



FedFin Daily Briefing

Tuesday, October 18, 2022

CFPB Uses Enforcement Action to Press Payment-System Digital, Fee, Safety, Fairness Standards

Using an enforcement action today against [ACTIVE Network](#), CFPB Director Chopra [emphasized](#) that this case epitomized broader Bureau concerns. These are monitoring use of “digital dark patterns” – i.e., design features that manipulate users into harmful behavior that are profitable for companies. This initiative is similar to the agency’s recent action on digital marketing ([see FSM Report FINTECH30](#)), but appears to go beyond marketing to incentives, pricing, and other considerations. The agency’s second priority is reducing “junk fees”, an issue also addressed by the agency in an RFI ([see FSM Report CONSUMER38](#)). Treading on the ground of prudential regulators, the CFPB is also focusing on ensuring payment-system safety and fairness, focusing on monitoring payment platforms for how they “extract” data and fees from their users.

Treasury's FIO Seeks Input On Climate-Related Data Collection

Taking further action in response to the President’s Executive Order on Climate-Related Financial Risk ([see FSM Report GREEN8](#)), Treasury’s Federal Insurance Office [today](#) requested comment on a proposed data collection regarding current and historical underwriting data on homeowners’ insurance from property and casualty insurers to assess climate-related financial risk. Emphasizing the importance of sufficiently granular, consistent, and comparable data to judge insurance vulnerability to physical climate risk, data will be aggregated at the ZIP-Code level for a specific subset of insurers and not involve data on individual homeowners or other insured entities. This work echoes [a](#) recent [Fed study](#) concluding that risk and rate “decoupling” in the homeowners’ insurance sector raises moral hazard and sustainability concerns.

HFSC Republicans Push Yellen to Support IFI Nuclear Energy Funding

In light of recent energy shortages in Europe, Ranking Member McHenry (R-NC) and Rep. Hill (R-AR) sent a [letter](#) today to Treasury Secretary Yellen urging her to support the European Bank for Reconstruction and Development and other IFIs financing nuclear energy projects. They claim that an absence of Western funding has allowed China and Russia to fill the void, especially in developing countries. As the US is the Bank’s largest shareholder, they press the Secretary to push it to end its prohibition on funding nuclear energy to counter Russian and Chinese influence. Although Reps. McHenry and Hill are generally opposed to “industrial policy” of this sort, their pressure for nuclear-power lending suggests that, should Republicans gain control of the House, more pressure will also be put on the Biden Administration and Department of Energy to use new loan and guarantee authority for nuclear power in the U.S.

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](#).

- **[DEPOSITINSURANCE115](#)**: The FDIC board today voted 3-0 to increase DIF assessment rates by 2bps, finalizing its proposal (see [FSM Report DEPOSITINSURANCE114](#)) and rejecting industry arguments on grounds that a small DIF premium increase now would make a more damaging procyclical assessment increase under adverse economic conditions less likely.
- **[CRYPTO34](#)**: Speaking for global banking, securities, and insurance regulators, the Financial Stability Board has taken its firmest stand to date on cryptoassets and outlined high-level and often principles-based global standards to govern them going forward.
- **[INTERCHANGE11](#)**: Leaving its interchange-fee restrictions intact – at least for now – the Federal Reserve has finalized its proposal expanding on its existing requirement that all debit- card transactions must be enabled for processing on at least two unaffiliated payment-card networks for card-not-present transactions.
- **[GSE-100622](#)**: FHA's [request for input](#) on small-dollar loans could mean much for this equality-essential product or little beyond a lot more public debate.
- **[CRYPTO33](#)**: In this report, we build on our [initial assessment](#) of FSOC's conclusion that cryptoassets now pose systemic risk and the Council's recommendations about what should be done to curtail it.
- **[GSE-100422](#)**: Although one witness at the FHFA listening session on the Home Loan Banks took strong issue with their mission and meaning, another who called them the "most successful program of the last hundred years" pretty much summed up today's testimony.
- **[GSE-100322](#)**: Our take on the first two days of FHFA's FHLB "listening session" last week is that battle lines are shaping up much as we expected with the exception of a couple of powerful groups with new ideas about how the System could be put to better use for themselves and/or the public interest.
- **[MORTGAGE121](#)**: The CFPB has asked for views on the extent to which it can facilitate certain refinancing (refi) products it believes enhance economic justice.
- **[GSE-092622](#)**: As will be evident in our forthcoming in-depth analysis, the CFPB's fusillade [last week](#) on mortgage-finance could have far-reaching implications for the entire market based on how far it takes its new campaign for equitable housing finance and whether the market is willing to come along on at least some of the agency's new ideas.
- **[AML136](#)**: Treasury is seeking comments on issues raised by the President's executive order (EO) on digital assets to guide further work curbing illicit-finance and national-security risks in this sector.
- **[REFORM213](#)**: Senate Banking's hearing with big-bank CEOs proved much more combative than HFSC's session yesterday (see [Client Report REFORM212](#)).
- **[GSE-092222](#)**: In this report, we follow our earlier analysis of Treasury's CBDC recommendations and [housing finance](#) with an analysis of another Treasury report in response the President's [executive order](#) focused on the overall construct of cryptoassets in the U.S.
- **[REFORM212](#)**: At today's big-bank oversight HFSC hearing, Committee Democrats focused on each bank's progress on social issues, such as internal diversity, unionization, and historic roles in financing slavery.

- **[GSE-092122](#)**: In this analysis, we drill down in Treasury's high-impact reports to the President on the future of digital assets to identify key considerations and strategic implications for housing finance.
- **[CRYPTO32](#)**: We follow our prior in-depth analysis of Treasury's CBDC and payments report ([see Client Report CBDC14](#)) with a detailed assessment of the Department's [assessment](#) of overall cryptoasset policy.
- **[SANCTION19](#)**: Today's Senate Banking hearing on Russian sanctions showcased bipartisan concern that anti-Russian sanctions have yet to have meaningful impact and doubts about the extent to which oil-price caps will reverse this.
- **[CBDC14](#)**: In this in-depth report, we follow through as promised on our initial analysis of key sections in last Friday's Treasury report on CBDC and changes to the payment system.