



FedFin Daily Briefing

Friday, May 6, 2022

Treasury Sets Precedent with VC-Mixer Sanctions

Treasury for the first time [today](#) sanctioned a virtual currency mixer, doing so for North Korea's Blender.io, which operates on the Bitcoin blockchain. Treasury cites the mixer on grounds that it has been used to facilitate money laundering for Russian-linked malign ransomware groups. Although specific to this case, the high-profile nature of the agency's announcement signals that Treasury is also monitoring VC-mixer activity related to Russia and its allies and is prepared to sanction them as necessary.

BIS Survey Results Highlight Accelerating CBDC Action

The BIS today [issued](#) its latest CBDC survey, finding that nearly two-thirds of central banks think that they may issue a CBDC, with many indicating that the reasons for doing so include payment-system limited operating hours and the length of current transaction chains. Interestingly, a "considerable share" of surveyed central banks think that stablecoins have significant potential to become a widely used method of payment. The U.S. is counted among the approximately 70 central banks now found to be engaging in a concrete study of CBDC operational issues, but this does not mean that it is also among the banks likely to set a course towards CBDC. As noted, ([see FSM Report CBDC10](#)), the Fed's discussion draft is decidedly equivocal. An HFSC hearing later this month will likely put the Board under more pressure to accelerate consideration.

Fed Takes Guarded Stand on Banking Industry Condition

The Federal Reserve's Supervision and Regulation [Report](#) today concludes that the industry's market condition has weakened somewhat since the beginning of the year due to geopolitical stress, with U.S. banks now coming close to those in Europe. The Fed is thus monitoring stresses such as those in commodity markets. However, despite this concern, the report finds that large bank internal-risk measures have improved and loan delinquencies are at their lowest rate since 2006. Banks are also well capitalized and liquid. The report's assessment of regulatory action only reiterates outstanding proposals, providing no indication as to prospective action.

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](#).

- [CRA31](#): The FDIC today led the way with release of a long-awaited inter-agency [proposal](#) updating decades-old CRA regulation.
- [CLIMATE13](#): The FSB's report is aimed at establishing global standards that prevent fragmentation along national or regional lines as well as ensuring that regulatory and supervisory actions mitigate climate risk to the greatest extent possible in the face of an array of data and measurement challenges.
- [INTERCHANGE9](#): As anticipated, bankers and card networks squared off with merchants at today's Senate Judiciary hearing addressing credit-card interchange fees.
- [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.