When there is a deadline or effective date associated with an item, you will see this graphic:

'Don't judge each day by the harvest you reap but by the seeds that you plant.' – Robert Louis Stevenson

Joint federal agency issuances, actions and news

Proposed Revisions to the Consolidated Reports of Condition and Income (Call Reports) Related to FDIC Assessments, Brokered Deposits and Sweep Deposits (05.25.2021)

On May 24, 2021, the Federal Deposit Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System, and the Office of the Comptroller of the Currency (collectively, the agencies), under the auspices of the Federal Financial Institutions Examination Council (FFIEC), published the attached final regulatory reporting changes in the Federal Register. These reporting changes proposed by the agencies on December 18, 2020 (see FIL-117-2020, dated December 30, 2020) and February 5, 2021, (see FIL-11-2021, dated February 23, 2021) would apply to the three versions of the Call Report (FFIEC 031, FFIEC 041, and FFIEC 051), as appropriate, and are subject to approval by the U.S. Office of Management and Budget.

One comment letter was received on the December 2020 proposal. After considering the comment letter, the agencies are proceeding with the revisions to the reporting forms and instructions for the Call Report, effective beginning June 30, 2021, as proposed. These changes to the Call Report would allow the FDIC to implement its recently proposed amendments to the deposit insurance assessment system applicable to large and highly complex insured depository institutions (see FIL-107-2020).

One comment letter was also received on the February 2021 proposal. After considering the comment letter, the agencies are proceeding with the proposed revisions to the reporting forms and instructions for the Call Report, with certain modifications, as described in the attached Federal Register notice. These revisions reflect the intent stated in the Net Stable Funding Ratio Final Rule (see FIL-98-2020, dated October 20, 2020) and in the Final Rule on Brokered Deposits and Interest Rate Restrictions (see FIL-113-2020, dated December 15, 2020). To allow institutions time to implement reporting changes to the Call Report related to sweep deposits on Schedule RC-E, Deposit Liabilities, the agencies would delay the implementation date for this reporting until the September 30, 2021, report date.

The agencies encourage you to review the proposed regulatory reporting changes applicable to your institution. Redlined copies of the FFIEC 031, FFIEC 041, and FFIEC 051 Call Report forms showing the proposed changes and the related draft reporting instructions will be available on the FFIEC's webpages for these reports, accessible from the FFIEC's Reporting Forms webpage.

Comment: Please share this letter with individuals responsible for preparing Call Reports at your institution. For further information about the proposed Call Report changes, institutions should contact their assigned Call Report analyst. If you do not know the analyst assigned to your institution:

- ***State member institutions should contact their Federal Reserve District Bank and***
- ***National institutions, FDIC-supervised banks and savings associations should contact the FDIC's Data Collection and Analysis Section in Washington, D.C., by telephone at (800) 688-FDIC (3342) or email to FDICInfoReq@fdic.gov.***

Attachment:

Federal Register Notice

Source link.

Agencies Issue Host State Loan-to-Deposit Ratios (05.21.2021)

Federal bank regulatory agencies issued the host state loan-to-deposit ratios that are used to evaluate compliance with section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994. These ratios replace the prior year's ratios from June 2020.

By law, a bank is generally prohibited from establishing or acquiring branches outside of its home state primarily for the purpose of deposit production. Congress enacted section 109 to ensure that interstate branches would not take deposits from a community without the banks reasonably helping to meet the credit needs of that community. Additionally, branches of banks controlled by out-of-state bank holding companies are prohibited from operating primarily for the purpose of deposit production.

The updated host state loan-to-deposit ratios are attached.

Attachment:

Section 109 Host State Loan-to-Deposit Ratios

Source link.

Comment: These ratios are used to determine whether a bank may establish or buy a branch (or branches) without triggering prohibitions on doing so primarily for producing deposits. The ratios exclude wholesale or limited-purpose Community Reinvestment Act (CRA)-designated banks, credit card banks and special-purpose banks.

CFPB Actions And News

Preventing Elder Financial Exploitation: A Guide for Building Community Collaboration (06.11.2021)

June 15 is World Elder Abuse Awareness Day. To commemorate this day, we are sharing resources to help communities across the nation build collaboration to protect older people from financial harm.

The Office for Older Americans works together with law enforcement, Adult Protective Services, financial institutions, legal aid organizations, senior service providers, and other community stakeholders on the issue of elder financial exploitation. Our team has helped bring stakeholders together in communities across the country to form or strengthen collaborative networks with a shared goal to protect older people from financial harm.

We're pleased to offer our Elder Fraud Prevention and Response Networks development guide to further help stakeholders unite in the fight against elder financial exploitation. The guide consists of a suite of tools to plan a stakeholder event including templates and exercises to aid community leaders and key stakeholders in forming new networks or expanding the capacity of existing ones.

We hope this online guide builds collaboration among stakeholders and helps to improve the financial health and wellbeing of older people.

Learn more about World Elder Abuse Awareness Day and the CFPB Office for Older Americans.

Comment: Consider sharing these valuable resources on fighting elder abuse with your bank customers through your website.

CFPB Issues Electronic Fund Transfers FAQs on Compliance Aid Webpage (06.04.2021)

The Bureau issued Electronic Fund Transfers Frequently Asked Questions (FAQs). The FAQs address the unauthorized transfer and error resolution provisions under the Electronic Fund Transfer Act and Regulation E, including situations when a consumer is fraudulently induced by a third party to provide their account information or private network rules conflict with the regulation.

These FAQs are published on the Electronic Fund Transfers compliance aid webpage. This webpage will serve as an access point to materials such as compliance aids, supervisory guidance, and any additional guidance the Bureau issues regarding electronic fund transfers.

You can access the Electronic Fund Transfers FAQs here:
https://www.consumerfinance.gov/compliance/compliance-resources/deposit-accounts-resources/electronic-fund-transfers/electronic-fund-transfers-faqs/.

You can access the Electronic Fund Transfers compliance aid resource page here:
https://www.consumerfinance.gov/compliance/compliance-resources/deposit-accounts-resources/electronic-fund-transfers/.

Comment: These FAQs are really not "new." Rather, they have gathered in one place the more common questions that arise with regard to unauthorized transactions. It's worth noting that these FAQs come after the CFPB released its Summer 2020 edition of Supervisory Highlights discussing instances where examiners found banks had violated certain Regulation E requirements.

CFPB Issues FAQs on Escrow Accounts (06.03.2021)

The Bureau released a set of FAQs that discuss certain topics relating to escrow accounts under Regulation X. The FAQs provide a general overview of the escrow account provisions in Regulation X, and they address topics such as deficiencies, shortages, and surpluses.

You can access the FAQs on escrow accounts here: www.consumerfinance.gov/compliance/compliance-resources/mortgage-resources/mortserv/mortgage-servicing-faqs/.

Comment: These 23 new FAQs are all on the topic of servicing escrow accounts under Regulation X and are broken down into four categories: General; Escrow Account Analysis; Deficiencies, Shortages, and Surpluses; and Public Guidance Documents. Most of these new FAQs are fairly basic restatements of the regulation. Remember that even if your bank is a "small servicer" it is subject to the RESPA requirements other than the loss mitigation provisions.

FDIC actions and news

Proposed Rule to Amend Real Estate Lending Standards (06.15.2021)

The FDIC has proposed a rule to amend the Interagency Guidelines for Real Estate Lending Policies to conform the method for calculating the ratio of loans in excess of the supervisory loan-to-value (LTV) limits with the capital framework established in the community bank leverage ratio (CBLR) rule. The proposed amendment would provide a consistent approach for calculating the ratio of loans in excess of the supervisory LTV limits at all FDIC-supervised institutions. Comments on the proposed rule will be accepted for 30 days after publication in the Federal Register.

Statement of Applicability: This Financial Institution Letter applies to all FDIC-supervised financial institutions.

Highlights:

The Interagency Guidelines for Real Estate Lending Policies, Appendix A to Subpart A of the FDIC's Real Estate Lending Standards Regulation (Appendix), establishes supervisory LTV criteria for various real estate lending transaction types, but also allows exceptions to the supervisory LTV limits, measured against total capital, as defined in the capital rules.

Under the CBLR rule, qualifying community banking organizations that elect to use the CBLR framework are not required to calculate or report total capital as defined in the capital rules to include both tier 1 and tier 2 capital. Under the Appendix, total capital is the denominator used in calculating the ratio of loans in excess of the supervisory LTV limits.

The proposed amendment would revise the Appendix so that all FDIC-supervised institutions would calculate the ratio of loans in excess of the supervisory LTV Limits using tier 1 capital plus the appropriate allowance for credit losses in the denominator, regardless of an institution's CBLR election status.

The proposed amendment would provide a consistent approach for calculating the ratio of loans in excess of the supervisory LTV limits at all FDIC-supervised institutions, and would approximate the historical methodology for calculating the ratio of loans in excess of the supervisory LTV limits.

Comments on the proposed rule will be accepted for 30 days after publication in the Federal Register.

Notice of Proposed Rulemaking: Real Estate Lending Standards

Source link.

Comment: As noted, this proposed rule would bring the FDIC's Real Estate Lending Standards in line with the Community Bank Leverage Ratio rule.

FDIC Conference, "Fintech: A Bridge to Economic Inclusion" (06.09.2021)

Register now for an upcoming FDIC conference, "Fintech: A Bridge to Economic Inclusion" – a fully virtual event that will take place on Tuesday, June 29, 2021 from 1:00-4:30 pm ET. Join thought leaders in banking, innovation, and economic inclusion, including FDIC Chairman Jelena McWilliams and the agency's first Chief Innovation Officer, Sultan Meghji.

