregate reduction in binding capital requirements; (2) Executive Order on Promoting Access to Mortgage Credit directs sweeping reforms to QM, TRID, HMDA, appraisals, and FHLB programs; (3) SEC and CFTC sign a landmark memorandum of understanding and issue a joint crypto-asset interpretive release; (4) FDIC rescinds its 2009 failed-bank acquisition policy to allow nonbank bidding; (5) FOMC holds at 3.50–3.75% amid the Iran conflict energy shock and elevated inflation; (6) DOJ secures a \$68 million Colony Ridge fair lending settlement; (7) NYDFS proposes BNPL registration rules; (8) Iran-linked cyber threats prompt CISA Emergency Directive 26-03; (9) OFAC issues Russia, Hizballah, and cartel sanctions actions; (10) Federal Reserve formally proposes codifying the removal of reputation risk from supervision.

March 2026 was a defining month for the U.S. banking and financial regulatory landscape — marked by the most significant capital reform proposals since the post-financial-crisis era, a presidential executive order comprehensively addressing mortgage market access, a landmark SEC–CFTC regulatory harmonization pact, a major fair lending enforcement settlement, and geopolitically driven cybersecurity threats tied to the U.S.–Israel military engagement with Iran.

The Federal Reserve held rates steady at 3.50–3.75% as the FOMC navigated elevated inflation and labor market softness compounded by energy price shocks from the Iran conflict. The administration's deregulatory agenda advanced across multiple fronts — from capital rules and licensing to supervisory philosophy — while state regulators, particularly New York and California, remained assertive, increasingly filling spaces vacated by retreating federal enforcers.

Agencies used March 2026 for policy repositioning rather than crisis response: reducing or refining supervisory burdens while preserving active enforcement, consumer-compliance monitoring, and cyber and crypto oversight. Six practical themes defined the month: capital reform moved from speeches into formal proposals; tokenized securities received clearer prudential treatment; agencies continued simplifying governance and licensing requirements; sanctions, AML, and fraud monitoring intensified; cyber and AI governance expectations rose; and state regulators aligned their commentary around supervisory tailoring and digital assets.

I. Federal Banking & Prudential Regulation

A. Federal Deposit Insurance Corporation (FDIC)

1. Interagency capital reform proposals — March 19, 2026

On March 19, 2026, the FDIC Board voted unanimously alongside the Federal Reserve and OCC to publish three interconnected notices of proposed rulemaking — the most comprehensive overhaul of U.S. bank capital rules since the post-GFC reforms. Comments are due June 18, 2026.

- Proposal 1 — Category I & II (Basel III endgame): Introduces the expanded risk-based approach (ERBA), replacing the current dual-framework requirement. Applies to the largest banking organizations and those with significant trading activity. Optional adoption available for non-Category I/II banks.
- Proposal 2 — Standardized approach: Reduces the corporate exposure risk weight from 100% to 95% and certain other assets from 100% to 90%. Removes the required capital deduction for mortgage servicing asset (MSA) concentrations.
- Proposal 3 — GSIB surcharge revisions: Modifies Method 2 coefficients, introduces annual GDP-based indexing, and revises the short-term wholesale funding systemic indicator calculation.

Comptroller Gould estimated an aggregate 6.9% reduction in minimum binding capital requirements for OCC-supervised banks under the standardized approach. Category III and IV institutions (over \$100B in assets) would be required to recognize accumulated other comprehensive income (AOCI) — including unrealized gains and losses on available-for-sale securities — in regulatory capital. The Federal Reserve voted 6-1, with Governor Michael Barr as the lone dissent.

2. FDIC rescinds 2009 failed bank acquisition policy — March 19, 2026

The FDIC Board rescinded its 2009 Statement of Policy on the Qualifications for Failed Bank Acquisitions. The prior policy had deterred private equity and nonbank entities through cross-guarantee, capital maintenance, and affiliate transaction restrictions. The rescission removes these barriers, broadens competition in future bank failures, and is expected to reduce costs to the Deposit Insurance Fund.

3. Tokenized securities capital clarification — March 5, 2026

The FDIC, Federal Reserve, and OCC issued joint FAQs confirming that an eligible tokenized security generally receives the same capital treatment as its non-tokenized equivalent. The capital rule is technology-neutral — use of distributed ledger technology does not independently affect capital treatment. This removes ambiguity for banks building digital asset and tokenized collateral workflows.

