



# *FedFin Daily Briefing*

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Tuesday, June 18, 2019

## Facebook Coin Draws Immediate Political Fire

In a brief statement [today](#), Senate Banking Ranking Member Brown (D-OH) called on financial regulators to closely scrutinize Facebook's new Libra coin. The statement follows a [letter](#) from Chairman Crapo (R-ID) and Sen. Brown questioning Facebook on how its cryptocurrency would meet legal requirements and how it protects consumer financial data privacy. Sen. Brown indicates that the senators have not received a response. The committee has also held two hearings on data privacy, showing a bipartisan interest in pursuing legislation (see Client Reports [PRIVACY84](#) and [PRIVACY85](#)). It is far too early to determine if Facebook's venture will spark statutory change, but we think it will at the least spark far more focused debate about crypto-assets and the payment system than yet observed in Congress or by U.S. financial regulators. As we noted yesterday ([see Client Report FINTECH24](#)), the FSB has issued a report expressing significant concerns about decentralized fintech such as those behind the new Libra venture.

Adding Libra to the list of concerns, Sen. Brown argues that Facebook is already "too big and too powerful" and has not respected data-privacy rights. He warns that Libra will give the company a competitive advantage in collecting financial transaction data and controlling fees and functionality. More generally, he reiterates his concerns regarding technology companies getting involved in the business of banking and his opposition to the OCC special-purpose fintech charter ([see FSM Report FINTECH20](#)).

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### Recent Files Available for Downloading

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The following reports and analyses have been sent to retainer clients recently. Copies are also available to retainer clients on the Archives section of Federal Financial Analytics' website: [www.fedfin.com](http://www.fedfin.com) or clients may obtain the reports/analyses by e-mailing [requests@fedfin.com](mailto:requests@fedfin.com) giving the requested item name, firm, and e-mail address. To learn more about GSE Activity Reports, click: [http://www.fedfin.com/index.php?option=com\\_content&view=article&id=18&Itemid=18](http://www.fedfin.com/index.php?option=com_content&view=article&id=18&Itemid=18)

- [FINTECH24](#): In this in-depth report, we go beyond our [initial alert](#) to assess a sweeping new paper from the Financial Stability Board on what it now calls "decentralized" financial technology.
- [LENDING11](#): The FSB is seeking comments on its initial conclusion that the post-crisis regulatory framework has not adversely affected bank lending to small-and-medium-size enterprises (SMEs).
- [GSE-061219](#): FHFA's report to Congress today combine with Calabria's comments to the *Wall Street Journal* to reinforce our longstanding forecast: FHFA and Treasury will redesign the GSEs after a period of courteous deference to Congress during which Congress again proves itself unable to act.

- [GSE-060519](#): Although the NAR has reportedly called Calabria's comments "aspirational," we think they lay out hard-headed options to concluding the GSE conservatorships.
- [TBTF22](#): Reflecting continuing doubts that post-crisis reforms are achieving their desired goals a decade after a pivotal Group of Twenty summit in 2009, the FSB is assessing the extent to which too-big-to-fail (TBTF) reforms have indeed quelled taxpayer risk and moral hazard and if changes to date have had unintended consequences.
- [GSE-052919](#): CBO issued a budget review on alternative ways of improving the FHA reverse mortgage program (HECMs), the bane of the FHA actuarial reports for years.
- [FOREX9](#): The *Federal Register* includes one of the most controversial steps the Trump Administration is taking in its already contentious trade wars: use of countervailing duties to punish nations the Commerce Department determines are manipulating their currency to advantage export competitiveness.
- [LAUNDER128](#): In the wake of stalled HFSC efforts, Senate Banking Chairman Crapo (R-ID) and Ranking Member Brown (D-OH) renewed efforts from the last Congress ([see Client Report LAUNDER127](#)) to require beneficial-ownership information disclosure to FinCEN at company formation.
- [GSE-052119](#): Director Calabria says the GSEs are leveraged at about 1,000:1. A major question is how Calabria chooses to define capital adequacy -- he didn't say how he plans to proceed.