The agenda features panel discussions focused on enhancing inclusive consumer banking through fintech, as well as using technology to improve credit access to small businesses, and exploring future opportunities for technology to support inclusion.

Fintech offers exciting new opportunities and poses potentially serious challenges. How can we make certain that as technology drives change within the banking ecosystem, that it offers consumers and small business owners a bridge to economic inclusion?

Join us for a half-day conversation on how financial technology can build that bridge to a more diverse, equitable, inclusive banking system of the future. For more information, including the full agenda, visit our conference webpage.

Register Here

Source link.

Summary of Deposits Survey and Filing for June 30, 2021 (06.01.2021)

The Summary of Deposits (SOD) is the annual survey of branch office deposits as of June 30 for all FDIC-insured institutions, including insured U.S. branches of foreign banks. All institutions with branch offices are required to submit the survey; institutions with only a main office are exempt. All survey responses are required by July 31, 2021. No filing extensions will be granted.

Statement of Applicability: This Financial Institution Letter (FIL) applies to all FDIC-insured institutions.

Highlights:

- By June 30, 2021, institutions should review their current branch office information using the FDIC's BankFind website and submit changes through FDICconnect (FCX). Details on how to use FCX are provided in the SOD reporting instructions. Changes that cannot be submitted through FCX should be included in the SOD survey.
- Beginning July 1, 2021, institutions may submit their SOD survey. All survey responses are required by July 31, 2021. No extensions will be granted for submitting SOD data.
- Institutions must either complete the survey directly in the Central Data Repository (CDR) or use vendor software to prepare and submit their survey responses to the CDR. Software vendors available to assist with the SOD filing are listed under "Filing Procedures" on page 3 of this FIL.
- Reporting instructions are available on the FDIC's Summary of Deposits website.
- No later than September 30, 2021, SOD survey results will be published on the FDIC's Deposit Market Share website.

Source link.

FDIC Makes Public April Enforcement Actions (05.28.2021)

WASHINGTON - The Federal Deposit Insurance Corporation (FDIC) released a list of orders of administrative enforcement actions taken against banks and individuals in April. There are no administrative hearings scheduled for June 2021.

The FDIC issued five orders in April 2021. The administrative enforcement actions in those orders consisted of two Orders to Pay Civil Money Penalties, one Section 19 Application, one Order Terminating Consent Order, and one Order of Prohibition from Further Participation.

To view orders, adjudicated decisions and notices and the administrative hearing details online, please visit the FDIC's Web page by clicking the link below.

April 2021 Enforcement Decisions and Orders

Source link.

Comment: Reviewing enforcement orders can help you identify potential mine fields. It is always better to learn from someone else's mistakes.

FDIC-Insured Institutions Reported Net Income of $76.8 Billion In First Quarter 2021 (05.26.2021)

- Quarterly Net Income Rose from a Year Ago Primarily Because of Negative Provisions for Credit Losses
- Net Interest Margin Contracted Further, Setting a Record Low
- Loan Balances Declined From the Previous Quarter and Year, Driven by a Reduction in Credit Card Balances
- Asset Quality Improved
- Community Banks Reported an Increase in Quarterly Net Income from a Year Ago

"The banking industry reported positive results for first quarter 2021, reflecting optimism about the pace of the economic recovery. However, a record low net interest margin and slow loan growth could challenge banks going forward."

— FDIC Chairman Jelena McWilliams

WASHINGTON— Reports from the commercial banks and savings institutions insured by the Federal Deposit Insurance Corporation (FDIC) reflect aggregate net income of $76.8 billion in first quarter 2021, an increase of $58.3 billion (315.3 percent) from a year ago. Aggregate negative provision expense, reflecting improvements in the economy and asset quality, drove the increase in quarterly net income. Financial results for first quarter 2021 are included in the FDIC's latest Quarterly Banking Profile.

Source link.

Comment: Community banks, constituting 91% of all FDIC-insured institutions, reported net income of $8.4 billion, up 73.8% year over year. The improvement was largely driven by negative credit costs. The number of community banks declined by 29 to 4,531 from fourth quarter 2020. This change includes two new community banks, five banks transitioning from community to non-community banks, 24 community bank mergers or consolidations, and two community bank self-liquidations.

OCC actions and news

Remarks by the Acting Comptroller of the Currency on Reducing Bias in Real Estate Appraisals (06.15.2021)

WASHINGTON—Acting Comptroller of the Currency Michael J. Hsu delivered remarks to raise awareness about the need to reduce bias in real estate appraisals, during an event on the subject hosted by the Consumer Financial Protection Bureau (CFPB). His comments highlighted the significant impact bias in appraisals has on minority families and how it contributes to a greater wealth gap between minority and majority populations.

Related Links

Remarks (PDF)

Acting Comptroller of the Currency Michael J. Hsu

CFPB Virtual Home Appraisal Bias Event

Source link.

Comment: In 2019, Congressman Al Green of Texas asked the leaders of several real estate professional organizations including the Appraisal Institute if they believed that "invidious discrimination plays a role in the devaluation of property" in Black neighborhoods, none of them raised their hand. The institute is now willing to acknowledge that racial bias exists in the industry on some levels.

OCC Announces Virtual Compliance Risk Workshops for Community Bank Directors (05.25.2021)

WASHINGTON — The Office of the Comptroller of the Currency (OCC) announced a schedule of free, virtual workshops on compliance risk for boards of directors of community national banks and federal savings associations.

The OCC examiner-led workshops provide training and guidance on the critical elements of an effective compliance risk management program, regulations such as the Bank Secrecy Act and the Equal Credit Opportunity Act, and other emerging issues regarding compliance risk. Registration is open for workshops in July and August, and additional workshops will be offered in the fall.

The Compliance Risk Workshop is one of several virtual training opportunities offered by the OCC for community bank directors of national banks and federal savings associations. The other workshops are

- Building Blocks: Keys to Success for Directors and Senior Management,
- Risk Governance: Improving Director Effectiveness,
- Credit Risk: Directors Can Make a Difference, and
- Operational Risk: Navigating Rapid Changes.

To view the schedule of virtual workshops and register online, visit the OCC's website. For questions or other assistance about the workshops, please contact the OCC Bank Director Workshop Team at (202) 649-6490 or BankDirectorWorkshop@occ.treas.gov.

Source link.

Comment: Remember the importance of board training and take advantage of these opportunities.

Prohibition Against Interstate Deposit: Annual Host State Loan-to-Deposit Ratios (05.21.2021)

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) issued on May 21, 2021, the host state loan-to-deposit (LTD) ratios. The OCC is issuing this bulletin to inform national banks about how these ratios are used to determine compliance with section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (IBBEA).

Rescission

This bulletin rescinds OCC Bulletin 2020-61, "Prohibition Against Interstate Deposit: Annual Host State Loan-to-Deposit Ratios," published June 17, 2020.

Note for Community Banks

Section 109 of the IBBEA applies to community banks that have covered interstate branches. Section 109 does not apply to federal savings associations.

Highlights

These ratios

- use data as of June 30, 2020. The data exclude banks designated for Community Reinvestment Act (CRA) purposes as wholesale, limited purpose, or special purpose banks.
- are used to compare a bank's statewide LTD ratio with the host state LTD ratio for banks in a particular state.
- update data last released on June 2, 2020.

Background

Section 109 of the IBBEA prohibits the use of interstate branches primarily for deposit production. The OCC's CRA regulation, specifically , 12 CFR 25, subpart F, "Prohibition Against Use of Interstate Branches Primarily for Deposit Production," implements the requirements of IBBEA, section 109. The regulation includes specific tests for determining whether an interstate bank is lending appropriately in host states where it has branches.

Section 109 of the IBBEA and 12 CFR 25, subpart F, provide a process to test compliance with the statutory requirements. The first step in the process involves an LTD ratio test that compares a bank's statewide LTD ratio with the host state LTD ratio for banks in a particular state. A second step is conducted if a bank's statewide LTD ratio is less than one-half of the published ratio for that state or if data are not available at the bank to conduct the first step. The second step requires the OCC to determine whether the bank is reasonably helping to meet the credit needs of the communities served by the bank's interstate branches. A bank that fails both steps is subject to sanctions by the OCC.

The LTD ratios are published annually and comply with the requirements of IBBEA section 109.

Source link.

Acting Comptroller of the Currency Testifies on the Condition of the Federal Banking System (05.19.2021)

WASHINGTON—Acting Comptroller of the Currency Michael J. Hsu testified before the U.S. House Financial Services Committee on the condition of the federal banking system, the agency's response to the COVID-19 pandemic, and its efforts to promote diversity and inclusion. Mr. Hsu's testimony also included a description of his priorities as head of the Office of the Comptroller of the Currency.

Related Links

Oral Statement (PDF)

Written Testimony (PDF)

Source link.

OCC Report Examines Key Risks, Effects of COVID-19 Pandemic on Federal Banking System (05.18.2021)

WASHINGTON — The Office of the Comptroller of the Currency (OCC) reported the key issues facing the federal banking system and the effects of the COVID-19 pandemic on the federal banking industry in its Semiannual Risk Perspective for Spring 2021.

Banks maintained sound capital and liquidity levels but profitability remains stressed due to low interest rates and low loan growth. The OCC highlighted credit, strategic, operational, and compliance risks, among the key risk themes in the report.

