



Biden Predicts End to Overdrafts

In a speech today detailing “Bidenomics”, President Biden continued his administration’s [campaign](#) against “junk fees,” specifically targeting overdrafts. The President stated that overdrafts were the junk fee that “bothered [him] the most” and predicted that “there’ll be no more overdraft fees.”

Fed Branch Approval Faced Unusual Bowman Protest

With a cryptic [statement](#), FRB Gov. Bowman has taken the unusual step of protesting a branch application which she and all other governors [approved](#). The issue appears to be the fact that two commenters objected to the branch application on grounds that the bank (Vantage in Texas) discriminates against African American borrowers. The Fed’s formal approval notes only these comments and otherwise approves of the bank’s fair-lending record, also noting its satisfactory CRA rating and the fact that the bank is principally a commercial lender. Ms. Bowman’s statement argues for process improvements, but whether these pertain to not approving such applications, more consultation with the FRB-Dallas, or other concern is not made clear. What does appear clear is that future large-bank branch applications may face more vetting by the Board to avoid repeat instances of public discussion damaging to the Board’s reputation on grounds that it unduly favors discriminatory banks.

Fed Finds Big Banks Resilient, Still Wants More Rules

The Fed’s [stress-test release today](#) attempts to meld both the Board’s finding that banks are not only resilient, but also “well-positioned” for a severe recession with Vice Chairman Barr’s plans to rewrite an array of new rules ([see Client Report FEDERALRESERVE72](#)) that stress tests are only one measure of strength the “resilient” evidence itself. All twenty-three tested banks remained above capital minimums under the severely-adverse scenario, with ratios declining points 10.1 percent. The test also finds that all of the stressed banks could take heavy CRE losses without undue impact on capital; tested banks hold twenty percent of the office and downtown commercial loans in the bank in that non-tested banks have considerably more exposure. The test also included a first-time, “exploratory” market shock related to market risk under severe inflation and interest-rate scenarios; the largest banks were also resilient to rising.

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](#).

- [COMPENSATION37](#): The Senate Banking Committee has overwhelmingly approved bipartisan legislation to reform executive compensation following larger insured-depository institution (IDI) failures, with parent-company executive compensation also at risk in some circumstances.
- [ESG4](#): Late Friday, GOP HFSC Members issued a withering [report](#) criticizing the Biden Administration for using financial regulators to do its political bidding on ESG objectives that it believes “contort” financial regulators into political instrumentalities that put retail investors at risk.
- [GSE-062223](#): A [Bloomberg article](#) tells a fascinating tale of high-flying personal real-estate investment

and other alleged acts of self-dealing at the expense of the seemingly-hapless Federal Reserve Bank of San Francisco.

- **FEDERALRESERVE74**: Chairman Powell's HFSC appearance today led to unusually substantive discussion of pending financial-policy actions.
- **GSE-061523**: The FHFA's [report to Congress](#) this year was eagerly awaited to see if it shed any insight into what FHFA might do after its listening [sessions](#) and Sandra Thompson's [promise](#) to do something sometime soon about the Home Loan Banks.
- **CONSUMER51**: With Rep. Andy Barr (R-KY) leading the attack with an accusation of CFPB "McCarthyism," today's HFSC hearing with Director Chopra tracked much in yesterday's Senate Banking [session](#).
- **REFORM227**: Treasury Secretary Yellen was pressed at today's HFSC hearing to comment on pending bank capital standards, the scope of FDIC coverage, and failed-bank resolutions.
- **CONSUMER50**: Reflecting Acting Comptroller Hsu's focus on consumer protection, fairness, and inclusion, the OCC is seeking views on what could become an annual survey of what consumers and especially bank customers think of their bank.
- **VENDOR10**: After frequently citing third-party relationships and outsourcing as worrisome risk, the banking agencies have now finalized guidance first proposed in 2021 to govern them.
- **GSE-060823**: As we will detail in a forthcoming in-depth report, the banking agencies' new "guidance" on third-party vendors essentially brings all nonbank counterparties with whom banking organizations deal under the agencies' enforcement thumb.
- **COMPENSATION36**: Sen. Warren (D-MA) has introduced a revised version of legislation to ensure that both the FDIC and other federal banking agencies can demand that executives and others governing failed banks refund direct and indirect compensation to the federal government.
- **GSE-060223**: As we detailed earlier this [week](#), the OCC's new enforcement [policy](#) is a paradigm shift in terms of the legal and reputational risk run by national banks and federal thrifts – that is, by the depository institutions that matter the most to mortgage finance.
- **CHINA17**: While largely focused on countering fentanyl, today's Senate Banking hearing on China, saw Committee Democrats try to ascertain the details of a potential outbound investment [executive order](#) and Republicans addressing what they believe to be shortcomings in data privacy, AML regulation, and sanctions policy.
- **SUPERVISION2**: Following a speech earlier this year by the Acting Comptroller arguing that some banks are "too big to manage" and the furor caused by recent failures, the OCC has significantly revised its enforcement policy.