



# *FedFin Daily Briefing*

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Tuesday, February 18, 2022

## **CFPB Reiterates Need for Small-Business ECOA Reporting**

The CFPB has [reiterated](#) its plans to quickly enact new rules requiring small-business lender reporting ([see FSM Report FAIRLEND7](#)), asserting that demographic and pricing data are necessary to ensure fair credit to otherwise under-served small businesses. The statement comes in concert with the Bureau filing a [letter](#) with the FTC related to a settlement regarding small-business credit reporting that otherwise has little to do with the anti-discrimination requirements of the ECOA provisions implemented in the Bureau's pending rule. No timing or other details regarding this regulatory action are otherwise provided in the latest notice.

## **G20 Ministerial Frets re Central Banks, CBDC, Climate, NBFIs**

Perhaps the most interesting aspect of the G20 finance ministerial [communiqué](#) is the new assertion that crafting effective exit strategies is not only critical to sustained and stable macroeconomic growth, but also to central-bank "credibility." We have been tracking growing concerns about central-bank credibility, and its relation to central-bank independence in connection with work related to Karen Petrou's [book](#). However, that these concerns are now so elevated as to find their way into a communique is noteworthy with regard to an array of pending decisions around the world, including those surrounding and in the wake of pending Fed nominees. G20 ministers and central bankers also highlight their continuing CBDC work which has yet to reach any conclusions about the need for individual nations or cross-border payments. Work also continues on public-private partnerships to advance infrastructure finance with an eye towards inclusion and reducing the "digital divide." As before, the ministerial is deeply committed to reducing climate risk but uncertain of the data on which policy can proceed. The communique endorses FSB work on [nonbank financial intermediaries](#), noting also the need for ongoing deliberations on digital assets and resulting risk.

## **FSB Looks for New Distressed-Debt Options Ahead of Lots More Debt**

The FSB has issued a new [discussion paper](#) seeking ways to exit widespread forbearance and central-bank programs during the pandemic that have increased the likelihood that highly-indebted corporate borrowers will experience severe distress as interest rates rise. Although these concerns are particularly acute in the EU, where "zombie" borrowers have been a major market presence since 2008, they are also a growing concern in the U.S. and elsewhere due to the sharp run-up in highly leveraged corporate finance along with the sharp [growth in private-capital](#) structures. We will review this paper to identify immediate policy concerns for financial institutions, but preliminary review does not suggest that the FSB is looking for new global standards in areas such as loss recognition or write down, but rather at new forms of public/private distressed-debt financing. We will provide an in-depth analysis of the paper if its options prove to have strategic implications; comments are due by April 8.

## **Agencies Give All-Clear for Special Credit**

The banking agencies, CFPB, FHFA, NCUA, and the Departments of Justice and HUD [today issued a statement](#) on special-purpose credit programs. While cast as a "reminder," the statement is in fact a new safe haven for lenders to serve markets based on specific demographic or similar factors that could otherwise lead to assertions of discrimination. To date, only the CFPB and FHFA/HUD have opined on such programs. Now, all of the agencies now "encourage" creditors to offer special-purpose credit as long as these comply with the criteria governing them in relevant law and rule. All of the agencies also make clear that they will advise institutions if there are uncertainties regarding a program's permissibility.

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## Recent Files Available for Downloading

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

- **[CRYPTO25](#)**: Despite fierce partisan fighting over pending Fed nominations, today's Senate Banking hearing on stablecoin regulation was considerably more bipartisan than last week's HFSC session ([see Client Report CRYPTO24](#)).
- **[GSE-021022](#)**: Moving far ahead of the banking agencies [Al](#), FHFA [today](#) released a series of supervisory AI/ML standards for Fannie, Freddie, and CSS, perhaps leaving the FHLBs alone because none so far does much within this arena or nobody cared.
- **[GSE-020922](#)**: Continuing her very different vision of Fannie and Freddie, FHFA Acting Director Thompson [today](#) has released a new strategic plan for the agency emphasizing the importance of both equitable and sustainable housing finance.
- **[CRYPTO24](#)**: Today's HFSC hearing on stablecoins makes it clear that the bipartisan legislation Chairwoman Waters (D-CA) prefers is at best a long way off.
- **[FEDERALRESERVE69](#)**: As this report details, all three Fed nominees before the Senate Banking Committee today emphasized the vital importance of Fed independence and their anti-inflation zeal to quell GOP opposition and cement it among moderate Democrats.
- **[CONSUMER38](#)**: Taking action to advance President Biden's competition order, the CFPB is seeking views on fees which it believes exploit consumers by virtue of unfair competition.
- **[GSE-020122](#)**: Nothing could do as much damage to a business based on fee revenue as a determined CFPB inquiry into fee revenue.
- **[CBDC10](#)**: Months after initially promising to release a discussion draft on central bank digital currency (CBDC), the Federal Reserve is now seeking comment on whether and how it might create one.
- **[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.