4. Consumer compliance supervisory highlights — 2026

The FDIC issued its 2026 Consumer Compliance Supervisory Highlights (FIL-9-2026), summarizing 2025 examination findings, the most frequently cited violations, and complaint trends for FDIC-supervised institutions. Chairman Travis Hill also delivered a March 11 speech outlining a broader reform agenda around capital, leverage, merger review, and supervisory calibration.

| 5. Enforcement actions and GENIUS Act

The FDIC published February 2026 enforcement actions on March 27, including consent orders and civil money penalty orders. The FDIC also extended the comment period on its GENIUS Act stablecoin application procedures proposal, reflecting complexity and ongoing industry engagement.

| 6. CRA, community outreach, and quarterly banking profile

Additional March FDIC activities: issuance of the list of banks examined for CRA compliance (March 5); CRA examination schedules for Q2 and Q3 2026 (February 27); approval of the deposit insurance application for Edward Jones Bank, Salt Lake City, Utah (February 27); and a Banker Roundtable in Florida (March 30) focused on Bank On account access alignment. FDIC-insured institutions reported return on assets of 1.24% and net income of \$77.7 billion for Q4 2025.

B. Office of the Comptroller of the Currency (OCC)

| 1. Capital proposals — Comptroller Gould's statement

Comptroller Jonathan V. Gould characterized the three capital proposals as resetting the regulatory risk tolerance for the banking system, estimating a 6.9% reduction in binding capital requirements for OCC-supervised banks under the standardized approach and 3.4% for the very largest banks under the ERBA. The proposals reflect a principled recalibration from the prior administration's Basel III endgame approach, which had drawn significant industry opposition.

| 2. Community bank licensing amendments — final rule (March 3, 2026)

OCC Bulletin 2026-6 issued a final rule simplifying licensing for community national banks and federal savings associations under \$30B in assets. It creates a new "covered community bank" definition with access to all currently available expedited or reduced filing procedures. Effective 30 days after Federal Register publication.

| 3. Recovery planning guidelines rescinded — March 31, 2026

The OCC rescinded recovery planning guidelines for certain large insured national banks, federal savings associations, and federal branches, presenting the change as burden reduction while directing firms back to broader risk management and contingency funding expectations.

4. OCC enforcement actions — March 2026

- Order of Prohibition against Tabitha McCallister, former client service representative at Old National Bank, Evansville, Indiana, for unauthorized withdrawals totaling over \$19,000 (AA-CE-2026-11).
- Order terminating consent order against Heritage Bank, N.A., Spicer, Minnesota (AA-WE-2024-24), terminated via AA-WE-2026-10.
- Order terminating formal agreement with 1st National Bank, Lebanon, Ohio (July 2024).
- Order terminating formal agreement with Touchmark National Bank, Alpharetta, Georgia (AA-SO-2024-25), terminated via AA-SO-2026-12.

5. Mortgage performance and community bank workshops

The OCC reported that 97.5% of its Q4 2025 mortgage portfolio was current and performing, up from 97.4% in Q4 2024 (March 30). Servicers initiated 7,519 new foreclosures and completed 5,888 modifications, a 39% decline from Q3 attributed to changes in secondary market investor loss mitigation programs. On March 18, the OCC opened registration for its 2026 in-person director and senior management workshops for community national banks and federal savings associations.

C. Federal Reserve Board of Governors

1. FOMC March 17–18, 2026: rates held at 3.50–3.75%

The FOMC held the federal funds rate target range unchanged at 3.50–3.75% — the second consecutive pause following three 25 basis point cuts in the second half of 2025. The vote was 10-1, with Governor Stephen Miran dissenting in favor of a cut. The interest rate on reserve balances was maintained at 3.65%, effective March 19, 2026. The Committee cited elevated economic uncertainty, including the implications of the U.S.–Israel conflict with Iran and resulting energy price shocks.

FOMC metric	March 2026 value
Rate decision	Hold at 3.50–3.75% (second consecutive pause)
Vote	10-1 (Miran dissented, preferred 25 bps cut)
IORB rate	3.65%, effective March 19, 2026
Median 2026 FFR projection	3.4% (dot plot; one cut anticipated)
GDP outlook (2026)	2.4% (revised up from 2.3% in December)
Core PCE (2026)	2.7% (up from 2.5% in December)
QT status	Treasury and agency MBS principal reinvested into Treasury bills
Key risk factors	Iran war energy shock; tariff inflation; softening labor market

| 2. Reputation risk proposed rule — comment period through April 27, 2026

Building on its June 2025 removal of reputation risk from examination programs, the Fed published a notice of proposed rulemaking (Docket No. R-1884) on February 26, 2026 to formally codify this removal. The proposal prohibits the Board from compelling supervised banking organizations to deny financial services based on constitutionally protected political or religious beliefs, or involvement in legally disfavored but lawful business activities. Vice Chair Bowman cited "troubling cases of debanking."

