



Thursday, March 28, 2024

House GOP Resolution Challenges CFPB Credit-Card Late-Fee Rule

As [promised](#), the GOP resolution to overturn the CFPB's credit-card late-fee rule has now been introduced ([see FSM Report CREDITCARD37](#)). HFSC Rep. Ogles (R-TN) [introduced](#) H.J. Res. 121 on Tuesday, adding another attack to the rule which is already being challenged in court. The resolution is likely to pass the House despite the GOP's slim margin but faces long Senate odds and certain Presidential veto.

FinCEN Advances Limited KYC Reform

Acting on its longstanding [promise](#), FinCEN in consultation with banking agency and NCUA staff today [issued](#) a RFI examining new KYC approaches, including permitting banks to collect partial SSN information directly from the customer backed by third-party sources that provide full SSN prior to account opening. Doubtless on the defensive since it has taken FinCEN so long to issue this RFI, it emphasizes that the request supports FinCEN's efforts to implement AML law revisions ([see FSM Report AML132](#)) requiring it to identify regulations that may be outdated, redundant, or do not promote a risk-based AML/CFT regime. Comments are due within sixty days of *Federal Register* publication.

BIS: Statement Revisions Augur Greater Bank Risk

Doubtless reflecting Credit Suisse's failure, the BIS today [released](#) a study on risk information derived from pre-publication revisions to bank financial statements sent to supervisors, finding that the frequency of revisions is highly correlated with a bank's subsequent CAMELS rating downgrade, higher future average probability of borrower default, and greater distance to default score. Using 7.4 million observations from the Central Bank of Brazil from 2007-2019, the paper finds that banks with fewer revision rounds and that do so more quickly exhibit relatively lower risk over the subsequent six months. Monitoring pre-publication revision activity may thus assist supervisors and regulators since it is not only a warning sign, but also can be utilized for small and unlisted banks where market monitoring is limited, enabling faster regulatory intervention.

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](#).

- **MERGER15**: Following its 2022 request for input, the FDIC has released a formal proposal that would redefine the agency's bank-merger policy into one that will make it difficult for all but the smallest and simplest transactions within its jurisdiction to have the clear prospects for approval usually necessary in non-emergency transactions, subjecting other M&A applications to protracted review with a high likelihood of denial.
- **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](#).