



DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

[Docket ID OCC-2025-0008]

Request for Information Regarding Community Bank Digitalization

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury.

ACTION: Request for information and comment.

SUMMARY: To build on its understanding, OCC is issuing a request for information (RFI) on community bank engagement with digitalization. The RFI solicits comment on the key challenges and barriers faced by community banks in the adoption and implementation of digital banking solutions.

DATES: Comments must be received by [INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: Commenters are encouraged to submit comments through the Federal eRulemaking Portal. Please use the title “Request for Information Regarding Community Bank Digitalization” to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:

- *Federal eRulemaking Portal – Regulations.gov:*

Go to <https://regulations.gov/>. Enter “Docket ID OCC-2025-0008” in the Search Box and click “Search.” Public comments can be submitted via the “Comment” box below the displayed document information or by clicking on the document title and then clicking the “Comment” box on the top-left side of the screen. For help with submitting effective comments, please click on “Commenter’s Checklist.” For assistance with the *Regulations.gov* site, please call 1-866-498-2945 (toll free) Monday – Friday, 9 a.m. – 5 p.m. Eastern time, or e-mail regulationshelpdesk@gsa.gov.

- *Mail:* Chief Counsel’s Office, Attention: Comment Processing, Office of the Comptroller of the Currency, 400 7th Street, SW, Suite 3E-218, Washington, DC 20219.
- *Hand Delivery/Courier:* 400 7th Street, SW, Suite 3E-218, Washington, DC 20219.

Instructions: You must include “OCC” as the agency name and “Docket ID OCC-2025-0008” in your comment. In general, the OCC will enter all comments received into the docket and publish the comments on the *Regulations.gov* website without change, including any business or personal information provided such as name and address information, e-mail addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this action by the following method:

- *Viewing Comments Electronically – Regulations.gov:*

Go to <https://regulations.gov/>. Enter “Docket ID OCC-2025-0008” in the Search Box and click “Search.” Click on the “Dockets” tab and then the document’s title. After clicking the document’s title, click the “Browse All Comments” tab. Comments can be viewed and filtered by clicking on the “Sort By” drop-down on the right side of the screen or the “Refine Comments Results” options on the left side of the screen. Supporting materials can be viewed by clicking on the “Browse Documents” tab. Click on the “Sort By” drop-down on the right side of the screen or the “Refine Results” options on the left side of the screen checking the “Supporting & Related Material” checkbox. For assistance with the *Regulations.gov* site, please call 1-866-498-2945 (toll free) Monday – Friday, 9 a.m. – 5 p.m. ET, or e-mail regulationshelpdesk@gsa.gov.

The docket may be viewed after the close of the comment period in the same manner as during the comment period.

FOR FURTHER INFORMATION CONTACT:

Gareth Henley, Financial Technology Policy Specialist, Bank Supervision Policy, (202) 649-5200. If you are deaf, hard of hearing, or have a speech disability, please dial 7-1-1 to access telecommunications relay services.

SUPPLEMENTARY INFORMATION:

I. Introduction

The OCC seeks public comment on community banks' engagement with digitalization.¹ This RFI will supplement the OCC's understanding of these activities and support the OCC in its supervisory activities.

II. Community Bank Digitalization

The OCC supports the strengthening and modernization of community banks and aims to facilitate community banks' safe, sound, and fair transition to digital banking, including with regard to arrangements with technology providers and supporting a level playing field. In support of community banks' transition to digital solutions, the OCC recently published a non-exhaustive list of relevant OCC rules, statements, and guidance² that community banks can reference.

For purposes of this RFI, digitalization is the use of technology to change a business model, provide new revenue and value-producing opportunities, or automate business processes. New and emerging technologies can be important tools for community banks to meet customer demand, increase revenue, improve efficiencies, and remain competitive. For example, digitalization can improve operational functions (e.g., data analytics, transaction monitoring, process improvements, reporting, etc.), support the addition of new or expanded business lines, and allow banks to communicate more seamlessly with customers. In this way, digitalization has the potential to be a key component of community banking and institutions' ability to meet the future needs of the communities and customers they serve. When engaging in digitalization

¹ The term "banks" as used in this RFI means national banks and Federal savings associations.

² See *Digitalization: Resources for Community Banks*, OCC Bulletin 2025-3, (March 19, 2025).

strategies and initiatives, the OCC examines banks for safety and soundness and compliance with applicable laws and regulations, including consumer protection laws. Banks are expected to implement risk management systems appropriate to the size of the institution and the nature, scope, and risk of its activities to identify, measure, monitor, and control risks for the strategies undertaken.

The OCC seeks input from community banks and relevant stakeholders regarding the key challenges and barriers faced in adopting and implementing digitalization strategies and initiatives. The purpose of this RFI is to better understand the specific obstacles that community banks encounter in their efforts to modernize operations, enhance customer experience, and remain competitive in an increasingly digital financial services environment. This request is separate from the “RFI on Bank-Fintech Arrangements Involving Banking Products and Services Distributed to Consumers and Businesses,”³ jointly issued by the OCC, Federal Reserve, and Federal Deposit Insurance Corporation in July 2024. The agencies continue to review and consider the feedback received on that document.