| 3. Mergers, enforcement terminations, and speeches

- March 5: Termination of the 2018 enforcement action with Wells Fargo.
- March 11: Merger approval for FirstSun Capital Bancorp and Associated Banc-Corp.
- March 12: Merger approval for Home BancShares.
- March 19: Capital proposals advanced with a 6-1 vote; GSIB surcharge separately published March 27 (FR Doc. 2026-05961).
- March 26: EGRPRA hybrid public outreach meeting held; Morgan Stanley Bank, N.A. Section 23A exemption joint findings announced.
- March 31: Governor Barr spoke on stablecoins; Vice Chair Bowman on small business lending; Vice Chair Jefferson on the economic outlook and energy effects; Governor Miran on balance sheet reduction.

| 4. Stress testing — 2026 scenarios finalized

The Federal Reserve finalized baseline and severely adverse scenarios for its 2026 DFAST supervisory stress test, and simultaneously voted to maintain current stress test-related capital requirements until pending public feedback on proposed transparency reforms could be fully considered.

D. Consumer Financial Protection Bureau (CFPB)

| 1. Operational status — reduced exam activity and funding dispute

A U.S. District Court ruling in January 2026 held that OMB Director Vought could not unilaterally decline to request CFPB funding under Dodd-Frank. Despite this, staffing remained significantly reduced and examination activity continued at a diminished pace, prioritizing servicemember and veteran consumer protections.

| 2. March 2026 enforcement actions

- March 4: Action involving National Collegiate Student Loan Trusts and Transworld Systems over debt collection lawsuits.

- March 9: Charges against TransUnion and a senior executive for violating a prior law enforcement order.
- March 13: Lawsuit against Navient highlighting broad student loan servicing failures.
- Colony Ridge: CFPB dismissed all its claims (February 10, 2026), consistent with the Trump-era CFPB's withdrawal from inherited enforcement actions.

| 3. Consumer complaint portal update and HMDA data release

The CFPB updated its consumer complaint portal for credit reporting disputes, adding an attestation requirement. Consumers must now dispute directly with a credit reporting agency and wait up to 45 days before filing with the Bureau — targeting bot activity and mass dispute filings. Core FCRA furnisher obligations remain unchanged. The CFPB also made 2025 HMDA data available through the FFIEC HMDA platform in March 2026, directly relevant to fair lending and mortgage market analysis.

| 4. Mortgage executive order directives

The March 13 executive order directed the CFPB to consider expanding QM definitions (potentially including a broader safe harbor for portfolio loans), replacing TRID timing rules with a materiality-based standard, exempting small-balance mortgages from QM points-and-fees caps, and modernizing HMDA data collection to reduce burden and protect privacy.

E. National Credit Union Administration (NCUA)

| 1. Deregulation project — rounds 7 and 8 (March 10 & 24, 2026)

The NCUA announced its seventh and eighth rounds of deregulation proposals, including changes to indirect auto loan participation, supervisory committee audit requirements, and board expertise requirements. Core safety, soundness, and information security obligations remain unchanged — the focus is on regulatory clarity and reduced prescriptive mechanics.

| 2. New charter application system and enforcement

The NCUA released Phase 1 of a new charter application system focused on preliminary field of membership approval on March 30. On March 31, the NCUA announced two conviction-based prohibition orders. The 18% federal credit union loan rate ceiling remained in effect.

F. Federal Financial Institutions Examination Council (FFIEC)

The FFIEC published its 2025 Annual Report on March 19, 2026, highlighting the continuing central role of the BSA/AML InfoBase and IT Examination Handbook InfoBase. Multiple reporting forms were updated for the March 31 reporting date, and the UBPR Interest Rate Risk Analysis page structure

changed effective approximately March 2. The FFIEC HMDA platform published 2025 loan-level data in March 2026. CRA data for 2025 were due March 2, 2026, as March 1 fell on a Sunday.

II. Financial Markets & Securities Regulation

A. Securities and Exchange Commission (SEC) and CFTC

1. SEC-CFTC memorandum of understanding — March 11, 2026

SEC Chairman Paul S. Atkins and CFTC Chairman Michael S. Selig signed a landmark memorandum of understanding (MOU) establishing a coordinated regulatory relationship across areas of overlapping jurisdiction. Chairman Atkins declared: "The regrettable era of duplicative enforcement actions and conflicting remedial obligations for the same conduct is over." Both agencies simultaneously created a Joint Harmonization Initiative covering six priority areas:

- Clarifying product definitions through joint interpretations and rulemakings
- Modernizing clearing, margin, and collateral frameworks
- Reducing regulatory frictions for dually-registered exchanges, trading venues, and intermediaries
- Providing a fit-for-purpose regulatory framework for crypto assets and other emerging technologies
- Streamlining regulatory reporting for trade data, funds, and intermediaries
- Coordinating cross-market examinations, economic analyses, risk monitoring, surveillance, and enforcement

2. Joint crypto-asset interpretive release — March 17, 2026

The SEC issued a landmark interpretive release (Release Nos. 33-11412; 34-105020), jointly endorsed by the CFTC, providing the most comprehensive federal clarity yet on which crypto assets are securities and which are commodities. The release establishes a taxonomy for crypto assets, supersedes prior SEC staff statements, replaces regulation by enforcement, and applies prospectively. Chairman Selig confirmed the CFTC will administer the Commodity Exchange Act consistent with the SEC's interpretation.

