Trimming Your Compliance Program in an Era of Deregulation

What Can't Be Cut

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Every Regulator Moved on Your Exam

OCC eliminated non-statutory exam mandates and streamlined AML procedures

FDIC reduced compliance exam frequency for smaller, lower-risk banks

The Fed is refocused on material financial risk

***Rating-conditional:* CAMELS 1 or 2, well managed, no formal enforcement, no recent change of control**

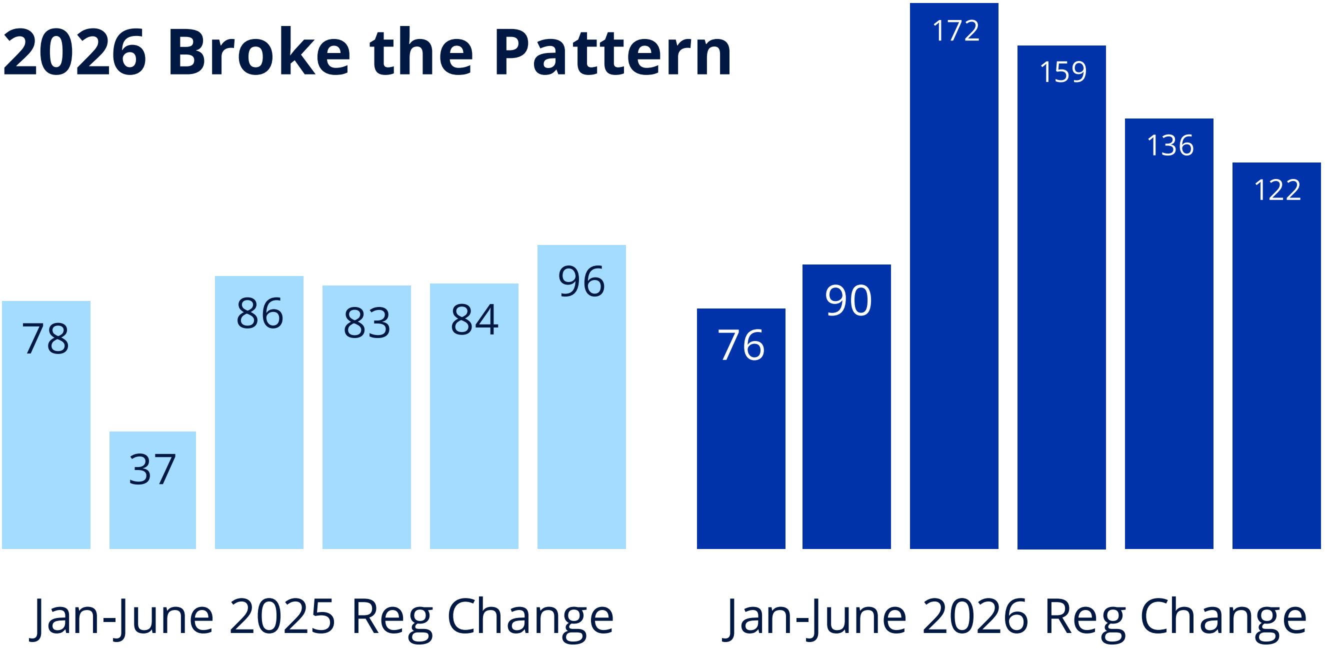
Where We're Headed

1. The Deregulation Myth
2. Risk Doesn't Disappear, It Relocates
3. Trimming the Fat, Not Muscle
4. Applying the Framework
5. Taking it Back to the Boardroom

The Deregulation Myth

Less Regulation = Less Work & Risk

2026 Broke the Pattern



63% Increase

Recent Regulatory Shifts

- FINCEN BOI
- New CRA proposal – no Fed
- CFPB's Semi Annual Rulemaking Agenda

New Rules & Risk Are Arriving Too

Immigration & Ability to Repay

- New CFPB guidance ties repayment risk to work authorization
- Directs lenders to consider immigration in ATR

Debanking

- Examiners are reviewing prior decisions
- High profile and active litigation

Same Playbook, Different Party & Priorities

DEMOCRATIC PARTY		REPUBLICAN PARTY
Junk Fees (2022)	⟷	**Debanking** (2025)
Combating Redlining (2021)	⟷	**Immigration ATR** (2026)

