



Thursday, October 28, 2021

Senate Democrats, Even Republicans Press Bigtech Consumer Protection

Senate Banking's hearing with CFPB Director Chopra today largely rehashed the issues raised yesterday in HFSC ([see Client Report CONSUMER37](#)). Chairman Brown (D-OH) praised the recent [enforcement action against Trustmark](#) for fair-lending violations and new [requirements for mortgage servicers](#), asking also how Wells Fargo's asset cap has prevented consumer harm. Director Chopra said additional study of the asset cap is needed and reiterated he is increasing the Bureau's focus on repeat offenders and large firms. Committee Democrats strongly supported the CFPB's [bigtech orders](#), with Sen. Ossoff (D-GA) highlighting the threat bigtech companies pose to consumer-data privacy and indicating he is working on legislation to address it. Sen. Ossoff also asked about the extent to which the Bureau has jurisdiction over bigtech companies entering the fintech and crypto arenas; Director Chopra said these activities bring companies under the CFPB's jurisdiction. Sen. Hagerty (R-TN) indicated he is getting constituent complaints about crypto harm to consumers, leading Mr. Chopra to refer to the bigtech orders. Sens. Tester (D-MT) and Warnock (D-GA) focused on protecting servicemembers, but no Democrats referenced Chairman Brown's pending legislation to extend the Military Lending Act's protections to veterans and others ([see FSM Report PREEMPT38](#)). Like Rep. Emmer (R-MN) yesterday, Ranking Member Toomey (R-PA) attacked the CFPB for what he said were political, unlawful actions to push out career civil servants. He also lambasted the Bureau for regulating via enforcement, but as yesterday Democrats urged a much tougher enforcement stand. Republicans also again urged recalibrating the Bureau's small business lending disclosure proposal ([see FSM Report SBA40](#)), with Sens. Daines (R-MT) and Moran (R-KS) concerned about its regulatory burden.

Buffers, NBFi Resilience, GSIB Resolution Remain Top FSB Priorities

The FSB's final report [today](#) on pandemic lessons largely reiterates what it has been saying since the pandemic started. For example, the FSB continues to note that capital and liquidity buffers did not work as anticipated, with the main new step here a note that Basel will now look at how best to set buffers. The need for increased resilience in the NBFi sector is also reiterated, again referenced without additional action steps. The FSB also plans now to issue best practices on operational resilience, also indicating further work on third-party risk management and outsourcing. Work is also planned on GSIB resolution by the end of the year. In one of FRB Gov. Quarles [last actions as FSB Chair](#), he again laid out the FSB agenda as done previously in his [recent letter](#) to G20 finance ministers and central bank governors.

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-102821](#): FHFA is [proposing](#) a new disclosure regime designed to bring Fannie and Freddie into the public marketplace in a fashion analogous to large U.S. banks.
- [CONSUMER37](#): As anticipated, HFSC's hearing today with CFPB Director Chopra skidded over a wide range of policy issues.

- **[GSE-102721](#)**: After years of enforcement inactivity, the OCC has [issued a tough set of restrictions](#) against one of the increasingly few large mortgage servicers still willing to be a banks.
- **[GREEN11](#)**: As we [noted yesterday](#), the Financial Stability Oversight Council has now complied with President Biden's executive order ([see FSM Report GREEN8](#)), compiling an exhaustive [assessment](#) of the financial-stability implications of climate risk and what might best be done about it.
- **[CBDC9](#)**: Shortly after the BIS and a group of central banks endorsed a construct for retail-facing central-bank digital currency (CBDC), the Group of Seven (G7) finance ministerial issued these public-policy principles to establish a still broader framework for future action
- **[SANCTION15](#)**: Today's Senate Banking hearing with Treasury Deputy Secretary Wally Adeyemo showed bipartisan concern that the Administration is failing to implement sanctions required by law, especially when it comes to China, North Korea, and Russia.
- **[MMF18](#)**: Global regulators have now finalized a framework on which national regulators may base the reforms they deemed necessary after the pandemic sparked profound disruptions in this sector.
- **[CRYPTO20](#)**: Responding to requests from the G7, G20, and FSB, this report addresses market-infrastructure considerations related to systemically-important stablecoins that do not involve multi-currency baskets (e.g., Facebook's Diem).
- **[GSE-101221](#)**: Although the majority of FHA ARMs are now LIBOR-linked, HUD has been waiting for Congress, the Fed, or forces on high to help it set a new benchmark.
- **[MERGER8](#)**: Progressive Democrats in the House and Senate have introduced legislation demanding an array of new decision factors governing bank M&A transactions and new or even revised BHC activities.
- **[INVESTOR19](#)**: As [anticipated](#), today's HFSC hearing with SEC Chair Gensler covered the full SEC agenda, although members steered clear of the SEC investigation demanded by Sen. Warren (D-MA) into recent Fed trading.
- **[CBDC8](#)**: As we [noted](#) last week, the BIS and seven major central banks have advanced global CBDC policy with three new reports evaluating key design features.
- **[GSE-093021a](#)**: Now that we have FHFA's comment deadline – November 26 – we expand our [initial analysis](#) of FHFA's capital rewrite into a more detailed assessment of its strategic impact.
- **[REFORM209](#)**: In very sharp contrast to the Senate Banking session on Tuesday with Chairman Powell and Secretary Yellen ([see Client Report REFORM208](#)), today's HFSC session was largely devoted to partisan wrangling over monetary policy, the debt ceiling, and the Biden Administration's overall fiscal policy.