3. Additional SEC actions

- March 27: SEC approved an amendment to the National Market System plan to further reduce costs of the Consolidated Audit Trail (CAT).
- Enforcement: Continued "back-to-basics" focus on fraud, insider trading, market manipulation, and investment adviser fiduciary breaches.
- Ongoing: Senior SEC remarks emphasized movement away from regulation by enforcement toward explicit rule updates for digital asset markets.

B. Federal Trade Commission (FTC)

On March 17, the FTC announced over \$10.9 million in payments to consumers harmed by a credit repair pyramid scheme. On March 26, FTC Chairman Ferguson sent warning letters to PayPal, Stripe, Visa, and Mastercard regarding deplatforming and access to financial services — framing the issue as a potential FTC Act matter where conduct diverges from terms of service or consumer expectations. This reinforces the administration's anti-debanking posture and aligns with the Fed's pending reputation risk codification.

III. Treasury, Sanctions & Financial Intelligence

A. U.S. Department of the Treasury and FSOC

Treasury released an AI Lexicon and Financial Services AI Risk Management Framework in March 2026, providing sector-specific AI governance guidance for financial institutions. The March 25 FSOC quarterly meeting covered banking-sector conditions, household finances, market developments, AI investment, private credit, and geopolitical risk. The Council unanimously approved proposed interpretive guidance on nonbank financial company designations for Federal Register publication. Comptroller Gould used the meeting to support a more restrained, law-focused approach to nonbank designation.

B. OFAC sanctions updates — March 2026

1. Russia-related sanctions activity

- March 2: Russia-related designations removals; Lebanon designation removal
- March 20 and 26: Global Magnitsky and Russia-related designations removals
- March 30: Counter narcotics and Russia-related removals; amended Russia-related general license and updated FAQs issued
- March 31: Sanctions advisory published on sham transactions and sanctions evasion; Venezuela-related FAQ updated

2. Hizballah financial network designations — March 26, 2026

OFAC designated a network of 16 individuals and entities led by Hizballah financier Alaa Hassan Hamieh, operating across Lebanon, Syria, Poland, Slovenia, Qatar, and Canada — estimated to have diverted over \$100 million for Hizballah since 2020. Treasury framed the action within its broader Iran counter-terrorism strategy.

3. Sanctions evasion advisory — March 31, 2026

OFAC published a sanctions advisory on sham transactions and sanctions evasion, directly relevant to financial institutions conducting OFAC compliance screening, particularly for Russia-adjacent and Venezuela-related transactions. The SDN list showed an update date of March 27, 2026.

C. Financial Crimes Enforcement Network (FinCEN)

1. Southwest border geographic targeting order — March 10, 2026

FinCEN expanded its Southwest Border Geographic Targeting Order, broadening cash reporting obligations for covered money services businesses in specific Texas and California counties through September 2, 2026.

| 2. Whistleblower rule proposed and health care fraud advisory — March 30, 2026

FinCEN proposed its whistleblower award program rule on March 30, providing financial incentives for AML and sanctions violation reporting. Advisory FIN-2026-A001 addressed health care fraud schemes targeting Medicare, Medicaid, and other public benefit programs. Treasury amplified the same threat on March 26, urging voluntary SAR filing and immediate law enforcement notification.

| 3. Canaccord Genuity penalty — approximately \$80 million

FinCEN imposed approximately \$80 million in penalties against Canaccord Genuity for BSA/AML violations related to providing trading services to stock scammers and failing to identify customers who aided sanctioned Russian oligarchs. (A March 31 correction revised the initially reported \$120 million figure.) This action reinforces enhanced due diligence expectations for customers linked to sanctioned persons.

| 4. Beneficial ownership information — eased requirements

FinCEN eased BOI collection requirements during March 2026 — notable given ongoing legal uncertainty surrounding Corporate Transparency Act obligations. Financial institutions should review updated FinCEN guidance to understand current obligations.

