What Banks Need To Know About Trump's Executive Orders

By **James Bergin, Kevin Toomey and George Eichelberger** (February 13, 2025)

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Since taking office on Jan. 20, President Donald J. Trump has signed a staggering number of executive orders[1] and memoranda,[2] and more continue to be issued.

These executive actions signal Trump's aggressive agenda to significantly redefine federal policy in a range of areas. This article addresses the executive actions issued so far that are most likely to affect banking organizations, including those concerning digital assets; a regulatory freeze; and diversity, equity and inclusion initiatives.

The executive actions issued to date do not cover a number of the specific regulatory issue areas that banking organizations have been expecting from the Trump administration, such as an increased appetite toward mergers and acquisitions or bank charters.

Nonetheless, there is much that banking organizations need to pay attention to already from strategic, compliance, operational or personnel perspectives.

Rescinding Restrictions on and Signaling Openness to Digital Assets and Cryptocurrency

"Strengthening American Leadership in Digital Financial Technology"

This executive order, released Jan. 23, states that the administration's policy will be to support the responsible growth of digital assets and related technologies.[3]

It establishes a new "President's Working Group on Digital Asset Markets" tasked with taking steps to promote regulatory clarity for this asset class, including developing a new federal regulatory framework, with proposals due in 180 days.

It includes representation from across the government. However, it notably does not include the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corp. or the Federal Reserve.

It bans work on central bank digital currencies and promotes the development of dollar-denominated stablecoins worldwide, including the development of a regulatory framework for stablecoins. It includes language supporting "fair and open access to banking services for all law-abiding" citizens and private-sector entities, but does not direct specific action to this objective.

Implications for Banking Organizations

This executive order could have far-reaching implications for banking organizations, since it portends the rapid development of new regulatory standards for digital assets and the development of digital asset markets.

Banking organizations will need to be ready for the opportunities and risks that digital assets present, as federal banking regulators are likely to take a more permissive attitude toward cryptocurrency-related activities.

Stablecoin legislation is likely to follow the recommendations of the working group, and banking organizations may consider whether to begin engaging in stablecoin-related activities.

Moreover, the banking agencies may expect banking organizations to show that they are not engaged in derisking customers associated with digital assets (so-called debanking), and should review their activities for practices that may raise issues in this respect.[4]

Cessation of Activity at the Consumer Financial Protection Bureau

Email From Acting Director Russell Vought Requiring Cessation of Certain CFPB Operations

On Feb. 8, Russell Vought, acting director of the Consumer Financial Protection Bureau, emailed CFPB employees instructing them to cease all supervision and rulemaking activity, and as of Feb. 10, CFPB employees were instructed not to report to work.

CFPB attorneys have also filed motions in multiple ongoing litigations seeking temporary stays, stating that they have been prohibited from making certain nonprocedural motions and arguments.[5]

Implications for Banking Organizations

The cessation of rulemaking activity by the CFPB will affect all depository institutions, as rules currently proposed by the bureau will be frozen for the foreseeable future.

The cessation of supervisory activity at the CFPB will also have an immediate impact on large depository institutions that have been subject to the bureau's ongoing supervision.

However, depository institutions will still be expected to comply with federal consumer protection laws that may also be enforced, to varying degrees, by the banking agencies, the Federal Trade Commission and state attorneys general.

Regulatory Freeze Orders

"Regulatory Freeze Pending Review"

In this memorandum released Jan. 20, the administration ordered agencies to refrain from proposing or issuing any rules until a department or agency head appointed or designated by Trump, or their delegee, has reviewed and approved the rule, subject to limited exceptions; to withdraw any rules sent to the Federal Register but not yet published to be reviewed by the appropriate Trump-appointed official; and to consider postponing for 60 days the effective date of any final rules that have not yet taken effect.[6]

"Unleashing Prosperity Through Deregulation"

This executive order, released Jan. 31, requires that whenever an agency promulgates a new rule, regulation or guidance, such agency must identify at least 10 to be repealed.[7]

Implications for Banking Organizations

These orders set in motion a deregulatory imperative for the banking agencies. The "10 to 1" executive order is a more ambitious version of the "2 for 1" executive order from the first Trump administration and has the potential to have a significant impact on banking agency rules and, in particular, guidance that was issued during the Biden administration.

