



Thursday, December 21, 2023

OFR Nomination Scuttled

Although Sen. Jack Reed (D-RI) recently called for his [confirmation](#), Ron Borzekowski's appointment as Director of the Office of Financial Research was scuttled yesterday in the Senate. Reflecting GOP [objections](#) in the House that Mr. Borzekowski was unduly partisan, the Senate sent the nomination back to the White House. As a result, President Biden will have to resubmit his nomination or that of someone else, beginning the confirmation process again in 2024.

Treasury Payment-System Policy Addresses Resilience, Reserve-Currency Status, Inter-Operability

Providing an update on Treasury's working group on the future of money and payments, Deputy Assistant Secretary for International Financial Markets Nicholas Tabor yesterday [indicated](#) that the working group is considering the implications of new payment technologies for smooth international financial system functioning, U.S. national security, privacy, and financial inclusion. Its goals remain to improve cross-border payments, ensure new payment system resiliency, improve speed and efficiency, maintain the strength of the dollar, promote equity and inclusion, and minimize illicit financial risk. Noting that there is no "clean slate" in payments, Mr. Tabor emphasizes that new payment technologies must interact with legacy systems and interoperate across borders. He also highlights that new standards might be necessary to facilitate legal and technical interoperability, although he does not elaborate on what these would entail.

Reserve Banks Promise a Peek

Tidying up, the Federal Reserve Bank of New York today [released](#) a new "Transparency and Accountability" policy on behalf of all of the System's Banks. The policy responds to demands from Sen. Warren (D-MA) and others about obtaining records given that the System is immune from FOIA but may still frustrate some critics because much remains immune from public disclosure. The policy for example exempts personnel files as well as records related to monetary policy and bank supervision apparently even if FOIA would otherwise permit release. The policy also stops short of FOIA regarding key decisions because internal memos and other material relating to them remain confidential. Further insulating records related to recent Reserve Bank president investments and potential conflicts of interest, only records created after January 1 are covered and much in the statement addresses only rapid distribution of material (e.g., the public portion of bank applications) that is already in the public domain.

Regulators Clarify Bank BOI Expectations

FinCEN was today joined by the FDIC, FRB, OCC, NCUA, and State Bank and Credit Union Regulators in an interagency [statement](#) clarifying that FinCEN's beneficial ownership information Access Rule does not create new regulatory requirements or supervisory expectations for banks to access BOI from the beneficial ownership IT System. Further, the Access Rule does not require changes to BSA/AML compliance programs for customer identification requirements and suspicious activity reporting. However, the statement notes that access to and use of BOI obtained from the beneficial ownership IT System must comply with CTA and the Access Rule requirements. The statement also notes that FinCEN will issue an NPR to revise the current Customer Due Diligence Rule, although no timeline is provided.

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](#).

- **ILC17**: Senate Banking Committee Chairman Brown (D-OH) is now leading a renewed bipartisan charge to limit the ability of nonbanks to use industrial loan companies (ILCs) to gain access to bank privileges without the parent-company supervision required of all other domestic IDI parents.
- **GSE-121923**: The CFPB yesterday released a fascinating research [blog](#) looking at cash-out refis.
- **FSOC29**: This year's [FSOC report](#) trods much old ground with two exceptions. The first pertains to a new focus on artificial intelligence, machine learning, and new, generative technologies.
- **GSE-121423**: In a blog post [today](#), Fannie quietly renews its quest for alternatives to traditional title insurance.
- **GSIB23**: The agencies' capital proposal ([see FSM Report CAPITAL230](#)) unsurprisingly dominated discussion at today's Senate Banking hearing with big bank CEOs.
- **FINTECH33**: At today's HFSC Digital Assets Subcommittee hearing on banking agency financial innovation, Republicans raised concerns about the Fed's novel activities guidance ([see FSM Report FINTECH32](#)), interagency guidance on third-party risk management ([see FSM Report VENDOR10](#)), and the SEC's predictive data analytics [proposal](#).
- **CONSUMER54**: Today's Senate Banking hearing with Director Chopra was even more cordial than yesterday's HFSC session ([see Client Report CONSUMER53](#)) even though Republicans continued to criticize the Bureau's recent rulemakings.
- **GSE-113023**: A new FRB-NY [study](#) confirms that 83% of loans from 2000-2022 went to first-time homebuyers, compared to 56% for the GSEs and 57% for private lenders.
- **CONSUMER53**: In sharp contrast to most recent HFSC hearings with CFPB Director Chopra, today's session was relatively calm.
- **GSE-112723**: The most significant thing in FHFA's final capital [rule](#) is not what is to be done, but what FHFA left out: ending the GSEs' advanced-approach requirement.