



Tuesday, January 25, 2022

CFPB Takes Bank-Competition Lead

The read-out posted [today](#) of the President's competition-council meeting included a statement that the CFPB is going after "tens of billions" in "junk fees" in "banking, credit cards, and mortgages." No details are provided, but we believe this statement positions the Bureau's latest efforts in overdraft fees firmly in the context of "unfair" competition for deposit pricing announced when the Bureau launched this [initiative](#). The credit card reference doubtless alludes to the Bureau's announcement [last week](#) that credit-card banks engage in unfair and anti-competitive activities related to pricing and credit scoring. No mortgage initiative has been announced, but it would not surprise us to see an effort aimed at servicing fees commence due to the difficulty of challenging many other mortgage fees set by Fannie, Freddie, and Ginnie Mae. It is, though, possible that Mr. Chopra has his eyes on Fannie and Freddie, which are not bound by the statutory constraints governing FHA/VA fees.

Toomey: Fed Nominees Violate Geographic, Professional Diversity Requirements

Continuing to oppose several of President Biden's Fed nominees, Senate Banking Ranking Member Toomey (R-PA) [today](#) argued the nominations fail collectively to meet geographic and professional diversity requirements in law. Specifically, Sen. Toomey says that, if all are confirmed, a majority of board members would hail the same Federal Reserve District in violation of the Federal Reserve Act; a majority would also be academics. He thus asks the White House to detail which District it believes each nominee will represent, the basis on which it believes each nominee is from that District, the circumstances under which a previously-serving member may change his or her District representation, and the criteria used to ensure professional diversity. A "prompt" response is requested, but no specific timing is detailed. According to [Bloomberg](#), the White House has a 1977 legal opinion buttressing its slate against Sen. Toomey's statutory geographic-diversity concerns.

Although Sen. Toomey's letter raises all four pending Fed nominees, it notably targets Sarah Bloom Raskin for her "demonstrated hostility" towards the energy sector, calling this unacceptable. He goes on to say Ms. Bloom Raskin has advocated for the Fed to pressure banks into choking off credit to traditional energy companies.

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](#).
<https://fedfin.com/wp-content/uploads/2022/01/GSE-012422.pdf>

- [GSE-012422](#): A new Federal Reserve Bank of Atlanta [study](#) adds another element to those [prior research argues](#) are evidence of widespread racial discrimination in U.S. mortgage finance.
- [GSE-011422](#): As noted in our in-depth analysis of Acting FHFA Director Thompson's confirmation hearing, it's clear that Democrats and Republicans are thinking hard about resurrecting statutory changes to the GSEs' charters.
-
- [FEDERALRESERVE68](#): At today's confirmation hearing, Gov. Brainard took a lot of the heat on inflation Republicans only mildly mentioned during Mr. Powell's Tuesday confirmation hearing ([see Client Report FEDERALRESERVE67](#)).

- [REFORM211](#): As promised, FedFin begins our 2022 forecasts with this in-depth report on bank regulation.
- [FEDERALRESERVE67](#): As promised yesterday ([see Client Report FEDERALRESERVE66](#)), we listened closely today to gauge the extent to which Chairman Powell faces a serious challenge to reconfirmation.
- [FEDERALRESERVE66](#): Many of you have asked us to forecast key policy implications ahead of two high-powered hearings this week considering President Biden's top Fed nominees.
- [GREEN12](#): Issuing the first formal U.S. climate-risk proposal, the OCC is seeking comments on high-level risk-management principles to set the context for additional, more binding action governing larger U.S. banking organizations.
- [GSE-010322](#): New [economic commentary](#) from the Federal Reserve Bank of Cleveland assesses several recent studies on homeownership from an investment perspective.
- [MMF19](#): In the wake of noncommittal statements from global regulators on ways to address money-market fund systemic risk, the Securities and Exchange Commission has proposed sweeping changes to the 2014 standards adopted after the 2008 crisis.
- [GSE-122721](#): Late last week, the NCUA put a small addition into the Christmas stockings already stuffed by the regulator over the past few months with numerous regulatory liberalizations.
- [MERGER10](#): Just days after the FDIC chair refused to advance a request for comment on bank-merger policy, the Department of Justice released one signaling agreement with many of the concerns Democrats aired in concert with the RFI.
- [GSE-122021](#): As [noted](#) on Friday, the Biden Administration's first FSOC systemic-risk hit list reiterates Trump Administration fears about [nonbank mortgage companies](#).
- [GSE-121721](#): As [noted](#) on Thursday, FHFA continues to tread carefully through the big-bank rulebook, adopting standards said to be like-kind that aren't quite so similar when it comes to critical details.
- [MERGER9](#): Released in a highly-controversial fashion (see below) by two Democrats on the FDIC's board, this RFI posits the need for a significant review of mergers involving insured depository institutions (IDIs) due to many changes in the financial industry and, so it says, the lack of substantive competitive analysis over past decades even of the largest transactions.