FSOC State Banking Supervisor Representative Commissioner Lise Kruse Statement

SPEECHES

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Washington, D.C. — North Dakota Department of Financial Institutions Commissioner and Financial Stability Oversight Council (FSOC) State Banking Supervisor Representative Lise Kruse statement from today's FSOC meeting:

"Thank you, Secretary Bessent, and good afternoon to my fellow Council members and to members of the public joining us today. I appreciate this opportunity to share the perspectives and highlight a few priorities of state banking regulators.

Let me begin by thanking Treasury staff and detailees for their work drafting and finalizing this year's FSOC annual report. Your expertise and dedication to this important publication are recognized and appreciated.

The strength and resilience of our financial system requires that regulators monitor a diverse and evolving risk landscape. Perhaps nowhere is this more challenging than the cybersecurity threats facing financial institutions and their service providers. Financial institutions share this view: cybersecurity consistently ranks among the top concerns of bankers in the Annual Survey of Community Banks conducted by the Conference of State Bank Supervisors. State regulators continue to see increasing volume and sophistication in cyber attacks. Access to innovative technology, information-sharing among the regulatory community, and coordinated supervision are essential to our efforts to protect these firms and their customers. Cybersecurity remains a threat to financial stability, and we appreciate the Council's continued focus on cyber and operational resilience.

I would also like to highlight the importance of collaboration as state and federal agencies move forward with regulations for payment stablecoin issuers. States have decades of experience licensing and supervising money transmission and payments firms – including stablecoin issuers – and have developed regulatory regimes that encourage innovation and safeguard consumers. Proactive collaboration between state and federal regulators as a new national framework for payment stablecoin issuance is established will help ensure that the GENIUS Act's requirements are implemented effectively, protect consumers, and capture the full benefit of the dual banking system.

Finally, the Council's discussions reflect a reality we see across the entire financial system: the role of artificial intelligence in financial services is expanding rapidly. While innovation brings opportunity, it also introduces novel risks and challenges. The industry would benefit from baseline, technology-neutral, risk-management expectations that promote consistency without stifling innovation. We look forward to partnering with our

federal colleagues to develop supervisory approaches in this space.

In these areas—cybersecurity, GENIUS Act implementation, and AI—the strength of our system depends on our ability to work collaboratively across federal and state lines and implement regulatory frameworks that are durable over the long-run. States remain committed to that partnership and to ensuring that our shared efforts continue to promote economic resilience and a stable financial system."