



# *FedFin Daily Briefing*

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Wednesday, April 13, 2022

## **CFPB Pursues Overdraft/NSF Fees**

Venturing Doggedly pursuing its anti-overdraft campaign despite acknowledging industry concessions, the CFPB today [published](#) a list of banks deriving the most revenue from NSF/overdraft fees; a chart also names the banks that have or plan to eliminate these fees. Notably, the list of banks about which the CFPB warns consumers provides only names of banks with assets over \$1 billion, thus not making clear which banks may derive most of their revenue from these fees rather than just banks that still impose these charges. The blog post also says that the CFPB is "closely scrutinizing" these fees to determine the extent to which they are unlawful, with this effort part of its broader work on "junk fees" ([see FSM Report CONSUMER39](#)). As noted [previously](#), HFSC recently held a hearing on overdraft fees that, while highly critical of banks, suggests no imminent legislative intervention in this arena.

## **Toomey Pushes Back on SEC MMF Proposal**

Issuing the first official Congressional statement on the SEC's MMF proposal ([see FSM Report MMF19](#)), Ranking Member Toomey (R-PA) today [argued](#) that the proposal too narrowly prescribes how MMFs must operate, urging the SEC to broadly authorize MMFs to determine how to ensure their own resiliency. While he agreed that the 30% WLA fees and gates linkage should be removed, he strongly pushed back on the requirements for swing pricing, enhanced liquidity risk, and floating NAVs to handle negative interest rates. Further, Sen. Toomey argued for fixed NAVs for all MMFs, stating that these would facilitate capital formation for municipalities and private companies.

## **Senate GOP Readies Objections to Gruenberg Appointment**

Doubtless laying pipe should the White House nominate Acting Chairman Gruenberg to serve again as FDIC chairman, Senate Banking Committee Ranking Member Toomey (R-PA) and Sen. Scott (R-SC) today sent a [letter](#) to Mr. Gruenberg raising concern about allegations of racial discrimination during Mr. Gruenberg's previous term as Chairman. This comes following the resurfacing of a 2018 letter written by FDIC employees claiming that the organization's culture made Black employees afraid to speak out. The Senators claimed that the work culture they described as toxic was curbed by former Chairman McWilliams, fearing it may return under Mr. Gruenberg and asking him to provide all records of complaints of discrimination and any related disciplinary actions no later than April 26.

## **IMF: Faltering Banks Need New Rules along with Fintech, DeFi**

The IMF [today](#) published a blog post on the rapid growth of fintech and DeFi, focusing on issues of concern to regulators and supervisors. One top-priority risk is, though, to legacy banks, which the post's authors do not believe are quickly adapting to changing technology and new competitors and thus may also need more stringent prudential standards as their franchises become unsustainable. The post also argues that fintech and DeFi need to come under like-kind rules akin to those for banks given fintech's increased risk exposure along with risk-management inexperience and DeFi's vulnerability to market, liquidity and cyber risks. Many of these were also highlighted in a recent IOSCO paper ([see Client Report DEFI](#)), although IOSCO did not observe as this post does that DeFi may create the impression that all deposits are insured and thus exacerbate systemic risk. The IMF thus calls for stronger capital, liquidity, and risk-management requirements for fintechs. New standards are also needed for entities said to accelerate DeFi's growth such as stablecoin issuers and centralized crypto exchanges, although self-regulatory organizations and industry codes are also possible.

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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](#).

- **[CBDC11](#)**: Progressive Democrats in the House have introduced an alternative digital-dollar proposal ("e-cash") to the "FedAccount" construct urged by Senate progressives that mandates an electronic currency created by the Treasury Department to devise an electronic substitute for physical fiat currency.
- **[GSE-040722](#)**: FHFA has finalized new [capital rules](#) for the GSEs designed to accelerate the credit-risk transfer the agency now deems essential for a fast-acting conservatorship exit.
- **[SANCTION18](#)**: As [anticipated](#), today's HFSC hearing with Secretary Yellen largely focused on ways to sanction the Russian Federation and its allies and associates.
- **[DEFI](#)**: As [promised](#), this report provides an in-depth analysis of IOSCO's new [paper](#) on decentralized finance, one sure to advance the [FSB's](#) efforts to bring DeFi systems under greater regulatory scrutiny due to the findings we here detail.
- **[GSE-032222](#)**: As detailed in our new in-depth [analysis](#), the CFPB's [exam-manual rewrite](#) dramatically redefines the compliance-, legal-, and reputational-risk terrain for any consumer-financial company and the vendors or counterparties on which it relies.
- **[CONSUMER39](#)**: Reflecting one of its new director's top priorities as well as that of the Biden Administration, the Bureau of Consumer Financial Protection has significantly revised its examination manual when it comes to behavior that might be viewed as discriminatory in a wide range of consumer-financial products, services, underwriting, advertising, marketing, governance, and other arenas.
- **[SANCTION17](#)**: The Senate Banking Committee's hearing today on illicit finance focused as expected on cryptocurrency and suggests that targeted legislation addressing specific jurisdiction or compliance issues might advance on a bipartisan basis.
- **[GSE-031522](#)**: Although we have done extensive analysis of a U.S. central-bank digital currency (CBDC) in our sister analytical service, we have not viewed as it as an imminent strategic consideration for housing-finance agencies and financial institutions.
- **[CRYPTO26](#)**: We follow our initial client alert here with an in-depth analysis of President Biden's long-awaited [executive order](#) laying down steps intended quickly to construct a U.S. digital-asset policy construct.