Regulatory Dispatch

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Federal Bank Regulatory Agencies Seek Further Comment on Interagency Effort to Reduce Regulatory Burden

The federal bank regulatory agencies today announced their third notice requesting comment to reduce regulatory burden. The Economic Growth and Regulatory Paperwork Reduction Act of 1996 requires the Federal Financial Institutions Examination Council and federal bank regulatory agencies to review their regulations at least once every 10 years to identify outdated or otherwise unnecessary regulatory requirements for their supervised institutions.
To facilitate this review, the agencies divided their regulations into 12 categories and are now soliciting comments on their regulations for three categories: Rules of Procedure, Safety and Soundness, and Securities. The public has 90 days from publication in the Federal Register to comment on the relevant regulations.

The agencies will request comment on regulations in the remaining categories in 2025, asking the public to identify the regulations they believe are outdated, unnecessary, or unduly burdensome.

The agencies will hold a series of outreach meetings where interested parties may comment on applicable regulatory requirements directly to the agencies. Information about the outreach meetings will be publicized as details are finalized.

RELATED LINKS:

- Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA)
- Federal Register Notice

Bank Management

	FRB Beige Book (12/04/2024) – 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. National Summary

	Overall Economic Activity Economic activity rose slightly in most Districts. Three regions exhibited modest or moderate growth that offset flat or slightly declining activity in two others. Though growth in economic activity was generally small, expectations for growth rose moderately across most geographies and sectors. Business contacts expressed optimism that demand will rise in coming months. Consumer spending was generally stable. Many consumer-oriented businesses across Districts noted further increases in price sensitivity among consumers, as well as several reports of increased sensitivity to quality. Spending on home furnishings was down, which contacts attributed to limited household mobility. Demand for mortgages was low overall, though reports on recent changes in home loan demand were mixed due to volatility in rates. Commercial real estate lending was similarly subdued. Still, contacts generally reported financing remained available. Capital spending and purchases of raw materials were flat or declining in most Districts. Sales of farm equipment were a notable headwind to overall investment activity, and several contacts expressed concerns about the future prices of equipment given ongoing weakness in the farm economy. Energy activity in the oil and gas sector was flat but demand for electricity generation continued to grow at a robust rate. The rise in electricity demand was driven by rapid expansions in data centers and was reportedly planned to be met by investments in renewable generation capacity in coming years. Labor Markets Employment levels were flat or up only slightly across Districts. Hiring activity was subdued as worker turnover remained low and few firms reported increasing their headcount. The level of layoffs was also reportedly low. Contacts indicated they expected employment to remain steady or rise slightly over the next year, but many were cautious in their optimism about any pickup in hiring activity. Wage growth softened to a modest pace across most Districts, as did expectations for wage growth in coming months. Job growth and wage growth for entry-level positions and skilled trades were an exception, rising robustly and expected to grow further through next year. Prices Prices rose only at a modest pace across Federal Reserve Districts. Both consumer-oriented and business-oriented contacts reported greater difficulty passing costs on to customers. Input prices were said to be rising faster than selling prices for most businesses, resulting in declining profit margins. Although input prices rose generally, contacts in several Districts noted declines in certain raw materials and non-labor costs. In contrast, rising insurance prices were again reported widely as significant costs pressures for many businesses. Contacts indicated they expect the current pace of price growth to persist, but businesses in several Districts indicated tariffs pose a significant upside risk to inflation.

BSA / AML

	FinCEN Joins Agencies in Issuing A Statement on Elder Financial Exploitation (12/05/2024) - The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) has joined five federal financial regulatory agencies and state financial regulators in issuing a

	statement today to provide supervised institutions with examples of risk management and other practices that may be effective in combatting elder financial exploitation. Older adults who experience financial exploitation can lose their life savings and financial security and face other harm. A FinCEN Financial Trend Analysis of Bank Secrecy Act reports over a one-year period ending in June 2023 found that about $27 billion in reported suspicious activity was linked to elder financial exploitation. News Release: https://www.fincen.gov/sites/default/files/2024-12/Press-Release-for-Interagency-Statement-on-Elder-Fraud-FINAL-508C.pdf Statement: https://fincen.gov/sites/default/files/2024-12/Interagency-Statement-on-EFE-FINAL-508C.pdf
	FinCEN Invites Nominations for Membership on the Bank Secrecy Act Advisory Group (12/04/2024) – The Financial Crimes Enforcement Network (FinCEN) is inviting nominations for membership on the Bank Secrecy Act Advisory Group (BSAAG). BSAAG membership is open to financial institutions subject to the Bank Secrecy Act (BSA), trade groups with members that are subject to the BSA, and federal and non-federal regulators and law enforcement agencies that are located within the United States. Membership is granted to organizations, not to individuals. Organizational members will be selected to serve a three-year term. Please see the Federal Register Notice for important details about the nominations process. ***Comment: The BSAAG is the means by which the Treasury receives advice on the reporting requirements of the Bank Secrecy Act, and informs private sector representatives on how the information they provide is used.***

