

# Executive Order Issued to Ensure Fair Banking for All Americans

## Banking Brief: Financial Services Insights

By Asha Cermak and Larry Tomlin on August 8, 2025

On August 7, 2025, President Donald J. Trump signed an executive order titled “Guaranteeing Fair Banking for All Americans.” The order asserts that financial institutions have restricted the access of individuals and businesses to financial services on the basis of their “political or religious beliefs or lawful business activities,” and that some financial institutions have participated in “[g]overnment-directed surveillance programs targeting persons participating in activities and causes commonly associated with conservatism and the political right following the events that occurred at or near the United States Capitol on January 6, 2021.”

The order cites provisions regarding unfair, deceptive, and discriminatory practices in the Federal Trade Commission Act, Consumer Financial Protection Act, and Equal Credit Opportunity Act as applicable law financial institutions potentially violate when they engage in “unlawful debanking.”

In an effort to eliminate such politicized or unlawful debanking practices, the order:

- Directs each federal banking regulator to:
  - Revise its supervisory materials to remove “the use of reputation risk or equivalent concepts” that could result in politically motivated or unlawful denials of financial services and to issue formal guidance to their examiners regarding the same;
  - Evaluate their existing regulations and consider amendments or rescissions to ensure that reputation is used only when necessary for a reasonable and apolitical risk-based assessment;
  - Review the past and present practices of the institutions it oversees and take appropriate remedial actions (including fines, consent decrees, or other disciplinary measures) against any institution that has formal or informal policies which encourage debanking based on political or unlawful grounds;
  - Examine complaint and supervisory data to identify financial institutions that have engaged in impermissible debanking on the basis of religion and refer them to the Attorney General for potential civil enforcement if they

fail to come into compliance with applicable law.

- Directs the Small Business Administration to:
  - Notify all financial institutions participating in SBA loan guarantee programs that they must use reasonable efforts to identify and reinstate clients who were previously denied services in violation of certain SBA requirement; and
  - Notify potential clients who were wrongfully denied access to financial services and offer them an opportunity to engage in those services.
  - Directs the Secretary of the Treasury, in consultation with the president's economic advisor, to develop a government-wide strategy to combat politicized or unlawful debanking.

### What Trump's Executive Order Means for Financial Institutions

In light of the executive order, financial institutions should take proactive steps to ensure that their policies, procedures, and risk management processes reflect a politically neutral approach to client onboarding and account closures, including ensuring that all decision-making associated with any adverse action taken against a customer or potential customer is well documented.

Additionally, financial institutions should review and revise, as appropriate, any practices that rely on "reputation risk" in a manner that could be seen as politically biased. Financial institutions should also assess past activities, such as prior account closures, denied applications, and onboarding decisions to ensure that they are consistent with the current legal standards and that all policies and practices are well documented.

The order does not prohibit financial institutions from restricting access to banking services based on "neutral" characteristics such as history of fraud, poor credit score, or reasons resulting from a financial institution's due diligence required under the Bank Secrecy Act (BSA).

It is also important to note that the order does not address how financial institutions should approach their BSA programs in the context of alleged "debanking" activities. While it is still unclear how federal regulators will respond to the order, financial institutions should not expect regulators to minimize or waive the expectation to continue vigorous compliance with the BSA.

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