

Executive Order Targeting Politicized or Unlawful Debanking

Alert

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On August 7, President Trump issued an [Executive Order](#) titled "Guaranteeing Fair Banking for All Americans" (the Order). The purpose of the Order is to prohibit financial institutions from engaging in "politicized or unlawful debanking" and ensure that financial institutions are making banking decisions on the "basis of individualized, objective, and risk-based analyses."

DEFINED KEY TERMS

The Order defines "politicized or unlawful debanking" as an act by a financial institution that "directly or indirectly adversely restricts access to, or adversely modifies the conditions of, accounts, loans, or other banking products or financial services of any customer or potential customer on the basis of the customer's or potential customer's political or religious beliefs, or on the basis of the customer's or potential customer's lawful business activities that the financial service provider disagrees with or disfavors for political reasons."

The Order further defines "Federal banking regulators" to include the Board of Governors of the Federal Reserve System (FRB), Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), National Credit Union Administration, Consumer Financial Protection Bureau, and the Small Business Administration (SBA).

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ACTIONS REQUIRED BY FEDERAL BANKING REGULATORS

The Order imposes numerous requirements on the federal banking regulators that must be completed by Feb. 3, 2026 (180 days after the Order). Specifically, the Order requires that the federal banking regulators:

- Remove the use of reputation risk or equivalent concepts from guidance documents and other materials used to regulate or examine financial institutions.
- Review and identify financial institutions' policies that require or encourage politicized or unlawful debanking.
- Review current supervisory and complaint data to identify financial institutions that have engaged in unlawful debanking on the basis of religion.

Additionally, by Oct. 6, 2025 (60 days after the Order) the SBA must give notice to all SBA lenders that each financial institution must complete the following by Dec. 5, 2025 (120 days after the Order):

- Identify, notify, and reinstate financial services to all previous clients that were denied access to such services because of a politicized or unlawful debanking action.
- Identify, notify, and provide a renewed option for financial services, including payment processing services, to all potential clients that were denied access to such services because of a politicized or unlawful debanking action.

The Order also requires the Secretary of Treasury and Assistant to the President for Economic Policy to develop a strategy to combat politicized or unlawful debanking.

EXPECTATIONS FOR FINANCIAL INSTITUTIONS

Financial institutions should anticipate heightened regulatory scrutiny and enforcement activity. Federal banking regulators have already begun taking steps to align with the Order, including removing references to reputational risk from supervisory materials, regulations, and examination programs. The [OCC](#) announced initial actions to depoliticize the banking system and plans to propose rule changes, while the [FDIC](#) intends to prohibit examiners from criticizing institutions based on reputational risk or instructing account closures for political, social, religious, or other views, and will review whether its supervised institutions have engaged in politicized or unlawful debanking. The [FRB](#) has also eliminated reputational risk from its supervisory framework, though it emphasized that banks may still consider such risks internally—provided they are not tied to politicized or unlawful factors.

Regulators are expected to increasingly treat politicized or unlawful debanking as potential UDAP/UDAAP or ECOA violations, particularly where religious beliefs are involved. Complaints suggesting account closures or service denials for political, social, or religious reasons may serve as the basis for investigations, leading to supervisory or enforcement action. Beyond regulatory action, the Order and related public

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statements may also spur private litigation from individuals and businesses alleging they were unlawfully debanked due to their beliefs or affiliations.

WHAT FINANCIAL INSTITUTIONS CAN DO TO PREPARE

In preparation, financial institutions should conduct privileged internal reviews of policies, procedures, and practices—particularly those related to UDAP/UDAAP and ECOA—to identify any criteria that could be viewed as proxies for political or religious beliefs or lawful business activities. Institutions should also ensure their complaint management systems effectively capture, track, and analyze debanking-related complaints, with special attention to allegations tied to religion, political beliefs, or lawful business activities. In addition, close monitoring of industry litigation trends is essential, as early lawsuits from consumers or businesses may signal emerging theories of unfair or unlawful treatment that could influence future regulatory priorities.

CONTACT US

We are closely tracking the federal banking regulators' actions and will continue to provide updates as the situation evolves. For more information, please contact [Anastasia Stull](#), [Jeffrey Harrison](#), [Marisa Perfetti](#), or the Stinson LLP contact with whom you regularly work.

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