IV. Housing Finance, Federal Oversight & Stability

A. Federal Housing Finance Agency (FHFA)

- March 9: Fair lending, fair housing and equitable housing finance plans rule repeal became effective. Statutory affordable housing goals and Duty to Serve programs remain in place.
- March 18: Fannie Mae and Freddie Mac directed to remove certain homeowners insurance requirements to reduce borrower costs.
- March 25: House Price Index showed U.S. house prices up 0.1% in January 2026, up 1.6% year over year.
- Mortgage EO directives: FHFA to consider expanding longer-dated FHLB advances, modernizing collateral valuation systems, creating targeted FHLB liquidity programs for entry-level housing, refocusing FHLB AHP on faster-cycle execution, and authorizing FHLBs' intermediate access to the Fed's discount window.

B. HUD, FSOC, and GAO

- HUD (March 24): Launched a Fair Housing Act investigation into Washington State's Covenant Homeownership Program. March 13 messaging combined selective fair housing intervention with deregulatory housing affordability priorities.
- FSOC (March 25): Quarterly meeting covered proposed nonbank designation framework, household financial resilience, consumer credit conditions, and fraud implications for financial stability. Council unanimously approved proposed interpretive guidance on nonbank designations for Federal Register publication.
- GAO (March 26): Released audit of the FDIC funds' 2025 and 2024 financial statements and a report on U.S. banking agencies' participation in a climate risk network. The open investigation into FHFA Director Pulte's mortgage fraud criminal referrals continued.

V. Federal Enforcement & Justice

A. DOJ — Colony Ridge \$68 million fair lending settlement

The Department of Justice Civil Rights Division secured a \$68 million settlement with Colony Ridge Land LLC and affiliates, resolving the DOJ's first "reverse redlining" case under the Fair Housing Act and ECOA. Colony Ridge had sold over 12,000 land installment contracts in Liberty County, Texas, targeting Spanish-speaking borrowers with:

- Marketing conducted almost exclusively in Spanish, using national flags and Latin music on social media
- Interest rates of 10.9%–12.9% during a period when comparable 20-year fixed rates were 2.35%–4.05%
- Sales of frequently flood-prone land lacking water, sewer, and electricity infrastructure
- Failure to verify applicants' ability to repay, resulting in extremely high default and foreclosure rates

The \$68 million is unusually structured: \$48 million funds infrastructure improvements (drainage, flood control, roads, water and sewer) and \$20 million funds increased law enforcement presence — including potential immigration enforcement via 287(g) agreements. No funds are directly earmarked for individual borrower restitution. The CFPB, which originally co-filed the case, dismissed its claims on the settlement date.

The Colony Ridge settlement signals that DOJ fair lending enforcement — while narrower under the current administration — will continue when violations are egregious and can be framed within administration policy priorities. When regulators do pursue violations, the financial consequences may be steeper than historical precedent suggests.

VI. Federal Cybersecurity & Technology

A. CISA — Emergency Directive 26-03, Iran alerts, and KEV catalog

CISA issued Emergency Directive 26-03 directing federal agencies to inventory SD-WAN systems and apply mitigations for actively exploited vulnerabilities CVE-2026-20127 and CVE-2022-20775. The U.S.-Israel conflict with Iran prompted CISA and state financial regulators to issue heightened cybersecurity alerts throughout March. On March 19, CISA and the FBI issued a public service announcement on Russian intelligence services targeting commercial messaging application accounts. CISA added new vulnerabilities to its KEV catalog on March 20 and March 27. Recommended actions for financial institutions:

- Mitigate security vulnerabilities to reduce access points for bad actors
- Monitor web traffic to identify potential DDoS attacks on network infrastructure
- Remove or reduce devices connected to the public internet and disable unused ports
- Review and test incident response procedures and playbooks immediately
- Assess SD-WAN deployments for CVE-2026-20127 and CVE-2022-20775 per Emergency Directive 26-03

| CIRCIA rulemaking — town halls launched March 9

CISA held virtual town hall meetings beginning March 9 to gather input on the Cyber Incident Reporting for Critical Infrastructure Act (CIRCIA) notice of proposed rulemaking. Financial institutions expected to be directly affected by CIRCIA's incident reporting requirements should engage in the input process.

B. NIST and White House AI and cyber policy

- March 23: NIST published two new CSF 2.0 quick start guides, including guidance on informative references.
- March 6: NIST AI program hosted a webinar on the international AI standards landscape.
- March 6: White House executive action focused on cybercrime, fraud, and predatory schemes — relevant to financial institution fraud prevention programs.
- March 20: White House National AI Legislative Framework outlining recommendations for federal AI policy — relevant to AI governance architecture at banks and fintechs.
- March 2026: Treasury released an AI Lexicon and Financial Services AI Risk Management Framework — sector-specific guidance for AI in credit decisioning, fraud detection, and compliance.

