



# FedFin Weekly Alert

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Monday, January 13, 2025

## ❑ DIS-BARRED

Last week, FRB Vice Chair for Supervision Michael Barr [decided](#) not to risk broader institutional damage to the central bank in a dispute and stepped away from the vice-chairmanship even as he continues as a member of the Board of Governors for as long as he wants in the rest of his long term. However, as Karen Petrou noted in the [American Banker](#), Mr. Barr's influence over Fed supervision and regulation may not wane with the end of his term as vice chair on February 28. Mr. Barr also chairs the internal committee setting sup-and-reg policy, a position as important in terms of policy as being vice chair without all the fuss of political accountability beyond that shared with Mr. Powell and the board. As the Fed told the *Banker's* Kyle Campbell, realigning committees may take some time.

However, even as this internal Fed issue plays out, the Fed [promised](#) again that it will issue no new major rulemakings until there is a new vice chair. This echoes the promise the agencies made late last year to defer rules until after the [Inauguration](#), extending the stand-still it in part because the likely absence of a Comptroller and FDIC redesign will slow new rules regardless of Fed desires. However, the Fed position now also increases the pressure on President Trump to [name](#) a new vice chair as quickly as he promised last week and for rapid Senate confirmation. Since the new vice chair must come from among sitting governors, the nominee is likely to be either [Gov. Bowman](#) or Waller, both of whom will spark some Democratic protests but also win easy confirmation.

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## Headlines From the Past Week's Daily Briefings

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### [January 6](#)

- **Fed Suspends Major Rulemakings** - With Michael Barr's surprise resignation as [vice chair](#), the FRB also [voluntarily extended](#) its pledge to undertake no major rulemakings.
- **Cook Breaks Ranks on Private-Credit Risk** - Although FRB Gov. Cook oversaw the Fed's most recent systemic-risk [report](#), she expanded on it in [remarks](#), adding four additional risks she is monitoring.
- **Fed Faces Renewed Threats** - Although bills introduced right at the start of a new Congress are often more symbolic than actual plans, two new bills addressing the FRB reinforce our 2024 [forecast](#) that the Fed will face an array of heightened structural threats.

### [January 7](#)

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- **OIG Takes on Fed Supervision** - The 2025 [work plan](#) released by the OIG of the Federal Reserve and CFPB contains plans to evaluate how the Fed follows up on supervisory Matters Requiring Attention (MRAs), weaknesses that banks are expected to resolve within a “reasonable” amount of time, and Matters Requiring Immediate Attention (MRIAs), which banks are expected to address urgently.

### [January 8](#)

- **Texas AG Withdraws Big Bank Anti-ESG Reviews** - Following the withdrawal of [JPMorgan](#), [Bank of America](#), and other large [financial institutions](#) from the Net-Zero Banking Alliance (NZBA), the Texas Attorney General’s office [announced](#) that it is closing its review of financial institutions that were previously members of the NZBA.
- **FRB-NY: Capital-Distribution Restraints Enhance Bank Resilience** - A [post](#) from the Federal Reserve Bank of New York builds on prior research finding that capital distributions enhance bank resilience using new data from the 2020 crisis during which the Fed imposed and then eliminated pay-out restrictions.
- **On Way Out, Chopra Concur with Need for Check-Hold Update** - Following a long campaign by Brookings’ Aaron Klein, the CFPB [agreed](#) to join with the Fed in a joint rulemaking to shorten deposit holds.

### [January 9](#)

- **CFPB May Pursue Rule Defining Larger Participants in Personal Loan Market** - Responding to a [petition](#) unusually filed both by consumer advocates and a banking industry association, the CFPB [indicated](#) that it intends to develop rules to define and govern larger nonbank personal lenders.
- **Hill Announces Key HFSC Positions** - HFSC Chair Hill (R-AR) [announced](#) the subcommittee leadership lineup for the committee in the 119<sup>th</sup> Congress.
- **CFPB Sets High bar for No-Action Letters, Sandbox Approvals** - Reflecting Director Chopra’s very different approach from his Trump predecessor, the *Federal Register* [includes](#) CFPB notices significantly revising its 2019 [statements](#) on sandboxes and no-action letters.
- **Bowman: New Regulatory, Supervisory Paradigm to Come** - In the midst of speculation over whether or not she might succeed Michael Barr, FRB Gov. Bowman today [provided](#) a detailed outline and review of her current thinking on regulatory policy.

### January 10

- No news of note.

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## This Week

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### Thursday, January 16

Senate Banking Nomination Hearing. [10:00 am, Dirksen Senate Office Building 538]. Witness: **Mr. Eric Scott Turner**, to be Secretary, U.S. Department of Housing and Urban Development.

Senate Finance Hearing entitled: "Hearing to Consider the Anticipated Nomination of Scott Bessent, of South Carolina, to be Secretary of the Treasury." [10:30 am, 215 Dirksen Senate Office Building]. Witness: **Mr. Scott Bessent**, of South Carolina, to be Secretary of the Treasury.

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### Future Events of Note

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No meetings of note.

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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](#).

- [GSE-010725](#): As we [noted](#) on Friday, the Biden Administration has laid out a path to ending the GSE conservatorships we think the Trump Administration will take on.
- [GSE-010325](#): As noted earlier today, the Biden Treasury and FHFA [late yesterday](#) laid out a road to end the GSE conservatorships without naming the destination and saying only that it might well take past 2028 to get there.
- [CREDITCARD39](#): Using one of its quasi-rulemaking edicts, the CFPB has issued a circular laying out significant penalties if credit-card issuers do not meet Bureau standards related to disclosing, issuing, valuing, and redeeming reward points and other benefits associated with credit-cards such as merchant discounts.
- [AI7](#): In this report, we review key conclusions of the HFSC bipartisan AI [report](#) released late Tuesday.
- [GSE-121624](#): Markets are getting very excited by ongoing Trump transition rhetoric about [GSE privatization](#) and a Friday CBO [study](#) refining its 2020 [scenarios](#) to conclude that release-and-recapitalization could proceed more quickly and prove less costly than four years ago suggested.
- [PAYMENT35](#): Continuing its efforts to advance controversial actions before the end of the Biden Administration, the CFPB has finalized proposed supervisory standards for large nonbank providers of general-use digital-payment-platform services.
- [MERGER21](#): As promised, this post-election forecast looks at bank-merger policy, providing a cautionary note in response to the go-go, game-on forecasts for new mergers often touted by investment bankers.