



# *FedFin Daily Briefing*

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Monday, August 29, 2022

## FedNow Set for Soon

Vice Chair Brainard today [announced](#) that the Fed's instant-payment "FedNow" system will achieve its hoped-for opening in mid-2023 ([see FSM Report PAYMENT20](#)). Although this announcement covers only an expansion of the Fed's pilot program rather than a complete launch, Ms. Brainard cautioned that, while the system is ready thanks to early adoption by some financial institutions, it remains to be seen if enough banks, core processors, software-developers, and other entities are willing to make the investments necessary to create the ubiquitous, equitable service sought by the central bank. However, it is unclear if slow adoption is due to preference for the U.S.'s longstanding, private real-time system, continuing challenges to inter-operability, the fact that FedNow will be a pilot even when officially launched, or if simple lag time accounts for the delay of concern to the Fed. However, Ms. Brainard made it clear that she believes FedNow provides essential advantages to lower-income households in dire need of faster payments. The vice chair also described attributes of the Fed's system as superior to those in other nations without noting that most advanced economies have had real-time payments for years. Fed Gov. Bowman last week [indicated](#) that FedNow implementation obviates the need for CBDC, but Vice Chair Brainard appears to favor some form of CBDC ([see Client Report CBDC13](#)). We continue to expect that the confluence of U.S. crypto regulation, the true pace of FedNow roll-out, and political pressures will determine the extent to which the Fed offers a CBDC and, if so, how it is constructed.

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## 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](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](#).

- [CRYPTO31](#): Reflecting the concerns voiced in a recent executive order from President Biden and a subsequent request for views from Treasury, the Federal Reserve has joined the OCC in demanding prior notice from banking organizations that wish to undertake cryptoasset activities.
- [GSE-082222](#): A new Federal Reserve Bank of Cleveland [study](#) validates forbearance as a mortgage-market buffer, reinforcing the likelihood that policymakers and servicers will turn quickly to it if current mortgage-market conditions turn ugly under the combined stress of higher rates and slow to no growth.
- [GSE-081922](#): We look here at an interesting [idea](#) from three senior Fannie Mae officials: an index to measure a Single-Family MBS's social impact.
- [PAYMENT25](#): Following considerable controversy surrounding how Federal Reserve Banks grant master accounts, it has finalized a somewhat more explicit set of guidelines along lines proposed the second time the Fed attempted to set guidelines via a "supplemental" proposal earlier this year amending its 2021 effort.
- [GSE-081722](#): [FHFA](#) and [Ginnie Mae](#) today let loose their long, long delayed standards for eligible seller-servicers.
- [INFOSEC28](#): Using another of its tools to set policy without prior public comment, the CFPB has

released a circular stating that inadequate consumer-data safeguards may constitute a breach of the unfair, deceptive, or abusive acts or practices (UDAAP) protection standards subject to Bureau enforcement action.

- **[FINTECH30](#)**: Continuing its practice of setting sweeping policy by administrative action without prior notice or comment, the CFPB has issued an interpretive rule sharply curtailing the extent to which digital advertising and market strategies are exempted from the legal and compliance obligations associated with most parties directly providing consumer financial products or services and those acting as servicers to these entities.
- **[GSE-081222](#)**: [FHFA](#), [Fannie](#), and [Freddie](#) yesterday released the results of FHFA's latest stress test, focusing on the severely-adverse scenario in order – or so FHFA says – to push the GSEs to the limit.
- **[INTERCHANGE10](#)**: Two senators have reopened questions about the manner in which card-related payments are handled, tackling those applicable to credit cards with a bill mandating that merchants must be given a network choice that is not either Visa or Mastercard in order to, the sponsors argue, increase competition and lower credit-card transaction costs.