VII. Executive Branch Policy

A. Executive Order — Promoting Access to Mortgage Credit (March 13, 2026)

President Trump signed two executive orders on March 13, 2026. The mortgage EO directed federal financial regulators to consider broad revisions to the post-Dodd-Frank mortgage compliance framework, with particular emphasis on community banks (under \$30B) and "smaller banks" (under \$100B). Published in the Federal Register on March 18, 2026 (Vol. 91, No. 52). Key directives:

- CFPB: Expand QM definitions (potentially including a broader safe harbor for portfolio loans); replace TRID timing rules with a materiality-based standard; exempt small-balance mortgages from QM points-and-fees caps; modernize HMDA reporting; raise HMDA asset exemption thresholds.
- Banking regulators: Revise supervisory guidance to focus on prudent underwriting over technical process compliance; reserve enforcement for borrower harm or repeated misconduct; expand AVMs, desktop and hybrid appraisals; reduce requirements for low-risk transactions.
- FHLB system: Expand longer-dated FHLB advances for mortgage assets; create targeted FHLB liquidity programs; authorize FHLBs' intermediate discount window access.
- Licensing: Eliminate duplicative NMLS/SAFE Act requirements for smaller bank mortgage loan officers.

B. Executive Order — Removing Regulatory Barriers to Affordable Home Construction (March 13, 2026)

The companion construction EO directed the EPA, Army Corps of Engineers, HUD, FHFA, Department of Agriculture, Department of Transportation, and Department of Energy to eliminate burdensome residential construction regulations. It called for review of stormwater, wetlands, and water-related permitting requirements and set a 60-day deadline for developing best practices for state and local governments.

C. 21st Century ROAD to Housing Act — Senate passage (March 12, 2026)

The U.S. Senate passed the 21st Century ROAD to Housing Act on March 12, 2026 — a bipartisan bill that includes a ban on large institutional investors purchasing single-family homes. The bill advanced to the House, including community bank regulatory relief provisions not present in prior House-passed housing legislation.

VIII. Accounting, Audit & Financial Standards

A. FASB — March 2026 project activity

FASB board direction in March included a final ASU for initial measurement of paid-in-kind dividends on equity-classified preferred stock and continued deliberations on accounting for debt exchanges. Financial institutions continued implementing ASC 326 (CECL) for any remaining adopters.

B. PCAOB — inspections and strategic priorities

The PCAOB posted four new inspection reports and one expanded report on March 19, then requested public comment on its strategic priorities and announced 2026 forums for auditors of small businesses and broker-dealers. Bank auditing — covering loan portfolios, investment securities, MSRs, and capital rule transition effects — remained in focus.

IX. Industry & Trade Organization Responses

A. American Bankers Association (ABA)

ABA welcomed the three capital proposals, stating they would "enable banks of all sizes to make more loans to American businesses and households." ABA's Washington Summit ran March 9–11, 2026. ABA Foundation launched the "Rebuild Right: Safe Credit Recovery and Responsible Debt Solutions" consumer education campaign. The ECCHO Rules for 2026 became effective March 1.

B. Independent Community Bankers of America (ICBA)

ICBA concentrated March advocacy on community bank relief, capital tailoring, de novo bank formation, and opposition to OCC trust charter changes. ICBA supported the OCC community bank licensing rule simplification and the mortgage EO provisions reducing community bank lending burdens.

C. Bank Policy Institute (BPI) and The Clearing House (TCH)

BPI described the March 19 Basel package as "a revamped, more risk sensitive proposal" and pressed for liquidity reform and stronger recognition of discount window access as a complement to capital buffers. BPI and TCH also highlighted the March 1 effectiveness of the 2026 ECCHO Rules and urged a clearer path regarding Federal Reserve Bank check services.

D. MBA, CSBS, and other industry bodies

The Mortgage Bankers Association (MBA) supported the mortgage EO's goals while emphasizing relief should apply to all lender types — including independent mortgage banks serving the majority of FHA, VA, and Rural Housing borrowers. The Conference of State Bank Supervisors (CSBS) published a March 3 supervisory framework essay, a March 16 50-state survey of consumer finance laws, and March 27 support for a Ninth Circuit decision upholding state interest-on-escrow laws.

X. State Banking Regulators

A. New York Department of Financial Services (NYDFS)

- BNPL proposed rules (March 3): Proposed rules requiring BNPL providers to register with NYDFS, implementing Governor Hochul's FY2026 budget law. Represents a significant expansion of state BNPL regulation.
- Cybersecurity examinations: NYDFS signaled heightened scrutiny for Part 500 compliance following the November 2025 final requirements (MFA expansion and asset inventory). New FAQs 18–23 issued on implementing compliant MFA.
- Money transmitter multistate action (March 20): NYDFS joined a CSBS/MTRA multistate enforcement against a money transmitter that had failed to satisfy outstanding transmission liabilities, illustrating expanding coordinated state fintech enforcement.
- Iran cybersecurity alert: NYDFS urged regulated entities to adopt a "heightened threat environment" posture and ensure Part 500 compliance in response to the Iran conflict.

