

Banking and Finance Law Daily Wrap Up, BANKING OPERATIONS—OCC stops examining regulated institutions for reputation risk, (Mar. 21, 2025)

Banking and Finance Law Daily Wrap Up

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By Patricia K. Ruiz, J.D.

The American Banking Association and the Bank Policy Institute expressed support for the move.

The Office of the Comptroller of the Currency has announced it will no longer [examine](#) its regulated institutions for reputation risk and is removing references to reputation risk from its Comptroller's Handbook resources and guidance issuances. According to an OCC [press release](#), the move does not alter the OCC's expectation that banks remain diligent and adhere to prudent risk management practices across all other risk areas.

"The OCC's examination process has always been rooted in ensuring appropriate risk management processes for bank activities, not casting judgment on how a particular activity may fare with public opinion, said Rodney E. Hood, acting comptroller of the currency. "The OCC has never used reputation risk as a catch-all justification for supervisory action. Focusing future examination activities on more transparent risk areas improves public confidence in the OCC's supervisory process and makes clear that the OCC has not and does not make business decisions for banks."

FIRM Act. Previously, Sen. Tim Scott (R-SC) introduced the Financial Integrity and Regulation management (FIRM) Act ([S. 875](#)), which he said would "curtail the weaponization of federal banking agencies" and the "debanking" of federally legal businesses by removing reputation risk as a component of supervision (see [Banking and Finance Law Daily](#), March 7, 2025). The Senate Banking Committee voted to advance the FIRM Act to the full chamber (see [Banking and Finance Law Daily](#), March 14, 2025).

American Bankers Association. The [American Bankers Association](#) applauded the OCC's announcement. In a statement, ABA President and CEO Rob Nichols said, "This is an important step that will increase transparency and certainty in the supervisory process while ensuring banks have the flexibility they need to serve their customers, clients, and communities."

Bank Policy Institute. Greg Baer, president and CEO of the [Bank Policy Institute](#), said, "We support the OCC's announcement today and believe it is one action among many necessary steps to restore fairness to bank supervision. Bank exams should be transparent and grounded in objective legal standards. This marks meaningful progress in refocusing oversight on material financial risk, rather than reputational risk, operational risk, corporate governance, vendor management and other matters that do not pose a material threat to safety and soundness."

Companies: American Bankers Association; Bank Policy Institute

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