



FedFin Daily Briefing

Friday, May 20, 2022

G7 Presses for Global Crypto Action

Preoccupied though it was with Ukraine, the G7 ministerial [communiqué](#) advances and hones global work on digital assets. Most notably, it calls on the FSB to advance and implement comprehensive cryptoasset regulation. As recent [FSB statements](#) indicate, the Board is contemplating its options; this G7 directive may accelerate work into more concrete standards more quickly, stipulating like-kind rules for like-kind activities. The communiqué also calls global disclosure standards on stablecoin reserve assets and "encourages" jurisdictions to explore CBDC's "international dimensions." This delicate phrasing doubtless reflects Secretary Yellen's efforts to advance the Administration's [efforts to obtain a CBDC](#) without treading on the Fed's delicate toes ([see FSM Report CBDC10](#)).

Global Regulators Press for Harmonized, DeFi Cross-Border Payments

The BIS and CPMI today issued papers supporting their work to build out the cross-border payment system advocated by the FSB ([see FSM Report PAYMENT23](#)). The first [paper](#) lays out an aspirational global rulebook designed to ensure that all transborder nodes are premised on common standards for finality, certainty, and the other criteria essential to sound payment-system operations. The second [paper](#) takes the concept of legal uniformity into the new arena of decentralized finance, laying out where DeFi might be applicable to cross-border payments with a best-execution DeFi construct, an approach for inter-operability among central banks and private banks, a DeFi utilities for AML/KYC identification, and a small-payment platform. DeFi operated by central banks would not raise the questions posed by global regulators for private decentralization ([see Client Report DEFI](#)), but the operational complexities of establishing any such system even if there were a common legal and regulatory backbone seem formidable at this stage of global cross-border negotiations and increasing fragmentation.

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](#).

- [CRYPTO27](#): Sharp disruptions in cryptoasset markets, and especially those for stablecoins, have energized calls for rapid U.S. statutory and regulatory action along lines initially laid out by the President's Working Group on Financial Markets (PWG).
- [CRA32](#): Following much talk about the need to update Community Reinvestment Act (CRA) rules since this was last done in 1995, federal banking agencies have finally agreed on a proposed redesign of standards essential to banks that wish to expand or acquire as well as those seeking strong community ties and the policy and political benefit these afford.
- [GSE-051622](#): As we [noted](#) last week, the federal banking agencies sighed a mighty sigh and heaved

up a massive inter-agency [proposal](#) rewriting decades-old standards detailing which activities earn the Community Reinvestment Act (CRA) points essential for any bank's strategic objectives and national reputation.

- **[FSOC27](#)**: With stablecoin markets even more distressed than earlier in the week, today's HFSC hearing with Secretary Yellen was even more emphatic than senators two days before on the need for action ([see Client Report FSOC26](#)).
- **[FSOC26](#)**: Today's Senate Banking Committee hearing with Secretary Yellen renewed calls for federal legislation based on recent algo-coin losses and resulting digital-currency market volatility.
- **[SYSTEMIC93](#)**: In this report, we assess the new Federal Reserve financial-stability [report](#).
- **[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.