Deposit / Retail Operations

	FDIC Provides Additional Questions and Answers Regarding FDIC Official Signs and Advertising Requirements, False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC Name or Logo (12/02/2024) – The Federal Deposit Insurance Corporation (FDIC) is updating its Questions and Answers (Q&As) related to the final rule governing FDIC Official Signs and Advertising Requirements, False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC Name or Logo (part 328). The Q&As provide answers to a collection of frequently asked questions relating to part 328 from stakeholders, including banks, trade associations, technology companies, vendors, and other entities. The FDIC is making these additional Q&As publicly available to promote transparency and support compliance efforts. The Q&As can be found on the FDIC's website.

	Comment: As noted in the accompanying press release, "The newly issued Q&As cover key implementation topics such as the use of the digital sign and placement of the official sign in bank branches."
	FDIC Consumer News What You Should Know About Gift Cards (12/03/2024) – So you can enjoy giving and receiving Gift cards can be a convenient present for the holidays and special occasions. While they seem simple, it is important that both the giver and the recipient read the details for each card to avoid any misunderstandings, and there might be additional policies set by the merchant or bank issuing the card. ***Comment: The FTC also provides helpful information on spotting and reporting gift card scams.***

Lending

	FRB Releases Results of Survey of Senior Financial Officers at Banks About Their Strategies and Practices for Managing Reserve Balances (12/06/2024) – The Federal Reserve Board on Friday 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 banks' reserve balance management strategies and practices, their deposit pricing strategies, their expectations for potential changes in both the size and composition of their balance sheets, and their views regarding Federal Reserve facilities. The most recent survey was conducted in collaboration with the Federal Reserve Bank of New York between September 20, 2024, and October 4, 2024, and includes responses from banks that held a bit more than 80 percent of total banking system reserve balances at the time of the survey.
	FRB G. 19 (12/06/2024) – October 2024 In October, consumer credit increased at a seasonally adjusted annual rate of 4.5 percent. Revolving credit increased at an annual rate of 13.9 percent, while nonrevolving credit increased at an annual rate of 1.1 percent. ***Comment: In 2025, several trends in consumer credit are expected to impact how Americans borrow and manage debt. From high interest rates to the growth of alternative financing and FinTech, 2025 could be a bumpy year in consumer credit for community banks.***
	HousingWire Trigger Leads Removed From NDAA (12/05/2024) – A bill aimed at limiting the use of credit trigger leads was excluded from the Senate's Fiscal Year 2025 National Defense Authorization Act (NDAA), the Broker Action Coalition informed its members on

Wednesday. However, the group assured members that a backup strategy is already in place.

"This bill, along with a slew of other provisions, were stripped out of the current version of the NDAA package," which means that the "Trigger Lead Bill is unlikely to pass this year," executives at the trade group wrote in a letter directed to partners and advocates.

In September, Senate Armed Services Committee Chairman Jack Reed (D-RI) and Ranking Member Roger Wicker (R-MS) included the bill, also known as the Homebuyers Privacy Protection Act of 2024, in the military spending bill, expected to be voted on in mid-December.

Comment: Not what we had hoped for. The problem remains that after consumers apply for a residential mortgage, credit reporting agencies sell their contact information. These "trigger leads" generate an influx of solicitations to consumer who often put the blame on community banks as the cause.

FFIEC CRA Alert 2024 CRA Data Entry Software Release 2 (12/05/2024) – Version 2024 for the CY 2024 CRA data due March 3, 2025 is now available. Each software version is year-specific (i.e. 2023 reporting requires 2023 CRA DES and not 2024 CRA DES).

The software must be installed locally on a hard disk; it is NOT network compatible.

FFIEC 2025 CRA File Specifications and Edits (12/05/2024) – The CRA file specifications describe the format used when sending automated CRA data to the Board of Governors. This format should be used if you are a CRA reporter regulated by OCC (Office of the Comptroller of the Currency), FRS (Federal Reserve System),or FDIC (Federal Deposit Insurance Corporation). CRA data may be submitted via diskette, CD-ROM, or e-mail.

CFPB Proposes Rule to Stop Data Brokers from Selling Sensitive Personal Data to Scammers, Stalkers, and Spies (12/03/2024) – The Consumer Financial Protection Bureau (CFPB) today proposed a rule to rein in data brokers that sell Americans' sensitive personal and financial information. The proposed rule would limit the sale of personal identifiers like Social Security Numbers and phone numbers collected by certain companies and make sure that people's financial data such as income is only shared for legitimate purposes, like facilitating a mortgage approval, and not sold to scammers targeting those in financial distress. The proposal would make clear that when data brokers sell certain sensitive consumer information they are "consumer reporting agencies" under the Fair Credit Reporting Act (FCRA), requiring them to comply with accuracy requirements, provide consumers access to their information, and maintain safeguards against misuse.
"By selling our most sensitive personal data without our knowledge or consent, data brokers can profit by enabling scamming, stalking, and spying," said CFPB Director Rohit Chopra. "The CFPB's proposed rule will curtail these practices that threaten our personal safety and undermine America's national security."

