



FedFin Daily Briefing

Monday, June 21, 2021

GSIB Disclosures, ID-Requirements Clarification Bills Set for Mark-Up

Ahead of its mark-up on Wednesday, HFSC's [memo](#) indicates two bills of note from progressive Democrats will be considered. Rep. Pressley's (D-MA) H.R. 3948 would require GSIBs to report annually on matters now largely kept confidential. These include labor, health, and safety enforcement actions along with many more details on banking-agency actions including the number of consumers, employees, or investors harmed. GSIB reports would also include an array of new data shedding light on Volcker Rule compliance, compensation and clawback policies (including CEO:worker ratios), and climate emissions reduction actions. Doubtless with an eye on CRA, the bill also demands that GSIBs detail the number and locations of their branches as well as board diversity. We expect this bill to advance by a narrow Democratic margin and face challenges on the floor and in the Senate.

HFSC will also mark up Rep. Torres' (D-NY) H.R. 3968, a bill cosponsored by all of New York's HFSC Democrats. It requires FinCEN to update its Customer Identification guidance ([see FSM Report LAUNDER121](#)) to clarify that financial institutions may incorporate certain municipal-issued forms of identification into their risk-based approach. HFSC's memo notes that many un-/underbanked persons have only municipal IDs such as those used to access food and housing services and may thus be shut out of banks. Although nothing in the guidance currently prohibits institutions from accepting municipal IDs, the memo argues that banks often do not accept them due to compliance concerns. We expect this measure also to advance easily in the House and, regardless of ultimate enactment, put FinCEN under pressure on its own to clarify municipal-ID validity.

Regulators to White House: Steady as We Go

In the [readout](#) just released by the White House, U.S. financial regulators are said to have told the President that, consistent with their many public statements, the financial system is sound thanks to bank capital-and-liquidity standards. Although the President's [climate-change order](#) is recent, the agencies reported "steady progress" with no details provided as to what that might be. "Ideas" for small-business lending and financial inclusion were also discussed – in short, the readout provides little insight into emerging policy other than to indicate the President's strong interest in key aspects of it. We will provide more insights as these become available to us.

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-061721](#): We have reviewed FHFA's massive [report to Congress](#) on its 2020 activities, finding only lots of handy facts and no significant policy insights.

- **[GSE-061621](#)**: As [detailed in our new in-depth report](#), the Basel Committee is proposing a new regulatory framework for bank exposures to cryptoassets that will influence not only what banks do in this critical arena, but also what the GSEs can do and thus what happens to the [digital mortgage](#).
- **[CRYPTO19](#)**: Advancing some of the most controversial ideas in a 2019 discussion paper, the Basel Committee has now formally proposed capital, liquidity, risk-management, and supervisory standards it believes nations should apply to bank cryptoasset exposures.
- **[CBDC5](#)**: Kicking off Congressional action on CBDC, the hearing today in Senate Banking's Economic Policy Subcommittee made it clear that, as we forecast, progressive Democrats such as Chairwoman Warren (D-MA) are strong supporters of a U.S. CBDC that not only facilitates payments, but also supplants retail banks and other private-sector consumer-finance entities.
- **[GSE-060821](#)**: This Friday, FSOC will meet in closed session to craft its agenda for 2021 and beyond. Housing and the GSEs will figure prominently in this work plan, but not as you might think.
- **[PAYMENT23](#)**: Continuing work on a priority set by the Group of Twenty heads of state, the FSB in consultation with other global bodies is seeking views on how best to measure progress towards the G20's goal of a faster, safer, cheaper, transparent, and inclusive cross-border payment system.

[CBDC4](#): Members of Congress have launched an initiative to secure continued dominance of the dollar as the globe's reserve currency, focusing on the extent to which China could over time threaten this via its own CBDC along with strategic financial activities such as its Belt and Roads initiative.
- **[GSIB19](#)**: Although the GSIB CEOs got another earful at HFSC's marathon hearing yesterday, it – like the Senate Banking session that preceded it (see Client Report GSIB18) – generated more anger than clear action plans.
- **[CRYPTO18](#)**: Following an array of actions by the OCC, the FDIC has begun its consideration of the rules governing insured depository institutions (IDIs) engaged in digital-asset activities.
- **[GSIB18](#)**: As anticipated, Senate Banking progressives today excoriated big-bank CEOs for what Chairman Brown (D-OH) describes as their preference for profit over public welfare.
- **[ACCESS](#)**: The Federal Reserve's latest wellbeing survey provides important, new insights into how Americans view their financial-services firms at a time of heightened focus on access and equity.
- **[REFORM206](#)**: In the one-two punch [we anticipated](#), Senate Banking Chairman Brown (D-OH) convened today's hearing with FRB Vice Chairman Quarles not only to lambast supervision and regulation under Mr. Quarles' watch, but also to reiterate the malign role [he believes](#) big banks play in the U.S. economy ahead of tomorrow's hearing with GSIB CEOs.
- **[GSE-052521](#)**: President Biden has issued an executive order (EO) setting in motion a series of administrative actions designed to reduce both climate risk in the financial sector and in any way financial companies make it worse.
- **[GREEN8](#)**: President Biden has issued an executive order (EO) setting in motion a series of administrative actions designed to reduce both climate risk in the financial sector and in any way financial companies make it worse.