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Banking Regulation Themes To Anticipate In 2026

By **Kim Prior** (January 16, 2026, 4:05 PM EST)

This year, the regulatory environment for U.S. banks is poised for meaningful change.

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After many years of heightened regulatory scrutiny following the 2008 financial crisis, the enforcement and rulemaking agenda for 2026 is likely to be a continuation of the themes of 2025 and reflect a mix of targeted reform, deregulatory recalibration and new priorities aligned with supervisory modernization.

Banks preparing for the rest of this year will face not just new rules, but also evolving expectations around governance and risk management. This article describes some of the major themes that are expected to shape the operation, supervision and regulation of U.S. banks in 2026.

Political Dynamics and Regulatory Direction

A key policy objective of the current administration is deregulation, which was carried out swiftly throughout 2025. In its first year, the current administration rescinded existing guidance and regulations, substantially reduced the size of bank regulatory agencies, proposed new rules, and issued new guidance to reduce regulatory burdens on and expand opportunities for financial institutions.

The deregulation trend in the financial services industry is expected to continue throughout 2026 with additional easing of regulatory obligations, streamlining of regulations and regulatory and supervisory processes, and the introduction of new rules to, among other things, encourage economic growth and investment.

In August, President Donald Trump signed Executive Order 14331 prohibiting financial institutions from denying or restricting services to customers based on political or religious beliefs or lawful business activities, otherwise known as debanking.

The Office of the Comptroller of the Currency and the Federal Deposit Insurance Corp. responded by issuing a notice of proposed rulemaking that would prohibit these agencies from taking adverse action against a bank on the basis of reputation risk. In the interim, the federal bank regulatory agencies have eliminated reputation risk as an examination focus.

The OCC also published the results of its review of the debanking practices of the nine largest banks under its supervision. Supervisory reviews and examinations related to the debanking practices of banks are expected to continue into the rest of 2026.

Accordingly, banks should review whether and how reputation risk factors into their decision-making about customers.

Recalibration of the Basel III Endgame Rules

The final iteration of Basel III, better known as "Basel III endgame," has been the subject of U.S. regulatory debate for years, proposing extensive changes to banks' calculations of risk-weighted assets, leverage ratio requirements, and standardized approaches to credit and operational risk.

The prior administration introduced a version of the rule in 2023 that would have significantly increased capital requirements at large banks, sparking concern from the industry.

Banking regulators in the current administration are now working to reissue a proposed rule that is responsive to industry concerns. The industry is hopeful that the new version of the proposed rule will result in a lower capital impact on banks.

The Federal Reserve has indicated that it is looking at the Basel III endgame requirements in the context of its larger review of its regulatory and supervisory framework with a view toward making all of these requirements work together.

The revised version of Basel III endgame is expected to be reproposed in the first quarter of this year. Banks will then need to focus on transition planning to comply with the new rules once they are effective, which could occur as early as the beginning of 2027.

Changes in Bank Regulation and Supervision

The bank regulatory agencies under the new administration have been making several changes to reduce regulatory burdens, especially on community banks, and to streamline supervisory processes, including by narrowing their oversight to focus on material financial risks rather than reputational risk and cutting supervisory staff.

Reducing Regulatory Burden for Community Banks

In 2025, the U.S. bank regulatory agencies made many changes and proposed numerous rules aimed at reducing regulatory burdens, particularly on community banks.

In this regard, effective Jan. 1, 2026, the OCC has eliminated its internal policy-based fixed examination requirements for community banks. Instead, the OCC will tailor the scope and frequency of community bank examinations to the banks' size, complexity and risk profile.

Additionally, the OCC issued a proposed rule to simplify licensing requirements for corporate activities and transactions involving banks with $30 billion or less in assets. The OCC and the FDIC also issued a proposed rule to revise the community bank leverage ratio framework.

On Dec. 17, the OCC issued proposed guidance for a simplified strategic plan process that can be used by community banks to comply with their Community Reinvestment Act obligations.

It is expected that the OCC and the FDIC will continue to prioritize community bank reforms to reduce their regulatory and compliance burdens.

Supervisory Focus on Material Financial Risks

As noted above, the bank regulators are shifting focus away from reputational risk to material financial risk.

The OCC and the FDIC issued a joint notice of proposed rulemaking indicating that supervision would be focused on material financial risks, defining "unsafe and unsound practice" to promote greater clarity and certainty regarding supervision and enforcement standards, and revising the supervisory framework for issuing matters requiring attention and other supervisory communications.

The Federal Reserve is also revamping its supervision and regulation division to shift focus to material financial risks.

