CONSUMER BANKERS ASSOCIATION

December 24, 2025

Via Electronic Submission and Electronic Delivery

Chief Counsel's Office, Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

Jennifer M. Jones, Deputy Executive Secretary
Attention: Comments—RIN 3064-AG12
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: Notice of Proposed Rulemaking on Prohibition on Use of Reputation Risk by Regulators (Docket ID OCC-2025-0142, RIN 1557-AF35| FDIC RIN 3064-AG12).

To Whom It May Concern:

The Consumer Bankers Association ("CBA")[1] appreciates the opportunity to provide feedback regarding the Notice of Proposed Rulemaking ("NPRM" or "Proposal") published by the Office of the Comptroller of the Currency ("OCC" or "the Agencies") and Federal Deposit Insurance Corporation ("FDIC" or "the Agencies") to codify the elimination of reputation risk from supervisory programs.[2] On behalf of CBA's membership, we commend the Agencies for advancing this important issue. Codifying the removal of reputation risk from supervisory programs is a crucial step toward restoring supervisory clarity and ensuring regulatory authority is objective, predictable, and supports the safety and soundness of our nation's leading retail banks.

By removing an inherently subjective and unpredictable factor from examination protocols, the Agencies will:

- Reduce regulatory burdens and increase predictability through re-establishing clear and measurable examination criteria;
- Restore institutional autonomy, enabling financial institutions to manage risk based on objective criteria; and

[1] The CBA is a member-driven trade association, and the only national financial trade group focused exclusively on retail banking—banking services geared toward consumers and small businesses. As the recognized voice on retail banking issues, CBA provides leadership, education, research, and federal representation for its members. CBA members operate in all 50 states. They include the nation's largest bank holding companies as well as regional and super-community banks. Eighty-three percent of CBA's members are financial institutions holding more than $10 billion in assets.

[2] *Proposed Rulemaking on Prohibition on Use of Reputation Risk by Regulators,* 90 Fed. Reg. 48,825 (Oct. 29, 2025)

- Enhance safety and soundness by focusing on core financial risks–such as credit risk, liquidity risk, and interest rate risk.

The Proposal addresses longstanding industry concerns regarding the subjective nature of reputation risk in bank supervision. The NPRM would codify the removal of reputation risk from supervisory programs–a concept historically defined as risk associated with the potential for negative public perception to harm a bank's operations or profitability.

By codifying the elimination of reputation risk, the Agencies recognize that regulatory interference in day-to-day business decisions introduces unpredictability and diverts resources and focus from core financial risk. We agree with the Agencies' conclusion that reputation risk can be inherently subjective, difficult to measure and introduces unpredictability into regulatory oversight. This deregulatory action aligns with Executive Order 14331, Guaranteeing Fair Banking for All Americans, which emphasizes the importance of transparent and predictable regulatory frameworks.[3]

Reduce regulatory burdens and increase predictability through re-establishing clear and measurable examination criteria.

The Proposal seeks to resolve the lack of standards for evaluating reputation risk, which has historically led to inconsistent supervision undermining regulatory clarity. During the prior Administration, regulatory overreach introduced uncertainty and unpredictability.

CBA has previously emphasized that reputation risk is intangible and hard to measure.[4] When regulatory judgment lacks clear definition and direction, it is susceptible to the biases of an examiner's personal viewpoint rather than objective, data-driven conclusions. This subjectivity interferes with day-to-day business decisions that are more appropriately left to the judgment of the regulated institutions. By clearly defining "Reputation Risk" and prohibiting its use as a basis of supervisory action, the Proposed Rule restores an objective and transparent framework for evaluating bank practices. This, in turn, strengthens the safety and soundness framework by ensuring that supervisory resources are directed toward risks that can be measured, validated, and effectively mitigated.

[3] *Exec. Order No. 14331, Guaranteeing Fair Banking for All Americans*, Executive Office of the President, 90 Fed Reg. 38,925 (Aug. 7, 2025).

[4] Letter from Consumer Bankers Ass'n to Comptr. of the Currency, Re: Fair Access to Financial Services; Docket ID OCC–2020–0042 (Jan. 4, 2021), https://consumerbankers.com/comment-letter/cba-comment-letter-on-fair-access/.

Restoring industry autonomy in supervisory expectations, allowing our nation's leading retail banks to manage risk.

Restoring regulatory clarity in this area is essential to ensuring that banks can once again exercise independent, risk-based judgment without pressure to adjust customer relationships based on non-quantifiable perceptions. CBA views the Proposal as a vital protection against regulatory overreach, and our prior comments to the OCC regarding the inherent dangers of regulatory mandates that seek to dictate banking relationships reflect those views.[5] By codifying the removal of reputation risk, the Agencies are recognizing the dangers of introducing subjectivity and unpredictability into supervisory judgments. This will help ensure that financial institutions retain autonomy to make their own business decisions based on their own risk appetite, within clearly defined safety and soundness regulatory parameters.

Enhance safety and soundness by focusing on core financial risk.

Removing reputation risk from supervisory programs strengthens safety and soundness ensuring the redirection of supervisory focus to quantifiable risk that presents significant and tangible threats. By allowing banks to focus on traditional risk channels –such as credit risk, liquidity risk, and interest rate risk, regulators can more objectively assess a bank's condition.

CBA appreciates the opportunity to comment on the Proposal. The adoption of this rule is a critical move to correct the foundational issue of regulatory overreach. We urge the Agencies to finalize this rule promptly to ensure supervisory clarity and reinforce banks' ability to serve consumers and small businesses.

Sincerely,

Rachel Ross
Vice President and Associate General Counsel, Consumer Bankers Association
[redacted]

[5] CBA Letter, supra note 4.