



# FedFin Daily Briefing

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Monday, May 2, 2022

## IMF Urges Strict Public-Bank Controls

The IMF [today](#) took strong issue with the concept of public banks, concluding that deposit-taking public banks directly competing with private banks should be subject to the same rules and supervision as private banks. As we have [noted](#), progressives in the U.S. have proposed various forms of public banks at the federal and state level, but only a few of these have advanced. Many of those in existence have raised the concerns noted in this IMF paper, as our most recent Economic Equality [blog post](#) on the topic also points out. The paper bases its conclusions on public-bank corporate governance, which it calls a pervasive “business as unusual” paradigm stemming from diluted governance arrangements and policy goals, political interference, conflicts of interest between profitmaking and financial stability, undue market power due to privileged access, and concerns over sovereign solvency that can lead to depositor flight as well as an erosion of confidence in the banking system. However, recognizing that many jurisdictions nonetheless have public banks, the paper recommends that these nations require the bank itself to operate via a holding company that distances it from the government. The IMF staff also recommends greater autonomy for public bank regulators and supervisors, transparent governance, well-defined mandates, proportionality, and like-kind regulation and resolution.

## CFPB Report Highlights Violations re Mortgage Origination, Deposits, Credit Cards, Remittances

Today the CFPB issued its Supervisory Highlights [report](#), highlighting issues the agency is now prioritizing. These pose significant risk not only for companies clearly under the CFPB's jurisdiction ([see FSM Report CONSUMER39](#)), but also for nonbanks that considered themselves exempt ([see FSM Report CONSUMER41](#)). This is particularly true in mortgage origination, where the CFPB highlights steering and poor appraisal and closing disclosures. Deposits are also under fire with the Bureau targeting poor error resolution and failure to handle holds, stop payments, and provisional credit. Reflecting the agency's focus on credit cards ([see Client Report CONSUMER42](#)), supervisors are targeting “deceptive” advertising and error resolution. Reiterating its campaign against “repeat offenders”, the supervisory report also raises an array of concerns with remittances.

## 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](#).

- [GSE-042822](#): In this note, we expand on our analysis of the CFPB's new campaign against [nonbank financial institutions](#) to look more deeply at its impact on residential-mortgage finance.
- [CONSUMER42](#): Today's HFSC hearing with CFPB Director Chopra plowed much ground broken yesterday before the Senate Banking Committee ([see Client Report CONSUMER40](#)), but several new furrows were also unearthed.
- [CONSUMER41](#): Using what it describes as "dormant" authority, the CFPB is seeking comment on a rule setting the procedures under which it expands its authority to nonbank financial companies it believes pose consumer-protection risk.

- **[CONSUMER40](#)**: The Senate Banking Committee's hearing today with CFPB Director Chopra was a sharply partisan session with little immediate impact on what Mr. Chopra plans to do to achieve his sweeping new vision.
- **[GSE-042122](#)**: In our last CRT [analysis](#), we looked at transaction viability under the Basel IV rewrite set for rapid release once key Fed nominees are finally confirmed.
- **[GSE-042022](#)**: As we noted [yesterday](#), the IMF's financial-stability [report](#) includes a searing assessment of fintech risk.
- **[CBDC11](#)**: As [promised](#), we turn here to an in-depth analysis of a [paper](#) from global regulators on whether CBDC contributes to financial inclusion – one of the most vital arguments from those advocating CBDC in the U.S. and in many other nations.
- **[GSE-041522](#)**: Cementing her very different vision of Fannie and Freddie, Acting Director Thompson has now finalized a new strategic plan for the FHFA emphasizing the importance of both equitable and sustainable housing finance
- **[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.