Highlights from the report include:

- Credit risk is elevated and transitioning as the economic downturn continues to affect some borrowers' ability to service debts. Assistance programs and federal, state, and local stimulus programs have suppressed past-due levels.
- Strategic risks associated with banks' management of Net Interest Margin (NIM) compression and efforts to improve earnings is elevated. Banks attempting to improve earnings may implement measures including cost cutting, increasing credit risk (both credit and investments) or extending duration.
- Operational risk is elevated due to a complex operating environment and increasing cybersecurity threats.
- Compliance risk is elevated as banks' expedited efforts to implement assistance programs continue to challenge established change management, product, and service risk management practices.

The report also highlights the low interest rate environment as a special topic in emerging risks.

The report covers risks facing national banks and federal savings associations based on data as of December 31, 2020. The report presents information in five main areas: the operating environment, bank performance, special topics in emerging risk, trends in key risks, and supervisory actions. It focuses on issues that pose threats to those financial institutions regulated by the OCC and is intended as a resource to the industry, examiners, and the public.

Related Link

OCC Semiannual Risk Perspective for Spring 2021 (PDF)

Source link.

Federal Reserve actions and news

Get Ready for Instant Payments: Fraud Edition (06.11.2021)

You can't avoid it – the potential for fraud exists with any type of payment process, and that includes instant payments. What does this mean for organizations considering instant payments adoption? The time to start preparing is now.

This new article introduces the basics of instant payments-related fraud and steps organizations can take to help protect against it.

Comment: Consider sharing this article on payment fraud with your bank customers interested in instant payments.

Beige Book - Summary of Commentary on Current Economic Conditions by Federal Reserve District (06.02.2021)

Commonly known as the Beige Book, this report is published eight times per year. Each Federal Reserve Bank gathers anecdotal information on current economic conditions in its District through reports from Bank and Branch directors and interviews with key business contacts, economists, market experts, and other sources. The Beige Book summarizes this information by District and sector. An overall summary of the twelve district reports is prepared by a designated Federal Reserve Bank on a rotating basis.

This report was prepared at the Federal Reserve Bank of Cleveland based on information collected on or before May 25, 2021. This document summarizes comments received from contacts outside the Federal Reserve System and is not a commentary on the views of Federal Reserve officials.

- Federal Reserve Bank of Boston
- Federal Reserve Bank of New York
- Federal Reserve Bank of Philadelphia
- Federal Reserve Bank of Cleveland
- Federal Reserve Bank of Richmond
- Federal Reserve Bank of Atlanta
- Federal Reserve Bank of Chicago
- Federal Reserve Bank of St. Louis
- Federal Reserve Bank of Minneapolis
- Federal Reserve Bank of Kansas City
- Federal Reserve Bank of Dallas
- Federal Reserve Bank of San Francisco

Overall Economic Activity

The national economy expanded at a moderate pace from early April to late May, a somewhat faster rate than the prior reporting period. Several Districts cited the positive effects on the economy of increased vaccination rates and relaxed social distancing measures, while they also noted the adverse impacts of supply chain disruptions. The effects of expanded vaccination rates were perhaps most notable in consumer spending in which increases in leisure travel and restaurant spending augmented ongoing strength in other spending categories. Light vehicle sales remained solid but were often constrained by tight inventories. Factory output increased further even as significant supply chain challenges continued to disrupt production. Manufacturers reported that widespread shortages of materials and labor along with delivery delays made it difficult to get products to customers. Similar challenges persisted in construction. Homebuilders often noted that strong demand, buoyed by low mortgage interest rates, outpaced their capacity to build, leading some to limit sales. Nonresidential construction increased at a moderate pace, on balance, even as contacts in several Districts said that supply chain disruptions pushed costs higher and, in some cases, delayed projects. Demand for professional and business services increased moderately, while demand for transportation services (including at ports) was exceptionally strong. Lending volumes increased modestly, with gains in both household and business loans. Overall, expectations changed little, with contacts optimistic that economic growth will remain solid.

Employment and Wages

Staffing levels increased at a relatively steady pace, with two-thirds of Districts reporting modest employment growth over the reporting period and the remainder indicating employment gains were moderate. As the spread of COVID-19 continued to slow, employment growth was strongest in food services, hospitality, and retail. Manufacturers also added workers in several Districts. It remained difficult for many firms to hire new workers, especially low-wage hourly workers, truck drivers, and skilled tradespeople. The lack of job candidates prevented some firms from increasing output and, less commonly, led some businesses to reduce their hours of operation. Overall, wage growth was moderate, and a growing number of firms offered signing bonuses and increased starting wages to attract and retain workers. Contacts expected that labor demand will remain strong, but supply constrained, in the months ahead.

Prices

On balance, overall price pressures increased further since the last report. Selling prices increased moderately, while input costs rose more briskly. Input costs have continued to increase across the board, with many contacts noting sharp increases in construction and manufacturing raw materials prices. Increases were also noted in freight, packaging, and petrochemicals prices. Contacts reported that continuing supply chain disruptions intensified cost pressures. Strengthening demand, however, allowed some businesses, particularly manufacturers, builders, and transportation companies, to pass through much of the cost increases to their customers. Looking forward, contacts anticipate facing cost increases and charging higher prices in coming months.

Source link.

Federal Reserve Board Issues Final Rule Amending Regulation D with Regard to Interest on Reserve Balances (06.02.2021)

The Federal Reserve Board announced the approval of a final rule amending Regulation D to eliminate references to an interest on required reserves (IORR) rate and to an interest on excess reserves (IOER) rate and replace them with a single interest on reserve balances (IORB) rate. The final rule also simplifies the formula used to calculate the amount of interest to be paid on such balances and makes other minor conforming amendments. The final rule adopts the rule proposed by the Board on January 8, 2021 without change, and takes effect on Thursday, July 29, 2021.

Federal Register notice: Regulation D: Reserve Requirements of Depository Institutions (PDF)

Source link.

Comment: These changes simplify the rule and are appreciated.

Federal Reserve Board Invites Public Comment on Proposed Rule to Govern Funds Transfers Over the Federal Reserve Banks' FedNow Service (06.01.2021)

The Federal Reserve Board on Tuesday invited comment on a proposed rule to govern funds transfers over the Federal Reserve Banks' FedNow℠ Service. The FedNow Service is a new 24x7x365 service that will support instant payments in the United States and is expected to be available in 2023.

The proposed rule would establish a new and comprehensive set of rules governing funds transfers over the FedNow Service and set out the legal rights and obligations of the Reserve Banks and FedNow Service participants. Many of the concepts in the proposed rule are similar to existing provisions that govern the Fedwire Funds Service, which is the payments service currently operated by the Federal Reserve System.

Comments are due within 60 days of the proposal's publication in the Federal Register.

Federal Register notice: Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through Fedwire (PDF)

Board Memo (PDF)

Source link.

Federal Reserve Board Releases Results of Survey of Senior Financial Officers at Banks About Their Strategies and Practices for Managing Reserve Balances (05.20.2021)

The Federal Reserve Board on Thursday released results of a survey of senior financial officers at banks about their strategies and practices for managing reserve balances. The Senior Financial Officer Survey is used by the Board to obtain information about deposit pricing and behavior, bank liability management, the provision of financial services, and reserve management strategies and practices. The most recent survey was conducted in collaboration with the Federal Reserve Bank of New York between March 19, 2021, and April 2, 2021, and includes responses from banks that held approximately three quarters of total banking system reserve balances at the time of the survey.

Information about the survey is available on the Board's website. The March 2021 survey is attached.

Senior Financial Officer Survey (PDF)

Source link.

Other federal action and news

IRS - New FAQs Available to Aid Families and Small Business Under the American Rescue Plan (06.11.2021)

WASHINGTON – The Internal Revenue Service posted two new, separate sets of frequently-asked-questions (FAQs) to assist families and small and mid-sized employers in claiming credits under the American Rescue Plan (ARP).

Both the child and dependent care credit as well as the paid sick and family leave credit were enhanced under the ARP, enacted in March to assist families and small businesses with the fallout of the COVID-19 pandemic and recovery underway. The two sets of FAQs provide information on eligibility, computing the credit amounts, and how to claim these important tax benefits. An overview of these tax credits follows:

Child and dependent care credit

For 2021, the ARP increased the maximum amount of work-related expenses for qualifying care that may be taken into account in calculating the credit, increased the maximum percentage of those expenses for which the credit may be taken, modified how the credit is reduced for higher earners, and made it refundable.

For 2021, eligible taxpayers can claim qualifying work-related expenses up to:

- $8,000 for one qualifying person, up from $3,000 in prior years, or
- $16,000 for two or more qualifying persons, up from $6,000 in prior years.

Taxpayers are also required to have earnings; the amount of qualifying work-related expenses claimed cannot exceed the taxpayer's earnings.

Combined with the increase to 50% in the maximum credit rate, taxpayers with the maximum amount of qualifying work-related expenses would receive a credit of $4,000 for one qualifying person, or $8,000 for two or more qualifying persons. When calculating the credit, a taxpayer must subtract employer-provided dependent care benefits, such as those provided through a flexible spending account, from total work-related expenses.

A qualifying person generally is a dependent under the age of 13, or a dependent of any age or spouse who is incapable of self-care and who lives with the taxpayer for more than half of the year.

As in prior years, the more a taxpayer earns, the lower the percentage of work-related expenses that are taken into account in determining the credit. However, under the new law, more taxpayers will qualify for the new maximum 50% credit rate. That's because the ARP increased to $125,000 the adjusted gross income level at which the credit rate starts to be reduced. Above $125,000, the 50% credit percentage goes down as income rises. Taxpayers with adjusted gross income over $438,000 are not eligible for the credit.

