



FedFin Daily Briefing

Friday, August 27, 2021

McWilliams' Innovation Push Silent on Controversial Charters

In [remarks today](#), FDIC Chair McWilliams reiterated her commitment to innovation but outlined steps to enhance it only in areas such as tech sprints. She provided no indication as to her views on controversial bank charters, charters she has supported ([see Client Report ILC15](#)), but that would likely now not be approved by the Democrat-dominated [FDIC board](#).

Gensler Targets Conflicts, Investment Advice in Anti-Gamification Push

Following SEC Chairman Gensler's announcement of an upcoming consultation on broker and investment-adviser digital-engagement practices (DEPs) [earlier this week](#), the SEC [today](#) issued an RFI on the use of DEPs—including predictive data analytics, differential marketing, and behavioral prompts (e.g., gamification). Highlighting increased use of DEPs and other technologies in robo-advising, wealth management and brokerage platforms, Chairman Gensler is focused on how best to protect investors engaging with technologies that use DEPs. He specifically requests comment on conflicts of interest arising from revenue optimization on data collection or investor behavior looking particularly at whether investment advice is being provided. The RFI itself asks 91 questions across the range of industry practice and regulatory policy. Although the RFI will take time to formalize into a proposal, it provides near-term insight into possible enforcement actions. Comment is due thirty days after *Federal Register* publication.

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](#).

- [GREEN10](#): House Democrats are considering legislation to mandate a punitive capital construct for bank and, in some cases, also to certain nonbank exposures to companies with fossil-fuel links.
- [GREEN9](#): Legislation from House and Senate Democrats would force the Federal Reserve quickly to implement mandatory stress testing for all large banking organizations and large nonbanks judged by asset size if they are principally engaged in finance.
- [GSE-082321](#): In this in-depth report, we build on our [preliminary analysis](#) of the CFPB's latest HMDA-data assessment. As we noted on Thursday, the agency chose to highlight its totally-unsurprising finding that the mortgage market was hot, hot, hot in 2020.
- [ACCESS3](#): Although states and localities continue to ban merchants from refusing to accept cash, federal legislation is also pending to create a nationwide ban on such practices and govern how cash must be accepted to enhance equality without facilitating money laundering.
- [GSE-081821](#): As we anticipated when Sandra Thompson [took over](#), FHFA's [newly-proposed approach](#) to the GSEs' affordable-housing goals tackles longstanding criticism that the old measurement criteria promoted gentrification.
- [PREEMPT38](#): The chairmen of the Senate Armed Services and Banking Committees, together with

many Democratic colleagues, have introduced legislation to extend the interest-rate ceilings in the Military Lending Act (MLA) to all consumers.

- [GSE-081321](#): FHFA today [released](#) both the 2020 and 2021 stress-test results for Fannie and Freddie.
- [GSE-081121](#): As we briefly noted [yesterday](#), the CFPB released a [report](#) assessing how the largest servicers handled borrowers over recent, chaotic months.
- [LIBOR6](#): The House Financial Services Committee has reported H.R. 4616, a bill designed to prevent the chaos feared when the use of the LIBOR benchmark ceases for legacy contracts that lack language authorizing reliance on an alternative, "fallback" rate.
- [GSE-080421](#): A new [Fed study](#) finds a significant mark-up in the cost of mortgages during the 2020 boom even though government guarantees secured continued mortgage supply for all but the lowest and highest ends of the housing market.
- [REFORM207](#): Today's Senate Banking hearing on bank supervision did not include FRB Vice Chairman Quarles, who came before the panel for withering criticism earlier this year (see Client Report REFORM206).
- [GSE-080221](#): Whatever befalls the Senate infrastructure bill, we believe its \$21 billion GSE pay-for is but one bit of a bigger de facto transformation of the GSEs.
- [GSE-073021](#): As promised, we here [follow up our assessment](#) of Ginnie's proposed prudential standards for nonbank mortgage companies with an analysis of model rules aimed at the same goal from the Conference of State Bank Supervisors (CSBS).
- [PREEMPT37](#): Senate Banking today held a hearing on new legislation (S. 2508) from Sen. Reed (D-RI) extending the Military Lending Act (MLA) interest-rate cap to certain consumer financial products to all consumers.
- [GSE-072821](#): Ginnie's proposed new capital and, to a lesser extent, its liquidity [standards](#) could well redefine the mortgage playing field.