

California Bankers Association
2026 Risk & Compliance Conference

Deregulation is Decreasing Examiner Expectations... *Or Is It?*

Jessica D. Lamoreux, Director of Education and Deputy General Counsel, Compliance Alliance
Jennifer Reed, SVP and Chief Compliance Officer, Tri Counties Bank



Presented by: Compliance Hub

Agenda

- The Federal Deregulatory Environment
- California's Regulatory Environment
- Hot Topics
 - AI
 - Fair Lending
 - Customer Work Authorization
 - Fair Banking & ESG
 - UFIRS/CAMELS
- ERM and Examiner Expectations





Deregulating...

... Or Narrowing the
Compliance Pathway?

Deregulation at the Federal Level

Dismissal of Enforcement Actions	Defunding the CFPB	Fair Lending/Reg B Revisions	Examination Cycles
Big Bank Requirements	Reputation Risk	Regulator Staffing	BSA/AML
Community Reinvestment Act	Section 1071	Regulation O	FDIC Signage
MRAs/Unsafe & Unsound Practices	Community Bank Leverage Ratios	Beneficial Ownership	Artificial Intelligence
Representment Fees	Escrow Interest	Overdraft Fee Limits	Reconsiderations of Value

California's Regulatory Environment

Business &
Consumer Services
Agency

SB 1061 Medical
Debt

CCFPL – CA
Consumer Financial
Protection Law

SB 825

Fair Lending
Examination Act

CCPA – Data
Protection

Environmental,
Social, and
Governance
Expectations

Unruh Act/Fair
Lending
Requirements



Balancing Expectations

Artificial Intelligence

EO 14365: Ensuring A National Policy Framework for AI

- Authorizes AI Litigation Task Force to challenge state AI laws
- Orders review of state AI laws

Regulation B Changes

- Specifically excludes AI-related discrimination from Regulation B prohibitions and enforcement

HUD FHA Guidance

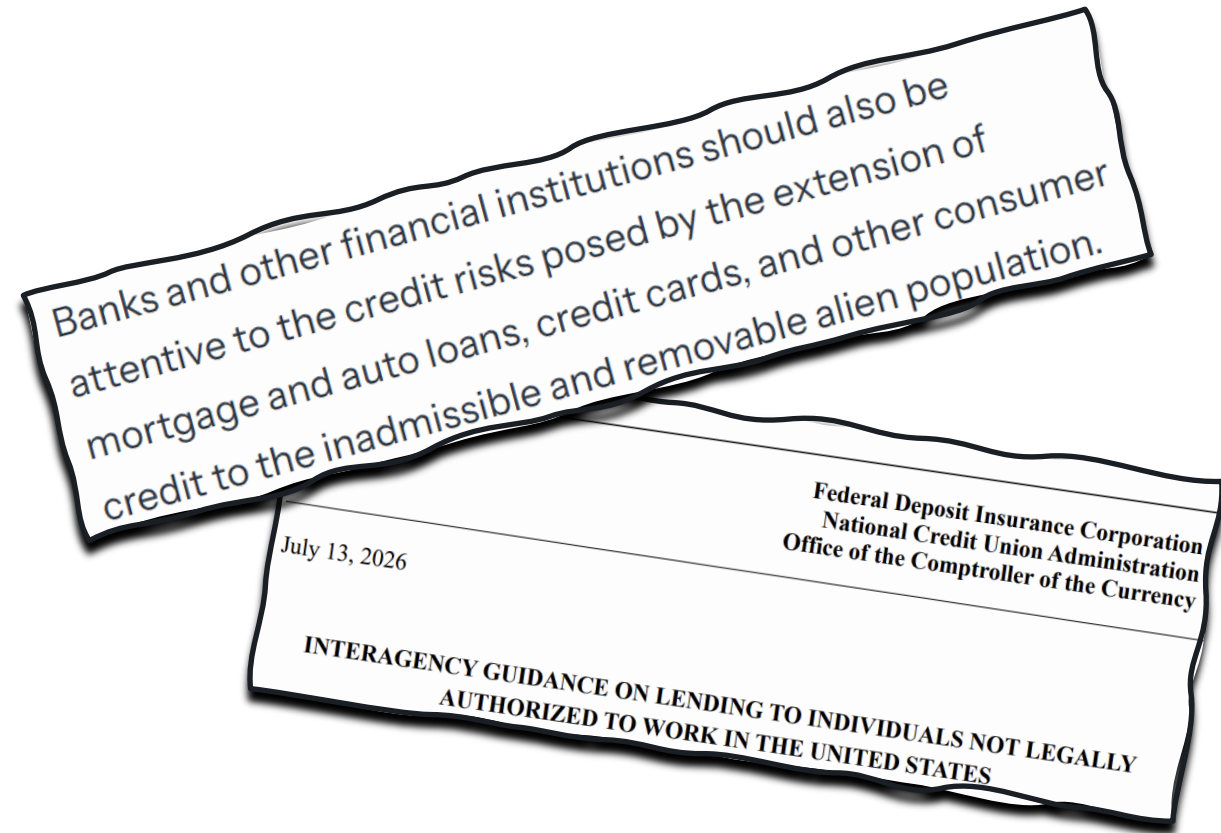
- Removing guidance related to disparate impact

