FINREG Focus

U.S. Financial Services Regulatory Center Update

July 20, 2026

Executive Summary

This update's headline items:

1. Federal Reserve Board (FRB) Vice Chair of Supervision Michelle Bowman signals a shift to more tailored, transparent, and risk-focused supervision.
2. Vice Chair Michelle Bowman highlights the role of innovation and artificial intelligence (AI) in expanding financial inclusion.

Overview of Key Developments

1. Bowman Signals Shift Toward More Targeted, Risk-Focused Supervision

What Happened?

Speaking at the Bank Policy Institute London Conference, Federal Reserve Vice Chair for Supervision Michelle Bowman outlined a framework for modernizing financial regulation and supervision, tied to ongoing work by the Financial Stability Board (FSB) and U.S. regulators. She emphasized that regulatory frameworks must evolve alongside changes in markets, technology, and bank business models while continuing to support financial stability and safety and soundness.

Bowman organized her approach around four principles: focusing on material financial risks, tailoring regulation and supervision to each institution's risk profile, improving transparency and accountability, and maintaining a forward-looking approach that supports responsible innovation. She pointed to the failure of Silicon Valley Bank as an example of supervision losing focus, highlighting that numerous supervisory findings did not translate into effective risk mitigation.

She also highlighted several initiatives already underway, including Basel III capital reforms, publication of Supervisory Operating Principles, efforts to update and index asset thresholds, refinements to examination practices, including the use of supervisory observations, and FSB-led work on AI.

Why Does It Matter?

The speech sharpens the Fed's direction of travel on supervision. The focus should be more targeted by concentrating on material financial risks and scaling expectations to each institution's profile.

The most immediate impact is on supervision. Bowman signaled a shift toward clearer prioritization, where issues that affect safety and soundness are distinguished from less significant matters. The increased use of supervisory observations reinforces this, helping banks focus resources on what matters.

More broadly, the speech ties together ongoing regulatory efforts under a consistent framework. Capital reform, threshold modernization, and supervisory transparency are not new initiatives, but Bowman's remarks clarify how they fit into a more disciplined, risk-based approach.

The message on innovation is similar. Regulators are not stepping back, but they are signaling a more flexible, principles-based approach that supports adoption of technologies like AI while maintaining strong risk management expectations.

The Bottom Line:

Regulators should focus on the risks that matter most, tailor requirements to a bank's size and complexity, and provide greater transparency around supervisory expectations. For banks, Bowman’s remarks reinforce how ongoing reforms fit together, furthering a shift toward more disciplined, risk-based supervision rather than an expansion of regulatory scope.

2. Bowman Links Innovation to Financial Inclusion

What Happened?

Speaking at the FRB’s Financial Inclusion Conference, Bowman made the case that innovation can be a powerful tool for expanding access to financial services. It was noted that banks are often at the center of those efforts because new technologies can help improve payment systems, lower costs, broaden product availability, and make financial services more accessible to consumers and small businesses.

Bowman also discussed the role regulators should play. Rather than directing how banks innovate, it was argued that supervisors should provide clear expectations and a transparent regulatory framework. Decisions about when and how to adopt new technology should remain with each institution based on its business model, customers, and risk profile.

A major focus of the speech was AI. Bowman noted that AI could help banks better evaluate creditworthiness and potentially expand access to credit for consumers with limited traditional credit histories. At the same time, Bowman acknowledged that AI brings legal, compliance, and risk-management challenges, particularly when used in credit decisions, and should be implemented thoughtfully and responsibly.

Why Does It Matter?

The speech provides a window into the agency’s regulatory posture at a time when banks are increasingly exploring AI and other emerging technologies. Bowman’s remarks suggests a supervisory approach built around clear expectations, flexibility, and risk-based oversight rather than prescriptive rules.

That message is especially relevant for community and regional institutions in an environment that warrants consideration to modernize operations and customer offerings to remain efficient and competitive. Bowman emphasized that supervisory expectations should not unnecessarily limit access to innovation and that lower-risk AI applications should receive an appropriately calibrated regulatory response.

Bowman also pointed to the FSB’s recent report, *Sound Practices for Responsible Adoption of Artificial Intelligence*, on responsible AI adoption, which offers practical guidance and seeks public feedback. The reference reinforces the broader effort among regulators to better understand how AI can be used safely while supporting innovation in the financial sector.