B. California Department of Financial Protection and Innovation (DFPI)

- Enforcement: Unchained (crypto lender) fined \$200,000 for violating the California Financing Law — risky bitcoin-based loans without ability-to-repay verification.
- Enforcement: Coinme (crypto kiosk operator) ordered to refund an additional \$175,000 to consumers unlawfully overcharged.
- Crypto licensing: DFPI began accepting online license applications under the Digital Financial Assets Law starting March 9, 2026.
- M&A: United Security Bank (Fresno) approved to merge with Community West Bank. SMBC Manubank filed to sell its Jenius Bank digital banking business to Axos Bank.
- Annual reporting: CCFPL and Commercial Financing Annual Reports due March 15; Holden Act HMDA reports due March 31.
- Coalition action: DFPI and California AG joined 23 attorneys general opposing federal rules that would block California's mortgage escrow interest rate law.
- Iran and cyber: DFPI urged California-licensed financial institutions to maintain heightened cyber awareness; FS-ISAC coordinating continuous financial sector intelligence.

C. Additional state activity — March 2026

- Texas: Colony Ridge settlement filed February 10; court consideration March 6. Texas Department of Banking issued a March 9 cyber hygiene alert and a March 31 consent order relating to INX Digital, Inc.

- Illinois: IDFPB regulatory developments generating compliance obligations for banks, credit unions, and mortgage companies under state law.
- Florida: FDIC hosted a Banker Roundtable on March 30 focused on Bank On account access alignment.
- Multi-state: State banking departments monitoring capital proposals for implications on state-chartered institutions, particularly the AOCI inclusion requirements for institutions over \$100B.

XI. State Attorneys General — Consumer Protection

A. Multi-state coalition and individual AG actions

- Mortgage escrow interest coalition: DFPI, California AG, and 23 attorneys general jointly opposed proposed federal rules that would block California's mortgage escrow interest rate law. A March 27 Ninth Circuit decision upholding state interest-on-escrow laws bolstered the coalition.
- New York AG Letitia James: Continued active consumer financial enforcement; a federal judge dismissed charges stemming from FHFA Director Pulte's controversial mortgage fraud criminal referral.
- Colony Ridge: Texas AG Ken Paxton was a co-plaintiff in the \$68 million settlement, publicly framing the resolution around immigration enforcement.
- Multistate money transmitter: Multiple state attorneys general and financial regulators coordinated through CSBS and MTRA in the NYDFS-led March 20 money transmitter enforcement action.

B. Fair lending under state law

Illinois, New York, California, and Massachusetts attorneys general maintained active fair lending enforcement programs. A federal court in Illinois dismissed a class action disparate impact mortgage case during Q1 2026, requiring plaintiffs to demonstrate a specific policy causing the statistical disparity — not merely pointing to outcome gaps. This ruling is significant for fair lending litigation strategy across circuits.

XII. Risk, Compliance & Governance Implications

A. Capital compliance planning — three interagency proposals

- Category I and II organizations: Model capital ratios under ERBA versus the current dual-framework. ERBA eliminates the requirement to report the more conservative result.
- All banking organizations: Model revised risk weights for residential mortgages, corporate exposures, MSAs, and AOCI inclusion (institutions over \$100B).
- Community banks: Assess whether optional ERBA adoption provides capital efficiency benefits relative to current portfolios.
- GSIBs: Model the impact of revised Method 2 coefficients and annual GDP-based indexing.
- Comment deadline June 18, 2026: Prepare substantive comment letters addressing material impacts to lending capacity, capital planning, and competitive dynamics.

B. Mortgage regulatory change tracking

The mortgage EO creates an extensive forward rulemaking agenda. Establish tracking processes for CFPB Regulation Z amendments (QM, TRID, points-and-fees, ATR/QM), HMDA threshold and data element changes, banking agency supervisory guidance revisions (underwriting philosophy, appraisal modernization), FHLB access and AHP reforms, and NMLS/SAFE Act licensing requirements. Existing rules remain fully in effect — do not modify compliance programs based on the EO alone.

C. Reputation risk and debanking posture

The Federal Reserve's proposed codification of reputation risk removal (comment period through April 27, 2026) aligns with OCC, FDIC, and NCUA actions already taken. Risk frameworks that use "reputation risk" categorizations tied to politically disfavored activities should be assessed and recharacterized. Underlying substantive obligations — BSA/AML, legal, and strategic risk — remain; only the supervisory label changes.

