



FedFin Daily Briefing

Tuesday, February 14, 2023

What's Next At The Post-Brainard Fed

Clients have asked us to advise on what may be next for the Fed if Vice Chair Brainard is indeed named as head of the White House NEC, which now seems certain. In our view, there will be no change to FOMC policy given unanimity on this question and the leadership not only of the vice chair, but also of the Fed chairman and FRB-NY president. However, there could be a significant shift in the likelihood of a U.S. CBDC. Ms. Brainard has been the most outspoken advocate of a CBDC ([see Client Report CBDC13](#)), but her successor as head of the Fed payment committee is likely to be either Gov. Waller or Bowman, each of whom is a strong CBDC skeptic. This shift in leadership also combined with Mr. Powell's antipathy and the very slow pace of action following the Fed's discussion paper ([see FSM Report CBDC10](#)) suggest very slow consideration in response to Administration pressure that leads to no meaningful CBDC initiative unless or until global developments force it on the Fed. The odds of U.S. law doing so remain nil. The shift in payment-committee leadership also may alter at least some aspects of Fed policy related to FedNow, perhaps at long last accelerating inter-operability activities in concert with launch later this year. The Fed's views of crypto-policy will not change from its most recent statement ([see FSM Report CRYPTO31](#)) nor will Ms. Brainard's absence have material impact on Vice Chairman Barr's efforts to advance capital reform – the Fed board historically operates with collegiality on this issue, with compromises satisfying Gov. Bowman already apparently [concluded](#).

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](#).

- [CRYPTO39](#): Although Chairman Brown (D-OH) remained non-committal on the need for crypto legislation, he emphatically called for reform to protect consumers and investors.
- [GSE-021323](#): Following our [initial report](#), we turn here to a more detailed analysis of what's in store for the Home Loan Banks following the [Brookings high-impact forum](#) on Home Loan Banks that are also facing far more unflattering public attention than has been their fate for years.
- [CREDITCARD36](#): Following on a controversial advance notice of proposed rulemaking, the CFPB has now released an NPR setting specific standards for credit-card late fees that also eliminates the inflation adjustments established by the Federal Reserve when implementing the 2009 credit-card law.
- [GSE-020623](#): A new [post](#) from the Federal Reserve Bank of Atlanta summarizes key findings from recent pandemic-era mortgage refinancing research, reiterating [prior findings](#) that more White mortgage borrowers got lower refinancing interest rates in 2020 compared to Blacks.
- [CHARTER29](#): In conjunction with rejecting an uninsured crypto bank's application for Federal Reserve membership, the Federal Reserve issued a policy statement conforming state member bank powers

only to those authorized for national banks even if the state member is an uninsured depository institution.

- **[CONSUMER49](#)**: Using one of its controversial edicts to set what some consider a new rule, the CFPB has opined that negative-option or “subscription” marketing of consumer-financial products or services may be unfair, deceptive, or abusive (UDAAP) and thus subject to significant sanction for both the provider and any third parties with which it works.
- **[GSE-012323](#)**: Under Director Thompson, FHFA’s top policy priority is [equitable housing](#).
- **[CONSUMER48](#)**: Building on its proposed nonbank registry related to enforcement orders, the CFPB is now also proposing a public registry requiring posting of provisions in consumer-finance contracts the agency believes threaten consumer legal or free-speech rights when issued by supervised nonbanks.
- **[GSE-011923](#)**: We will shortly send clients an in-depth analysis of the CFPB’s latest controversial [proposal](#) which would establish a public registry on which supervised nonbanks would file a lot of data on any form contracts they require which includes covered provisions the Bureau thinks unfairly and even dangerously lead consumers to abandon important protections.