The Bottom Line:

The agencies are continuing to engage on issues like AI and digital innovation, but institutions remain responsible for managing the risks that come with using these technologies. Bowman’s remarks do not introduce a new policy initiative. Instead, they reinforce a supervisory approach that emphasizes clarity, flexibility, and practical risk management as banks pursue innovation and broader access to financial services.

Recent Key Regulatory Developments

Legislative

Date	Topic	Summary
7/11	21st Century ROAD to Housing Act Becomes Law	The act aims to reduce barriers to housing construction, modernize U.S. Department of Housing and Urban Development programs, support community bank lending, address concerns about large investors competing with homebuyers, and prohibit issuance of a U.S. central bank digital currency through December 31, 2030.
7/15	House Passes H.R. 3074: Common Cents Act to Improve Coin Production Efficiency	The U.S House of Representatives (House) passed legislation to end production of the penny and allow a more cost-effective nickel, aiming to reduce minting costs.
7/15	House Passes H.R. 6556: Failing Bank Acquisition Fairness Act	The House approved legislation intended to promote competition, preserve access to banking services, and strengthen the failed-bank resolution process by reforming how regulators evaluate acquisition bids for failed institutions.
7/15	House Passes H.R.1181: *Protecting Privacy in Purchases Act*	The House passed legislation prohibiting payment card networks from assigning or requiring merchant category codes that specifically identify firearm retailers.

Joint Banking Agency

Date	Topic	Summary
7/13	Federal Banking Agencies Issue Guidance on Lending to Borrowers Not Authorized to Work in the United States	The Office of the Comptroller of the Currency (OCC), FDIC, and National Credit Union Administration (NCUA) issued guidance to remind institutions to manage heightened credit risks associated with lending to borrowers not legally authorized to work in the U.S through prudent underwriting and repayment capacity assessments.
7/16	Agencies Issue Statement on Identifying and Handling Highly Sensitive Examination Information	The FRB, FDIC, and OCC issued a joint statement establishing a coordinated process for identifying and safeguarding highly sensitive information during examinations.

U.S. Department of the Treasury

Date	Topic	Summary
7/14	Treasury Reports $132.2 Billion Net Capital Inflow in May 2026	Treasury's latest Treasury International Capital (TIC) data showed a net capital inflow of $132.2 billion in May 2026, driven by strong foreign purchases of long-term U.S. securities, including $262.8 billion in net purchases by foreign investors.

Recent Key Regulatory Developments

Federal Reserve Board

Date	Topic	Summary
7/13	Bowman Outlines Principles for Modernizing Financial Regulation and Supervision	Vice Chair for Supervision Michelle Bowman outlined four principles for modernizing regulation and supervision: prioritizing material financial risks, tailoring oversight to institutions' risk profiles, increasing transparency and accountability, and supporting responsible innovation.
7/14	Bowman Highlights Responsible Innovation as a Tool for Financial Inclusion	Vice Chair for Supervision Michelle Bowman said responsible innovation, including the adoption of AI, can expand access to financial services, lower costs, and improve competition, while emphasizing that regulators should provide clear expectations without micromanaging banks' business decisions.
7/14	Fed Chair Warsh Highlights Inflation, Economic Conditions, and Federal Reserve Review Efforts	In his testimony to Congress, Federal Reserve Chair Kevin Warsh emphasized the Fed's commitment to restoring price stability, highlighted solid economic growth and strong AI-driven investment, and announced five internal task forces to review Fed communications, balance sheet policies, economic data, productivity trends, and inflation analysis.
7/15	Latest Fed Beige Book Shows Continued Economic Growth Amid Consumer and Cost Pressures	The Federal Reserve's July Beige Book reported slight to moderate economic growth across most districts, with modest loan growth and stable commercial credit quality, while higher fuel costs, softer discretionary spending, and economic uncertainty continued to weigh on parts of the economy.

Office of the Comptroller of the Currency

Date	Topic	Summary
7/16	OCC Updates Credit Loss Allowance Examination Guidance	The OCC updated its Allowances for Credit Losses booklet of the Comptroller's Handbook to reflect accounting and regulatory changes under ASC Topic 326 and rescind prior allowance-related guidance that is now obsolete.

