Press Release

Narrowing the Lens: More Focused Bank Supervision

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On October 7, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency jointly proposed a rule that seeks to narrow the scope of federal bank supervision and recalibrate the use of enforcement tools to better align with risk-based threats to institutional safety and soundness. In a new insight, Director of Financial Services Policy Thomas Kingsley walks through the strengths of this proposed rule but cautions that its implementation may be challenging for banks.

Key points:

- *The proposed rule would codify the definition of "unsafe or unsound practice," constrain the use of informal supervisory communications, and encourage more proportionate enforcement actions.*
- *By formally tethering supervisory tools to material risk, the proposal seeks to reduce examiner overreach, improve consistency across institutions, and lower the compliance burden tied to nonbinding but influential findings such as Matters Requiring Attention.*
- *The rule's success will hinge on implementation; absent internal guardrails and cultural change within supervisory ranks, the intended shift toward risk-focused oversight may remain largely theoretical.*

Read the analysis.