Key 10 Regulatory Challenges: 2025 Midyear

Financial services will continue to be a heavily regulated industry given its critical role to the economy. Key areas will include increasing focus on bolstering crypto/digital asset markets. lessening intensity of supervision/enforcement and expanding the role of Private Equity in deal making and capital raising. Diminished engagement with international standards setters in areas of Al, capital/liquidity, AML/CFT and sustainability is expected, as is growing regulatory divergence with state laws and AG actions.

Key Regulatory Signals



Agency Mission/Operations

New leadership to quickly pivot mission alignment and operational focus to Administration priorities.



Regulatory Withdrawals

Repeal or revision of recent regulations and rules (particularly CFPB and SEC) and likely re-tailoring of prudential regulations.



Supervision & Enforcement

Emphasis on core financial risks by federal regulators and more state activity in areas like consumer financial protection.



Digital Assets, Innovation & Technology

Push to expand digital financial technology capabilities and establish a regulatory framework for digital assets.

Financial services companies should expect regulatory focus and change across:



Regulatory Divergence



Trusted Al & Systems



Cybersecurity & Information Protection



Financial Crime



Fraud & Scams



Fairness & Protection



Financial & Operational Resilience



Parties & Providers



Governance & Controls



Markets & Competition



Key 10 Regulatory Challenges: 2025 Midyear

Statutory Mandate: Ensure agency actions align with missions for systemic stability, consistent with Administration's priorities.

e.g., Greater role for Treasury in bank regulation through FSOC.

Financial Focus: Renew regulatory tailoring commitments.

e.g., Adjustments to capital and resolution planning rules.

State Activity: Reconfirm nonbank oversight authority and reconsider preemption of state consumer protection laws.

e.g., Reassess roles between federal capital markets, banking and non-banking regulators and state regulators. Withdrawal/Pullback: Withdrawal of enforcement/lawsuit activity; repeal/recission of recent rulemaking.

Tailoring: Re-tailoring of rulemaking, inclusive of impacts to community banks.

Global Positioning: Both a pullback from global regulatory groups affecting oversight standards and a lean-in to try to influence US positions.

e.g., SEC dismissal of multiple actions/cases on digital assets; CFPB withdrawal of BNPL rule, reconsideration of open banking rule.

e.g., Basel III, Supplementary Leverage Ratio

e.g., Pullback from NGFS; greater Treasury role through FSOC; Basel III.

Agency Mission/Operations



What's coming...

Signals



Regulatory Withdrawals



Digital Assets, Innovation & Technology

Supervision & Enforcement

Core Financial Risks: Emphasize monitoring core financial risks over operational processes.

e.g., Reassess "M" in CAMELs; focus supervision on materiality in disclosures.

State Protections: Enhanced state attorneys general activities in consumer protections.

e.g., Individual and multi-state AG actions.

Supervisory Appeals: Reevaluation of the appeals process for better transparency and fairness.

e.g., Assess/change regulatory communication and appeals, particularly in areas like process/documentation findings. **Crypto/Digital Assets:** Establishment of regulatory framework for digital assets.

Innovation and Technology Adoption: Flexible approach to fintech partnerships and Al adoption/expansion.

State/Federal Coordination: Enhanced collaboration on examination and oversight of fintech/bank service providers.

e.g., SEC Crypto Task Force; President's Working Group recommendations on digital asset markets (re: EO 14178).

e.g., More flexible technology-related regulations, including charters.

e.g., Improving informationsharing arrangements.



Key 10 Regulatory Challenges: 2025 Midyear

"Growing regulatory divergence and fragmentation add another layer of complexity to establishing a clear path from strategy and operations to effective risk and compliance. Will a deregulatory policy really equate to deregulation?"

Amy Matsuo, Principal & Leader KPMG Regulatory Insights



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