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Supervisory Shift — Fraud, Cross-Border Lending and Small-Business Disclosure

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Vice Chair of Supervision Bowman Signals a Broader Supervisory Push on Consumer Fraud

May 7, 2026

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On Tuesday, May 5, Federal Reserve Vice Chair for Supervision Michelle W. Bowman **addressed the Women in Housing and Finance Symposium**. In her speech, the Vice Chair framed consumer fraud as more than just a consumer protection issue, describing it instead as an emerging supervisory, payments system, and financial stability concern.

The speech was notable less for announcing a specific regulatory initiative than for signaling that the Federal Reserve increasingly views fraud as a threat to confidence in the banking system itself. Vice Chair Bowman argued that modern fraud differs from historical scams in its “scale, sophistication, and impact,” particularly as criminals leverage digital platforms, social engineering, malware, and real-time payment systems.

Vice Chair Bowman highlighted a range of increasingly common fraud schemes, including impersonation scams, fake package-delivery texts, fraudulent retailer alerts, and situations where consumers are coached in real time by scammers while standing at a bank teller window. The consistent theme, she said, is that these communications appear authentic to the consumer and exploit consumer trust.

Vice Chair Bowman repeatedly tied fraud directly to the Federal Reserve’s institutional responsibilities. She noted that “nearly every fraud affects a bank account or is tied to a payment that involves a bank account,” making fraud prevention relevant not only to consumer protection but also to bank supervision and payment system integrity.

Vice Chair Bowman cited Federal Reserve survey data showing that 21% of U.S. adults experienced financial fraud or scams during 2024. While credit-card fraud remains the most common category, she focused particular attention on fraud involving bank accounts and other products where up to two-thirds of the time consumers are not eligible for reimbursement protections.

Vice Chair Bowman stated that non-credit-card fraud produced approximately $84 billion in losses in 2024, of which only $21 billion was recovered, leaving roughly $63 billion in net consumer losses. She emphasized that the median fraud loss was approximately $500—an amount exceeding the emergency savings available to many households.

Importantly, Vice Chair Bowman stated that fraud runs across demographic groups. Older consumers may suffer larger losses, but she noted that fraud incidence was broadly similar across income, race, ethnicity, and gender categories. Her broader point was clear: regulators increasingly see fraud as systemic and pervasive rather than a niche problem targeting the most vulnerable of consumers.

For banks, the Vice Chair Bowman’s remarks reinforced the growing operational and financial burden associated with fraud mitigation. Vice Chair Bowman noted that fraud losses are among the largest expenses for many community banks and referenced the Financial Stability Oversight Council’s recent focus on cyber-enabled fraud and its impact on household balance sheets.

The most tangible portion of the speech concerned next steps. Vice Chair Bowman highlighted the joint **Request for Information** issued with the FDIC and OCC last year and noted that regulators are evaluating enhanced supervisory guidance, improved fraud-detection tools, and greater standardization of fraud terminology and reporting.

Vice Chair Bowman also previewed an upcoming public-private roundtable involving Treasury Secretary Scott Bessent and FCC Chair Brendan Carr focused on fraud coordination efforts. The broader message was unmistakable: the Federal Reserve increasingly appears prepared to treat payments fraud as a cross-sector supervisory issue requiring coordinated action among regulators, banks, law enforcement, and payment system operators.

CRD VI: What Does It Mean for U.S. Banks Lending Into Europe?

May 7, 2026

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business law today

In an article for *Business Law Today*, Cadwalader partner Alix Prentice examined the the EU's sixth Capital Requirements Directive (CRD VI), which takes effect January 11, 2027 and introduces significant restrictions on cross-border lending by non-EU banks into Europe.

CRD VI requires non-EU banks providing "core banking services," broadly interpreted to include lending, trade finance, guarantees and commitments, to operate through a licensed European branch or subsidiary, with subsidiaries benefiting from passporting rights across the EU. U.S. banks without a European presence will need to restructure their lending models to remain compliant.

You can read the full article **here**.

CFPB 1071 Final Rule Issued on Small Business Lending Reporting Requirements

May 7, 2026

By Mercedes Kelley Tunstall
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On Friday, May 1, the Consumer Financial Protection Bureau (CFPB) issued a **long-awaited final rule implementing Section 1071** of the Consumer Financial Protection Act (CFPA), which addresses required reporting on certain small business loans.

The revised compliance date will be January 1, 2028. The original final rule on Section 1071 was issued May 31, 2023, but was successfully challenged in court. Two interim final rules have extended the compliance date, one issued in July 2024 and the second in June 2025.

Largely focused on narrowing the focus of the original rule, this final rule makes the following changes:

- Excludes merchant cash advances, agricultural lending and small dollar loans from the definition of ***covered credit transactions***, which serves the goal of focusing on "lending products most likely to be foundational to small businesses' formation and operation";
- Excludes Farm Credit Service lenders;
- Raises the threshold for covered financial institutions to those who originate 1000 or more loans in a twelve-month period (up from 100);
- Limits the coverage of the rule to truly small businesses, meaning those that have a gross annual revenue of $1 million or less; and
- Limits the data points required to be collected to those that are "consistent with other executive agency directives concerning the collection of demographic data."

All of these changes mean that the pool of loans that will be reported on will be much smaller and therefore much more easily handled by the financial institutions that are covered by the rule.