

**Oral Statement of Grovetta N. Gardineer
Senior Deputy Comptroller for Bank Supervision Policy
Before the
Committee on Financial Services
United States House of Representatives
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Chairman McHenry, Ranking Member Waters and members of the Committee, I am pleased to testify before the Committee to discuss the Office of the Comptroller of the Currency's engagements with international forums to advance the Agency's mission to ensure that national banks and federal savings associations operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations. I oversee several of the agency's policy units including those that participate in issues related to international banking. My written statement discusses the OCC's participation in international forums and the benefits this provides to the U.S. banking system.

The OCC supervises several banks and U.S. affiliates of foreign banks that conduct business on a global scale. It is critical in our role as a prudential supervisor to understand the full scope of the risks that these global operations present so that we can assess the effectiveness of the banks' risk management policies and programs. Engaging with foreign counterparts is critical to achieving that understanding.

International forums present an opportunity for regulators and supervisors to share knowledge and discuss common approaches, practices, and policies while fulfilling their individual supervisory mandates and ultimately supporting the integrity of global financial markets.

The OCC is a member of several international forums, or their subgroups, including the Basel Committee on Banking Supervision, the Financial Stability Board, the Financial Action Task Force or FATF, and the Network for Greening the Financial System.

The OCC's engagement in international forums is beneficial to the agency and the U.S. banking system.

For example, our participation provides an opportunity to exercise U.S. leadership and promote US policy interests by helping shape standards that may be adopted by jurisdictions around the world.

Our participation helps establish a level playing field for global banking activities. This minimizes the possibility that another country's lax regulatory regime could give its banks a competitive cost advantage over U.S. banks, or promote a race to the bottom by jurisdictions.

Our membership also advances U.S. national security and foreign policy interests. For example, the OCC's participation in the FATF allows the agency to exert significant influence on the development, revision, and implementation of the FATF's AML/CFT framework to strengthen regimes worldwide. This reduces the exposure of U.S. banks to money laundering and terrorist financing risks, thus preserving the integrity of the U.S. financial system and supporting the achievement of national security goals.

In addition, OCC's engagement in international forums supports the development of more consistent global frameworks which makes it easier for internationally active U.S. banks to understand what to expect in other operating environments. It also provides a venue for sharing supervisory and regulatory principles, practices and perspectives. This can be especially helpful in educating members about developing issues and innovative topics such as crypto-assets,

tokenization, generative artificial intelligence, and other developing technologies - particularly since these products and technologies do not recognize international borders.

As a U.S. federal regulator, the OCC maintains its independence. While international consistency is valuable, the OCC's priority is the safety, soundness, and fairness of the U.S. financial system. Any standards developed by the international forums in which the OCC participates may inform OCC rulemakings but are not otherwise applicable to federally-supervised banks without further action.

In conclusion, the OCC participates in international forums to further U.S. interests, gain a better understanding of global developments in the financial industry, to move the international regulatory framework toward more consistently high and appropriate standards and strengthen our relationships with foreign counterparts.

Thank you, I look forward to answering your questions.