



Financial Services

Regulatory Violations Intelligence Index

August 2026

Industry objectives & executive introduction

The Regulatory Violations Intelligence Index provides expert analysis and comprehensive insight into regulatory enforcement actions relevant to commercial banks, broker-dealers, and other financial services firms. It tracks breaches and resulting penalties across banking, securities, and insurance sectors, offering clarity on both the total volume of violations and aggregate penalty values. Released semi-annually, this fourth edition of the Index assesses regulatory enforcement dynamics in the first half of 2026.

Trends and focus areas

The index highlights patterns in institutional behavior that have resulted in regulatory enforcement action and their associated penalties. Through examining the count and financial impact of enforcement actions, it surfaces key regulatory priorities and thematic shifts. In the unprecedented and dynamic regulatory environment of late 2025, these insights continue to require careful contextualization.

Federal financial oversight in the first half of 2026 continued to reflect the administration's deregulatory posture, with federal agencies emphasizing supervisory streamlining, reduced compliance burdens, and a more constrained view of regulatory intervention. Across the regulatory landscape, policymakers and financial regulators reinforced several themes that further shaped the evolving operating environment:

- **Continued recalibration of post-crisis regulatory frameworks**, with banking regulators pursuing additional efforts to reduce requirements viewed as unnecessary or overly burdensome for institutions outside the largest systemic-risk categories. Regulatory discussions increasingly focused on tailoring capital, liquidity, and supervisory expectations to institutional size and complexity, rather than applying broad-based requirements across the sector.
- **Expanded support for community and regional banks**, as the OCC, FDIC, and Federal Reserve continued initiatives aimed at simplifying supervisory processes, reducing reporting burdens, and encouraging lending activity. Regulators increasingly highlighted the role of community banks in economic growth and emphasized proportional oversight frameworks intended to facilitate market participation and competition.
- **A “quality over quantity” enforcement philosophy at the SEC**, with agency leadership emphasizing concentrated enforcement resources on significant fraud, market manipulation, disclosure misconduct, and investor-harm cases. This approach marked a continued shift away from broad enforcement sweeps and technical compliance actions toward higher-impact investigations and litigation.
- **Ongoing retrenchment in CFPB rulemaking and enforcement activity**, as the Bureau continued to review, reconsider, or delay several initiatives advanced under prior leadership. Regulatory priorities increasingly centered on clarifying existing statutory requirements and reassessing previously proposed rules, reflecting a broader focus on regulatory streamlining and reduced intervention.
- **Greater alignment among the federal banking agencies on supervisory policy**, particularly through efforts to eliminate “reputation risk” as a standalone supervisory consideration and to ensure examination findings are tied to material financial and operational risks. Joint actions by the OCC, FDIC, and Federal Reserve sought to increase consistency, transparency, and predictability in supervisory expectations across the banking sector.
- **Increased emphasis on transparency and predictability in examinations**, with regulators communicating supervisory priorities more explicitly and reinforcing expectations that examinations should focus on core safety-and-soundness, consumer protection, and market integrity concerns. Agencies characterized this approach as intended to foster constructive engagement with regulated institutions while maintaining focus on material risks. This environment generally resulted in a lower likelihood of enforcement actions arising from technical or low-severity compliance deficiencies, while maintaining heightened regulatory attention on fraud, misconduct, consumer harm, cybersecurity risks, and other issues presenting significant financial, operational, or market integrity concerns.

Index methodology

The input data for the index is ingested from third-party sources including GoodJobsFirst.org. Third-party data is augmented by proprietary semantic data analysis that captures enforcement action data from key supervisory bodies including the Commodity Futures Trading Commission (CFTC), Consumer Financial Protection Bureau (CFPB), Federal Deposit Insurance Corporation, Federal Reserve, Office of Foreign Assets Control (OFAC), Office of the Comptroller of the Currency (OCC), and the Securities and Exchange Commission (SEC). While extensive, the index does not claim comprehensive enforcement activity coverage.

