



# *FedFin Daily Briefing*

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Wednesday, October 26, 2022

## **BIS Announces Successful Multi-CBDC Platform Pilot**

Following their retail crypto [pilot](#) last week, the BIS [announced](#) a successful pilot blockchain ledger – dubbed the mBridge Ledger – connecting twenty commercial banks in China, Hong Kong, Thailand, and the UAE via a multi-CBDC common platform. Both domestic and foreign commercial banks are permitted to directly hold and transact in CBDCs on the platform to ensure seamless cross-border payments. To protect monetary sovereignty, the platform allows governments to flexibly control CBDC issuance and redemption, transaction currencies and amounts, and visibility into usage. mBridge prohibited domestic transactions using domestic currencies or foreign CBDCs and cross-border transactions with a currency foreign to both parties during the pilot to avoid challenging local payments systems or currencies. The project team also identified several legal and regulatory challenges of a multilateral shared platform, recommending that jurisdictions collaborate to determine their CBDC's legal classification, AML/CFT/sanctions controls, and shared governance rules for platform operators. The BIS also announced that for the next two years the mBridge project will focus on achieving automated interoperability with domestic payment systems, introducing liquidity management tools, and piloting more business use cases.

## **With President at His Side, Chopra Sanctions Overdraft, Deposit Fees**

President Biden today [took aim at junk fees](#), slamming them in general even as he praised the CFPB's initiative today sharply to limit "surprise" overdraft and deposit fees. The agency did so by issuing a [circular](#) on unanticipated overdraft fee assessment practices and a [bulletin](#) on Returned Deposited Item Fee Assessment Practices, again using its non-regulatory tools to enact new policy and set stringent enforcement standards. We will shortly provide clients with in-depth analyses of each release. The circular has the greatest force in terms of enforcement, given the CFPB's view that these issuances validate the need for enforcement actions, including one recently against [Region's Bank](#). The overdraft circular states that the assessment of overdraft fees can qualify as UDAAP ([see FSM Report Consumer39](#)) despite TILA and/or EFTA compliance. The bulletin covering deposit fees treads newer ground, stipulating that charging Returned Deposited Item fees to consumers for all returned transactions irrespective of the circumstances on the account are likely unfair under the CFPB. In response to these actions, Ranking Member Toomey (R-PA) [blasted](#) the Bureau, which he called an "out-of-control" and "unaccountable" agency; Senate Democrats [praised](#) the agency's actions as part of a larger fight on behalf of consumers, with Sen. Warren (D-MA) providing independent [applause](#).

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### **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-102522](#): As we noted [yesterday](#), FHFA has decided not only to [unbundle](#) second and high-dollar loans from its flat-fee paradigm, but now to do the same for about one in five conventional conforming

purchase loans outside these categories.

- **DEPOSITINSURANCE116:** The FDIC has finalized its proposal largely unchanged to raise base Deposit Insurance Fund (DIF) assessments by two basis points (bps) to replenish the DIF by the statutory deadline to reflect deposit inflows that the FDIC no longer expects to be temporary.
- **RESOLVE48:** The FRB and FDIC have moved beyond the resolution-planning requirements mandated in the Dodd-Frank Act then implemented over the years to what could be a new resolution regime for banking organizations considered category II or III companies under the inter-agency tailoring rules.
- **MERGER11:** As promised, this analysis focuses on the [OCC](#) and [FRB](#) approvals of the acquisition by U.S. Bancorp of MUFG's Union Bank in California.
- **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.