AMERICANS FOR FINANCIAL REFORM

THIS WEEK IN WALL STREET REFORM
January 25 – 31, 2014

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Dan Wasserman, Boston Globe, 1/27/14

Measuring JPMorgan's Folly: What Did Jamie Dimon Really Earn?
Eleanor Bloxham, CNNMoney, 1/27/14
"What rational person wouldn't have recoiled when it was announced last week that JPMorgan's CEO Jamie Dimon was awarded $20 million in 2013 pay? I write 'awarded' because, by all rights, Dimon has *earned* the boot. What was the board thinking? That for every thousand dollars a company pays out in penalties (in this case around $20 billion) they should kick back a dollar to the CEO who helped make it possible?

"If Dimon were a bigger man, he would have turned the 74% pay increase down. If Lee Raymond, lead director and chair of JPMorgan's compensation committee, were a bigger man, he would never have offered it in the first place. But this isn't the first time Raymond has kowtowed to Dimon's ego…"

Was Dimon's Raise Deserved?
Jeanine Skowronski, American Banker, 1/27/14
"News broke late last week that JPMorgan Chase's (JPM) board had voted to increase the

chairman and CEO's 2013 pay by 74%. Dimon – whose pay was cut last year to $11.5 million, following the London Whale scandal – is set to receive $18.5 million in restricted stock in addition to his $1.5 million base salary. Now Bloomberg reports that Dimon might actually make another $34 million this year, should JPMorgan's board permit him to collect two million stock options originally granted in 2008.

This possibility and the board's initial decision elicited a certain amount of incredulity, given that over the last year, JPMorgan Chase has agreed to pay more than $20 billion in fines to settle various allegations of wrongdoing. Regulatory settlements address everything from the aforementioned Whale saga to energy market manipulation, crisis-era mortgage misdeeds and aiding and abetting Bernie Madoff's Ponzi scheme.

Meet the People Who Gave JPMorgan's Jamie Dimon a $9.5 Million Raise
Peter Dreier, Huffington Post, 1/27/14
"[JPMorgan] is one of the most influential and connected corporations in the country, so it should be no surprise that its board of directors… include individuals who are deeply enmeshed in the overlapping web of elite affiliations and whose views of what constitutes reasonable compensation would appear outrageous to many people outside the world of the .001 percent.

"So let's sneak a peek inside the JPMorgan board room to see who was sitting at the table when Dimon got his raise…"

Accounting for Jamie Dimon's Big Pay Raise
James B. Stewart, NY Times, 1/31/14
"David Larcker, an expert in executive compensation and director of the Corporate Governance Research Program at Stanford University's Graduate School of Business, said his father "was a regular guy working as a carpenter, and to him this kind of pay would be inconceivable." But, he added, 'If you look at this from the point of view of the board, this package seems to be structured the right way.'

"He noted that the bulk of Mr. Dimon's pay — $18.5 million — was in the form of restricted stock, which does not vest immediately and can be canceled by the board. 'It's not like he's taking home $20 million in cash,' Professor Larcker said. 'His incentives are aligned with shareholders. There's risk imposed on him. That's called pay for performance, and it's a good thing.'"

Stop Encouraging Bankers to Take Foolish Risks
Lisa Gilbert and Bartlett Naylor, The Hill, 1/29/14
"Though the attention to the vital Volcker Rule restriction on bank gambling is incredibly important, there is another foundational statute meant to redress the causes of the 2008 financial crash—compensation and its connection to risky behavior that is dangerous to Main Street—that has been overlooked. We aim to correct that.

"One reason that bankers crashed the economy is because, in effect, they were paid to. CEOs and other highly paid bankers were literally motivated in their pay structures to take inappropriate risks. (One very obvious example: mortgage lenders, who pumped dubious product into the securitization pipeline regardless of borrower qualification.)"

CONSUMER FINANCE AND CFPB

Hensarling Looking for Dirt on CFPB
Ben Goad, The Hill, 1/27/14
"The chairman of the House Financial Services Committee is putting out a call for public feedback on the three-year-old Consumer Financial Protection Bureau, saying he wants to hold the 'most powerful' government agency accountable.