Federal Deposit Insurance Corporation

Date	Topic	Summary
7/17	FDIC Seeks Comment on Proposed GENIUS Act Stablecoin Reporting Forms	The FDIC issued a Financial Institution Letter seeking comment on proposed weekly and quarterly reporting forms and instructions that would support supervision of FDIC-supervised permitted payment stablecoin issuers under the agency's April 2026 GENIUS Act implementation proposal.

Consumer Financial Protection Bureau

Date	Topic	Summary
7/15	Vought Highlights CFPB Refocus on Statutory Mandate and Accountability	In testimony before the House Financial Services Committee, Acting CFPB Director Russell Vought said the Bureau has narrowed its focus to statutory responsibilities, targeted supervision, and enforcement addressing actual consumer harm, while criticizing prior CFPB activities as exceeding the agency's statutory authority.

Recent Key Regulatory Developments

Securities & Exchange Commission

Date	Topic	Summary
7/16	SEC Proposes Rule to Make Electronic Delivery the Default for Investor Disclosures	The SEC proposed Regulation E-Delivery, which would allow issuers, broker-dealers, investment advisers, and others to satisfy disclosure requirements through electronic delivery by default while preserving investors' ability to request paper copies.

Commodity Futures Trading Commission

Date	Topic	Summary
7/13	CFTC Finalizes Changes to Uncleared Swaps Margin Requirements	The CFTC approved a final rule that revises margin requirements for certain uncleared swaps by exempting qualifying seeded funds from initial margin requirements for up to three years, expanding the types of assets eligible as collateral, and updating collateral haircut requirements while maintaining risk management standards.
7/14	CFTC Blocks KalshiEX Trade Cancellations Ordered by Michigan Court	The CFTC exercised its emergency authority to stay a KalshiEX rule change prompted by a Michigan court order and directed the exchange to fulfill pending trades, citing the need for uniform national derivatives markets and non-discriminatory access for market participants.

Financial Accounting Standards Board

Date	Topic	Summary
7/15	FASB Seeks Comment on Proposed XBRL Taxonomy Guide for Investment Companies	FASB published a proposed Taxonomy Implementation Guide for financial services investment companies that provides examples for tagging non-numeric investment information in XBRL filings and is accepting public comments through August 10, 2026.

Deadlines & Compliance Calendar

Agency	Requirement	Due Date
FFIEC	Comments due on revisions to the Uniform Financial Institutions Rating System (UFIRS)	Aug 17, 2026
FRB	Comments due on revisions to the Federal Reserve policy on payment system risk & the guidelines for account & services requests	Jul 27, 2026
	Comments due on Regulation A: extensions of credit by Federal Reserve banks	Jul 27, 2026
	Comments due on Regulation D: reserve requirements of depository institutions	Jul 27, 2026
	Comments due on AML/CFT Programs	Sep 8, 2026
OCC	Comments due on PPSI AML/CFT & sanction compliance risk management	Jul 24, 2026
FDIC	Comments due on BSA & sanction compliance standards for FDIC-supervised PPSIs	Aug 4, 2026
	Comments due on Assessments Thresholds, Rate Schedules, & Adjustments	Aug 31, 2026
	Comments due on resolution submission required for covered depository institutions proposal	Aug 31, 2026
CFPB	Comments due on RFI regarding promoting access to mortgage credit	Aug 10, 2026
SEC	Comments due on proposed amendments to streamline filer statuses	Jul 20, 2026
	Comments due on registered offering reform	Jul 27, 2026
	Comments due on rescission of climate-related disclosure rules	Aug 3, 2026
	Comments due on the trade-through rule & locked & crossed markets provisions of Regulation NMS	Aug 17, 2026
CFTC	Comments due on 24/7 futures trading & energy perpetual contracts	Jul 27, 2026
	Comments due on prediction markets; Public interest determinations	Jul 27, 2026
	Comments due on data reporting requirements for certain event contracts	Jul 31, 2026
SEC/CFTC	Comments due on swap and security-based swap data reporting	Aug 24, 2026
	Comments due on definition of “swap” & “security-based swap” & on alternative compliance	Aug 24, 2026
	Comments due on request for comment on implementation of margining and cross-margining of securities and derivatives	Aug 31, 2026
FinCEN	Comments due on PPSI customer identification program proposal	Aug 21, 2026

