



FedFin Daily Briefing

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BIS Backs Away From Old CBDC, Presses New “Unified Ledger”

BIS General Manager Agustín Carstens today [distanced](#) the global central bank somewhat from its prior calls for two-tier CBDC as quickly as possible ([see *Client Report CBDC6*](#)). Noting that cryptoassets have now essentially failed as fiat-money substitutes but have shown the fragility of current money instruments, Mr. Carsten calls for a public-private partnership in which central banks provide a “unified ledger” supporting the monetary system with other real and financial-asset registries. In this still grander vision of central banking, this unified ledger would be a seamless interface between fiat currency and the broad economic infrastructure via open architecture designed by the central bank to ensure ready inter-operability between CBDCs or tokenized assets and smart contracts across the full scope of national economic activity. The speech describes how this system would work, noting for example how it would integrate the payment-system aspects of mortgage lending with smart contracts for escrow accounts that, as we read it, would significantly diminish the role of mortgage servicers. The BIS also envisions this unified ledger as a tool for bond and other financial-instrument settlement ending delayed settlement and resulting risks.

Administration Drops FHA Premiums in Broad Housing Push

In a victory for mortgage lenders and defeat for private mortgage insurance and the GSEs, Vice President Harris [announced](#) that FHA will shortly reduce mortgage premiums by .30 percent, saving the average homeowner \$800 in total premiums or \$67 a month. The move comes following continuing demands from mortgage bankers and community advocates for an FHA premium reduction given that the MMI Fund now holds an 11.11 percent capital ratio, well above its statutory two percent minimum. Critics counter that FHA premium cuts stoke demand that then raises house prices, noting also that FHA may experience sharp delinquency increases that eat into its current capital surplus given macroeconomic fragility and its high-risk borrower population. House Republicans will strongly criticize the premium cut on these and other grounds, but they cannot reverse it absent express changes to FHA’s authorization that Democrats will surely block.

GOP Opens Anti-CBDC Campaign

Starting the GOP’s 2023 campaign against CBDC with a specific initiative, Rep. Tom Emmer SP (R-MN) and nine Republicans have introduced H.R. 1122. The measure’s lead cosponsor is Rep. French Hill (R-AR), who chairs HFSC’s Digital Assets Subcommittee and thus has the jurisdiction necessary to move the measure. Bill text is not yet available; we will provide clients with more analysis when it is, but the introductory statement suggests that the measure not only bars CBDC in at least some circumstances but may also – inadvertently or not – block Fed payment-system operations. The latter effect may well satisfy GOP critics of the Fed’s payment-system role, but it would be so disruptive as

to stand small chances of passing the House. Anti-CBDC legislation stands a better chance for bipartisan house approval, but will still face significant roadblocks in the Senate.

FDIC Found Remiss re Systemic Resolution

In its assessment of challenges facing FDIC leadership, the Office of Inspector General (OIG) [finds](#) that the agency may not be ready to handle an OLA or systemic resolution, nor is it yet able to assess climate financial risk and sanctions compliance. If warranted, these conclusions are of significant concern, especially when it comes to OLA and resolution, where the FDIC has sole jurisdiction for resolution implementation. The OIG also wants the agency to work with other agencies to address digital-asset risk even though work here is ongoing, noting also the need to handle cyber-risk incident reporting with better protocols. 136 FDIC-insured banks have crypto exposures, a larger total than prior reports suggested was likely. Although the FDIC has led the way studying the unbanked, the OIG wants it to go farther and issue guidance to enhance industry outreach. And, finally, the FDIC is found to have significant, continuing issues in areas such as data security that have caused it considerable embarrassment in the past.

FHFA Looks Into FHLB-Member Community Activities

Perhaps advancing FHFA Director Thompson's [commitment](#) to review aspects of the FHLB System, her agency [today](#) released a request for views on the extent to which a Home Loan Bank member supported its community to retain eligibility for long-term System advances. Banks and thrifts are generally judged by their CRA scores; most other members must demonstrate support for first-time home ownership. In addition to considering public comment, FHFA will consider the community-support plans each member must submit by October 31, with comments on this request due by March 24. It is unclear if this is a routine request sure to spur an outpouring of sentiment about many banking organizations or if it presages more stringent FHFA action on insurance-company members criticized for their lack of [mission support](#).

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](#).

- [GSE-022123](#): As we noted, FHFA is venturing onto treacherous political ground with a [request for input](#) on expanding Fannie and Freddie's ESG imprint.
- [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](#).