



441 G St. N.W.
Washington, DC 20548

Comptroller General
of the United States

May 15, 2025

The Honorable Rodney E. Hood
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th St. SW
Washington, D.C. 20219

Priority Open Recommendations: Office of the Comptroller of the Currency

Dear Mr. Hood:

The purpose of this letter is to call your personal attention to two areas based on GAO's past work and three open priority recommendations, which are enclosed.¹ Additionally, there are eight other GAO open recommendations that we will continue to work with your staff to address.

We are highlighting the following areas that warrant your timely and focused attention. Specifically:

Financial services regulations. Leading practices for rulemaking call for assessing the potential and actual effects of proposed and final rules, such as costs and benefits. However, in July 2024, we found that regulators conducted few retrospective reviews of the effects of their existing rules. We also found that the Office of the Comptroller of the Currency (OCC) lacked policies and procedures for conducting such reviews. Systematically conducting retrospective reviews could help OCC assess whether its rules have had their intended effects and inform future rulemaking, as we recommended.

Blockchain technology. In 2023, we found that financial regulators lacked an ongoing coordination mechanism for addressing blockchain risks in a timely manner. For example, regulators identified financial stability risks posed by stablecoins in 2019 but did not identify the need for action to address these risks until November 2021. We recommended that OCC and other federal financial regulators jointly establish or adapt an existing formal coordination mechanism to identify and address risks posed by blockchain-related products and services. Such a mechanism would help OCC and the other regulators collectively identify risks and develop and implement a regulatory response in a timely manner.

Please see Enclosure 1 for additional details about the status and actions needed to fully implement the three open priority recommendations out of the 11 total recommendations that remain open. These include a priority recommendation on financial technology.

¹GAO considers a recommendation to be a priority if, when implemented, it may significantly improve government operations—for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high-risk or duplication issue.

We also provide in Enclosure 2 additional information on OCC's recommendation implementation rate, as well as implemented, closed, and new priority recommendations since our April 2024 letter to Acting Comptroller of the Currency Michael Hsu. The enclosure also discusses relevant management challenges from our High-Risk List that apply to OCC. Additionally, in response to legislation enacted in 2022, this enclosure includes information on any additional congressional oversight actions that can help agencies implement priority recommendations and address any underlying issues related to such implementation.

Copies of this letter are being sent to the appropriate congressional committees. The letter will also be available on the GAO website at [Priority Recommendations | U.S. GAO](#).

If you have any questions or would like to discuss any of the issues outlined in this letter, please do not hesitate to contact me or Daniel Garcia-Diaz, Managing Director, Financial Markets and Community Investment, at GarciaDiazD@gao.gov. Contact points for our offices of Congressional Relations and Public Affairs may be found on the last page of this letter. Our teams will continue to coordinate with your staff on addressing these priority recommendations and the remaining eight open recommendations. I appreciate OCC's continued commitment and thank you for your personal attention to these important issues.

Sincerely,

//SIGNED//

Gene L. Dodaro
Comptroller General
of the United States

Enclosures – 2

cc: The Honorable Scott Bessent, Secretary, U.S. Department of the Treasury

Enclosure 1

Priority Open Recommendations to the Office of the Comptroller of the Currency (OCC)

Financial Services Regulations

Financial Services Regulations: Improvements Needed to Policies and Procedures for Regulatory Analysis. [GAO-24-106206](#). Washington, D.C.: July 18, 2024.

Year Recommendation Made: 2024

Recommendation: The Comptroller of the Currency should ensure that its Policy Analysis Division develops and implements policies and procedures for systematically performing retrospective reviews of regulations.

Actions Needed: OCC neither agreed nor disagreed with our recommendation. In January 2025, OCC developed final internal procedures for conducting retrospective reviews. However, the approach outlined in these procedures is limited to ad hoc reviews or broad interagency efforts. Our report found that this kind of approach resulted in few retrospective reviews of the effects of existing rules. To fully implement this recommendation, OCC needs to implement policies and procedures that result in the systematic completion of retrospective reviews of its regulations. Doing so would provide OCC with reasonable assurance that its rules are having their intended effects.