forvis mazars

Effective Rule Compliance Dates

Agency	Requirement	Compliance Date
Joint Agency	Modifications to the CBLR framework	Jul 1, 2026
	Financial Data Transparency Act joint data standards	Oct 1, 2026
OCC	Order preempting the *Illinois Interchange Fee Prohibition Act*	Jun 30, 2026
	National bank non-interest charges & fees	Jun 30, 2026
FDIC	FDIC official signs & advertisement of membership	Apr 1, 2027
NCUA	Preemption-federal credit union non-interest charges & fees	Jun 30, 2026
	Records preservation program & appendices-record retention guidelines; Catastrophic act preparedness guidelines	Jul 16, 2026
	Prohibition on the use of reputational risk	Jul 27, 2026
	Simplification of share insurance rules	Dec 1, 2026
CFPB	Amendments to Regulation B (ECOA) - Disparate Impact	Jul 21, 2026
	Small Business Lending Under Regulation B - Section 1071	Jun 30, 2026
SEC	Technical amendments to Form X-17A-5 Part IIA	Jun 25, 2026
	Form N-PORT & N-CEN reporting requirements[1]	Nov 17, 2027
		May 18, 2028
FinCEN	AML/CFT program & suspicious activity report filing requirements for registered investment advisers & exempt reporting advisers	Jan 1, 2028

1. Compliance dates based on asset size: November 17, 2027 for fund groups with net assets of $1 billion or more; and May 18, 2028 for fund groups with less than $1 billion in net assets as of the end of their most recent fiscal year-end.

Agencies Without Recent Key Developments

Several key regulators maintained their prior positions for the period, with no new actions to report, including:

- Financial Stability Oversight Council
- Federal Financial Institutions Examination Council
- National Credit Union Administration
- Financial Crimes Enforcement Network
- Financial Stability Board
- Basel Committee on Banking Supervision
- International Organization of Securities Commission

U.S. Financial Services Regulatory Center Recent FORsights™

We're committed to changes and obligations regulators demand, helping you meet business objectives and enhance shareholder value. For more information on our latest work, please see our FORsights below:

Quarterly Insights: Financial Services Q1 2026

Download our Q1 2026 insights featuring major regulatory and supervisory developments.

An Overview of the Modernization of the U.S. Regulatory Capital Framework

A breakdown of proposals on Revised Standardized Approach, Basel III/ERBA, and G-SIB Recalibration.

Implications of the Updated Interagency MRM Guidance

Understand evolving guidance in model risk management.

Preliminary Insights on the OCC's Proposed Stablecoin Framework

Preliminary insights on the OCC's proposed stablecoin framework and why it matters today for banks.

FFIEC Proposes Sweeping Overhaul of CAMELS Framework

Discover proposed CAMELS overhaul linking ratings to material risk and transparency.

SEC Allows Broker-Dealers to Use Equities as Collateral

The SEC allows equity collateral under Rule 15c3-3, boosting flexibility with strong controls.

Reframing AML for Digital Finance

FinCEN proposes AML reforms for financial institutions and stablecoin issuers, emphasizing effectiveness.

Forvis Mazars' View: The Revitalization of Bank Mortgage Lending

The FRB signals capital changes to revive bank mortgage lending for community and regional banks.

Contact

Ashley Ensley

National Sector Leader, Financial Services
ashley.ensley@us.forvismazars.com

William Rogers

Financial Services Risk & Regulatory Practice Leader
william.rogers@us.forvismazars.com

U.S. Financial Services Regulatory Center

Bobby Bean

U.S. Financial Services Regulatory Center Leader
US_Reg_Center@us.forvismazars.com

Desmond Lites

Senior Manager, Financial Services
Risk & Regulatory Consulting

Zach Kindbom

Manager, Financial Services Risk &
Regulatory Consulting

Disclaimer: The tables in this document are for general educational purposes only and are not intended as legal advice and should not be construed as a legal analysis of compliance requirements. This is not intended to constitute an advertisement, a solicitation, or professional advice as to any particular situation.

forvismazars.us

forvis mazars