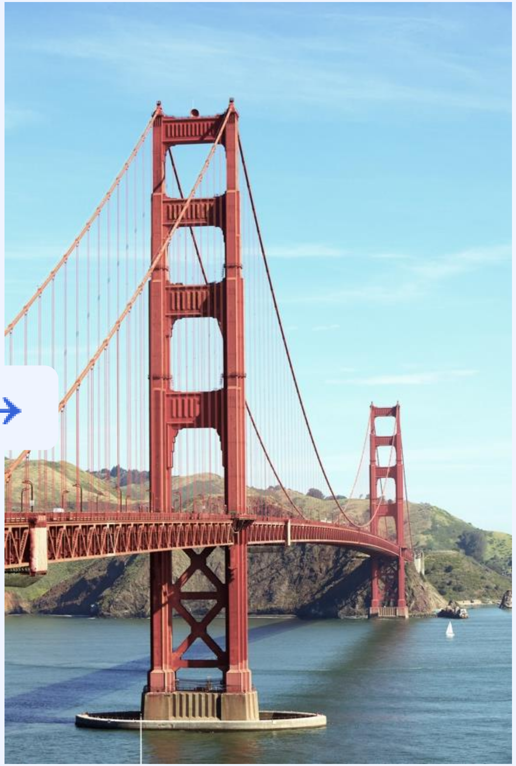
Where the Risk Goes

It Doesn't Disappear, It Relocates

The States Are Filling the Gap

California, New York, Mass., Maryland...

- Section 1042: no CFPB needed
- States are beefing up their UDA(A)P, fair lending laws, and coordinating to tackle emerging risks
- Personnel are moving too



The Pendulum Got Faster

- Recent SCOTUS decision to overturn +90 years of protection to keep agency leadership from consistently turning over
- Cuts & turnover = 1 in 3 believe examiners are less experienced

What Can’t be Cut & Right-Sizing

When it Leads to Trimming Muscle

Re-Delegation, Not Deregulation

“If your controls are strong, examiners will lean on them”

- 1,100+ violations in ~ 800 exams
- $1B+ in restitution → $1.2B
- Root cause: lack of oversight

Where Examiners Are Looking

- Third Party Risk
- Model Risk / AI
- Consumer Compliance
- BSA/AML
- Credit /CRE

Borrowing From Eisenhower

Urgent vs. Important

The Matrix

"Does this advance my ultimate goals?" (**Importance**)

Quadrant 2
Not Urgent & Important

Quadrant 1
Urgent & Important

Quadrant 4
Not Urgent & Unimportant

Quadrant 3
Urgent & Unimportant

Will neglecting this cause an immediate crisis?" (**Urgency**)

Quadrant 2: Important, Not Urgent

- Preventative Activity: Stop issues from happening
- Protect, implement, improve

Quadrant 1: Urgent & Important

- Detective Controls: How you find out something's wrong
- Streamline and focus

Quadrant 3: Urgent, Not (as) Important

- Corrective Controls: Fix issues
- Automate & reduce but don't cut

Quadrant 4: Not Urgent, Not Important

- Redundant and duplicative activity
- Eliminate or significantly reduce effort and cost

Applying the Framework

Plot & Right-Size Based on Risk

Risk-based, not banket. Higher-risk activities get more, not less

Training

Streamline

Policy Management

Automate

Compliance Meetings

Reduce & Flex Async Options

Compliance Testing

Right-size & Automate

Same Control, Smaller Dose

- Loan review: 150 files → a statistically defensible sample
- CIP verification depth
- Marketing and website review depth
- Fair lending audit: 12 months → 18-24, if risk assessment supports it

Same Coverage, Cheaper Delivery

Training

- Explore free and virtual options
- Micro training

Automation

- Delegate and reduce manual work
- Amplify efforts to reduce reliance on new headcount
- Leverage agentic solutions

Better Control Design

- Large wire goes out
- Any manager able to override dual authorization requirement
- The reason the transaction was flagged: the funding account came up short not the original control

Taking It Back to the Boardroom

Two Conversations

C-Suite + Insider Directors

- The line items
- The tactical & strategic argument

Independent Directors

- Risk tolerance
- Are you as comfortable with it as you are with credit risk?

Your Compliance Program Is Part of Your CAMELS Rating

Compliance Risk

Management Component

Composite Rating

Cut one. Move the other.

The Consequences Still Show Up

- Bank failures are still happening
- Formal and informal actions too
- Common theme: lack of oversight

What Self-Detection Is Worth

Tier I

Self-report: avoid prosecution

Tier II

Near miss: 50-75% off

Tier III

Cooperate only: max 50% off

Bringing It Together

The myth that we are in a deregulatory environment with less risk and less work: busted

Highlighted the risk of state-level enforcement, emerging regulations and expectations at the federal-level

Framework to identify important and urgent compliance activity versus what can be reduced

Key information to surface at budget and executive level conversations

Questions?

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