The regulatory freeze order matters less as new acting heads for the banking agencies are appointed, but reinforces skepticism toward new or recent rules or guidance, and the likelihood of their reassessment.

Some recent rules are likely to be affected by the regulatory orders, including:

- The CFPB's final rule on overdraft lending for very large financial institutions, which is slated to go into effect on Oct. 1;
- The Financial Crimes Enforcement Network's final rule implementing beneficial ownership information reporting requirements, which was slated to go into effect on Jan. 1 but has been postponed due to ongoing litigation;
- The final rule amending regulations implementing the Community Reinvestment Act, provisions of which were scheduled to come into effect in stages over the next several years;
- Proposed revisions to U.S. capital rules, also known as Basel III endgame; and
- The FDIC's proposed rule revising brokered deposit regulations.

Rescission of DEI Programs

"Ending Radical and Wasteful Government DEI Programs and Preferencing"

The new administration in this executive order released on Jan. 20 deemed government DEI programs to be wasteful and discriminatory.[8]

There is now an increased focus on eliminating these programs within the federal government. The Office of Management and Budget, the Office of Personnel Management and other federal entities are directed to assess and remove DEI positions, grants and policies.

"Ending Illegal Discrimination and Restoring Merit-Based Opportunity"

In this executive order released Jan. 21, the new administration aimed to end what it has described as discriminatory and "illegal" DEI practices in federal agencies and the private sector.[9]

The attorney general, in consultation with "the heads of relevant agencies," is directed to prepare a report containing recommendations "to encourage the private sector to end illegal discrimination and preferences, including DEI," and to propose a strategic enforcement plan that includes potential private sector targets for civil compliance investigations.

Implications for Banking Organizations

Banking organizations that implemented DEI programs as part of their hiring, retention and employee relations practices may be subject to increased scrutiny and potential enforcement by federal agencies.

These executive orders could also be applied beyond employment practices to broader banking activities that may be directed toward low- and moderate-income communities and minority communities.

Banking organizations should review their policies and practices, as well as their public disclosures, to understand their potential legal exposure in light of these executive actions.

Federal Workforce Measures

"Hiring Freeze"

A hiring freeze, announced in a Jan. 20 memo, is now in effect throughout the federal government, including all executive departments and agencies. While it is not clear if this applies to all banking agencies, it is likely that all will comply.[10]

The memorandum directs the OMB to submit a plan to reduce the federal workforce in 90 days.

"Restoring Accountability to Policy-Influencing Positions Within the Federal Workforce"

This Jan. 20 executive order reinstates a prior Schedule F policy that the Trump administration had implemented in 2020, which would make it easier to dismiss certain federal employees in situations such as if they do not "faithfully implement" administration policies.[11]

Deferred Resignation Email to Federal Employees

On Jan. 28, the OPM sent a mass email to a large number of federal employees offering the option of submitting a "deferred resignation" that would exempt them from in-office work requirements and entitle them to pay and benefits regardless of daily workload until Sept. 30, at which time their resignation would become effective.[12]

Implications for Banking Organizations

These executive actions might augur significant changes in the composition of the workforce at the banking agencies, with unpredictable effects.

A stoppage in hiring by the banking agencies may not only slow the pace of examinations and enforcement, but also may slow banking agency responses to requests and applications by banking organizations.

Banking agencies may become more responsive to this administration's deregulatory imperatives and industry requests. However, they may lose skilled talent through turnover and attrition.

Designating Certain Entities as Foreign Terrorist Organizations

"Designating Cartels and Other Organizations as Foreign Terrorist Organizations and Specially Designated Global Terrorists"

This Jan. 20 executive order sets in motion a process by which certain international cartels and other transnational criminal organizations, or TCOs — particularly organizations active in Mexico and Central America — will be designated as foreign terrorist organizations or specially designated global terrorists.[13]

Implications for Banking Organizations

The executive order designating new entities as foreign terrorist organizations will increase anti-money laundering and sanctions compliance obligations for banks and other financial institutions. Banking organizations with lending and other activities involving Mexico and Central America may be particularly affected.