High-Risk Area: [Modernizing the U.S. Financial Regulatory System](#)

Director: Michael E. Clements, Financial Markets and Community Investment

Contact information: clementsm@gao.gov

Blockchain Technology

Blockchain in Finance: Legislative and Regulatory Actions Are Needed to Ensure Comprehensive Oversight of Crypto Assets. [GAO-23-105346](#). Washington, D.C.: June 22, 2023.

Year Recommendation Made: 2023

Recommendation: The Comptroller of the Currency should jointly establish or adapt an existing formal coordination mechanism with the Consumer Financial Protection Bureau, Commodity Futures Trading Commission, Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, National Credit Union Administration, and Securities and Exchange Commission for collectively identifying risks posed by blockchain-related products and services and formulating a timely regulatory response. To facilitate these objectives, this mechanism could include formal planning documents that establish the frequency of meetings and processes for identifying risks and responding to them within agreed-upon time frames.

Actions Needed: The OCC neither agreed nor disagreed with the recommendation. In February 2024, OCC told us that the Financial Stability Oversight Council, of which OCC is a

member, established a coordination mechanism through the creation of the Digital Assets Working Group. The group was formed to promote information sharing and enhance interagency coordination in identifying potential risks in the digital asset space.

In July 2024, the financial regulators provided documentation demonstrating that the working group meets regularly and has developed and implemented processes for identifying risks and regulatory challenges concerning blockchain-related products and services.

To fully implement the recommendation, the agencies should continue to work toward developing processes for responding to those risks and challenges that cross regulatory jurisdictions within agreed-upon time frames. Such a mechanism would help OCC and the other regulators collectively identify risks and develop and implement a regulatory response in a timely manner.

High-Risk Area: [Modernizing the U.S. Financial Regulatory System](#)

Director: Michael E. Clements, Financial Markets and Community Investment

Contact information: clementsm@gao.gov

Financial Technology

Financial Technology: Agencies Should Provide Clarification on Lenders' Use of Alternative Data. [GAO-19-111](#). Washington, D.C.: December 19, 2018 (reissued with revisions on March 12, 2019).

Year Recommendation Made: 2019

Recommendation: The Comptroller of the Currency should, in coordination with the other federal banking regulators and the Consumer Financial Protection Bureau and with input from relevant stakeholders, communicate in writing to banks that engage in third-party relationships with financial technology (fintech) lenders on the appropriate use of alternative data in the underwriting process, including issues to consider when selecting types of alternative data to use.

Action Needed: OCC agreed with the recommendation. In June 2023, OCC—along with the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System—issued interagency guidance on third-party risk management. In March 2024, the regulators said they believe the guidance fulfills the recommendation.

However, the guidance does not include specific direction to banks that engage in third-party relationships with fintech lenders regarding the appropriate use of alternative data in the underwriting process. Instead, the guidance broadly applies to all topics and third-party relationships. As a result, it does not address specific topics, such as the use of alternative data, or specific types of third-party relationships, such as those with fintech companies. As of February 2025, OCC has not taken additional actions to fully implement this recommendation.²

²In July 2024, the federal bank regulators issued a joint statement on banks' arrangements with third parties to deliver bank deposit products and services. The statement reemphasized existing guidance and did not address the appropriate use of alternative data in underwriting. The regulators also published a request for (Continued)

To fully implement the recommendation, OCC needs to coordinate with other federal banking regulators and the Consumer Financial Protection Bureau to finalize written communication providing banks with specific direction on the appropriate use of alternative data in underwriting when partnering with fintech lenders. Such communication would give fintech lenders greater certainty about their compliance with consumer protection laws and help banks manage the risks associated with these partnerships.

Director: Michael E. Clements, Financial Markets and Community Investment

Contact information: clementsm@gao.gov

information on bank-fintech arrangements involving products and services distributed to consumers and businesses. Request for Information on Bank-Fintech Arrangements Involving Banking Products and Services Distributed to Consumers and Businesses, 89 Fed. Reg. 61577 (July 31, 2024). The request for information mentions the risks of the use of alternative data in bank-fintech arrangements and sought comments on the description of those risks—among others—and how to address them, but regulators have not taken additional action.

