



# *FedFin Daily Briefing*

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Monday, August 24, 2020

## **FDIC Proposes Independent Supervisory Appeals**

Reflecting ongoing demands for independent ombudsmen and review processes, the FDIC late Friday [proposed](#) to replace its Supervision Appeals Review Committee with an independent Office of Supervisory Appeals that has authority to issue material supervisory determinations. It would have final authority to resolve supervisory appeals. To ensure independence, the FDIC would recruit staff externally and reviewing officials would be employed on either a part-time or intermittent, time-limited basis. FDIC Chairman McWilliams says that an independent appeals process will promote consistency and ensure accountability. Comment is due October 20.

## **Postal Banking Absent from House USPS Bill**

Despite expectations that House Democrats would include postal banking provisions in their emergency legislation to block changes to USPS services, the bill is silent on this financial-sector priority. The legislation only prohibits any changes to service levels from those at the beginning of the year, requires the USPS to reverse changes made delaying mail processing and delivery, and mandates USPS postmarking and same-day processing for election mail. We double-checked the measure to ensure that it did not also include the [Pascrell-Kaptur amendment in underlying House appropriations](#), but it is not there and thus no boost to postal banking is provided. Even if it were, this bill on its own will face stiff GOP opposition in the Senate. However, Democrats and Republicans are united in efforts to ensure speedy mail delivery in urban and rural areas, making consensus legislation possible as negotiations continue. We will thus stay on watch for action related to postal banking.

## **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)

- [GSE-082020](#): A new study from FDIC staff challenges the predictive models on which much mortgage underwriting increasingly depends, discrediting both workhorse predictive models used across the spectrum of consumer credit as well as the ML-based mortgage models that fare still worse as macroeconomic, policy, and borrower conditions change.
- [GSE-081920](#): Weighing into the GSE-evolution question with its formidable analytical might, CBO [today assesses](#) a likely administrative solution in which the GSEs retain all of their earnings for a limited period of time following which common stock goes again on offer to the public and Fannie and Freddie go back to being Fannie and Freddie more or less as they were pre-2008.

- **[OPSRISK21](#)**: Although the Basel Committee believes that its post-crisis capital and liquidity framework significantly enhanced bank resilience evident in a robust industry response to the pandemic, this crisis and other developments are said to highlight the need for additional regulatory and supervisory work to improve operational resilience.
- **[GSE-081720](#)**: With the release late Friday of Chairman Crapo's [letter](#) to FHFA, the GSEs' [refi fee](#) announcement has taken fire from a high-impact Senate Republican along with [Ranking Member Brown](#) and [HFSC Democrats](#)
- **[PAYMENT20](#)**: Following a request for views in late 2019, the Federal Reserve has largely finalized its plans for FedNow, initiating a Fed-owned and -operated instant-payment service for domestic transactions.
- **[GSE081320](#)**: The GSEs' decision last night to charge a 50 bps refi fee epitomizes the impact of capital regulation:
- **[FEDERALRESERVE58](#)**: Senior Democrats in both the House and Senate have introduced legislation that turns a general call for a "racial-equity mandate" in campaign statements by Vice President Biden into an express directive to conduct monetary, regulatory, payment system, and other policy to reduce racial and ethnic economic disparities.
- **[GSE-080420](#)**: Earlier today, we [released](#) an in-depth assessment of a little-noticed, but ground-breaking statement [released](#) late yesterday by the Federal Financial Institutions Examination Council (FFIEC).
- **[COVID12](#)**: The four federal financial regulators along with the CFPB and a state-regulatory representative that comprise the FFIEC have issued new principles designed to guide banking organizations and other lenders through the challenges as forbearance deadlines loom across the spectrum of consumer and commercial loans for financial institutions large and small at a time of fiscal-policy uncertainty.
- **[GSE-073120](#)**: When we looked at the [GSEs 1Q earnings](#), we asked if it was "curtains for CRT." The question came then because of the sudden rout in CRT counterparties caused by March's market madness.
- **[FAIRLEND7](#)**: The Bureau of Consumer Financial Protection has opened a sweeping inquiry into how credit discrimination occurs and could be averted, seeking comments and suggestions without indicating any possible policy responses
- **[CONSUMER35](#)**: As in yesterday's Senate Banking hearing ([see Client Report CONSUMER34](#)), today's marathon HFSC session with CFPB Director Kraninger was highly contentious.