On Feb. 5, Attorney General Pam Bondi issued a memo related to cartels and TCOs, in which she directed, among other things, the U.S. Department of Justice's Money Laundering and Asset Recovery Section to prioritize investigations, prosecutions and asset forfeiture actions targeting cartels and TCOs; and the disbanding of Task Force KleptoCapture, which focused on Russian sanctions evasions, and the redirecting of all resources to enforcement against cartels and TCOs.

Executive Actions That Affect Possible Borrowers

Office of Management and Budget's Pause of Federal Financial Assistance

The OMB on Jan. 27 in M-25-13 directed a temporary pause of agency grant, loan and other financial assistance programs, which the OMB later clarified would only apply to programs "implicated by" Trump's recent executive orders.

The OMB directive mandating this pause was then rescinded with unclear effects, and the pause was separately enjoined by a judge in the U.S. District Court for the District of Columbia on Feb. 3 in National Council of Nonprofits v. Office of Management and Budget.

"Removing Barriers to American Leadership in Artificial Intelligence"

This Jan. 23 executive order declares the Trump administration's policy of global artificial intelligence "dominance" and instructs the heads of certain executive agencies to develop an action plan to implement this policy.[14]

Implications for Banking Organizations

Banking organizations may need to consider how their customers may be affected by the executive actions.

For some customers, such as entities involved with AI and digital assets, the effect may be favorable. For others, such as entities with federal contracts or those involved in renewable energy, the effects may be less favorable.

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[1] An Executive Order of the president is a declaration by the president which has the force of law. Executive Orders do not require any action by Congress to take effect, and the legislature cannot overturn them.

[2] Unlike Executive Orders, Memoranda are not required by law to be published in the Federal Register, but publication is necessary in order to have general applicability and legal effect.

[3] https://www.whitehouse.gov/presidential-actions/2025/01/strengthening-american-leadership-in-digital-financial-technology/.

[4] The SEC has also signaled increasing openness to digital assets. The SEC launched a "crypto task force" tasked with developing a comprehensive and clear regulatory framework for crypto assets. Securities and Exchange Commission, SEC Crypto 2.0: Acting Chairman Uyeda Announces Formation of New Crypto Task Force (Jan. 21, 2025). The SEC also revoked Biden-era interpretive guidance that required financial institutions reflect digital assets they safeguard for customers as liabilities on their balance sheets. The SEC now allows entities to determine whether or not an obligation to safeguard a crypto asset should

be recognized as a liability. Securities and Exchange Commission, Staff Accounting Bulletin No. 122 (Jan. 23, 2025).

[5] See, e.g., Cornerstone Credit Union League v. CFPB, 4:25-CV-16-SDJ (E.D. Tex.); Texas Bankers Association v. CFPB, No. 24-40705 (5th Cir.).

[6] https://www.whitehouse.gov/presidential-actions/2025/01/regulatory-freeze-pending-review/.

[7] https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-prosperity-through-deregulation/.

[8] https://www.whitehouse.gov/presidential-actions/2025/01/ending-radical-and-wasteful-government-dei-programs-and-preferencing/.

[9] https://www.whitehouse.gov/presidential-actions/2025/01/ending-illegal-discrimination-and-restoring-merit-based-opportunity/.

[10] https://www.whitehouse.gov/presidential-actions/2025/01/hiring-freeze/.

[11] https://www.whitehouse.gov/presidential-actions/2025/01/restoring-accountability-to-policy-influencing-positions-within-the-federal-workforce/.

[12] https://www.opm.gov/fork.

[13] https://www.whitehouse.gov/presidential-actions/2025/01/designating-cartels-and-other-organizations-as-foreign-terrorist-organizations-and-specially-designated-global-terrorists/.

[14] https://www.whitehouse.gov/presidential-actions/2025/01/removing-barriers-to-american-leadership-in-artificial-intelligence/.