The credit is fully refundable for the first time in 2021. This means an eligible taxpayer can receive it, even if they owe no federal income tax. To be eligible for the refundable credit, a taxpayer (or the taxpayer's spouse if filing a joint return) must reside in the United States for more than half of the year. However, special rules apply to military personnel stationed outside of the United States.

To claim the credit for 2021, taxpayers will need to complete Form 2441, Child and Dependent Care Expenses, and include the form when filing their tax returns in 2022. In completing the form to claim the 2021 credit, those claiming the credit will need to provide a valid taxpayer identification number (TIN) for each qualifying person. Generally, this is the Social Security number for the qualifying person. For more information about completing the form and claiming the credit, see the instructions to Form 2441. In addition, those claiming the credit are required to identify all persons or organizations that provided care for the qualifying person. This requires providing the care provider's name, address, and TIN.

Paid sick and family leave credits

The paid sick and family leave credits reimburse eligible employers for the cost of providing paid sick and family leave to their employees for reasons related to COVID-19, including leave taken by employees to receive or recover from COVID-19 vaccinations. Self-employed individuals are eligible for similar tax credits.

The paid sick and family leave tax credits under the ARP are similar to those put in place by the Families First Coronavirus Response Act (FFCRA), as extended and amended by the COVID-related Tax Relief Act of 2020, under which certain employers could receive tax credits for providing paid leave to employees that met the requirements of the Emergency Paid Sick Leave Act and the Emergency Family and Medical Leave Expansion Act (as added by FFCRA). The ARP amends and extends these credits, and provides that leave wages paid to an employee who is seeking or awaiting the results of a test for, or diagnosis of, COVID-19, or is obtaining immunizations related to COVID-19 or recovering from immunization, are leave wages that can be eligible for the credits. Additionally, under the ARP, eligible employers may now claim the credit for paid family leave wages for all the same reasons that they can claim the credit for paid sick leave wages.

The FAQs include information on how eligible employers may claim the paid sick and family leave credits, including how to file for and compute the applicable credit amounts, and how to receive advance payments for and refunds of the credits. Under the ARP, eligible employers, including businesses and tax-exempt organizations with fewer than 500 employees and certain governmental employers, may claim tax credits for qualified leave wages and certain other wage-related expenses (such as health plan expenses and certain collectively bargained benefits) paid with respect to leave taken by employees beginning on April 1, 2021, through September 30, 2021.

The ARP keeps the daily wage thresholds that previously existed for these credits under the FFCRA. The aggregate cap on qualified sick leave wages remains at two weeks (up to a maximum of 80 hours), and this aggregate cap reset with respect to leave taken by employees beginning on April 1, 2021. The aggregate cap on qualified family leave wages increases to $12,000 from $10,000, and this aggregate cap reset with respect to leave taken by employees beginning on April 1, 2021.

The paid leave credits under the ARP are tax credits against the employer's share of Medicare tax. The tax credits are refundable, which means that the employer is entitled to payment of the full amount of the credits to the extent it exceeds the employer's share of Medicare tax.

In anticipation of the credits to be claimed on the applicable federal employment tax return, eligible employers can keep the federal employment taxes that they otherwise would have deposited, including federal income tax withheld from employees, the employees' share of social security and Medicare taxes, and the employer's share of social security and Medicare taxes with respect to all employees up to the amount of the credit for which they are eligible. If the eligible employer does not have enough federal employment taxes on deposit to cover the amount of the anticipated credits, the eligible employer may request an advance of the credit by filing Form 7200, Advance Payment of Employer Credits Due to COVID-19.

Self-employed individuals may claim comparable credits on the Form 1040, U.S. Individual Income Tax Return.

See the tax provisions of the American Rescue Plan for more information. See other provisions designed to help taxpayers recovering from the impact of the COVID-19 pandemic. Also, see FAQs on these and other provisions.

Source link.

Comment: Consider sharing this valuable information regarding taxpayer credits with your bank customers through your website. If you have under 500 employees, evaluate whether your bank can use the extended credit.

CSBS States of the Economy - June 2021 (06.10.2021)

"States of the Economy" is a monthly look at the economic picture across the country. In our discussion, CSBS Senior Economist Tom Siems joins Matt Longacre to discuss factors driving the disappointing April jobs report, and what regulators should be looking out for in the months to come.

Source link.

CSBS Remains Confident in Case Against OCC Fintech Charter (06.03.2021)

Washington, D.C. – Statement from Margaret Liu, CSBS Executive Vice President, Strategic Engagement on ruling by the Second Circuit Court of Appeals on the New York Department of Financial Services' challenge to the Office of Comptroller of Currency's (OCC) special purpose charter:

"The Second District's decision is a disappointing development, but it does not change the underlying facts: the OCC lacks the authority to issue fintech charters under the National Bank Act. The court did not dismiss on the merits, and our litigation regarding the limits of the OCC's chartering authority remains pending in the DC District Court.

We are confident that the courts will ultimately determine that Congress has not given the OCC this authority, and we encourage the OCC to abandon its pursuit of the chartering of uninsured national banks."

Background:

2020 CSBS Court Complaint

Previous CSBS Court Complaint

Source link.

FTC Your Guide to Protecting Your Privacy Online (06.02.2021)

The things we do throughout the course of our day give businesses access to information about our habits, tastes, and activities. Some might use it to deliver targeted ads to you, or to give you content based on your location, like stores nearby or the weather forecast. Others might sell or share that information.

Whether you use a computer, tablet, or mobile phone to go online, there are things you can do to protect your privacy. Check out ftc.gov/yourprivacy, your guide to protecting your privacy online.

Source link.

Comment: Consider sharing this helpful information from the FTC with bank customers through your website.

FTC Getting Ready for Hurricane Season 2021 (06.01.2021)

June 1st is the start of hurricane season. For people in hurricane-prone areas, that means the risk of heavy rainfall, high winds, storm surges, flooding, tornados, and rip currents, which can all happen with little warning. Are you ready to leave your house at a moment's notice? We've got tools to help you prepare.

The FTC's site, Dealing with Weather Emergencies, has practical tips to help you get ready for, deal with, and recover from a weather emergency — including hurricanes and other natural disasters. Like all our materials, the site is mobile-friendly, so you'll have ready access to information when and where you need it.

The page has four sections:

- Preparing for a Weather Emergency
- Staying Alert to Disaster-related Scams
- Getting Back on Your Feet Financially
- Resources

Even people not in a hurricane's path can be affected, though. Are you one of many who generously contributes to disaster relief efforts after a hurricane? Before you give, make sure your charitable donations really count. Recovery efforts are a perfect opportunity for scammers to exploit people's generosity, so stay on the lookout for charity scams.

Want to do your part in keeping your community well-informed and safe? Share this customizable one-page handout, Picking Up the Pieces after a Disaster, which compiles key tips from the FTC's site in both English and Spanish. Just add your local consumer protection and emergency service contacts, print however many copies you need, and distribute them throughout your community.

And here's one more thing. Despite the rise in COVID-19 vaccinations, remember these best practices for keeping you and your family "pandemic-safe" during an extreme weather event.

Source link.

Comment: May 20, 2021 — NOAA's Climate Prediction Center is predicting another above-normal Atlantic hurricane season. Forecasters predict a 60% chance of an above-normal season, a 30% chance of a near-normal season, and a 10% chance of a below-normal season. However, experts do not anticipate the historic level of storm activity seen in 2020.

CSBS - An Early Look at Q1 2021 Bank Performance (05.26.2021)

By Brennan Zubrick, CSBS Senior Director, Analytics and Research

While the industry spent much of 2020 helping their consumer and commercial customers navigate the economic shutdown, industry observers have held their economic breath waiting to see how the effects will indicate in quarterly banking results. Early indications from the first quarter 2021 call report filings show that performance overall appears to be holding up for most banks, at least for now.

By applying data from our analytic tools, CSBS can look into bank performance for both state chartered and national banks. The tools are designed to help financial regulators better understand the risk profiles of their supervised institutions.

A CSBS model assigns "exception scores" to banks if they breach high-risk thresholds of key ratios for capital, asset quality, earnings and liquidity. The total score is determined by tallying the number of exceptions for each category. The thresholds were set by a group of analytics experts from the state system. Each state can adjust the thresholds based on their experience and supervisory philosophy. Charts 1 through 5 show how the exception scores of all banks in the United States changed from last quarter and last year.

Key Findings

In terms of the distribution of scores, the majority of banks in the United States have scores on the lower end of the spectrum across all five categories (Total, Capital, Asset Quality, Earnings, and Liquidity):

- The majority of banks in the **Total** category have an exception score of 10 or less.
- The majority of banks in the **Capital** category have an exception score of 0.
- The majority of banks in the **Asset Quality** category have an exception score of 6 or less.
- The majority of the banks in the **Liquidity** category have an exception score of 3 or less.
- The majority of the banks in the **Earnings** category have a score of 2 or less.

Source link.

FinCEN to Host Innovation Hours Program Workshop on Privacy Enhancing Technologies (05.26.2021)

WASHINGTON — The Financial Crimes Enforcement Network (FinCEN) will host a special virtual FinCEN Innovation Hours Program on September 9, 2021, focusing on the important role of privacy-preserving principles in developing technical solutions that enhance financial services innovation while countering illicit activity and national security risks that undermine the integrity and opportunity of the U.S. financial system. FinCEN encourages participation by companies developing solutions to privacy issues, such as homomorphic encryption, zero-knowledge proofs, and other technology that balances privacy and financial integrity. This could include FinTech companies, RegTech companies, venture capital firms, and financial institutions.

