

2017 Office of the Comptroller of the Currency Bank Supervision Plan, House Committee Passes Dodd-Frank Reform

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OCC Releases 2017 Bank Supervision Plan

The OCC's Committee on Bank Supervision (CBS) yesterday published its Fiscal Year 2017 Bank Supervision Operating Plan and announced the following five oversight objectives:

- Commercial and retail loan underwriting
- Business model sustainability and viability
- Operational resiliency
- Bank Secrecy Act/Anti-Money Laundering (BSA/AML) compliance management
- Change management processes to address new regulatory requirements

The CBS stated that while these priorities will apply to both large and community institutions, CBS regulators will take into account "bank size, complexity, and risk profile" when implementing specific policies and procedures. Examiners also will coordinate midsize and community bank supervision strategies, as appropriate, with other agencies such as the Fed, FDIC, and CFPB.

The plan detailed a number of areas in which CBS would focus its oversight of midsize and community banks. These include: credit underwriting, including fair lending implications and underwriting for new products; operational risk and protections against cyber attacks; compliance with rules stemming from the Military Lending Act, Home Mortgage Disclosure Act, and the Truth in Lending Act/Real Estate Settlement Procedures Act; and assessments of the ALLL and preparation for the current expected credit loss standard.

House Committee Passes Dodd-Frank Reform Bill

On Tuesday, the House Committee on Financial Services passed a regulatory reform bill intended to repeal and replace sections of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection

Act. The Financial CHOICE Act passed this week along party lines, with the exception of one Republican dissenting vote, and debate on the bill ended after just two hours due to Democrat dissatisfaction with the underlying legislation and unwillingness even to offer amendments.

It is not expected that the Republican measure will receive consideration on the House floor in the remainder of this Congress. However, the overhaul bill passed by the Committee would lay the foundation for future regulatory reform should Republicans maintain control of Congress and win the White House next year.

Among the bill's biggest changes to Dodd-Frank are provisions that would exempt banks from certain regulatory requirements in exchange for meeting higher capital requirements, and organizational reforms to the Consumer Financial Protection Bureau (CFPB). The Financial CHOICE Act would replace the CFPB's sole director with a bipartisan leadership commission, and for the first time would subject the Bureau's budget to Congressional oversight.

Additionally, the legislation would authorize an audit of the Federal Reserve and repeal the so-called Durbin amendment, which institutes caps on certain debit card fees.

House Financial Services Committee Chairman Jeb Hensarling (R-TX) first introduced this overhaul bill in June. Tuesday's action by the full Committee followed Congress' two-month long summer recess.

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