



Compliance Risk for Lenders: What It's Really Measuring

By Robert Brosh

Federal enforcement has pulled back, state attorneys general have stepped in, and the requirements lenders navigate day to day keep evolving. Compliance risk is shifting. Understanding that risk starts with knowing what it measures, where it's concentrated, and what's at stake when it goes unmanaged.

Regulators typically weigh two things: how much risk exists and how well your organization manages it. Violations matter, and a strong program built to catch them early can be the difference between an isolated finding and a broader enforcement action. The quantity of risk in any one area, whether that's fair lending, HMDA, CRA, data privacy, or vendor oversight, is only part of the equation. The quality of the program that's managing it matters just as much.

How Risk Becomes Material

Regulators in 2026 are putting weight behind material financial risk, which refers to any exposure significant enough to meaningfully impact an organization's financial condition. One-off compliance issues might not clear that bar, but left unmanaged, they can lead to systemic issues that quickly drive up the cost of penalties and remediation.

Governance sits at the center of that evaluation. The board sets risk appetite and compliance strategy, while management carries out the execution. That framework is what regulators are assessing when they look at compliance risk.

Where Compliance Risk Concentrates

Fair lending shows how fast this can play out. In April 2026, the CFPB finalized a rule eliminating disparate impact from Regulation B, narrowing the discouragement standard, and restricting Special Purpose Credit Programs. The rule's compliance deadline was July 21, 2026. While that rule removes one theory of federal liability, it doesn't touch the Fair



Housing Act, which still carries disparate impact liability. State fair lending laws are also fully in force, and litigation challenging the rule is anticipated.

Consumer complaints have also become a supervisory signal, and lenders, especially those supervised by the FDIC, should take note. The agency processed 32,128 written complaints and phone inquiries in 2025, a 21% increase over 2024, with third-party providers named in nearly 6,356 of those cases, up 48% from the year before. Regulators are using that data to scope examinations.

Vendor risk concentrates just as fast. According to Ncontracts' 2026 State of Third-Party Risk Management Survey, 63% of TPRM programs run on just one or two dedicated employees, while more than half manage 300 or more vendors. AI adds another layer: AI vendor risk tied with cybersecurity as the top third-party concern in that same survey, yet 72% of organizations say they're only partially aware of which vendors are using AI within their platforms. If a lender's vendor experiences a failure or falls short of regulatory standards, the lender is held responsible by regulators as though it had made the mistake itself.

Data privacy and security risks also have a direct impact on compliance risk. The average cost of a data breach in the U.S. reached \$10.22 million in 2025, up 9% from the year before. For banks that lend, notification to the OCC, FDIC, or Federal Reserve is required within 36 hours of determining an incident occurred. Credit unions face a 72-hour window under NCUA rules.

Managing Compliance Risk

Managing compliance risk starts with treating it as a moving target rather than a single yearly review. Fair lending is a clear example: a lender that drops statistical monitoring because of a change in the federal approach to oversight is taking on potential state and litigation risk now as well as potential issues in the future if the approach is reinstated.

Folding compliance risk into a broader risk management program is the smart move. When compliance, vendor oversight, and lending operations report on risk and that data is shared, the result is a more comprehensive, actionable view of risk. Tracking key indicators supports that same goal. Consumer complaint volumes, audit findings, training



completion rates, and HMDA and CRA results all signal where pressure is building before an exam forces the conversation.

Where This Leaves Lenders

Compliance risk doesn't shrink just because one rule narrows. It moves to whatever's still standing — a different law, a different regulator, or a different set of eyes. Fair lending shows that pattern clearly, but it's true across every category for lenders. The ones keeping pace aren't the ones with the fewest requirements left to track — they're the ones who manage risk wherever it lands.

About Ncontracts

Ncontracts empowers banks, credit unions, mortgage companies, fintechs, and wealth management firms to confidently manage risk — including enterprise, compliance, and third-party risk — in a complex, rapidly changing financial landscape. Our integrated suite of cloud-based solutions combine deep industry expertise, powerful technology, and rich data to help organizations strengthen governance, protect operations, and identify opportunities for growth. Today, nearly 5,000 financial services organizations trust Ncontracts to make risk and compliance management a strategic advantage.

Ncontracts was named to the Inc. 5000 fastest-growing private companies in America for the eighth consecutive year in 2026. Visit www.ncontracts.com or follow the company on [LinkedIn](#) and [X](#) for more information.