We invite community banks, industry groups, technology providers, and other interested parties to respond to the following questions:

1. *Planning for Digitalization:* What are the primary challenges facing community banks in pursuing digitalization strategies or initiatives? To what extent is digitalization a strategic priority for community banks, and what factors influence this prioritization? How are community banks addressing the need to obtain subject matter expertise to make informed risk-based decisions about digitalization strategies, initiatives, or their implementation? What challenges, if any, are community banks facing in hiring or retaining qualified personnel (e.g., information technology, cybersecurity, compliance, audit, and other assurance roles) to support digitalization strategies or initiatives?

³ 89 FR 61577 (July 31, 2024).

2. *Board and Governance:* How are community banks' boards of directors engaged in overseeing and supporting digitalization strategies and initiatives? What challenges do community banks' boards of directors face when seeking education or considering opportunities regarding digitalization? How do community banks' boards balance the pursuit of a digitalization strategy with their overall risk appetite and the bank's long-term mission? Describe the governance processes or policies in place to ensure that community banks' digitalization strategies or initiatives align with their overall business strategy and regulatory obligations to operate in a safe and sound manner and in compliance with applicable laws and regulations.
3. *Due Diligence and Implementation:* What factors are affecting community banks' due diligence and pre-implementation research of digital solutions? What are the most common obstacles facing community bank digitalization during the due diligence and pre-implementation phase, and how are community banks overcoming them? What are the most common obstacles facing community bank digitalization during the implementation phase, and how are community banks overcoming them?
4. *Digitalization Costs and Budget:* A digitalization strategy can involve significant up-front and ongoing costs and resources. What types of up-front costs, ongoing costs, and resources are associated with undertaking a digitalization strategy? How are potential budget constraints impacting community banks' ability to adopt or maintain digitalization strategies?
5. *Use of Third Parties:* To what extent are community banks reliant on third parties (e.g., core service providers, technology vendors, financial technology firms (fintechs), regulatory compliance solutions, etc.) for the implementation of digitalization strategies or initiatives? How is this reliance managed? Are there any impediments to community banks' digitalization strategies with respect to core service providers or other third parties? Are community banks able to address these impediments, and if so, how do they enhance their control environments to best manage third-party relationships in light of these impediments? Are community banks finding third-party solutions meet their specific digitalization needs? If not, where are community banks

facing the biggest gaps? What is the range of practice for community banks working with a single third-party provider for an integrated approach to digitalization versus engaging multiple third-party providers to address specific needs? What are the benefits and challenges of each approach? How are banks managing the risk that a third party may introduce a new technology (e.g., artificial intelligence (AI)) or process without the bank's prior knowledge, potentially increasing risk outside of the bank's risk appetite?

6. *Competition and Market Trends:* How do community banks see digitalization affecting their competitiveness with fintechs, larger banks, and similarly situated community banks? Describe any risks associated with the lack of digitalization strategies or initiatives. How do trends and customers' demands for digitalization impact community banks' digitalization strategies and initiatives? How do community banks gather feedback on customer demands and changing technology needs?

7. *Use of Artificial Intelligence and Machine Learning:* How are community banks incorporating AI and machine learning (ML) into their digitalization strategies and initiatives? How has this use evolved as new forms of AI become commercially available, such as generative AI? Are banks using AI primarily for cost savings and efficiency, revenue-generating activities, or other reasons? How are banks evolving their risk management to address the use of AI and ML, including when introduced through a third-party relationship? How can regulators support community banks' adoption of AI and ML?

8. *Effect of Applicable Laws and Regulations:* How do regulatory and compliance requirements impact the decision to undertake digitalization strategies or initiatives? What regulatory, compliance, or supervisory requirements present the greatest challenges to digitalization at community banks? How are banks using digitalization strategies and initiatives to increase the effectiveness or efficiency of compliance programs? How can regulators support community bank adaptation and competitiveness amid continued digitalization and technological evolution?

9. *Associated Risks:* How do community banks manage the ongoing risks of digitalization that may result in material financial risks? How do community banks and third-party providers, including fintechs, approach cybersecurity and data privacy concerns when considering the implementation of new technology at a community bank? How are community banks safeguarding against the evolving nature of threats arising from bad actors' use of new technology? How can regulators support community banks' adoption of new technologies and the management of associated risks?

10. *Data Sharing:* To what extent do community banks share data with third-party providers, including fintechs, as part of a digitalization strategy or initiative? What challenges or concerns are encountered in facilitating secure and compliant data sharing? How are community banks managing connectivity (e.g., by using an application programming interface (API), secure file transfer protocol (SFTP), or some other method) for the secure sharing of data with third-party providers? Are there any limitations or constraints within community banks' API offerings, such as restrictions on functionality, data accessibility, scalability, or third-party compatibility? If so, what measures, frameworks, or technologies are community banks using to ensure seamless data exchange, interoperability, and secure communication across different platforms, core banking systems, and external fintechs?

Stuart Feldstein,
*Acting Principal Deputy Chief Counsel,
Office of the Comptroller of the Currency.*