



# Regulatory Alert

Regulatory Insights for Financial Services

December 2023

## Fall 2023 Regulatory Agendas: Key Federal Banking Agencies

### **KPMG Insights:**

Upcoming rulemakings are distinguished by:

- **“Big Rocks”.** “Big Rock” banking regulations expected to be finalized in 2024 include Basel III reforms, long-term debt requirements, resolution plans, and beneficial ownership reporting.
- **Interagency Coordination.** The banking regulators are coordinating across a variety of regulatory themes, including financial risk (capital and liquidity), fraud and financial crime, data (privacy, use, models), and risk management and governance.
- **Data Rights & Transparency.** Following the personal financial data rights proposal (CFPB 1033), a series of upcoming rules look to improve data protections and transparency, addressing data use in models, new standards for information reported to the agencies, and insurance signage requirements.
- **AML/BSA/CDD/Beneficial Ownership.** Multiple agencies to issue financial crime-related regulations, directed in large part by the Anti-Money Laundering Act of 2020 and the Corporate Transparency Act of 2020.

Looking ahead to 2024, federal agencies release their regulatory agendas for bank-related rulemaking and OCC issues its Semiannual Risk Perspectives Report.

### **Regulatory Agendas**

The federal banking regulators release their Fall 2023 Regulatory Agendas (including the Federal Reserve

Board ([FRB](#)), Federal Deposit Insurance Corporation ([FDIC](#)), Office of the Comptroller of the Currency ([OCC](#)), Consumer Financial Protection Bureau ([CFPB](#)), and the Financial Crimes Enforcement Network ([FinCEN](#))). Notable planned final and proposed rulemakings, as well as related KPMG Regulatory Insights thought leadership, include:



Title	Stage of Rulemaking	Action Date	Related KPMG Regulatory Insights
<b>Interagency</b>			
Quality Control Standards for Automated Valuation Models	Final rule	June 2024	<a href="#">Click here</a>
Basel III Revisions: Amendments to the Capital Rule for Large Banking Organizations	Final rule	June 2024	<a href="#">Click here</a>
Long-term Debt Requirements for Large Bank Holding Companies and Large Insured Depository Institutions	Final rule	June 2024	<a href="#">Click here</a>
Incentive-Based Compensation Arrangements	Proposed rule	December 2023	Click <a href="#">here</a> and <a href="#">here</a>
Joint Data Standards Required by the Financial Data Transparency Act (FDTA)	Proposed rule	June 2024	n/a
Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT)/Bank Secrecy Act Compliance Programs	Proposed rule	December 2023	<a href="#">Click here</a> and <a href="#">here</a>
<b>FRB</b>			
Regulation HH – Financial Market Utilities	Final rule	December 2023	<a href="#">Click here</a>
<b>FDIC</b>			
FDIC Official Sign and Advertising Statement Requirements	Final rule	December 2023	n/a
Resolution Plans for \$100B+ IDIs	Final rule	June 2024	<a href="#">Click here</a>
Consent to Engage in Certain Covered Activities (crypto-related activities, technology innovations to augment delivery channels)	Proposed rule	March 2024	n/a
<b>FinCEN</b>			
Beneficial Ownership Information Access and Safeguards	Final rule	December 2023	<a href="#">Click here</a>
Revisions to Customer Due Diligence Requirements for Financial Institutions (part 3 of 3 BOI rulemakings)	Proposed rule	June 2024	Click <a href="#">here</a> and <a href="#">here</a>
Anti-Money Laundering Program and Suspicious Activity Report Filing Requirements for Investment Advisers	Proposed rule	February 2024	n/a
National Exam and Supervision Priorities (including AML/CFT risk assessment for all FIs)	Proposed rule	March 2024	n/a
<b>CFPB</b>			
Registry of Nonbank Covered Persons Subject to Certain Agency and Court Orders	Final rule	March 2024	n/a
Credit Card Penalty Fees	Final rule	December 2023	<a href="#">Click here</a>
Mortgage Servicing (forbearance options/programs, loss mitigation)	Proposed rule	March 2024	n/a
Overdraft Fees	Proposed rule	December 2023	<a href="#">Click here</a>
Fees for Insufficient Funds	Proposed rule	December 2023	<a href="#">Click here</a>

### OCC Semi-Annual Risk Perspectives Report

In a separate release, the OCC published the Fall 2023 edition of its [Semiannual Risk Perspectives Report](#) highlighting OCC’s view on key risks and issues facing the federal banking system. The OCC adds (in an

accompanying [statement](#)), that going forward, the agency “expects to remain diligent and adhere to prudent risk management practices across all risk areas” and to “guard against complacency.”

**Key Risks.** The OCC identifies trends in four key risk themes:

- *Credit risk*, including commercial and retail credit.
- *Market risk*, including rising deposit rates and competition for deposits, market liquidity contraction, and increased reliance on wholesale funding.
- *Operational risk*, including cybersecurity, innovation and adoption of new technology/products/services, and increasing third party relationships.
- *Compliance risk*, including risks associated with Bank Secrecy Act/Anti-Money Laundering (BSA/AML) and sanctions, Community Reinvestment Act (CRA)/fair lending and consumer compliance, and relationships with third parties, including fintechs.

**Key Issues.** The OCC highlights additional issues facing the federal banking system, including:

- *Climate-related financial risks*, including expectations that banks' efforts are focused on "key aspects" of climate-related financial risk management as covered in the October 2023 final Interagency Principles for Climate-related Financial Risk Management for Large Institutions. The OCC

acknowledges that although banks have made progress to incorporate these risks into their risk management framework, they still have significant work to do in maturing their programs.

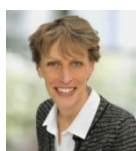
- *Artificial Intelligence*, identified as an "emerging risk" based on banks' increasing utilization of artificial intelligence (AI) and Generative AI technologies for various risk management and operational purposes, posing challenges in areas such as compliance, credit, reputational, and operational risk, (e.g., potential bias, privacy concerns, and errors/fraud). Banks are expected to "manage AI use in a safe, sound, and fair manner, commensurate with the materiality and complexity of the particular risk of the activity".

See related KPMG Regulatory Insights materials:

- Point of View | [Ten Key Regulatory Challenges of 2024](#)
- Regulatory Alert | [SEC Fall 2023 Regulatory Agenda](#)

For more information, please contact [Amy Matsuo](#).

Contact the author:



**Amy Matsuo**  
**Principal and National Leader**  
Regulatory Insights  
[amatsuo@kpmg.com](mailto:amatsuo@kpmg.com)

[kpmg.com/socialme](https://kpmg.com/socialme)



**Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.**

All information provided here is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the facts of the particular situation. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.