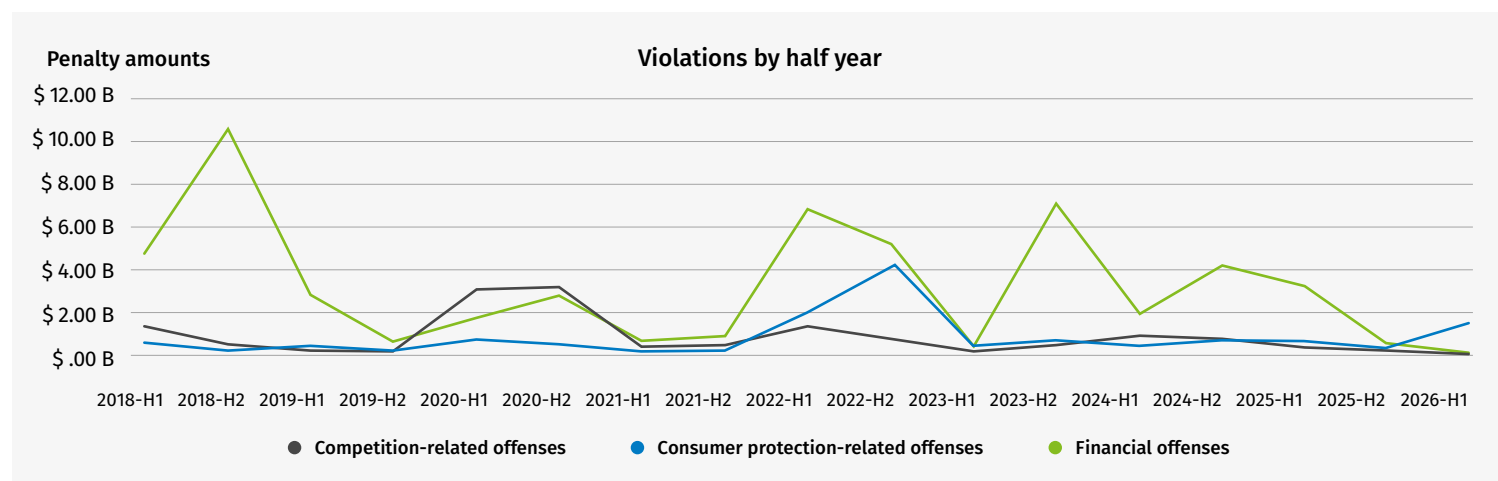
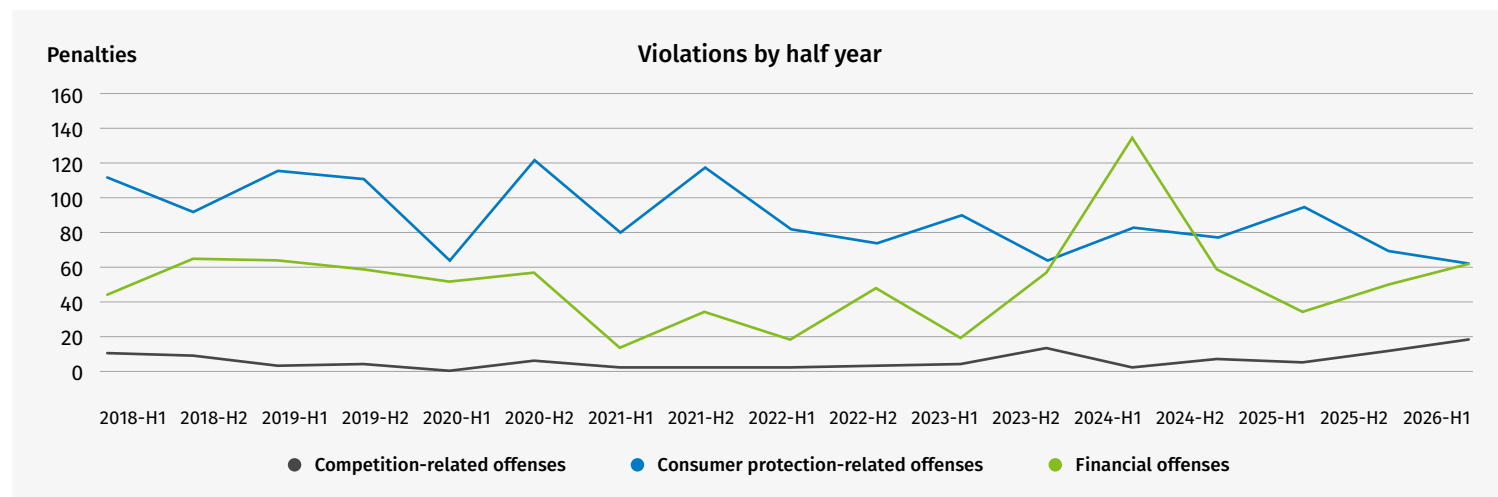
Regulatory enforcement categories

The Regulatory Violations Intelligence Index probes infringements and penalties across three categories of rules and guidance of interest to financial institutions: competition-related regulations, consumer protection-related regulations, and financial regulations. Together, these categories represent core areas of regulatory oversight that help shape the safety, fairness, and stability of financial markets. Regulatory actions within these domains can have material implications for financial institutions, businesses, and consumers through their effects on market competition, customer outcomes, risk management, and operational resilience. As a result, enforcement trends across these categories can also serve as indicators of broader economic and policy priorities, making them important areas for ongoing executive and board-level attention.