Enclosure 2

Key Information About the Status of GAO Recommendations and Improving Agency Operations

Office of the Comptroller of the Currency's (OCC) Recommendation Implementation Rate

In November 2024, we reported that, on a government-wide basis, 70 percent of our recommendations made 4 years ago were implemented.³ OCC's recommendation implementation rate was 100 percent.⁴ As of May 2025, OCC had 11 open recommendations.

Implemented, Closed, and New Priority Recommendations

Our April 2024 letter to the Acting Comptroller of the Currency, Mr. Hsu, identified two priority recommendations.⁵ Since then, neither of the open priority recommendations were implemented, and we added one new priority recommendation.

New priority recommendation: The new priority recommendation is in the area of financial services regulations (see Enclosure 1).

High-Risk List

In February 2025, we issued our biennial update to our High-Risk List.⁶ This list identifies government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement. It also identifies the need for transformation to address economy, efficiency, or effectiveness challenges. One of our high-risk areas—[modernizing the U.S. financial regulatory system](#)—relates directly to OCC. Specifically, we urge your attention to the effective and efficient oversight of financial institutions and activities.

Several other government-wide, high-risk areas also have direct implications for OCC and its operations. These include [improving management of IT acquisitions and operations](#), [improving strategic human capital management](#), [improving the personnel security clearance process](#), [managing federal real property](#), and [ensuring the cybersecurity of the nation](#).

In addition to OCC's high-risk area, we urge your attention to resolving these other government-wide, high-risk issues as they relate to OCC. Progress on high-risk issues has been possible through the concerted actions and efforts of Congress, the Office of Management and Budget, and the leadership and staff in agencies, including within OCC. In March 2022, we issued a

³GAO, *Performance and Accountability Report: Fiscal Year 2024*, [GAO-25-900570](#) (Washington, D.C.: Nov. 15, 2024).

⁴We calculated the implementation rate based on the total number of recommendations we made 4 years ago that we have closed as implemented.

⁵GAO, *Priority Open Recommendations: Office of the Comptroller of the Currency*, [GAO-24-107276](#) (Washington, D.C.: Apr. 30, 2024).

⁶GAO, *High-Risk Series: Heightened Attention Could Save Billions More and Improve Government Efficiency and Effectiveness*, [GAO-25-107743](#) (Washington, D.C.: Feb. 25, 2025).

report on key practices to successfully address high-risk areas, which can be a helpful resource as your agency continues to make progress to address high-risk issues.⁷

Congress's Role on GAO Recommendations

We also recognize the key role Congress plays in providing oversight and maintaining focus on our recommendations to ensure they are implemented and produce their desired results. Legislation enacted in December 2022 includes a provision for GAO to identify any additional congressional oversight actions that can help agencies implement priority recommendations and address any underlying issues relating to such implementation.⁸

Congress can use various strategies to address our recommendations, such as incorporating them into legislation. Congress can also use its oversight processes to incentivize OCC to act on our recommendations and monitor its progress. For example, Congress can hold hearings focused on OCC's progress in implementing GAO's priority recommendations or take other actions to provide incentives for OCC to act.

Congress also plays a key role in addressing any underlying issues related to the implementation of these recommendations. For example, Congress can pass legislation providing an agency explicit authority to implement a recommendation or requiring an agency to take certain actions to implement a recommendation.

⁷GAO, *High-Risk Series: Key Practices to Successfully Address High-Risk Areas and Remove Them from the List*, [GAO-22-105184](#) (Washington, D.C.: Mar. 3, 2022).

⁸James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263, § 7211(a)(2), 136 Stat. 2395, 3668 (2022); H.R. Rep. No. 117-389 (2022) (accompanying Legislative Branch Appropriations Act, H.R. 8237, 117th Cong. (2022)).

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