ADMT Rules

AI Transparency Act

CIPA website claims

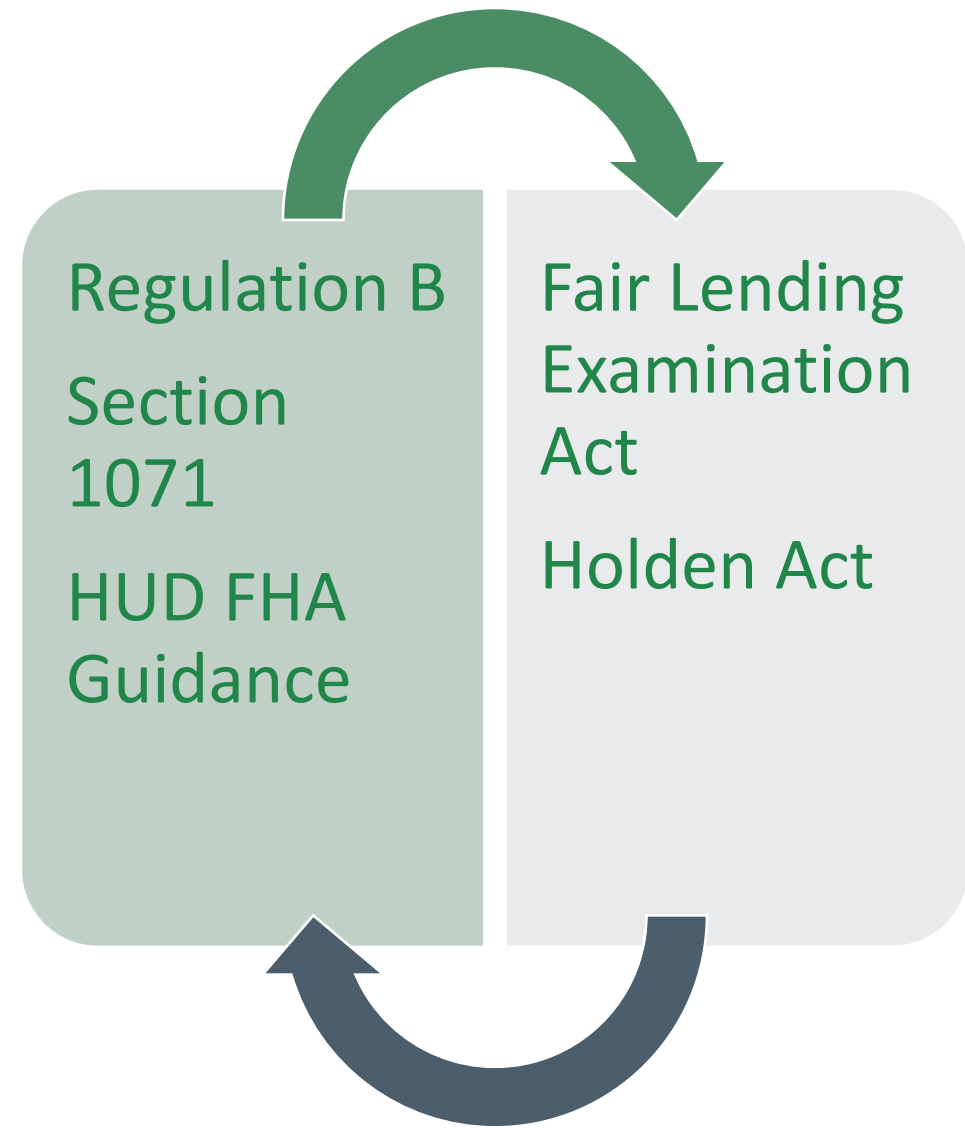
Work Authorization



Unruh Act/California Civil Code Sec. 51

All persons within the jurisdiction of this state are free and equal, and no matter what their ... citizenship, primary language, or immigration status, are entitled to the full and equal accommodations, advantages, facilities, privileges, or services in all business establishments of every kind whatsoever.

Fair Lending



“Fair Banking” vs. “ESG” Policies

The term “politicized or unlawful debanking” refers to an act by a bank, ... to directly or indirectly adversely restrict access to or adversely modify the conditions of ... banking products or financial services of any customer or potential customer on the basis of the customer’s or potential customer’s ... lawful business activities that the financial service provider disagrees with or disfavors for political reasons.