First half of 2026 violations landscape analysis

In the first half of 2026, total violations decreased in two of the three tracked categories – consumer protection, and competition-related offenses. In aggregate total, enforcement action activity dropped by a negligible 3%; the category driving the decline was the competition related offenses category with a 100% drop. Consumer protection related offenses experiencing a 7% decrease from the previous period, while financial violations experienced a 25% increase from the previous period, reach violation volume levels similar to the second half of 2024.

Penalty amounts also shifted from a precipitous decline to an increase of 117% over the previous half, across all tracked categories. Consumer protection related offenses showed the highest increase (+461%). Competition related offenses experienced a decrease of 100% followed by financial offenses which dropped in value by 47% over the previous six month period.

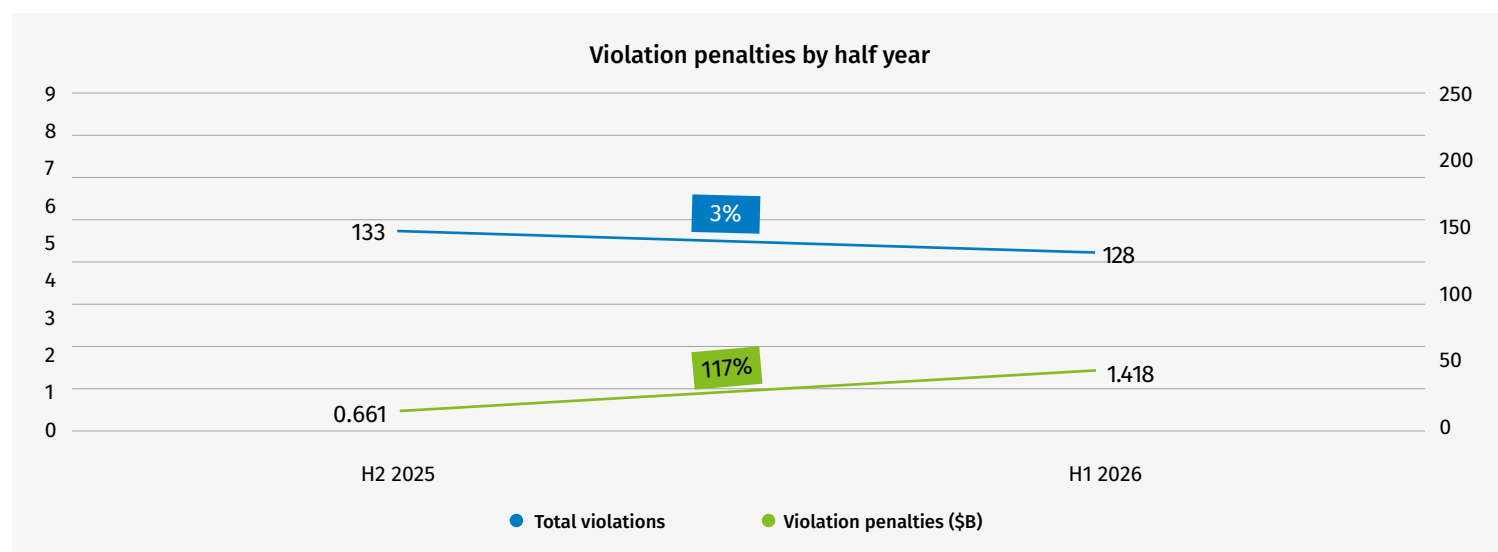


The H1 2026 data hardens a pattern first visible in 2025: federal enforcement has narrowed to a handful of high-materiality matters while the center of gravity has shifted decisively toward the states and the plaintiffs' bar. Federal-level matters accounted for just 16 of the 128 index violations this period — roughly half their H2 2025 count — and only seven of those originated with a federal agency: four from the SEC, and one each from the Justice Department's Criminal Division, OFAC, and FINRA. The remainder were private suits resolved in federal court. The CFPB, consistent with its ongoing retrenchment, brought no index actions at all. Compliance programs calibrated primarily to federal examination cycles should re-weight monitoring toward state insurance and securities regulators, coordinated multistate attorneys general campaigns, and private litigation exposure.

