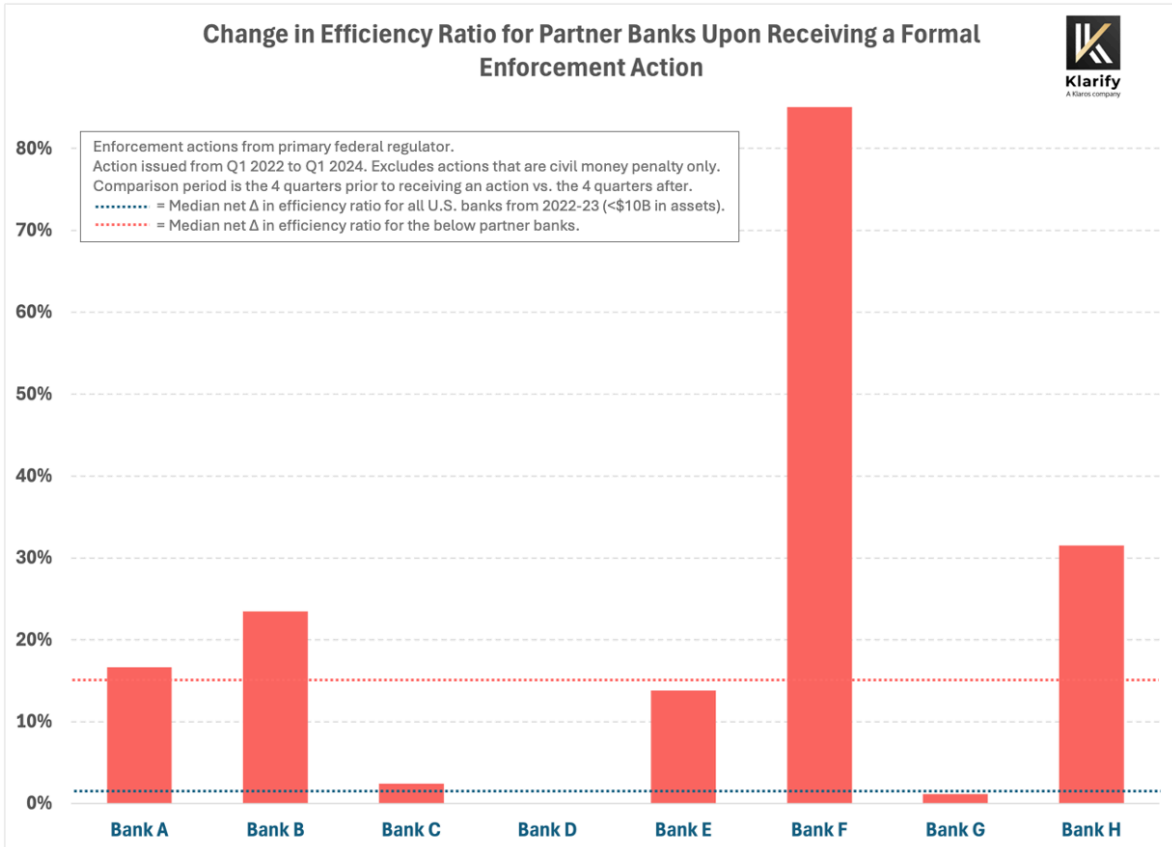


The Klaros Quick Take



This chart measures the relative change in efficiency ratio for partner banks with under \$10 billion in assets and more than two fintech programs that received a public enforcement action in the period Q1 2022 – Q1 2024. We did not include partner banks with enforcement actions more recent than Q1 2024 because, in our experience, impacts on efficiency take time to materialize after an action is issued. The data shows that:

- Every partner bank but one in the data set saw their efficiency ratio increase (i.e., worsen) during the period following the action.
- The median increase was 15.2%, meaning the banks spent at the median \$0.15 more to generate every \$1 of revenue.
- This compared to a median increase of just 1.5% for community banks generally during the same period.

When partner banks are hit with an enforcement action, costs associated with remediation can pile up quickly and resources are typically diverted to clean up efforts at the expense of business growth. It is not uncommon for banks in this situation to make cuts to their fintech business to offload risk until the regulatory pressures ease. This dynamic is intuitive, but the chart puts some numbers to it that help bring the significance of the problem into focus.

Klaros in the media:

- Adam Shapiro proposed a framework for how banks can [re-imagine risk management](#) in the **Financial Brand**.
- Michele Alt spoke with Jackie Stewart of **Bank Director** magazine about the [ILC comeback](#) and, with Patrick Haggerty, with Ebrima Sanneh of **American Banker** about the [turmoil at the FDIC](#).
- Kevin Stein tackled the thorny problem of [how getting a bank charter may affect a fintech’s valuation](#).

Our top 3 posts on LinkedIn, based on your feedback:

- Michele Alt: [Trying to get a bank charter?](#)
- Konrad Alt: [Klaros is hiring!](#)
- Adam Shapiro: [I get asked this question from bank and fintech CEOs almost daily](#)

Conferences & events:

- Michele Alt joined Orrick partners Jerry Buckley, Caroline Stapleton, and Walt Zalenski on the [RegFi podcast](#) to explore actions needed to facilitate new bank formations, which have slowed to a trickle in recent years.
- Adam Shapiro will speak at the San Francisco Federal Reserve's [2025 Fintech Conference](#) on bank-fintech partnerships on April 3.
- Virginia Varela and Bank on Women, Inc., will co-host a [Women and Allies Forum](#) with the American Bankers Association on Monday, April 7, 2025, at the ABA Washington Summit at the Marriott Marquis in Washington, DC.
- Michele Alt will participate on a (virtual) panel at George Mason University on April 17, "[The Great Debate: How to Modernize Financial Regulation and Create Economic Stability.](#)"

Other "Must Reads":

- Jason Mikula's [Fintech Business Weekly](#) regularly scoops the industry.

Get in touch

As always, if you're facing a challenge or have a topic you'd like to discuss, reach us at hello@klaros.com. We'd love your feedback and thoughts on other topics you'd like us to cover!

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