Fair Banking Laws



Florida



Tennessee



Idaho

California Health & Safety Code, Section 38533

[Biennially,] a covered entity shall prepare a climate-related financial risk report disclosing both of the following:

(i) Its climate-related financial risk ...

(ii) Its measures adopted to reduce and adapt to climate-related financial risk ...

UFIRS/CAMELS

- Comment Period ended August 17
- Proposal likely to be finalized without substantial changes
- California regulators strongly opposed changes that would weaken the Management component in a CAMELS rating
- California may look to impose requirements on California banks to compensate for perceived weakening of regulatory oversight in areas considered under the “management” component

- II. Proposed Changes to the UFIRS
 - A. Remove “Special Consideration” Given to the Management Rating in the Composite Rating
 - B. Changes to the Management Component Rating
 - C. Treatment of Specialty Review Findings
 - D. Revisions to Composite Rating Definitions
 - E. Clarifying Language on Risk Management
 - F. Clarifying Evaluation Factors
 - G. Improving Consistency, Structure, and Approach
 - H. Modeling

What You Need to Know: California joins other states in pushing back on federal attempts to weaken banking oversight and undercut common-sense regulations that protect against bank collapses.

Weathering Exams



Federal Examiner Focus



BSA/AML



Vendor
Oversight



Regulation O



State Examiner Focus

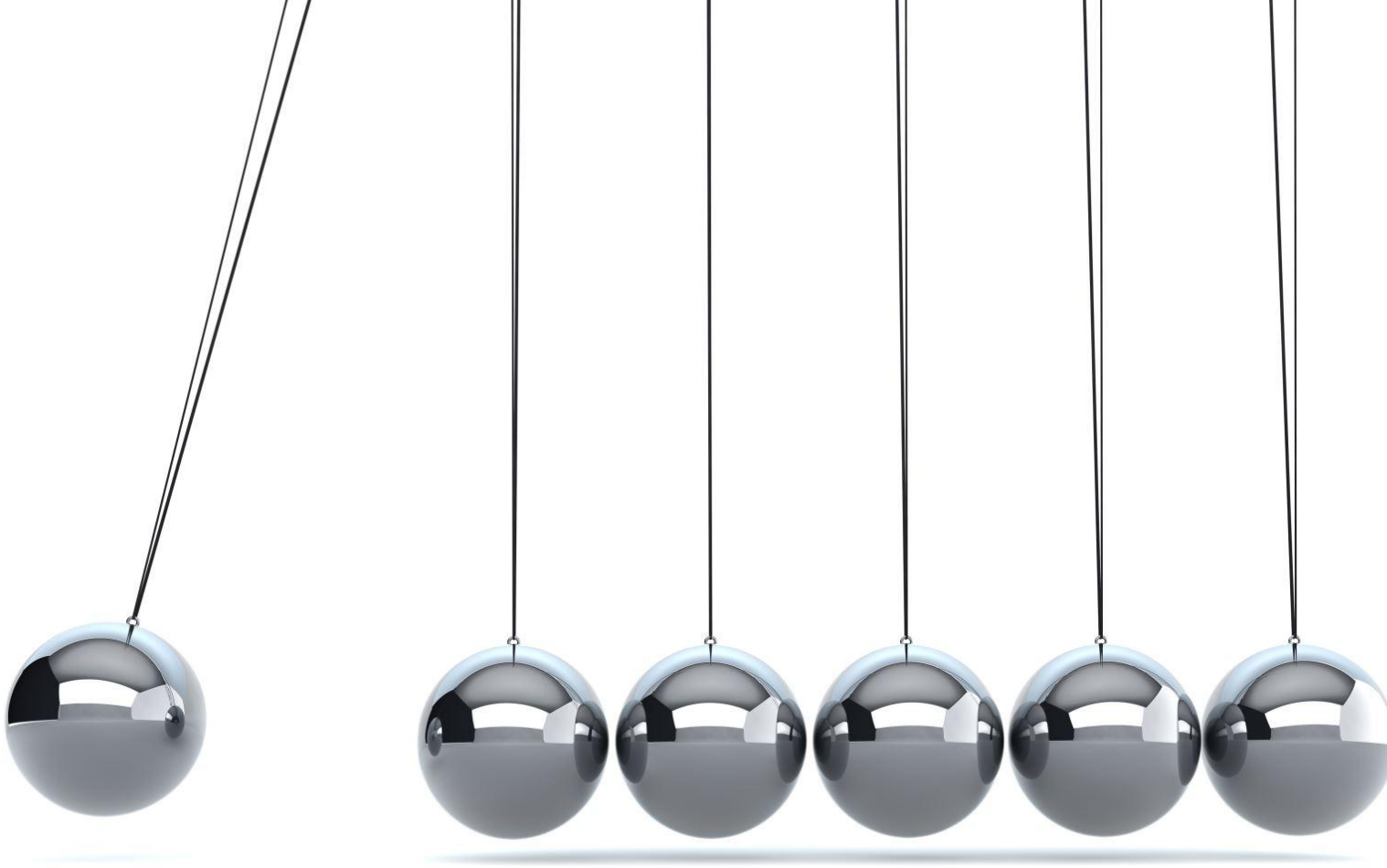


Fair Lending

UDAAPs &
Fees

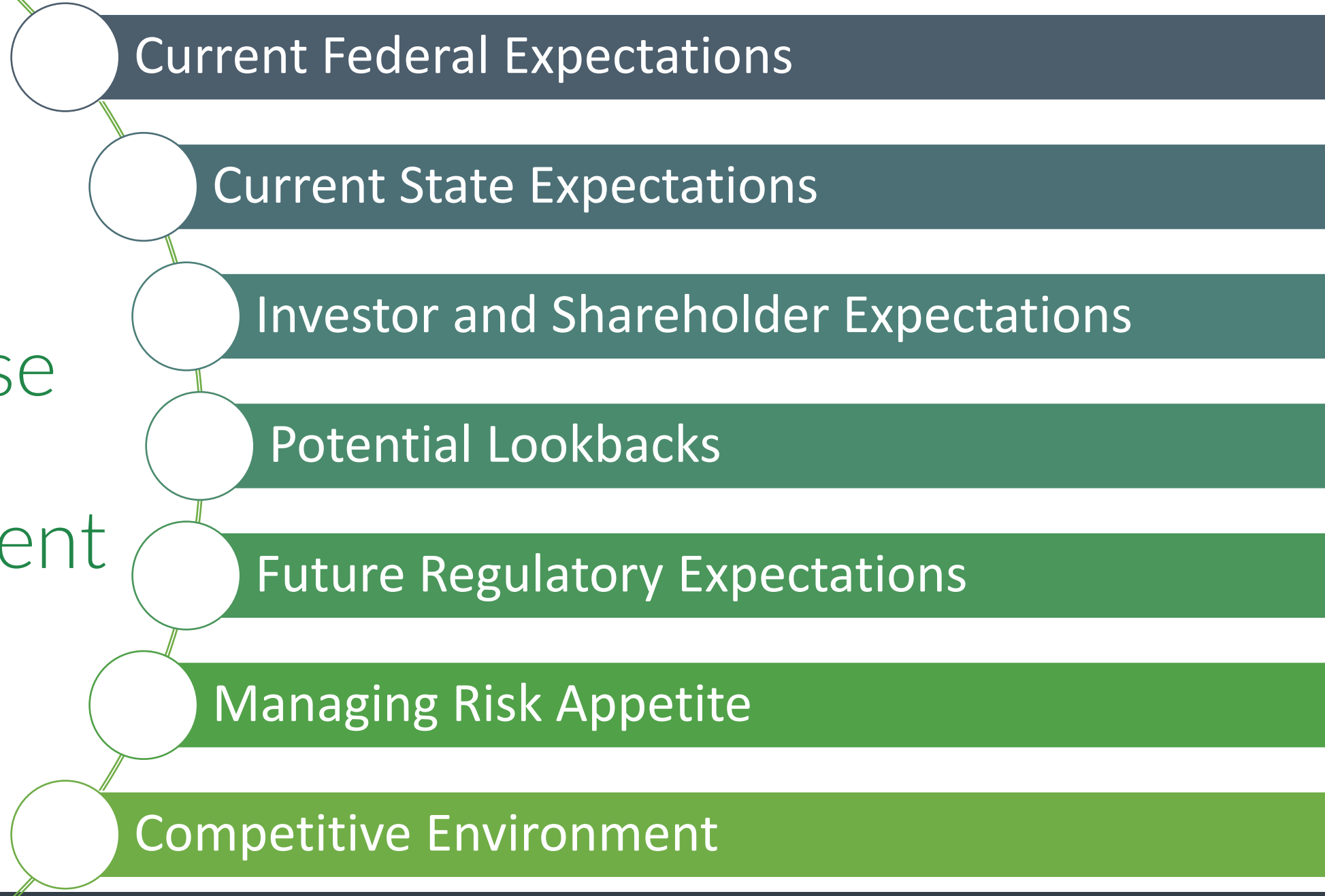


Vendor
Oversight



Planning for the Future

Enterprise Risk Management





Thank you for your participation today!
We hope you found the presentation valuable.

If you have any additional questions,
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info@compliancealliance.com

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