Concentration, rather than breadth, defined the period's penalty totals: three settlements supplied the overwhelming majority of the half's \$1.42 billion, while the median index action was a small-dollar state matter. Historical violation and penalty data therefore remain an imperfect predictor of forward priorities. The Index's value heading into the second half of 2026 lies in tracking the direction and pace of this redistribution of enforcement activity as the current administration's supervisory agencies operate in full 'run' mode.

It is also important to note that the drivers behind enforcement order timing and penalty values vary widely. Enforcement action intelligence is a lagging indicator of regulatory supervision activities and strategic priorities. Timing drivers can range from an institution's investigation duration to examination cadences while penalty values can be linked to external factors like whistleblower complaints or unexpected enterprise failures.

Enforcement volume and penalty value moved in opposite directions in the first half of 2026. Volume edged down 3%, to 128 index violations from 132 in H2 2025, with state regulators supplying 112 of the 128 actions — 88% of the total, up from 77% in the prior period. Penalty value, by contrast, more than doubled: \$1.42 billion was issued during the half, a 117% increase over the \$654 million recorded in H2 2025, though still well short of the \$3.94 billion posted in H1 2025.



Competition-related violations recorded no enforcement actions in H1 2026 — the first empty half-year for the category since H2 2022, and a hard stop after the twelve actions and roughly \$76 million in penalties logged in H2 2025. Neither the Justice Department's Antitrust Division nor the federal banking agencies brought a qualifying matter during the period, and no new private collusion settlements closed. Because recent category activity has been dominated by private litigation with long procedural tails — including the interest-rate-swap collusion matters that produced the prior period's largest action — the empty docket is better read as a pause in settlement timing than as the disappearance of exposure; matters of this type have historically resolved in clusters with little warning.

No largest category violation is reported for the period. The most recent benchmark remains H2 2025's leading matter: a \$25 million private settlement by a European investment bank of claims that it colluded with other banks to limit competition in the interest rate swaps market.



Consumer protection-related violations split into two distinct enforcement tiers in H1 2026. At the top, three matters — a \$540 million private interchange-fee settlement by a major card issuer, a \$425 million multistate attorneys general settlement over savings-account interest practices, and a combined \$199.5 million private settlement paid by the two dominant card networks — supplied roughly 95% of the category's \$1.23 billion in penalties, lifting category value 461% above H2 2025 to its highest half-year total since H2 2022. Below them sat a high-volume, low-dollar tier run almost entirely by state regulators: insurance violations made up 46 of the category's 64 actions, led by the Texas Department of Insurance with 20 actions and the Washington State Office of the Insurance Commissioner with five, alongside three-action dockets each at the Virginia Bureau of Insurance, the New York Department of Financial Services, the Vermont Department of Financial Regulation, and the Rhode Island Department of Business Regulation. Notably, no federal agency — the CFPB and OCC included — brought a consumer-protection index action during the half; every federal-level matter in the category arrived through private litigation. Overall action volume slipped 7%, from 69 to 64.

Topping the category was the interchange-fee litigation itself: a major consumer credit card issuer agreed to a settlement valued at no less than \$540 million to resolve claims that it misclassified certain credit card accounts, causing merchants to pay inflated interchange fees for years.

Financial violations ran counter to the category's prior-period pattern on both axes: volume climbed 25%, from 51 actions in H2 2025 to 64 — matching levels last seen in H2 2024 — while penalty value fell 47% to roughly \$190 million, an average of about \$3 million per action. The SEC's 'quality over quantity' posture is visible in the numbers: the Commission brought only four category actions, but they carried \$118 million — about 62% of category value — led by a \$100 million resolution with a major fixed-income asset manager over its failure to detect and prevent a trade-allocation 'cherry-picking' scheme run by its former co-chief investment officer, and including a \$9 million penalty against a national securities exchange for a 2023 opening-auction systems failure. Anti-money-laundering deficiencies remained a live federal theme, with the Justice Department's Criminal Division, the SEC, and FINRA each resolving an AML matter and OFAC adding a sanctions-compliance action against a brokerage. The volume engine, however, was the state securities apparatus: investor protection violations accounted for 60 of the 64 category actions, with securities authorities in Nevada, Illinois, Kentucky, Maine, South Carolina, and Wisconsin each bringing four to five small-dollar matters.



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