FinCEN requests that demonstrations highlight how the innovative solutions work and how financial institutions or business and retail consumers might use them, or how they may support private- and public-sector efforts to enhance our financial integrity, while protecting national security and personal privacy. Each meeting will last no longer than an hour.

"This program is an example of FinCEN's ongoing dedication to advancing the integrity and innovative strength of the U.S. financial system, which includes balancing transparency and accountability with the important principles of privacy and security," said Acting Director Michael Mosier. "We support responsible innovation, especially that which promotes the resilience and safety of our financial system and the American people."

Interested companies should submit a request online no later than July 23, 2021, and provide applicable background information about their firm's business and innovative products. The number of individual demonstration sessions will depend on available time and the number of participants.

FinCEN announced the monthly Innovation Hours Program in May 2019. The Innovation Hours Program is part of a broader FinCEN Innovation Initiative, which seeks to promote innovation by supporting, where appropriate and feasible, innovative pilot programs, and enhanced feedback and information sharing programs.

Source link.

State Regulators Seek Public Comment on Proposed Nationwide MSB License Requirements (05.24.2021)

Washington, D.C. – The Conference of State Bank Supervisors (CSBS) is seeking public comment on proposed nationwide licensing requirements for money service businesses (MSB).

"The goal of the proposal is a national standard that allows the state system to operate as a single network while retaining local accountability and local control," said CSBS President and CEO John W. Ryan.

The proposed structure is based on a single set of nationwide requirements reviewed by a lead state agency. Any remaining state-specific requirements would be limited to items not covered by the national standards.

The uniform national standards for MSBs include both core requirements for all applicants in all industries and the MSB industry-specific requirements included in this proposal.

The full proposal is available here and at https://nationwidelicensingsystem.org.

Public comments will be accepted at comments@csbs.org until July 23, 2021, and will be published at https://nationwidelicensingsystem.org. The final nationwide requirements will be built into the modernized Nationwide Multistate Licensing System (NMLS).

Key aspects of the proposal include:

- An overview of MSB business-specific requirements and how they apply to companies, key individuals (formerly referred to as control persons) and business locations
- Proposed changes to the license application process for the MSB industry

These new requirements will significantly streamline the licensing process as part of state regulators' efforts to increase uniformity in state regulation through a strategy known as Networked Supervision.

"Creating a standardized licensing process will improve supervision for both industry and regulators," said Ryan. "Industry input is critical for this effort and for ensuring that the system remains responsive to the wide range of business models under state supervision."

The nationwide proposal builds on the Multistate MSB Licensing Agreement, which currently includes 29 states.

As of the end of April, 49 state agencies were using NMLS to manage MSB licenses for over 2,800 companies. MSB activities include electronic money transmission, check cashing, bill paying and more. For more information on CSBS visit www.csbs.org.

Source link.

CSBS - Managing Risk Through Networked Supervision (05.20.2021)

Remarks delivered by Melanie Hall, Montana Commissioner of Banking and Financial Institutions and CSBS Board of Directors Chair, at the State-Federal Supervisory Forum, May 20, 2021

'What is Networked Supervision? It's the idea that by building stronger connections between regulators using technology, data and people, the state system can continue to respond to the needs of an ever growing and innovative economy. The result will be a more uniform, efficient system that preserves states' authority to make laws governing financial services for their citizens.'

- Melanie Hall, CSBS Chair

Source link.

Publications, articles, reports, studies, testimony & speeches

Industrial Production and Capacity Utilization - G.17 (06.15.2021)

Release Date: June 15, 2021

The annual revision to industrial production and capacity utilization was published on May 28, 2021. Data referred to in the release dated May 14, 2021, were superseded by the data issued at the time of the annual revision. Information on the annual revision to industrial production and capacity utilization appears below.

Total industrial production increased 0.8 percent in May. Manufacturing production advanced 0.9 percent, reflecting, in part, a large gain in motor vehicle assemblies; factory output excluding motor vehicles and parts increased 0.5 percent. The indexes for mining and utilities rose 1.2 percent and 0.2 percent, respectively.

In May, at 99.9 percent of its 2017 average, total industrial production was 16.3 percent higher than it was a year earlier but 1.4 percent lower than its pre-pandemic (February 2020) level. Capacity utilization for the industrial sector rose 0.6 percentage point in May to 75.2 percent, a rate that is 4.4 percentage points below its long-run (1972–2020) average.

Source link.

Consumer Credit - G.19 (06.07.2021)

April 2021

In April, consumer credit increased at a seasonally adjusted annual rate of 5.3 percent. Revolving credit decreased at an annual rate of 2.4 percent, while nonrevolving credit increased at an annual rate of 7.6 percent.

Source link.

Jet Flight, Mail Bags, and Banking Regulation - Vice Chair for Supervision Randal K. Quarles (06.03.2021)

As many of you know, I am speaking to you from Salt Lake City, which, among its myriad other virtues, was the home of one of the earliest passenger airlines—Western Air Express, which ran its first passenger flight in the spring of 1926: Eight hours in a Douglas M2 between Salt Lake City and Los Angeles, with one stop in Las Vegas *for fuel. Two of the first passengers sat on the mail sacks in the back, and those early plane travelers were adventurers in other ways as well. That year there were 12 fatal commercial airplane crashes and that number rose to 59 a year by 1930. That's not total deaths—that's fatal crashes, with many people on each plane. Comparing hours flown and number of flights, that would be as if we had 7,000 fatal airplane crashes in a typical year today, with hundreds of thousands dead.*

But we did not have 7,000 fatal crashes last year. We had five in the entire world. The year before we had eight. Air travel is famously the safest way to get from point A to point B, as a result of decades of innovation in technology and operating processes. Importantly, however, even as the airline industry was improving safety, it was equally focused on improving efficiency—especially as we moved into the era of jet travel in the 1960s. The eight-hour trip between Salt Lake and Los Angeles now takes an hour and a half even counting all the nosing around on the ground (although an argument can be made that a typical coach seat may not be that much more comfortable than sitting on the mail bags). Yet average fuel burn has been falling every year since 1960 and continues at a strong pace—in the first decade of the 21st century, fuel efficiency on domestic flights increased by another 40 percent. The airlines recognized that the public has a strong interest in safety, but that it also has a strong interest in other values as well. A more efficient airline is easier on the environment, cheaper for the consumer, and a stronger contributor to the overall economy. And, obviously, these continuing improvements in operation have been achievable without any compromise in safety.

I think you can see where I am going with this. In the aftermath of the Great Financial Crisis, the Federal Reserve, the international regulatory community, and the banking industry took action to radically improve the safety of the banking system: new capital and liquidity rules, new stress testing requirements, a new resolution framework. Together, these have greatly strengthened the safety of the financial system. Actual common equity capital ratios for large banks have roughly doubled since the crisis (and are at least six times as great as the pre-crisis requirements).

But in implementing these safety requirements, we did not pay as close attention to efficiency. Yet the public interest in efficiency is also strong, so over the last four years we have comprehensively sought ways to improve the efficiency of the system while maintaining its safety—which is every bit as possible in the financial system as it has been for the airlines. While this has been a broad project, today I want to focus on four examples of measures that illustrate this phenomenon. These measures have enjoyed support across the political spectrum because they have brought measurable benefits to the American people.

Source link.

Remaining Steady as the Economy Reopens - Governor Lael Brainard (06.01.2021)

It is a pleasure to join the Economic Club of New York for this discussion.1 Consumer demand is strong, vaccine coverage is expanding, and pandemic-affected sectors are reopening in fits and starts. As was the pandemic shutdown with its ebbs and flows, the reopening is without precedent, and it is generating supply–demand mismatches at the sectoral level that are temporary in nature. Separating signal from noise in the high-frequency data may be challenging for a stretch. The supply–demand mismatches at the sectoral level are making it difficult to precisely assess inflationary developments and the amount of resource slack from month to month.

Looking through the noise, I expect we will see further progress in coming months, but the economy is far from our goals, and there are risks on both sides. The best way to achieve our maximum-employment and average-inflation goals is to be steady and transparent in our outcome-based approach to monetary policy while remaining attentive to the evolution of the data and prepared to adjust as needed.

Source link.

Industrial Production and Capacity Utilization: The 2021 Annual Revision (05.28.2021)

The Federal Reserve has revised its index of industrial production (IP) and the related measures of capacity and capacity utilization. The most prominent features of the revision are an update of the base year to 2017 for the indexes, a conversion of the industry-group indexes to the 2017 North American Industry Classification System (NAICS), the incorporation of comprehensive annual production data for 2017 through 2019, and the incorporation of new survey utilization rate data for 2019 and 2020.[1]

On net, the revisions to total IP for recent years are negative. Notably, the updated rates of change are 1 to 1-1/2 percentage points lower per year from 2017 through 2019.[2] The cumulative effect of these revisions leaves the level of total IP in April 2021 about 3-1/2 percent below its late-2007 peak before the Great Recession; previously, total IP in April 2021 was slightly above its peak before the Great Recession. The incorporation of detailed data for manufacturing from the U.S. Census Bureau's 2017 Economic Census (EC) and the 2018 and 2019 Annual Surveys of Manufactures (ASMs) accounts for the majority of the differences between the current and the previously published estimates. The revisions to the rates of change for 2020 are small, and the magnitude of the sharp drop (17 percent) in total IP at the onset of the pandemic in early 2020 is very similar to the magnitude reported earlier.