D. Cybersecurity — Iran conflict heightened posture

- Review and test incident response procedures immediately — DDoS, credential theft, and ransomware tabletop scenarios
- Assess SD-WAN deployments for CVE-2026-20127 and CVE-2022-20775 per CISA Emergency Directive 26-03

- Verify NYDFS Part 500 MFA and asset inventory compliance (final requirements effective November 1, 2025)
- Review FS-ISAC threat intelligence sharing memberships and information access channels
- Coordinate with state regulators (DFPI, NYDFS, Texas Department of Banking) on jurisdiction-specific cybersecurity guidance

E. Crypto-asset regulatory clarity – SEC/CFTC taxonomy

- Map existing crypto activities to the new SEC/CFTC joint interpretive release taxonomy to determine the applicable regulatory framework
- Review custody, trading, and advisory activities against the OCC's permissibility framework (Interpretive Letters 1170, 1172, 1174, 1183, 1184, 1186, 1188)
- Apply March 5 tokenized securities capital FAQs to digital asset balance sheet treatment and capital planning
- Monitor the SEC/CFTC MOU Joint Harmonization Initiative for forthcoming joint rulemakings on product definitions, clearing, and reporting

XIII. Payments & Financial Technology

A. BNPL — state regulation expanding

NYDFS's March 3 BNPL proposed rules represent a significant expansion of state-level regulation. Financial institutions offering or facilitating BNPL products in New York should monitor this rulemaking closely. California's DFPI has also been active under CCFPL authority, and the CFPB's prior BNPL guidance was deprioritized at the federal level — making state compliance the primary obligation.

B. Digital assets and crypto licensing

California began accepting online license applications for crypto-related activities on March 9, 2026 under the Digital Financial Assets Law. DFPI enforcement actions against Unchained and Coinme in March reinforce that state enforcement remains active even as the federal crypto posture shifts. The GENIUS Act's national stablecoin framework continues to drive industry structuring decisions.

C. Payments infrastructure and deplatforming

The 2026 ECCHO Rules for electronic check clearing became effective March 1, 2026. BPI and TCH continued to press for clarity on Federal Reserve Bank check services and their competitive positioning relative to private-sector clearing. The FTC's March 26 warning letters to PayPal, Stripe, Visa, and Mastercard on deplatforming reinforce expectations for nondiscriminatory account access in payments platforms.

XIV. Regulatory Calendar — April Through June 2026

Date / deadline	Action item
April 27, 2026	Federal Reserve reputation risk proposed rule — comments due (Docket No. R-1884)
April 27, 2026	Colony Ridge settlement — final court approval pending
June 18, 2026	Basel III / Category I-II capital proposal — comments due
June 18, 2026	Standardized approach capital proposal — comments due
June 18, 2026	GSIB surcharge capital proposal — comments due (FR Doc. 2026-05961)
Ongoing Q2	CIRCI NPRM stakeholder process — CISA town halls continuing
Ongoing Q2	GENIUS Act stablecoin application procedures — extended comment period
Ongoing Q2	OCC community bank director workshops — registration open
Ongoing Q2	SEC/CFTC Joint Harmonization Initiative — joint rulemakings in development
Ongoing Q2	Mortgage EO rulemaking agenda — CFPB, OCC, Fed, FDIC, NCUA, FHFA reviews underway
Ongoing Q2	Federal Reserve DFAST 2026 — stress testing underway
Ongoing Q2	NYDFS BNPL proposed rule — comment period and finalization
Ongoing Q2	FinCEN whistleblower program rule — comment period

XV. Conclusion

March 2026 represents a watershed month in the evolution of the U.S. banking and financial regulatory landscape. The simultaneous issuance of three major capital reform proposals, a sweeping mortgage market executive order, the SEC-CFTC harmonization MOU, and the Federal Reserve's formal reputation risk codification proposal collectively signal a comprehensive structural realignment — moving from the post-2008 crisis ethos of maximally prescriptive rules toward a more principles-based, risk-sensitive, and economically calibrated approach.

At the same time, enforcement did not disappear: the DOJ secured the largest fair lending settlement in recent memory (\$68 million), FinCEN pursued significant BSA/AML penalties (approximately \$80 million against Canaccord), and OFAC maintained active sanctions management across multiple

geopolitical fronts. State regulators — particularly NYDFS and DFPI — continued asserting jurisdiction in spaces where federal activity receded.

The Iran conflict introduced a new layer of geopolitical and cybersecurity risk that cuts across all regulatory activity, making cybersecurity resilience not merely a compliance matter but an existential operational priority for financial institutions of all sizes.

Compliance professionals should focus immediate attention on: (1) the capital proposal comment process and internal capital modeling; (2) the mortgage EO rulemaking tracking framework; (3) the heightened cybersecurity posture required by the Iran conflict and CISA directives; (4) the SEC/CFTC crypto taxonomy for digital asset activities; and (5) state regulatory activity as the primary enforcement vector in key consumer financial protection areas.

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