And the Consumer Financial Protection Bureau has announced changes to its supervisory processes, including reading a "humility pledge" at the beginning of each exam, and conducting targeted and narrowly focused exams centered on priority markets and tangible and identifiable consumer harm.

Reductions in Bank Regulatory Agency Staff

The new administration has made, and will likely continue to make, significant cuts to supervisory staff at each of the federal bank regulatory agencies. The FDIC and the OCC are targeting 25%-30% declines, and the Fed recently announced that it is aiming to reduce supervisory staff by 30%.

The CFPB has experienced the most disruption with most of its staff being cut or expected to be furloughed due to lack of funding. The CFPB layoffs are currently being challenged in court by the National Treasury Employees Union v. Vought, in which acting Director Russell Vought earlier in January moved to seek funding from the Fed. The CFPB earlier indicated that it is transferring its active lawsuits to the U.S. Department of Justice in anticipation of a possible funding crisis and potential shutdown this year.

The reduction in supervisory staff at the bank regulatory agencies will result in fewer examiners and supervisors and less institutional memory. This, combined with an evolving supervisory framework, including a higher bar for elevating matters requiring attention, is likely to translate to fewer downgraded composite ratings, a reduction in enforcement activity, and an environment that is more permissive of new activities and acquisitions.

Even more disruptive is the funding crisis facing the CFPB and its operational uncertainty in 2026. Banks should prepare for less CFPB activity, potential pauses or handoffs of enforcement and litigation to the DOJ, and the practical consequences of delayed or unissued rule calibrations.

However, even if the CFPB scales back or is no longer functioning, state attorneys general and state banking and consumer protection agencies will look to fill gaps where they can.

Accordingly, while enforcement risk in the near term may be moderate, strategic risk could rise as financial institutions expand through acquisitions or into new activities. With less oversight, banks will have greater responsibility to maintain credible and effective compliance programs.

Bank Participation in the Digital Assets Ecosystem

Expansion of Permissible Activities

In 2025, the bank regulatory agencies pivoted with respect to their regulation of banks' digital asset activities. This is consistent with the policy goals of the new administration and Trump's commitment to making the U.S. the "crypto capital of the world," by promoting a clear regulatory framework and fostering innovation in digital assets.

Under the new administration, the OCC has reversed many of the prior administration's actions on digital assets, including in a May 2025 interpretive letter that confirmed that banks may permissibly engage in crypto-asset custody and certain stablecoin activities, as well as participate in independent node verification networks such as distributed ledgers.

The interpretive letter also rescinded the requirement that the OCC provide a nonobjection before banks engage in digital asset activities. The Fed and the FDIC had similar requirements in place that have also been rescinded.

The OCC has continued to issue interpretive letters, expanding the list of permissible digital asset activities in which banks can engage.

These letters authorize banks to pay blockchain network fees to facilitate permissible activities; to hold, as principal, digital assets needed to pay anticipated network fees or to test certain digital asset platforms; and to engage in certain execution and riskless principal transactions involving digital assets.

It is expected that the OCC will continue to expand the list of permissible digital asset activities in which banks can participate. The FDIC and the Fed will likely follow the OCC's lead or issue similar guidance to their supervised banks.

Many banks are evaluating which digital asset products and services to offer, if any, based on customer demand, risk profile, and ability to provide such offerings in a safe and sound manner given operational and compliance resources.

Stablecoin Regulation and the Genius Act

In mid-2025, Congress passed the first major U.S. federal law for digital assets, the Guiding and Establishing National Innovation for U.S. Stablecoins, or Genius, Act, establishing a framework for the regulation of payment stablecoins.

The Genius Act requires stablecoin issuers to be licensed bank subsidiaries or nonbanks licensed by the OCC or a state banking regulator, requires stablecoins to be fully backed on a one-to-one basis with liquid assets, and creates a supervisory framework for the regulation of stablecoin activities.

On Dec. 16, the FDIC **issued** a proposed rule implementing the application requirements and procedures for FDIC-supervised banks that seek to issue payment stablecoins through a subsidiary.

This rule is the first of many that are required to be issued by federal payment stablecoin regulators and the U.S. Department of the Treasury under the Genius Act by July 18, 2026.

Banks should monitor these rulemakings throughout 2026 while evaluating their role and participation in the stablecoin market. Given their similarity to bank deposits, stablecoins present competition in the deposit market that banks will have to seriously consider.

Conclusion: More Changes Ahead

It is unlikely that U.S. banking regulation in 2026 will be defined by a single transformative rule. Instead, it is expected that rescissions of or changes to existing rules and guidance and the imposition of new rules, all targeted at reducing regulatory burdens and streamlining various processes, will continue to be the norm and will have real operational impact on banks.

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