PRESS RELEASES

Safety and Soundness Rules Need Balance and Durability

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Washington, D.C. – Efforts by the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency to define "unsafe or unsound practices" should promote a balanced and resilient federal supervisory framework, the Conference of State Bank Supervisors said in a comment letter today.

"Any final rule?must enable the prompt identification and remediation of?core?risks to a bank's financial condition and its customers, connect rationally to?an institution's?supervisory ratings, and ensure management responsibility for violations of banking laws and regulations," said CSBS President and CEO Brandon Milhorn. "Effective supervision requires reasonable and disciplined discretion combined with transparent rules that promote accountability."

Specifically, CSBS asked the agencies to ensure that any final rule:

1. Permits the issuance of Matters Requiring Attention (MRAs)?based on a range of foreseeable risks that could pose material harm to an institution's financial?condition;

2. Promotes management accountability for violations of law and regulation that could materially harm a bank's financial condition, operations, or customers; and,

3. Establishes consistency across the banking industry by coordinating with state regulators and the Federal Reserve.

State regulators will continue to work with the federal banking agencies to advance an appropriately tailored and durable supervisory framework.??

Contact: Susanna Barnett, 202-407-7156, sbarnett@csbs.org

X: @CSBSNews

The Conference of State Bank Supervisors (CSBS) is the national organization of financial regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico, and U.S. Virgin Islands. State regulators

supervise 79% of all U.S. banks and a variety of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance, and debt industries.