



Friday, March 22, 2024

## Banking Agencies Push Back Key CRA Deadline

Easing a bit of burden and doubtless with litigation in mind, the banking agencies today [issued](#) an interim final rule extending the applicability date of facility-based assessment areas and public file provisions of the [CRA rule](#) from April 1, 2024 to January 1, 2026. With this change, the manner in which assessment areas are evaluated is aligned to the same deadline. The IFR also includes non-substantive revisions to the final rule.

## HFSC GOP Calls for GAO Interchange Fee Study

Following introduction of HFSC Subcommittee Chair Luetkemeyer's (R-MO) [bill](#) (H.R. 7531) to require the Fed to conduct a qualitative impact study of the interchange fee proposal, he and Subcommittee Chair Barr (R-KY) yesterday [sent](#) a letter to the GAO requesting a study of the potential impacts of the proposal ([see FSM Report INTERCHANGE12](#)). The members state that the proposal would cause banks and credit unions to face "material obstacles" to offset the regulatory, anti-fraud, and operating costs for extending banking services to low-balance consumers, with the proposal also raising "unique concerns" because the Fed offers competing payment services. The members request that the GAO's analysis examine the rule's effects on consumer access to checking account services with regards to minimum balance costs, increases in ancillary fee revenue, LMI population access, and the cumulative impacts of agency rules since January 1, 2023 affecting debit accounts.

## Barr Concedes Capital Rules Will Change

Ending speculation that Vice Chair Barr will not accede to Chair Powell's end-game capital concerns ([see Client Report FEDERALRESERVE75](#)), Mr. Barr today reiterated that there will be "broad and material changes" to the proposal leading to consensus on the Board and with other agencies. How and when this will occur was left unsaid. Mr. Barr also reiterated both his own and Mr. Powell's [comments](#) that a U.S. CBDC will require new law, noting also that CRE risk is worrisome, but manageable. The Vice Chair also focused on discount-window preparedness, pointing to the \$1 trillion pledged to the discount-window since March of 2023 as evidence that banks are now better prepared for emergency liquidity drains, noting also the ongoing work with the FHLBs and FHFA cited earlier this week by a senior FHFA [official](#). In what may be a first-time disclosure, the Vice Chair also said that the Fed is now monitoring social media to anticipate bank runs.

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### Recent Files Available for Downloading

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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](http://www.fedfin.com) or clients may obtain the reports/analyses by e-mailing [info@fedfin.com](mailto:info@fedfin.com) giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

- [REFORM231](#): Today's HFSC hearing on global governance featured [expected](#) Republican attacks on what they called the opaque nature of U.S. interactions with international organizations, with Chairman McHenry (R-NC) promoting a draft bill requiring regulators to report dealings with global standard-setting groups to Congress.
- [GSIB24](#): Reflecting concerns expressed about banks that window-dress key regulatory data as the post-crisis framework took shape, the Basel Committee has now issued a request for views on how to prevent

this when it comes to GSIB calculations related to their surcharge or possible designation.

- **[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.