Annual capacity growth is revised down about 1 percentage point, on average, from 2017 to 2019 and is little changed in 2020. After these revisions, capacity for total industry is estimated to have grown about 3 percent less between 2016 and the end of 2020 than previously estimated.

In the fourth quarter of 2020, capacity utilization for total industry stood at 73.4 percent, about 1/2 percentage point below its previous estimate and about 6-1/4 percentage points below its long-run (1972–2020) average. The utilization rate for 2019 is also about 1/2 percentage point lower than the previous estimate, but revisions to utilization rates for 2017 and 2018 are very small.

This revision incorporated newly available annual data on both output and prices. As noted earlier, the updated IP indexes incorporated new data for manufacturing from the U.S. Census Bureau's 2017 EC and the 2018 and 2019 ASMs. For publishing, the IP indexes folded in data for 2017 from the EC and data for 2018 and 2019 from the Census Bureau's Service Annual Survey. The IP index for logging is based on special calculations provided by the U.S. Forest Service that extended previously published data; the IP index incorporated new data for 2018 and 2019 and revised data for 2016 and 2017. In addition, the indexes for metallic and nonmetallic minerals were updated with revised annual data for 2015 through 2017 and with new data for 2018 and 2019 from the U.S. Geological Survey (USGS). Data on prices from the Bureau of Labor Statistics (BLS) were also incorporated into most of the manufacturing indexes.

The monthly estimates of production have been updated to include late-arriving or revised quarterly or monthly indicator data, including information from the BLS's benchmark revisions to the Current Employment Statistics. The monthly IP estimates reflect updated seasonal factors.

The revised estimates of capacity and capacity utilization incorporated data from the Census Bureau's Quarterly Survey of Plant Capacity Utilization (QSPC) for the fourth quarters of 2019 and 2020 along with new data on capacity from the USGS, the Energy Information Administration, and other organizations. The revised capacity estimates also included new data on capital spending from the 2017 EC and the 2018 and 2019 ASMs.

Source link.

Private Money and Central Bank Money as Payments Go Digital: An Update on CBDCs - Governor Lael Brainard (05.24.2021)

Technology is driving dramatic change in the U.S. payments system, which is a vital infrastructure that touches everyone. The pandemic accelerated the migration to contactless transactions and highlighted the importance of access to safe, timely, and low-cost payments for all. With technology platforms introducing digital private money into the U.S. payments system, and foreign authorities exploring the potential for central bank digital currencies (CBDCs) in cross-border payments, the Federal Reserve is stepping up its research and public engagement on CBDCs. As Chair Powell discussed last week, an important early step on public engagement is a plan to publish a discussion paper this summer to lay out the Federal Reserve Board's current thinking on digital payments, with a particular focus on the benefits and risks associated with CBDC in the U.S. context.

Source link.

Federal Reserve Chair Jerome H. Powell Outlines the Federal Reserve's Response to Technological Advances Driving Rapid Change in the Global Payments Landscape (05.20.2021)

Technological advances are driving rapid change in the global payments landscape. The Federal Reserve is studying these developments and exploring ways that it might refine its role as a core payment services provider and as the issuing authority for U.S. currency.

"As the central bank of the United States, the Federal Reserve is charged with promoting monetary and financial stability and the safety and efficiency of the payment system," Federal Reserve Board Chair Jerome H. Powell said Thursday in a video message. "In pursuit of these core functions we have been carefully monitoring and adapting to the technological innovations now transforming the world of payments, finance, and banking."

This technology also offers new possibilities to central banks—including the Fed. In particular, it enables the development and issuance of central bank digital currencies, or CBDCs. A CBDC is a new type of central bank liability issued in digital form. While various structures and technologies might be used, a CBDC could be designed for use by the general public.

As the Federal Reserve explores the potential benefits and risks of CBDCs, the key focus is on whether and how a CBDC could improve on an already safe, effective, dynamic, and efficient U.S. domestic payments system in its ability to serve the needs of households and businesses. "We think it is important that any potential CBDC could serve as a complement to, and not a replacement of, cash and current private-sector digital forms of the dollar, such as deposits at commercial banks," Powell said. "The design of a CBDC would raise important monetary policy, financial stability, consumer protection, legal, and privacy considerations and will require careful thought and analysis—including input from the public and elected officials."

Source link.

Selected federal rules – proposed

Proposed rules are included only when community banks may want to comment. Date posted may not be the same as the Federal Register Date.

PROPOSED DATE	SUMMARY OF PROPOSED RULE
06.15.2021	Real Estate Lending Standards - The FDIC is inviting comment on a proposed rule to amend Interagency Guidelines for Real Estate Lending Policies (Real Estate Lending Standards). The purpose of the proposed rule is to align the Real Estate Lending Standards with the community bank leverage ratio (CBLR) rule, which does not require electing institutions to calculate tier 2 capital or total capital. The proposed rule would allow a consistent approach for calculating the ratio of loans in excess of the supervisory loan-to-value limits (LTV Limits) at all FDIC-supervised institutions, using a methodology that approximates the historical methodology the FDIC has followed for calculating this measurement without requiring institutions to calculate tier 2 capital. The proposed rule would also avoid any regulatory burden that could arise if an FDIC supervised institution subsequently decides to switch between different capital frameworks. DATES: Comments are due within 30 days of the proposal's publication in the Federal Register.
06.01.2021	Federal Reserve Board Invites Public Comment on Proposed Rule to Govern Funds Transfers Over the Federal Reserve Banks' Fednow Service - The Federal Reserve Board on Tuesday invited comment on a proposed rule to govern funds transfers over the Federal Reserve Banks' FedNow℠ Service. The FedNow Service is a new 24x7x365 service that will support instant payments in the United States and is expected to be available in 2023. The proposed rule would establish a new and comprehensive set of rules governing funds transfers over the FedNow Service and set out the legal rights and obligations of the Reserve Banks and FedNow Service participants. Many of the concepts in the proposed rule are similar to existing provisions that govern the Fedwire Funds Service, which is the payments service currently operated by the Federal Reserve System. Comments are due within 60 days of the proposal's publication in the Federal Register.
05.17.2021	FDIC Issues Request for Information on Digital Assets - The Federal Deposit Insurance Corporation (FDIC) today announced that it is gathering information and soliciting comments from interested parties about insured depository institution' current and potential digital asset activities. The FDIC recognizes that there are novel and unique considerations related to digital assets. Given that banks are increasingly exploring the emerging digital asset ecosystem, the FDIC is issuing this request for information (RFI) to help inform its understanding of the industry's and consumers' interests in this area. "At the FDIC, we are laying the foundation for the next chapter of banking by ensuring we have a regulatory framework that allows responsible innovation to flourish. Digital assets is one area in which we have seen rapid expansion and innovation in recent years. This RFI gives us an opportunity to gain additional insight into the market, and what role banks might play in the future," said FDIC Chairman Jelena McWilliams. The FDIC encourages comments from all interested parties by July 16, 2021.
04.22.2021	False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC's Name or Logo - The Federal Deposit Insurance Corporation is seeking comment on a proposed rule to implement section 18(a)(4) of the Federal Deposit Insurance Act. Section 18(a)(4) of the Federal Deposit Insurance Act prohibits any person from making false or misleading representations about deposit insurance or from using the Federal Deposit Insurance Corporation's name or logo in a manner that would imply that an uninsured financial product is insured or guaranteed by the Federal Deposit Insurance Corporation. The proposed rule would describe: The process by which the Federal Deposit Insurance Corporation will identify and investigate conduct that may violate section 18(a)(4) of the Federal Deposit Insurance Act; the standards under which such conduct will be evaluated; and the procedures which the Federal Deposit Insurance Corporation will follow when formally and informally enforcing the provisions of section 18(a)(4) of the Federal Deposit Insurance Corporation Act. DATES: Comments are due on or before July 9, 2021.
04.22.2021	Tax Allocation Agreements - The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) are inviting comment on a proposed rule (proposal) under section 39 of the Federal Deposit Insurance Act that would establish requirements for tax allocation agreements between institutions and their holding companies in a consolidated tax filing group. The proposal would promote safety and soundness by preserving depository institutions' ownership rights in tax refunds and ensuring equitable allocation of tax liabilities among entities in a holding company structure. Under the proposal, national banks, state banks, and savings associations that file tax returns as part of a consolidated tax filing group would be required to enter into tax allocation agreements with their holding companies and other members of the consolidated group that join in the filing of a consolidated group tax return. The proposal also would describe specific mandatory provisions in these tax allocation agreements, including provisions addressing the ownership of tax refunds received. If the agencies were to adopt the proposal as a final rule, the agencies would rescind the interagency policy statement on tax allocation agreements that was issued in 1998 and supplemented in 2014. DATES: Comments must be received by July 9, 2021.

Selected federal rules – upcoming effective dates

Not all final rules are included. Only rules affecting community banks are reported, but we make no guarantees that these are all the final rules your bank needs to know.