"Rep. Jeb Hensarling (R-Texas) said Monday the committee is devoting **a section of its website** to the collection of information about how the bureau has affected business owners or consumers, as well as customers… 'Since many citizens today justifiably fear reprisals when it comes to speaking their mind about Washington agencies — just witness the IRS scandal — they can tell us if they don't want their story shared with anyone else,' Hensarling said."

Is the CFPB's Building a Money Pit?
Alan Zibel, Wall St. Journal, 1/28/14
"The Consumer Financial Protection Bureau's director, Richard Cordray, came under fire Tuesday on Capitol Hill for what Republicans characterized as a lavish plan to renovate property located on G Street near the White House. House Financial Services Committee Chairman Rep. Jeb. Hensarling (R., Texas) questioned why renovating the building had soared to $145.1 million from a prior estimate of $95 million, according to a December financial report from the regulator. The regulator's employees are expected to move to temporary space while the renovation work is being completed."

Financial Watchdog Digs In
Darrell Delamaide, USA Today, 1/28/14
"Next to health care reform, the recent government initiative that will have the biggest impact on Americans for years to come is the new agency created to regulate mortgages, credit cards, student loans, auto loans, and a host of other consumer financial products we all use.

"At a hearing this week, Texas Republican Jeb Hensarling, chairman of the House Financial Services Committee, called the Consumer Financial Protection Bureau 'perhaps the single most powerful' agency in Washington. He did not mean it as a compliment, because he also qualified it as 'the least accountable.'"

Republicans Question Consumer Bureau's $100 Million 'Palace'
Ben Goad, The Hill, 1/28/14

Cordray Calls House Republican's Comments 'Offensive'
Bloomberg Video, 1/28/14

Waters Speaks Out on CFPB's Strong Record of Consumer Protection
HFSC Minority, 1/28/14

Cordray Loses Cool After House GOP Attacks
Rachel Witkowski, American Banker, 1/28/14

Cordray Returns to Jeopardy!
Peter Schroder, The Hill, 1/31/14

[Consumer Advocates Claim Victory After 2-Year Campaign for Reform](#)
Charlene Crowell, The Informer, 1/24/14
"More good news keeps coming for consumers in early 2014. On the heels of new mortgage rules that took effect on Jan. 10, the following week four banks making payday loans pulled their products from the market. Announcing a halt to their triple-digit interest rates were Wells Fargo, Regions, Fifth Third and US Bank. Together, these lenders have combined assets of $2.1 trillion, serving customers through 30,000 branches and more than 21,500 ATMs across the country.

"Sometimes known as advance deposit loans, or trademarked names such as US Bank's Checking Account Advance or Wells Fargo's Direct Deposit Advance, the loans operate in the same manner as payday loans hawked by stores. Customers borrow a few hundred dollars and then the bank repays itself from the borrower's next direct deposit, assessing a fee plus the entire loan amount."

Bank Payday Gone! What's Next For Small Dollar Loans?
NCLC, 1/30/14
"The seven banks that have exited the payday loan business this month have an opportunity to show leadership in developing affordable small dollar credit options for consumers with less than pristine credit, according to advocates at the National Consumer Law Center (NCLC). 'Banks have thankfully exited the payday loan business,' said Lauren Saunders, managing attorney of the National Consumer Law Center in Washington. 'I am confident that banks that were making 300% so-called deposit advance products can develop better small dollar credit options and non-credit options, even for consumers who do not qualify for prime lines of credit.'

"In the past week, in response to regulatory pressure and public outrage, Wells Fargo, U.S. Bank, Fifth Third Bank, Regions Bank, Bank of Oklahoma and its affiliates, and Guaranty Bank all announced that they were halting their deposit advance programs that made short term loans at rates near or above 300% APR. Many of the banks said they are working on other products."

Mortgage Lender PHH Accused of Taking Kickbacks From Insurers
Alan Zibel, Wall Street Journal, 1/29/14
"The Consumer Financial Protection Bureau on Wednesday claimed the New Jersey-based company referred borrowers to companies with whom it had business relationships. The case will be handled by an administrative law judge, who will hold hearings and make a decision on the charges.

"Mortgage insurance is often required when consumers buy houses with down payments of less than 20%. The insurance protects the lender if the borrower defaults. Lenders, rather than the borrowers, generally choose the insurance provider.

