AMERICA'S MUTUAL BANKS
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MUTUAL ALERT

OCC ANNOUNCES MAJOR REORGANIZATION WITH CONSOLIDATION OF LARGE, MID SIZE, AND COMMUNITY BANK SUPERVISORY RESPONSIBILITIES

Yesterday, the Office of the Comptroller of the Currency (OCC) announced significant changes to its organizational structure, effective June 2, 2025. These changes are intended to enhance the bureau's supervision approach, align similar functions, and improve efficiency. The Midsize, Community Bank Supervision and Large Bank Supervision functions will be combined. The OCC believes this integration will facilitate the sharing of expertise and resources across large, midsize, and community bank supervision activities. The Chief National Bank Examiner Office will be reinstated. This office will include the divisions of Bank Supervision Policy and Supervision Risk and Analysis. The goal is to ensure a seamless approach to risk identification, analysis, and policy efforts. A new Senior Deputy Comptroller for ITS will be appointed, who will serve as a member of the Executive Committee.

AMB has persistently called for tailored regulation of mutual banks and argued strongly that regulators should consider differences in ownership structure, mission, and customer base of the banks they supervise. Supervisory intensity should reflect the actual risk posed by a mutual bank and regulatory resources should be proportional and efficient to avoid overregulation of low-risk entities. We believe that mutual institutions benefit from clear, predictable, and consistent supervision that reflects their business model. ICBA President and CEO Rebeca Romero Rainey commenting on the OCC announcement, said: “This change marks a step in the wrong direction and contradicts the agency’s own stated commitment to tailoring supervision based on a bank’s size, complexity, and risk profile—rather than applying a one-size-fits-all model.”

The OCC presumes that by shifting toward a more dynamic risk-based model, it ensures that low-risk institutions, like most mutual and community banks, aren’t burdened with the same level of scrutiny as large, complex banks. However, unless robust risk models that distinguish the low systemic risk most all mutuals present are formulated, scrutinized and subjected to public review and comment there will be an ever-increasing anxiety and reexamination of the state charter alternative. For this reorganization to work for all, the OCC must recognize that mutual banks and community banks operate differently, with simpler structures and more localized risks and adjust reporting, analytical systems and programmed oversight accordingly. AMB, along with other state and national trade groups, is concerned that consolidating supervisory units and leveraging technology, will result in a greater tendency to standardize supervision without meaningful distinction for mutual community banks. In other words, consolidation will result in less tailoring of regulation. However, we are encouraged by Secretary Bessent’s recent ABA speech to revitalize community banking under this Administration. There is the hope that the OCC can better allocate its personnel and systems to where they are most needed, avoiding excessive burdens on small institutions. Too often we have listened to reports of examination teams whose size exceeds the entire number of employees of the examined bank. Suffice to say the OCC has needed to change with the industry it regulates. The challenge now is to assure that change is for the better. This is a development we will watch closely.

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