



What CFIs Should Know About the OCC's New Strategic Plan

🔗 OCC regulatory

Summary: The OCC has released a new strategic plan that prioritizes stronger, more modern community banks. Understanding where the regulator is emphasizing change within its own operations, and where it believes the biggest risks to consumers lie, is the best way to prepare for any likely regulatory changes to come.

Anyone who has been to Disney World knows that its EPCOT Theme Park focuses on technological advancements and cultural attractions. [EPCOT, which stands for Experimental Prototype Community of Tomorrow](#), was initially intended to be a 43-square mile functional city that would house 20K individuals and a 1K-acre office park dedicated to design innovations that could be tested out by EPCOT's residents. When Walt Disney passed away shortly after plans for EPCOT were revealed, his vision was scaled back and eventually abandoned, giving way to the EPCOT Theme Park that stands today.

In the years since the EPCOT Theme Park first opened its doors in 1982, many of its onetime futuristic attractions have become dated, which led Disney to begin updating and modernizing the park. The Office of the Comptroller of the Currency (OCC) has announced plans for some revamping of its own, which will have a big impact on community financial institutions (CFIs).

A New Strategic Plan

The OCC recently released its [strategic plan for fiscal years 2023-2027](#). The new strategic plan identifies the organization's top three goals for itself as the following:

1. The ability to learn and adapt effectively
2. Demonstrating consistent credibility and trustworthiness
3. Leading in the area of supervision as the banking system evolves

Within those goals, one specific area that the OCC highlighted is its desire to promote stronger, more modernized community banks that are focused on servicing underserved communities and small businesses. The regulator also noted that it intends to step up guidance and outreach with CFIs, particularly related to enhanced digital banking initiatives, and to foster a more level playing field. A hope of minimizing the regulatory burden on community banks, where possible, is also among the OCC's goals.

Regulatory Impacts for Banks

While all the above goals are promising for CFIs, organizations should also look at the OCC's plan as a roadmap of where the regulator is likely to enhance oversight for the institutions it governs. The following are a few areas highlighted within the OCC's plan that CFIs should have on their radar:

- **Greater transparency with the public** is becoming a priority for the OCC via strengthening avenues for feedback and publishing updated ethics rules to help mitigate regulatory risks amidst ongoing changes

within the industry. Among the OCC's plans on this front will be an increase in information sharing and collaboration, which will likely flow down to financial institutions. CFIs should take a close look at their reporting and ensure that they are able to demonstrate budget transparency of their own.

- **Enhanced risk-based supervision of banks**, particularly within the areas of data protection and cybersecurity, is also a top priority for the OCC. One specific area of risk the regulator will be scrutinizing is the risks created by third-party relationships and the steps CFIs are taking to minimize them. CFIs should pay close attention to customer-facing products and anything that could threaten their regulatory compliance, especially regarding consumer protection laws and the Bank Secrecy Act.
- **A diverse, well-skilled, and adaptable workforce** is another area where the OCC is looking to make strides within its own operations. This expectation will likely be given equal importance in assessing CFIs' staff. CFIs should ensure that their workers have adequate skills and training to identify emerging threats as technology evolves.
- **Compliance regarding digital assets** such as artificial intelligence (AI), cloud computing, and banking-as-a-service are also areas where CFIs should be well versed. CFIs will benefit from being proactive in their due diligence and security efforts regarding possible data breaches or other cyber threats that could impact customers.

With the OCC prioritizing stronger, more modern CFIs, organizations should take the time to familiarize themselves with the regulator's strategic plan. Understanding where the regulator is emphasizing change within its own operations, and where it believes the biggest risks to consumers lie, can give CFIs a good starting point for measuring where they stand in these same areas within their own organizations. Most importantly, these goals can help you assess where your institution may need to invest additional resources in the coming years.

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ECONOMY & RATES

Rates As Of: 01/05/2023 06:42AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	4.55	0.13	0.13
6M	4.77	0.01	0.01
1Y	4.74	0.04	0.04
2Y	4.46	0.03	0.03
5Y	3.93	-0.07	-0.07
10Y	3.76	-0.12	-0.12
30Y	3.86	-0.11	-0.11
FF Market	FF Disc	IORR	
4.33	4.50	4.40	
SOFR	Prime	ORER	
4.30	7.50	4.32	

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