"The CFPB alleges that PHH over 15 years collected up to 40% of premiums paid by consumers to mortgage insurers, a setup that resulted in 'hundreds of millions of dollars in kickbacks.' The company was aware the prices its borrowers were being charged for the insurance were higher than those of competitors, according to the regulator."

DOJ Defends Payday Lender Probe
Andrew R. Johnson, Wall St. Journal, 1/30/14

Congressmen Go To Bat For Abusive Payday Lending Industry
Josh Israel, ThinkProgress, 1/27/14
"… In recent weeks, the U.S. Department of Justice began to take aim at the big banks that illegally help payday lenders rip off consumers. "Operation Choke Point" is a massive investigation into whether banks help payday lenders illegally siphon billions of dollars from consumers' checking accounts in exchange for a fee. Some banks, which offered loans of their own, recently announced they would get out of the payday lending business entirely to avoid a separate regulatory crackdown.

"But rather than cheer this consumer-friendly move, two powerful Congressmen are moving to stop it. House Oversight Committee Chairman Darrell Issa (R-CA) and Subcommittee on Economic Growth, Job Creation and Regulatory Affairs Chairman Jim Jordan (R-OH) sent a letter to Attorney General Eric Holder on January 8, accusing the Justice Department of 'using its civil investigative power' to 'inappropriately target two lawful financial services: third-party payment processing and online lending.'"

DERIVATIVES, COMMODITIES AND THE CFTC

Bank of America Trading Practices Examined
Kevin McCoy, USA Today, 1/25/14
"Federal prosecutors and regulators have investigated whether Bank of America improperly executed its own futures trades ahead of large orders executed for its clients, a financial regulatory filing shows. The June 14 filing on the securities industry regulator FINRA website, first reported by *Reuters* on Saturday, does not accuse the North Carolina-based bank of any wrongdoing.

"But the filing states that the U.S. attorney's office in North Carolina 'is investigating whether it was proper for the swaps desk to execute futures trades prior to the desk's execution of block future trades on behalf of counterparties...' The filing also states that the Commodity Futures Trading Commission "is conducting a parallel investigation into the trading issue."

Gold Bulls Boost Bets Amid Longest Rally Since 2012
Joe Richter and Marvin Perez, Bloomberg, 1/27/14

INEQUALITY AND THE STATE OF THE UNION MESSAGE

What Obama Should Say to Wall Street in His State Of The Union
Timothy Noah, MSNBC, 1/25/14
"… Often derided as a toothless tiger, Dodd-Frank is actually changing the way Wall Street does business. That shouldn't make Obama complacent. It should embolden him to climb back into the bully pulpit and address some unfinished business. It's time to break up the big banks.

"An irony of the 2008 financial crisis, which necessitated the unpopular, but necessary, bailout of banks deemed 'too big to fail' is that it led to even greater consolidation. In 1990, the country's five biggest banks held 9.7% of the nation's banking assets, according to a recent report by SNL Financial. By 2007 it was 38.4%. Today it's 44.2%.

"This is the logical outcome of a banking deregulation binge that started more than 30 years ago and which Dodd-Frank reversed only at the margins. The investment class took bigger and more lucrative risks knowing that whenever a bank failed, the federal government would, in most cases, either bail it out or hastily arrange a shotgun marriage with another suitably large bank. Moral hazard begat financial instability, which in turn begat ever-greater gigantism in banking. This cycle has been terrible for ordinary Americans but a bonanza for Wall Street and a major driver of inequality between the top 1% (really, the top 0.1%) and everybody else."

Four Things Obama Should Say About Inequality in the State of the Union
George Zornick, The Nation, 1/27/14
"Even though the Dodd-Frank Wall Street Reform and Consumer Protection Act took some steps to mitigate the damage from the collapse of a huge financial institution, the problem of 'too big to fail' still remains. It's a sword hanging over any progress on income inequality—data shows that recessions caused by banking crises are really hard to recover from. The crash and slow recovery often exacerbates inequality: between 2009 and 2012, income for the bottom 99 percent of Americans increased 0.4 percent while the top 0.1 percent saw income gains 45 percent."