EFFECTIVE DATE:	SUMMARY OF FINAL RULE:
09.30.2020	Regulatory Capital Rule: Revised Transition of the Current Expected Credit Losses Methodology for Allowances - The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) are adopting a final rule that delays the estimated impact on regulatory capital stemming from the implementation of Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses, Topic 326, Measurement of Credit Losses on Financial Instruments (CECL). The final rule provides banking organizations that implement CECL during the 2020 calendar year the option to delay for two years an estimate of CECL's effect on regulatory capital, relative to the incurred loss methodology's effect on regulatory capital, followed by a three-year transition period. The agencies are providing this relief to allow these banking organizations to better focus on supporting lending to creditworthy households and businesses in light of recent strains on the U.S. economy as a result of the coronavirus disease 2019, while also maintaining the quality of regulatory capital. This final rule is consistent with the interim final rule published in the Federal Register on March 31, 2020, with certain clarifications and minor adjustments in response to public comments related to the mechanics of the transition and the eligibility criteria for applying the transition. DATES: The final rule is effective September 30, 2020.
10.01.2020	Regulatory Capital Rule: Temporary Changes to and Transition for the Community Bank Leverage Ratio Framework - The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation are adopting as final the revisions to the community bank leverage ratio framework made under two interim final rules issued in the Federal Register on April 23, 2020. The final rule adopts these interim final rules with no changes. Under the final rule, the community bank leverage ratio will remain 8 percent through calendar year 2020, will be 8.5 percent through calendar year 2021, and will be 9 percent thereafter. The final rule also maintains a two-quarter grace period for a qualifying community banking organization whose leverage ratio falls no more than 1 percentage point below the applicable community bank leverage ratio requirement. DATES: The final rule is effective October 1, 2020.
10.20.2020	Community Reinvestment Act Regulations - The Office of the Comptroller of the Currency (OCC) is adopting a final rule to strengthen and modernize the Community Reinvestment Act (CRA) by clarifying and expanding the activities that qualify for CRA credit; updating where activities count for CRA credit; creating a more consistent and objective method for evaluating CRA performance; and providing for more timely and transparent CRA-related data collection, recordkeeping, and reporting. DATES: This rule is effective on October 1, 2020. Banks must comply with the final amendments by October 1, 2020, January 1, 2023, or January 1, 2024, as applicable. Until the compliance dates, banks must continue to comply with parts 25 and 195 that are in effect on September 30, 2020 (as set forth in appendix C to 12 CFR 25). Alternatively, the OCC may permit a bank to voluntarily comply, in whole or in part, with the amendments adopted in this release prior to the applicable compliance dates. Parts 25 and 195 that are in effect on September 30, 2020 (as set forth in appendix C) expire on January 1, 2024. **NOTE: The OCC has determined that it will reconsider the June 2020 rule. While this reconsideration is ongoing, the OCC will not object to the suspension of the development of systems for, or other implementation of, provisions with a compliance date of January 1, 2023, or January 1, 2024, under the 2020 CRA rule.**
10.20.2020	Applicability of Annual Independent Audits and Reporting Requirements for Fiscal Years Ending in 2021 - In light of recent disruptions in economic conditions caused by the coronavirus disease 2019 (COVID–19) and strains in U.S. financial markets, some insured depository institutions (IDIs) have experienced increases to their consolidated total assets as a result of large cash inflows resulting from participation in the Paycheck Protection Program (PPP), the Money Market Mutual Fund Liquidity Facility (MMLF), the Paycheck Protection Program Liquidity Facility (PPPLF), and the effects of other government stimulus efforts. Since these inflows may be temporary, but are significant and unpredictable, the FDIC is issuing an interim final rule (IFR) that will allow IDIs to determine the applicability of part 363 of the FDIC's regulations, Annual Independent Audits and Reporting Requirements, for fiscal years ending in 2021 based on the lesser of their (a) consolidated total assets as of December 31, 2019, or (b) consolidated total assets as of the beginning of their fiscal years ending in 2021. Notwithstanding any temporary relief provided by this IFR, an IDI would continue to be subject to any otherwise applicable statutory and regulatory audit and reporting requirements. The IFR also reserves the authority to require an IDI to comply with one or more requirements of part 363 if the FDIC determines that asset growth was related to a merger or acquisition. DATES: This IFR is effective immediately and will remain in effect through December 31, 2021, unless extended by the FDIC.
10.26.2020	HUD's Implementation of the Fair Housing Act's Disparate Impact Standard - HUD has long interpreted the Fair Housing Act ("the Act") to create liability for practices with an unjustified discriminatory effect, even if those practices were not motivated by discriminatory intent. This rule amends HUD's 2013 disparate impact standard regulation to better reflect the Supreme

Court's 2015 ruling in Texas Department of Housing and Community Affairs v. Inclusive Communities Project, Inc. and to provide clarification regarding the application of the standard to State laws governing the business of insurance. This rule revises the burden-shifting test for determining whether a given practice has an unjustified discriminatory effect and adds to illustrations of discriminatory housing practices found in HUD's Fair Housing Act regulations. This Final Rule also establishes a uniform standard for determining when a housing policy or practice with a discriminatory effect violates the Fair Housing Act and provides greater clarity of the law for individuals, litigants, regulators, and industry professionals. DATES: The final rule is effective October 26, 2020.

11.30.2020 Debt Collection Practices (Regulation F) - The Bureau of Consumer Financial Protection (Bureau) is issuing this final rule to revise Regulation F, which implements the Fair Debt Collection Practices Act (FDCPA) and currently contains the procedures for State application for exemption from the provisions of the FDCPA. The Bureau is finalizing Federal rules governing the activities of debt collectors, as that term is defined in the FDCPA. The Bureau's final rule addresses, among other things, communications in connection with debt collection and prohibitions on harassment or abuse, false or misleading representations, and unfair practices in debt collection. DATES: This rule is effective November 30, 2020. **Note**: The CFPB issued a Notice of Proposed Rulemaking (NPRM) to delay by 60 days the effective date of two final rules issued under the Fair Debt Collection Practices Act (FDCPA). The debt collection rules, issued in late 2020, are scheduled to take effect on November 30, 2021. The CFPB is proposing to extend the effective date of both rules to January 29, 2022. The proposed delay would allow stakeholders affected by the pandemic additional time to review and implement the rules.

12.02.2020 Temporary Asset Thresholds - To mitigate temporary transition costs on banking organizations related to the coronavirus disease 2019 (COVID event), the OCC, Board, and the FDIC (together, the agencies) are issuing an interim final rule to permit national banks, savings associations, state banks, bank holding companies, savings and loan holding companies, and U.S. branches and agencies of foreign banking organizations with under $10 billion in total assets as of December 31, 2019, (community banking organizations) to use asset data as of December 31, 2019, in order to determine the applicability of various regulatory asset thresholds during calendar years 2020 and 2021. For the same reasons, the Board is temporarily revising the instructions to a number of its regulatory reports to provide that community banking organizations may use asset data as of December 31, 2019, in order to determine reporting requirements for reports due in calendar years 2020 or 2021**.** DATES**:** Effective date: This rule is effective on December 2, 2020. Comment date: Comments must be received on or before February 1, 2021.

12.29.2020 True Lender Rule - The Office of the Comptroller of the Currency (OCC) is issuing this final rule to determine when a national bank or Federal savings association (bank) makes a loan and is the "true lender," including in the context of a partnership between a bank and a third party, such as a marketplace lender. Under this rule, a bank makes a loan if, as of the date of origination, it is named as the lender in the loan agreement or funds the loan. DATES: This rule is effective on December 29, 2020.

01.01.2021 Truth in Lending (Regulation Z) Annual Threshold Adjustments (Credit Cards, HOEPA, and Qualified Mortgages) - The Bureau of Consumer Financial Protection (Bureau) is issuing this final rule amending the regulation text and official interpretations for Regulation Z, which implements the Truth in Lending Act (TILA). The Bureau is required to calculate annually the dollar amounts for several provisions in Regulation Z; this final rule revises, as applicable, the dollar amounts for provisions implementing TILA and amendments to TILA, including under the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act), the Home Ownership and Equity Protection Act of 1994 (HOEPA), and the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The Bureau is adjusting these amounts, where appropriate, based on the annual percentage change reflected in the Consumer Price Index (CPI) in effect on June 1, 2020. DATES: This final rule is effective January 1, 2021.

02.17.2021 Higher-Priced Mortgage Loan Escrow Exemption (Regulation Z) -The Bureau of Consumer Financial Protection (Bureau) is issuing this final rule to amend Regulation Z, which implements the Truth in Lending Act, as mandated by section 108 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The amendments exempt certain insured depository institutions and insured credit unions from the requirement to establish escrow accounts for certain higher-priced mortgage loans. DATES: This final rule is effective February 17, 2021.

03.01.2021 Qualified Mortgage Definition under the Truth in Lending Act (Regulation Z): Seasoned QM Loan Definition - With certain exceptions, Regulation Z requires creditors to make a reasonable, good faith determination of a consumer's ability to repay any residential mortgage loan, and loans that meet Regulation Z's requirements for "qualified mortgages" (QMs) obtain certain protections from liability. Regulation Z contains several categories of QMs, including the General QM category and a temporary category (Temporary GSE QMs) of loans that are eligible for purchase or guarantee by government-sponsored enterprises (GSEs) while they are operating under the conservatorship or receivership of the Federal Housing Finance Agency (FHFA). The Bureau of Consumer Financial Protection (Bureau) is issuing this final rule to create a new category of QMs (Seasoned QMs) for first-lien, fixed-rate covered transactions that have met certain performance requirements, are held in portfolio by the originating creditor or first purchaser for a 36-month period, comply with general restrictions on product features and points and fees, and meet certain underwriting requirements. The Bureau's primary objective with this final rule is to ensure access to responsible, affordable mortgage credit by adding a Seasoned QM definition to the existing QM definitions. DATES: This final rule is effective March 1, 2021.

