



FedFin Daily Briefing

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BIS Head: BigTech Finance Needs Immediate Systemic, Competition, Privacy Rules

In remarks [last week](#), BIS head Agustín Carstens revisited the pressing question of BigTech's growing financial-services role, concluding that BigTech's entry requires a comprehensive policy response combining financial regulation, competition policy, and data privacy. Because of their unique scope and reach, BigTech cannot, he said, be governed by the increasingly widespread activities-based construct; instead, it warrants entity-based regulation addressing all these dimensions. At the least, this seems a long way off in the U.S., although Congress will surely [tackle BigTech anti-trust issues](#) and, less certainly, data privacy. FSOC may also consider systemic designation or regulation for cloud-service providers (see below).

Mr. Carstens concedes BigTech's efficiency and inclusion benefits, but notes risks to privacy, consumer protection, transparency, and financial stability. Notably, Mr. Carstens argues that the usual approach to financial regulation – setting near-term social-welfare objectives such as efficiency – is challenged by the transformational nature of BigTech. He thus argues for near-term action on BigTech's systemic risk; although many firms have yet to reach systemic financial scale, some providers – e.g., Chinese mobile-payments firms and U.S. cloud-service providers – may already be systemic. Mr. Carstens also highlights issues raised in FedFin's 2019 [Big Tech analysis](#) related to conflicts of interest that threaten consumer protection and price integrity.

Recent Files Available for Downloading

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 or clients may obtain the reports/analyses by e-mailing info@fedfin.com giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

- [GSE-020121](#): While it will take time for the swamped Biden Administration to craft U.S. housing policy, elements of it emerged last week during stimulus negotiations, the [President's statement](#), and [HUD-nominee Fudge's appearance](#) before Senate Banking.
- [CAPITAL227](#): Although the FRB in its proposal indicated that this rulemaking would also begin consideration of the U.S. large-bank capital framework post-COVID, its final rule largely confines itself to aligning stress-test standards with the 2019 tailoring rule and stress capital buffer (SCB) for Category IV banking organizations.
- [GSE-012221](#): The failure of yet another Administration and Congress to conquer the conservatorships does not augur well for constructive policy action anytime soon.
- [INVESTOR14](#): In this report, we expand on prior forecasts to assess broad financial-regulatory and structure issues under the SEC's jurisdiction under what seems likely: a Chairman Gensler. His will be an activist SEC, one sure to throw broker-dealers, asset managers, and investment funds from the relative comfort of the last four years.

- **[GSE-012121](#)**: As forecast following a landmark CFTC-committee [report](#) and the Fed's financial-stability assessment, [FHFA has now](#) turned to the climate risk that worries them the most: residential real estate.
- **[GSE-011521](#)**: Last night, Treasury and FHFA [announced](#) an agreement on the GSEs' conservatorship unsatisfactory to all concerned and highly objectionable to many of those on the Hill with the power to change it.
- **[GSE-011321](#)**: Setting Senate Banking's [agenda yesterday](#), incoming Chairman Brown highlighted refi inequality as a top committee priority.
- **[CRYPTO17](#)**: This interpretive letter (IL) follows an OCC advance notice of proposed rulemaking that suggested a notice-and-comment process before the agency made substantive changes to the digital-currency powers of federally-chartered banks.
- **[AML133](#)**: In a cliff-hanger before the end of the 116th Congress, the National Defense Authorization Act was enacted into law with an array of provisions significantly revising U.S. anti-money laundering (AML) and countering the financing of terrorism (CFT) requirements.
- **[ELECTION25](#)**: It will take considerable time for Congress to absorb the meaning of yesterday's insurrection not only in institutional terms, but also and more immediately with regard to each Member's thinking about his or her own policy and political agenda.
- **[TMARKET](#)**: As we noted earlier ([see Client Report REFORM200](#)), we do not expect U.S. regulators to extend SLR relief ([see FSM Report LEVERAGE23](#)) after its scheduled March expiration.