



Friday, October 27, 2023

Barr Reiterates CBDC Slow-Go

FRB Vice Chair Barr today [reiterated](#) his [recent comments](#) that the Federal Reserve will only proceed with a CBDC if it gets express support from the executive branch and authorization from Congress. The Vice Chair also mentions the new debit-card interchange fee [proposal](#), noting only his interest in public comment.

Top BIS Official Questions Need for Higher Deposit-Insurance Coverage, Stronger Bank Regs

The BIS's top bank supervisor, Fernando Restoy, [today](#) indirectly took sharp issue with several pending changes in U.S. deposit-insurance, regulation, and resolution standards. Pointing to supervisory lapses as the principal cause of recent bank failures, Mr. Restoy argued that more stringent capital and liquidity requirements matter less to bank resilience than strengthened supervision. Although he acknowledged that stronger prudential requirements could reduce bank-run risk, he also argued that withdrawal restrictions should only be considered after robust cost-benefit analysis. He also finds that the case for expanding deposit-insurance coverage is not clear-cut, highlighting moral hazard and limited impact on uninsured-deposit concentration unless coverage is virtually universal. In addition, Mr. Restoy called for stronger emergency liquidity support across jurisdictions and supported EU legislation establishing a depositor preference regime akin to that in the U.S., where insured and uninsured deposits rank above other non-preferred liabilities in insolvency.

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](#).

- [DATA4](#): Following a request for information that was a de facto advance notice of proposed rulemaking, the CFPB has now proposed a preliminary, but binding framework for consumer data rights covering consumer "transaction" accounts offered by banks, credit unions, and – a departure from the initial outline – nonbanks/fintechs.
- [GSE-102323](#): As noted in our report [earlier today](#), the Federal Reserve's latest financial-stability [report](#) expresses deep misgivings about complex securitizations.
- [SYSTEMIC97](#): As [promised](#), this in-depth report assesses Friday's semiannual financial-stability report from the Federal Reserve.
- [DEPOSITINSURANCE122](#): Bipartisan senators have introduced legislation to provide FDIC coverage for certain noninterest-bearing transaction accounts, a move designed to prevent the stress and potential systemic risk evident when Silicon Valley and Signature Banks failed in March.
- [GSE-101723](#): [As we noted](#) earlier this month, the Federal Reserve inserted a significant capital provision for credit-linked notes in an otherwise-obscure FAQ.
- [GSE-101623](#): The White House today rolled out a [new housing plan](#) that smacks mightily of many old

housing plans.

- **[GSE-101323a](#)**: With smaller lenders [today](#) joining MBA, NAR, and HomeBuilders' [campaign](#) to squeeze the 30-10 spread, we take a look at the odds the White House, Fed, or Treasury will do as hoped.
- **[GSE-101323](#)**: As we noted yesterday, OMB's Office of Information and Regulatory Affairs (OIRA) has pronounced a new pro-competition standard for all existing and prospective federal regulations.
- **[CONSUMER52](#)**: Using its advisory process to issue guidance that may lead to enforcement actions, the Bureau has for the first time set standards for the obligations of large banks and credit unions to respond to certain consumer inquiries.
- **[REFORM228](#)**: As we [noted](#) yesterday, the Basel Committee's October meeting concluded not only with plans for new disclosure consultations, but also a [report](#) on lessons learned from the 2023 crisis.
- **[GSE-100223](#)**: As we noted earlier today, the FRB has issued a seemingly technical [FAQ](#) liberalizing the treatment of certain credit-linked notes.