03.15.2021 OCC Final Rule on Supervisory Guidance - The OCC is adopting a final rule that codifies the Interagency Statement Clarifying the Role of Supervisory Guidance, issued by the OCC, Board of Governors of the Federal Reserve System (Board), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and Bureau of Consumer Financial Protection (Bureau) (collectively, the agencies) on September 11, 2018 (2018 Statement). By codifying the 2018 Statement, with amendments, the final rule confirms that the OCC will continue to follow and respect the limits of administrative law in carrying out its supervisory responsibilities. The 2018 Statement reiterated well-established law by stating that, unlike a law or regulation, supervisory guidance does not have the force and effect of law. As such, supervisory guidance does not create binding legal obligations for the public. Because it is incorporated into the final rule, the 2018 Statement, as amended, is binding on the OCC. The final rule adopts the rule as proposed without substantive change. DATES: This final rule is effective March 15, 2021.

03.15.2021 CFPB Final Rule On The Role Of Supervisory Guidance - The Bureau of Consumer Financial Protection (Bureau) is adopting a final rule that codifies the Interagency Statement Clarifying the Role of Supervisory Guidance, issued by the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (Board), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and the Bureau (collectively, the agencies) on September 11, 2018 (2018 Statement). By codifying the 2018 Statement, with amendments, the final rule confirms that the Bureau will continue to follow and respect the limits of administrative law in carrying out its supervisory responsibilities. The 2018 Statement reiterated well-established law by stating that, unlike a law or regulation, supervisory guidance does not have the force and effect of law. As such, supervisory guidance does not create binding legal obligations for the public. Because it is incorporated into the final rule, the 2018 Statement, as amended, is binding on the Bureau. The final rule adopts the rule as proposed without substantive change. DATES: This final rule is effective March 15, 2021.

04.01.2021 Unsafe and Unsound Banking Practices: Brokered Deposits and Interest Rate Restriction - The FDIC is finalizing revisions to its regulations relating to the brokered deposits and interest rate restrictions that apply to less than well capitalized insured depository institutions. For brokered deposits, the final rule establishes a new framework for analyzing certain provisions of the "deposit broker" definition, including "facilitating" and "primary purpose." For the interest rate restrictions, the FDIC is amending its methodology for calculating the national rate, the national rate cap, and the local market rate cap. Further, the FDIC is explaining when nonmaturity deposits are accepted and when nonmaturity deposits are solicited for purposes of applying the brokered deposits and interest rate restrictions. DATES: Effective Date: April 1, 2021; with an extended compliance date of January 1, 2022, as provided in section I(C)(4).

04.01.2021 FDIC Rule on the Role of Supervisory Guidance - The FDIC is adopting a final rule that codifies the Interagency Statement Clarifying the Role of Supervisory Guidance, issued by the FDIC, Board of Governors of the Federal Reserve System (Board), Office of the Comptroller of the Currency, Treasury (OCC), National Credit Union Administration (NCUA), and Bureau of Consumer Financial Protection (Bureau)(collectively, the agencies) on September 11, 2018 (2018 Statement). By codifying the 2018 Statement, with amendments, the final rule confirms that the FDIC will continue to follow and respect the limits of administrative law in carrying out its supervisory responsibilities. The 2018 Statement reiterated well-established law by stating that, unlike a law or regulation, supervisory guidance does not have the force and effect of law. As such, supervisory guidance does not create binding legal obligations for the public. Because it is incorporated into the final rule, the 2018 Statement, as amended, is binding on the FDIC. The final rule adopts the rule as proposed without substantive changes. DATES: This final rule is effective April 1, 2021.

04.01.2021 Unsafe and Unsound Banking Practices: Brokered Deposits and Interest Rate Restriction - The FDIC is finalizing revisions to its regulations relating to the brokered deposits and interest rate restrictions that apply to less than well capitalized insured depository institutions. For brokered deposits, the final rule establishes a new framework for analyzing certain provisions of the "deposit broker" definition, including "facilitating" and "primary purpose." For the interest rate restrictions, the FDIC is amending its methodology for calculating the national rate, the national rate cap, and the local market rate cap. Further, the FDIC is explaining when nonmaturity deposits are accepted and when nonmaturity deposits are solicited for purposes of applying the brokered deposits and interest rate restrictions. DATES: Effective Date: April 1, 2021; with an extended compliance date of January 1, 2022, as provided in section I(C)(4).

07.29.2021 Regulation D: Reserve Requirements of Depository Institutions - The Board of Governors of the Federal Reserve System ("Board") is adopting amendments to Regulation D (Reserve Requirements of Depository Institutions) to eliminate references to an "interest on required reserves" rate and to an "interest on excess reserves" rate and replace them with a reference to a single "interest on reserve balances" rate; and to simplify the formula used to calculate the amount of interest paid on balances maintained by or on behalf of eligible institutions in master accounts at Federal Reserve Banks, and to make other conforming amendments. The Board requested comment on the amendments and received one comment that addressed issues not raised

	by the proposed amendments. Accordingly, the Board is adopting the final rule as proposed without change. DATES: Effective July 29, 2021.
10.01.2022	Qualified Mortgage Definition under the Truth in Lending Act (Regulation Z): General QM Loan Definition - With certain exceptions, Regulation Z requires creditors to make a reasonable, good faith determination of a consumer's ability to repay any residential mortgage loan, and loans that meet Regulation Z's requirements for "qualified mortgages" (QMs) obtain certain protections from liability. One category of QMs is the General QM category. For General QMs, the ratio of the consumer's total monthly debt to total monthly income (DTI or DTI ratio) must not exceed 43 percent. This final rule amends the General QM loan definition in Regulation Z. Among other things, the final rule removes the General QM loan definition's 43 percent DTI limit and replaces it with price-based thresholds. Another category of QMs consists of loans that are eligible for purchase or guarantee by either the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) (government-sponsored enterprises or GSEs), while operating under the conservatorship or receivership of the Federal Housing Finance Agency (FHFA). The GSEs are currently under Federal conservatorship. In 2013, the Bureau established this category of QMs (Temporary GSE QMs) as a temporary measure that would expire no later than January 10, 2021 or when the GSEs cease to operate under conservatorship. In a final rule released on October 20, 2020, the Bureau extended the Temporary GSE QM loan definition to expire on the mandatory compliance date of final amendments to the General QM loan definition in Regulation Z (or when the GSEs cease to operate under the conservatorship of the FHFA, if that happens earlier). In this final rule, the Bureau adopts the amendments to the General QM loan definition that are referenced in that separate final rule. DATES: The Consumer Financial Protection Bureau (CFPB) formally delayed the mandatory compliance date of the General Qualified Mortgage (QM) final rule from July 1, 2021 to October 1, 2022.

Common words, phrases and acronyms

APOR	"Average Prime Offer Rates" are derived from average interest rates, points, and other pricing terms offered by a representative sample of creditors for mortgage transactions that have low-risk pricing characteristics.
CFPB	Consumer Financial Protection Bureau
CARD Act	Credit Card Accountability Responsibility and Disclosure Act of 2009
CFR	Code of Federal Regulations. Codification of rules and regulations of federal agencies.
CRA	Community Reinvestment Act. This Act is designed to encourage loans in all segments of communities.
CRE	Commercial Real Estate
CSBS	Conference of State Bank Supervisors
CTR	Currency Transaction Report. Filed for each deposit, withdrawal, exchange of currency that involves a transaction in currency of more than $10,000.
Dodd-Frank Act	The Dodd–Frank Wall Street Reform and Consumer Protection Act
DOJ	Department of Justice
FDIC	Federal Deposit Insurance Corporation
EFTA	Electronic Fund Transfer Act

Federal bank regulatory agencies	FDIC, FRB, and OCC
Federal financial institution regulatory agencies	BFCP, FDIC, FRB, NCUA, and OCC
FEMA	Federal Emergency Management Agency
FFIEC	Federal Financial Institutions Examination Council
FHFA	Federal Housing Finance Agency
FHA	Federal Housing Administration
FinCEN	Financial Crime Enforcement Network
FR	Federal Register. U.S. government daily publication that contains proposed and final administrative regulations of federal agencies.
FRB, Fed or Federal Reserve	Federal Reserve Board
FSOC	Financial Stability Oversight Council
FTC	Federal Trade Commission
GAO	Government Accountability Office
HARP	Home Affordable Refinance Program

HAMP	Home Affordable Modification Program
HMDA	Home Mortgage Disclosure Act
HOEPA	Home Ownership and Equity Protections Act of 1994
HPML	Higher Priced Mortgage Loan
HUD	U.S. Department of Housing and Urban Development
IRS	Internal Revenue Service
MLO	Mortgage Loan Originator
MOU	Memorandum of Understanding
NFIP	National Flood Insurance Program. U.S. government program to allow the purchase of flood insurance from the government.
NMLS	National Mortgage Licensing System
OCC	Office of the Comptroller of the Currency
OFAC	Office of Foreign Asset Control
OREO	Other Real Estate Owned

QRM	Qualified Residential Mortgage
Reg. B	Equal Credit Opportunity
Reg. C	Home Mortgage Disclosure
Reg. DD	Truth in Savings
Reg. E	Electronic Fund Transfers
Reg. G	S.A.F.E. Mortgage Licensing Act
Reg. P	Privacy of Consumer Financial Information
Reg. X	Real Estate Settlement Procedures Act
Reg. Z	Truth in Lending
RESPA	Real Estate Settlement Procedures Act
SAR	Suspicious Activity Report – Report financial institutions file with the U.S. government (FinCEN) regarding activity that may be criminal in nature.
SDN	Specially Designated National
TILA	Truth in Lending Act
TIN	Tax Identification Number
Treasury	U.S. Department of Treasury