



Wednesday, January 3, 2024

EBA Plans Full-Bore NBFi Crackdown

We will shortly provide clients with an in-depth analysis of notable changes to call reporting released for comment late last [year](#). Today's *Financial Times* [interviews](#) José Manuel Campa, the chair of the European Banking Authority (EBA), whose comments on NBFIs make it clear that, as we expected, the U.S. action is part of a broader global push to map bank/NBFI interconnections and then curtail them. The EBA is also planning to stress-test these interconnections, a move we expect also from the Fed when it moves forward on Vice Chair Barr's multi-scenario test [plans](#). Notably, the EBA testing will address both the direct links evident from data reporting and indirect, correlated risk due to like-kind assets. As we noted, FSOC's new systemic methodology ([see FSM Report SYSTEMIC95](#)) posits systemic risk based on direct interconnections and/or indirect correlations. The most immediate arena in which the U.S. may address these is through FSOC requests for pressing primary regulators to curtail highly-leveraged hedge fund interactions with prime brokers.

Women Do Too Know

The Federal Reserve Board this week has [issued](#) a staff note finding that the so-called financial literacy gender gap is largely driven by study design, not gender differences in financial literacy. This has considerable implications for many financial-literacy programs now specifically targeted to women. The note finds that women are much more likely than men to utilize the "don't know" choice even though men and women actually respond incorrectly at similar rates. Surmising that the problem is that women are more likely than men to say that they do not know something, a review of survey data shows that removing the "don't know" choice shrinks the financial literacy gender gap, also increasing correct responses from men and especially women.

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](#).

- **[DEPOSITINSURANCE123](#)**: In the wake of increasing instances in which customers are confused and even misled about the extent to which fintech and cryptoasset holdings are insured deposits, the FDIC has finalized its proposal setting disclosure standards as well as modernizing IDI representations of their own FDIC-insured offerings in branches and through the fast-changing array of retail banking delivery channels.
- **[GSE-010224](#)**: Shortly before the new year, the banking agencies proposed new call-report [requirements](#) that would force banks with over \$10 billion in assets to report new data on nonbank mortgage intermediaries and structured GSE-guaranteed positions.
- **[AI4](#)**: Bipartisan Senate legislation has been introduced to press FSOC to do more than highlight artificial intelligence (AI) as a potential threat to financial stability.
- **[MERGER13](#)**: Building on a request for comment and a formal draft, the Department of Justice (DOJ) and Federal Trade Commission (FTC) have finalized specific revisions to U.S. merger policy that significantly redesign the manner in which M&A transactions will be considered.
- **[SANCTION21](#)**: [As promised](#), this report provides an in-depth assessment of President Biden's Friday [executive order](#) expanding anti-Russia sanctions via secondary ones on financial institutions that

- knowingly or not – facilitate or conduct newly-identified transactions related to sanctioned persons, services, or goods.
- **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](#).