



FedFin Daily Briefing

Wednesday, November 22, 2023

Fed Study: CBDC Analysis Needs Work, but Public-Welfare Benefits are Likely

A new FRB staff literature [survey](#) of CBDC analyses points to the wide variety of often-opposing findings relating to critical matters such as bank disintermediation and financial stability, attributing this in part to the different CBDC models under consideration in various nations. We noted this issue earlier this week also with regard to new IMF [research](#), which reached general CBDC findings even though the model under consideration was a consumer-facing one that nations such as the U.S. have rejected. The paper also notes numerous under-studied matters such as where a central bank would invest liabilities derived from offering a CBDC even though most studies assume that one feature of a CBDC is a larger, different central-bank role. That said, the survey also concludes that CBDCs may have significant public-welfare benefits under most designs.

Agencies Extend LTD Comment Period

As implied at a recent hearing ([see Client Report REFORM229](#)), the agencies have now [delayed](#) the comment deadline on long-term debt ([see FSM Report TLAC9](#)) until January 16 from November 30. Given the holidays, most commenters doubtless have their letters largely complete, but the delay ensures that the final rule is less vulnerable to critique on grounds described in our analysis and Karen Petrou's [testimony](#): LTD impact analyses in the absence of final capital rules are not credible. As with the previous capital-letter comment [extension](#), the delay also may insulate the final rule from APA-violation assertions in the courts.

HFSC GOP Plans Immediate FDIC-Workplace Hearings

Clearly dissatisfied even though the FDIC's new [investigation](#) will proceed without Chair Gruenberg's involvement, HFSC Financial Institutions Subcommittee Chair Barr (R-KY) and Oversight Subcommittee Chair Huizenga (R-MI) [wrote](#) to Mr. Gruenberg demanding that he recuse himself from overseeing any independent investigation. He is also asked to answer a series of questions about the selection process for the investigators. They also make clear that hearings are in store, asking that Mr. Gruenberg and several key members of his staff be made available for transcribed interviews by December 5. Mr. Huizenga also requests communication and documentation concerning the 2008 Report of Management Inquiry, the number of complaints filed to the Office of Minority and Women Inclusion since 2011, and communications with the law firm investigating the case. Mr. Barr requests a response by November 30; Mr. Huizenga's deadline is December 5.

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](#).

- [DEPOSITINSURANCE122](#): As the law requires and the FDIC Chairman promised after SVB and Signature Bank were declared systemic, the FDIC has finalized its proposed approach to imposing a systemic assessment to reimburse the Deposit Insurance Fund (DIF) for the resolution costs related to

uninsured deposits following a systemic designation.

- **GSE-111623**: As our reports on the [Senate](#) and [House](#) hearings with bank regulators made clear, [our prediction](#) that the agencies would compromise on mortgage risk-based capital requirements will prove itself in the final standards.
- **REFORM230**: Following yesterday's Senate Banking hearing ([see Client Report REFORM229](#)), today's HFSC session with top bank regulators again highlighted growing bipartisan consternation over the unintended consequences of the agencies' capital proposal ([see FSM Report CAPITAL230](#)).
- **PAYMENT27**: Building on its director's longstanding focus on fintech and tech-platform companies, the CFPB has proposed to extend its supervisory reach to nonbank providers of general-use digital payments services.
- **REFORM229**: Today's Senate Banking hearing with top bank regulators showcased broad bipartisan concern over the interagency capital proposal ([see FSM Report CAPITAL230](#)).
- **SIFI37**: In concert with finalizing a new systemic-risk methodology, the Financial Stability Oversight Council issued guidance that significantly rewrites the manner in which nonbanks are designated as systemically important financial institutions (SIFIs), largely retaining its initial proposal.
- **SYSTEMIC98**: Rejecting the Trump Administration's hands-off approach to designating systemically-important nonbank financial institutions or activities and practices, the Biden Administration's FSOC has finalized its bifurcated proposals to designate systemic entities and another laying out an analytical approach to identifying systemic risk that would then guide firm and activity designation as well as Council staff coordination with primary federal regulators.
- **GSE-110823**: Although FHFA calls its [FHLB report](#) a centenary event ahead of the System's 2032 birthday, the agency clearly plans structural substantive reform well before that milestone.
- **CLIMATE17**: The banking agencies have joined together to issue inter-agency climate-risk guidance based on proposed standards from the FDIC, OCC and FRB.
- **INTERCHANGE12**: As suggested when the Fed last year finalized controversial new debit-card routing requirements, the central bank is now proposing a sharp reduction in the cap mandated on debit-card interchange fees under the Dodd-Frank Act's Durbin Amendment for debit-card issuers with over \$10 billion in assets.
- **AI3**: In this report, we assess the detailed [executive order](#) (EO) issued late Monday afternoon after days of private showings of selected versions.
- **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.

Federal Financial Analytics, Inc.
2101 LStreet, N.W. – Suite 300, Washington, D.C. 20037
Phone (202) 589-0880
E-mail: info@fedfin.com www.fedfin.com

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