



Thursday, March 14, 2024

Bipartisan Senators See More ILC Charters

Led by Sen. Romney (R-UT), bipartisan senators generally from states with large ILC presence or interest [urged](#) the agency to advance pending ILC charters and consider new ones. The Senators oppose regulatory actions that may “target” ILC charter applications, expressing concerns about delays in the FDIC’s decision process. The letter does note the need to ensure that new charters are sound, likely supporting the actions taken in 2020 not only to charter two new ILCs, but also to set a regulatory process at the FDIC assessing parent-company strength ([see FSM Report ILC15](#)). The letter also suggests that more ILCs may prevent further lending migration to NBFIs. No response is requested and we doubt the FDIC under Chair Gruenberg will change course on ILCs. As previously noted, Senate Banking Chair Brown (D-OH) has [reintroduced](#) bipartisan legislation ([see FSM Report ILC17](#)) that sharply restricts ILC charters.

Global Supervisors Target Mortgages, BNPL, Fintech as Top NBFIs Systemic Priorities

An FSI [report](#) today recommends a holistic approach to regulating NBFIs retail lenders, urging a policy mix increasing NBFIs oversight. This may well be right, but it will take statutory change in nations such as the U.S. to achieve it. The report identifies mortgage lending, new products such as BNPL, and technology-enabled business models as NBFIs activities that warrant more targeted regulation, along with others engaged in small-business and household lending. The report also suggests that regulators review existing supervision networks to ensure governance over new NBFIs retail lenders in new corporate structures that combine financial services, data, and technology. Additionally, the report calls for institutional arrangements that facilitate micro and macroprudential supervision, stating that NBFIs lenders that fall under the scope of broad-based measures should be overseen by the national prudential regulator, with more targeted requirements involving a conduct regulator. NBFIs/bank interconnectivity gaps may not now impede effective policy, an issue under current scrutiny by the [OCC](#) and FSOC ([see FSM Report SYSTEMIC98](#)).

New Open-Standard-Setting for Open-Banking Set for Stringent Eligibility Standards

CFPB Director Chopra now [states](#) that the open-banking regulation regarding consumer data rights ([see FSM Report DATA4](#)) will be finalized in the fall, with proposed new standards for standard-setters released ahead of time so that the final rule addresses both issues. Mr. Chopra is concerned that some forms of standard-setting organizations “weaponize” data to enhance their competitive position. As a result, the Bureau’s approach will consider the makeup of standard-setting governance to avoid what he says is the monopolistic manner in which big banks now bar API access to consumer data. CFPB recognition may also be time-limited or revocable to avoid what he called “bait-and-switches.” Director Chopra also said he would eventually like to recognize more than one standard-setting organization in key areas to allow the market to develop competing standards. If the CFPB is unable to identify eligible standard-setting organizations, Mr. Chopra said the agency will be prepared to issue more detailed guidance.

Recent Files Available for Downloading

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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](#).

- **[CREDITCARD37](#)**: Following a very controversial proposal, the CFPB has finalized credit-card late-fee restrictions in a final rule that does not differ significantly from the proposal on its key point: elimination of the manner in which inflation adjustments are now made by credit-card lenders when it comes to late fees.
- **[GSE-031224](#)**: The President's [FY25 budget](#) picks up FHFA's [recommendations](#), calling for statutory change to double the System's affordable-housing commitment.
- **[FEDERALRESERVE75](#)**: As [expected](#), Republicans took turns grilling Chair Powell on the Basel III endgame proposal and calling for its withdrawal, and were likely pleased with the results.
- **[CONSUMER56](#)**: The CFPB has issued a circular essentially banning digital and perhaps all other consumer-finance comparison-shopping and lead-generation tools for credit cards and other products not covered by prior orders.
- **[GSE-021624](#)**: In this report, we build on our in-depth analysis yesterday of the Fed's new stress-test scenarios to focus on their mortgage-market impact.
- **[STRESS32](#)**: In this report, we assess the strategic and policy implications of the Fed's new [stress-test regime](#).