



FedFin Daily Briefing

Monday, April 24, 2023

HFSC Mark-Up Renews CFPB Partisan Scuffle

Wednesday's HFSC markup features only one bill pertaining to financial policy, rather than to capital formation: a [bill](#) yet to be introduced by Rep. Barr (R-KY) imposing longstanding Republican demands on the CFPB. It would change the Bureau's leadership to a five-member commission, create an independent Inspector General, and require the Bureau to consider how all proposed rules impact small businesses. HFSC action on this bill will be lengthy and fractious, with narrow and partisan votes advancing the measure to the House floor despite the fact that it stands no chance of enactment unless or until the Supreme Court invalidates the CFPB's constitutionality and a broader fix to preserve the agency becomes an urgent matter.

FRB-Chicago Sees Green for LMI Households, Branch Deserts for Blacks

Addressing the contentious question of urban bank-branch deserts, a recent Federal Reserve Bank of Chicago [paper](#) finds that LMI households have lower demand for branch services and thus use them less. However, Black households have poor branch access even after controlling for income, with inaccessibility said to completely explain lower branch use compared to white households. Neither LMI nor Black households use mobile or online banking in ways that offset the study's findings, which are based on newly available geolocational data judged by complex models and data methodologies. We note that "demand" in this study, which the paper claims accounts for lower LMI household use, is judged by factors such as wealth, financial sophistication, trust in banking, and time flexibility that may well correlate with LMI household characteristics and thus not adequately represent actual demand, especially for basic banking services. "Access" – found to be denied Black communities – is also measured in part by features such as drive-through windows that may be inapplicable in urban settings or unnecessary to deliver needed services.

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-042023:** FHFA yesterday [proposed](#) a sweeping rule that would codify Sandra Thompson's equitable- and fair-housing standards in a rule that any future FHFA director would have to work a lot harder to reverse.
- **CRYPTO42:** As we [anticipated](#), the HFSC Digital Asset Subcommittee hearing today on federal stablecoin legislation did not entertain bipartisan expressions of support for the draft noticed with the hearing [announcement](#).
- **CRYPTO41:** As [anticipated](#), HFSC's hearing today with Chairman Gensler was a raucous affair which, while divided sharply on party lines when it comes to Mr. Gensler, also laid out general agreement on matters such as the need for stablecoin legislation (the topic of a high-profile hearing tomorrow).

- **[GSE-041323](#)**: As we noted earlier [today](#), global regulators are rethinking their 2015 decision not to require an express capital charge for interest-rate risk, a shift with significant implications for the role of U.S. banks as mortgage lenders and investors.
- **[IRR8](#)**: As we noted [yesterday](#), the head of the Basel Committee has targeted two capital and liquidity compromises included in the current Basel III construct not addressed in the end-game rules to which the U.S. plans shortly to turn.
- **[COMPENSATION35](#)**: Executive compensation incentives have proved among the most important reform priorities in the wake of recent bank failures.
- **[REFORM220](#)**: In this report, we drill down on prior forecasts ([see Client Report REFORM219](#)) of near-term regulatory action to identify the revisions sure to be prioritized as NEC Director Brainard and FDIC Chairman Gruenberg seek to reverse rules finalized over their objections when they were in the minority.
- **[UDAP8](#)**: Following its usual practice of setting standards by edict, the Bureau of Consumer Financial Protection has laid out an extensive framework that brings a wide range of consumer-finance actions and inactions within the scope of enforcement sanctions governing acts or practices that are not only unfair or deceptive, but also abusive.
- **[GSE-040623](#)**: [FHFA](#), [Fannie](#), and [Freddie](#) yesterday updated the sometimes-controversial equitable-finance [plans](#) FHFA approved last year.
- **[GSE-040323](#)**: We have written from time to time about [covered bonds](#).
- **[REFORM219](#)**: With Thursday's White House [announcement](#), we know that the Administration will do its best to support Fed and FDIC efforts to color recent events as a failure of Republican-led rulemaking, not also one of agency supervisory acumen, speed, and even competence.
- **[REFORM218](#)**: Today's HFSC hearing on recent bank failures was more partisan than yesterday's Senate Banking session ([see Client Report REFORM217](#)).
- **[REFORM217](#)**: Today's Senate Banking hearing was extremely well-attended by Senators on both sides of the aisle clearly looking first to understand what precipitated recent bank failures, who is to blame, and what should be done next.