



Tuesday, March 19, 2024

Progressive Dems Keep Pressure on Powell

Ahead of today's FOMC meeting, progressive Democrats [again](#) sent a [letter](#) to Chair Powell calling for an interest-rate reduction timeline on grounds that higher-for-longer adversely affects the public good. Signed by Sens. Warren (D-MA), Sanders (I-VT), and nineteen House Democrats, the letter calls the Fed's monetary policy "excessively contractionary," stressing its negative impacts on the housing market and financial stability.

HFSC GOP Takes on GSE Title-Insurance Pilot

Laying pipe before HFSC's housing hearing tomorrow, Subcommittee Chairs Davidson (R-OH) and Huizenga (R-MI) along with Rep. Garbarino (R-NY) [sent](#) a letter to FHFA Director Thompson Friday sharply criticizing her for undue politicization given the President's recent call for title-insurance [reform](#). The letter takes specific issue with FHFA's recently-approved title-insurance [policy](#), claiming that it allows the GSEs to undermine taxpayer backstops and warning against risks to the housing market and financial system. The letter is tied also to H.R. 5837, legislation introduced by Rep. Garbarino lifting FHFA's authority to approve pilot programs. The letter notes that the title-insurance pilot was approved outside FHFA's prior approval [policy](#).

CFTC Commissioner Attacks End-Game Proposal

Joining [attacks](#) against the Basel end-game rules, Republican CFTC Commissioner Mersinger today [criticized](#) the proposal for its impact on derivatives markets. It would, she said, disincentivize banks from offering client-clearing services to derivatives end-users, exacerbate the downward trend in the number of entities offering client clearing services, challenge the portability of customer positions, and increase systemic risk.

KC Fed Study: Vulnerable Crypto Users at Financial Risk

Buttressing calls for cryptoasset standards, the Kansas City Fed today published an [article](#) finding that crypto transactors are less financially literate and more risk tolerant compared to nonowners, stressing the importance of improved education regarding cryptoasset risks. Cryptocurrency users compared to nonowners were also identified as being more likely to utilize alternative financial services and BNPL services, more likely to be self-employed, and tend to be younger, male, and moderately educated.

HFSC GOP Goes after Climate-Risk Standards

HFSC's majority [staff memo](#) on Thursday's hearing indicates that the panel of top federal bank supervisors will face [renewed grilling](#). As before, Republicans fear that opaque meetings with global officials lead unelected banking-agency staff to adhere to standards that are not in the best interests of the United States. The Basel end-game rules are frequently mentioned in this context, as are global insurance capital and resolution edicts. However, this hearing will focus on each agency's climate-risk principles. A draft bill would also force more transparency regarding global financial-policy deliberations. While the CRA resolutions might pass the House, neither they nor the draft bill is likely to be enacted into law.

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](#).

- **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](#).
- **LIQUIDITY34**: Today's HFSC Financial Institutions hearing on emergency liquidity featured much discussion of reform, but few indications of any action Congress will take to advance it apart from support for pending agency efforts to enhance discount-window [readiness](#).
- **FSOC31**: Treasury Secretary Yellen's hearing today before Senate Banking followed the path set in Tuesday's HFSC session ([see Client Report FSOC30](#)), with Ms. Yellen refusing to take a stand on matters such as the capital rules and banking-agency supervisory effectiveness.
- **FSOC30**: As [anticipated](#), today's HFSC hearing with Treasury Secretary and FSOC Chair Yellen showcased sharp Republican criticism of the Council's nonbank designation authority ([see FSM Report SIFI36](#)), with Chairman McHenry (R-NC) and Financial Institutions Subcommittee Chairman Barr (R-KY) citing the guidance as yet another example of regulatory politicization, calling FSOC a "rogue" and "roving" regulator.
- **MERGER14**: Although all of the banking agencies have for years promised a new bank-merger policy, none has proposed one until this OCC rulemaking.
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