The data broker industry collects and sells detailed information about Americans' personal lives and financial circumstances to anyone willing to pay. The CFPB's proposal would ensure data brokers comply with federal law and address critical threats from current data broker practices, including:

- National security and surveillance risks: Countries of concern, like China and Russia, can purchase detailed personal information about military service members, veterans, government employees, and other Americans for pennies per person. This enables the creation of detailed dossiers for potential espionage, surveillance, or blackmail operations, allowing relatively small investments to be leveraged into mass surveillance operations.

- Criminal exploitation: Identity thieves and scammers purchase detailed financial profiles to target vulnerable consumers, particularly seniors and financially distressed individuals. These criminals can use this data to execute sophisticated fraud schemes and steal retirement savings, often targeting Americans who can least afford the losses.

- Violence, stalking, and personal safety threats to law enforcement personnel and domestic violence survivors: The availability of sensitive contact information poses risks to those who are targeted for their profession, such as judges, police officers, prosecutors, and other government employees. Domestic violence survivors also face grave dangers when their current addresses and phone numbers are readily available for purchase through data brokers. Several states have already had to take action to protect judges and law enforcement officers after violent incidents, including the 2020 murder of a federal judge's son by an attacker who purchased her home address.

To address these risks, the proposed rule would:

- Treat data brokers just like credit bureaus and background check companies: Companies that sell data about income or financial tier, credit history, credit score, or debt payments would be considered consumer reporting agencies required to comply with the FCRA, regardless of how the information is used.

- Protect consumers' personal identifiers from abuse and misuse: When consumer reporting agencies collect information like names, addresses, or ages for credit reports, any subsequent sale of that information would be covered by the FCRA's protections.

- Require clear consumer consent for data sharing: Under the proposed rule, companies relying on consumers’ consent to obtain or share a consumer’s credit report would need separate, explicit authorization to do so, rather than burying permissions in fine print.

These changes would significantly limit the ability of data brokers to sell sensitive contact information that could be used to target, harass, or dox individuals seeking privacy protection, including domestic violence survivors. The proposed rule would preserve existing pathways created by the FCRA for government agencies to access consumer report information for legitimate law enforcement, counterterrorism, and counterintelligence purposes.

Congress enacted the FCRA, one of the first data privacy laws in the world, in 1970 to, among other things, strictly limit the use of personal data by a growing data surveillance industry. The CFPB's proposed rule would ensure that the FCRA's strong privacy protections safeguard consumers from modern day data brokers that rely on emerging technologies and newer business models to collect and sell consumer data.

The CFPB developed this proposed rule based on extensive market monitoring that revealed widespread evasion of consumer protections. The agency found that data brokers routinely sidestep the FCRA by claiming they aren't subject to its requirements – even while selling the very types of sensitive personal and financial information Congress intended the law to protect. This proposed rule would further Congress's goal of protecting Americans' privacy and financial information.

The proposed rule is part of a broader government-wide initiative to protect Americans' sensitive personal data, complementing recent Executive Orders and actions by other federal agencies. In October, the Department of Justice proposed a rule to prevent access to Americans' sensitive personal data by Russia, Iran, China, and other countries of concern.

Read today's Notice of Proposed Rulemaking.

Read a fact sheet about the proposal.

Comments must be received on or before March 3, 2025.

Read Director Chopra's remarks on the proposal.

Comment: The final decision on this rule will be up to the new head of the CFPB based on President-elect Donald Trump's pick for that role. While the incoming administration is expected to lessen regulatory restraints on businesses, the proposed rule is supported by law enforcement, national security officials, and lawmakers from both parties, which may increase the chances for the survival of this CFPB regulation.

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.

09.17.2024 **FDIC** Recordkeeping for Custodial Accounts Summary: SUMMARY: The Federal Deposit Insurance Corporation (FDIC) is proposing requirements that would strengthen FDIC-insured depository institutions' (IDI) recordkeeping for custodial deposit accounts with transactional features and preserve beneficial owners' and depositors' entitlement to the protections afforded by Federal deposit insurance. The proposal is intended to promote the FDIC's ability to promptly make deposit insurance determinations and, if necessary, pay deposit insurance claims "as soon as possible" in the event of the failure of an IDI holding custodial accounts with transactional features. The proposed requirements also are expected to result in depositor and consumer protection benefits, such as promoting timely access by consumers to their funds, even in the absence of the failure of an IDI. The requirements described in this document would only apply to IDIs offering custodial accounts with transactional features and that are not specifically exempted as provided in this NPR. **DATES: Comments must be received by the FDIC on or before January 16, 2025 (extended by the FDIC from the original December 2, 2024 deadline.)**