Obama's Underwhelming Plan to Tackle Inequality
Lynn Paramore, AlterNet, 1/29/14
"If you were wanting something bold and butt-kicking, something that takes on inequality in America the way Lyndon B. Johnson took on poverty in his 1964 State of the Union address, you did not find it tonight.

"You didn't hear about expanding Social Security, a sensible plan supported by Sen. Elizabeth Warren and others. You didn't hear about getting to full employment (but you did hear some conservative rhetoric about how unemployment is really about workers not having the right skills, which has been repeatedly debunked). You didn't hear about bringing justice to criminal bankers who prey on hard-working Americas. You didn't hear about asking the rich to pay their fair share in taxes, or putting a financial transaction tax on Wall Street, or backing off the grotesque Trans-Pacific Partnership, or ending too-big-to-fail, or taking real action to get the money out of politics.

INVESTOR PROTECTION & SEC

SEC's Piwowar Talks Fiduciary, Money Fund Reform
Mark Schoeff, Investment News, 1/27/14
"One of the newest members of the Securities and Exchange Commission on Monday expressed doubt that it should propose a rule raising investment advice standards for brokers, advocating instead for strengthened disclosure.

"Michael Piwowar acknowledged that research has shown investors are confused by the differing advice standards that brokers and investment advisers must meet. But he said he isn't sure that if investors don't understand the distinction — financial advisers must act in their best interests while brokers meet a less stringent suitability standard — that the remedy is a new regulation forcing brokers to meet a higher bar.

SEC's Turf Threatened, Commissioner Michael Piwowar Says
Dina ElBoghdady, Washington Post, 1/27/14
"One of the newest members of the Securities and Exchange Commission blasted a panel of top financial regulators Monday for encroaching on the agency's turf — and rebuffing him when he tried to get a seat at the table.

"In one of his first public speeches since joining the SEC in August, Republican Commissioner Michael Piwowar said that the Financial Stability Oversight Council is 'reaching into the SEC's realm' and posing 'an existential threat' to the agency and other regulators."

Libyan Investment Fund Files Suit Against Goldman
Jenny Anderson, NY Times, 1/20/14

MORTGAGES/FORECLOSURES/HOUSING FINANCE

Wall Street's New Housing Bonanza
Michael Corkery, NY Times, 1/29/14
"Wall Street's latest trillion-dollar idea involves slicing and dicing debt tied to single-family homes and selling the bonds to investors around the world.

"That might sound a lot like the activities that at one point set off a global financial crisis. But there is a twist this time. Investment bankers and lawyers are now lining up to finance investors, from big private equity firms to plumbers and dentists moonlighting as landlords, who are buying up foreclosed houses and renting them out…

"'The investment and lending opportunities are immense and perhaps just beginning,' Jade Rahmani, a real estate analyst with Keefe, Bruyette & Woods, wrote in a recent report."

"'Even if it's the case that more confusion does lead to worse outcomes, it's not clear to me that that's enough to justify engaging in rule making,' Mr. Piwowar told reporters following a speech at the U.S. Chamber of Commerce in Washington. 'At that point, we need to consider whether we can do more on the investor education front and more on the disclosure front.'"

Court of Appeal Rules that Big Banks Step into Shoes of Foreclosed Landlords When Trying to Evict Tenants
Western Center on Law and Poverty, 1/24/14
"The often forgotten victims of the foreclosure crisis – renters – won a decisive victory yesterday in the California Court of Appeal. In *Nativi v. Deutsche Bank*, the court held that the federal Protecting Tenants at Foreclosure Act requires post-foreclosure owners, including big banks, to step into the shoes of the former landlord when they acquire a rental property.

"According to Madeline Howard, who helped initiate the case while at Bay Area Legal Aid and is currently a staff attorney with Western Center on Law & Poverty, this decision protects tenants across the country who suffer when their landlords fall behind on their mortgage payments. 'Because of this decision, tenants like the Nativis, who were locked out of their apartment and left homeless, have recourse in state court,' she said."

Wall Street Bonds Draw Scrutiny Where Subprime Spread: Mortgages
John Gittelsohn and Heather Perlberg, Bloomberg Personal Finance, 1/31/14

"Mark Takano saw how subprime mortgages devastated his hometown of Riverside, California, after Wall Street helped inflate a housing bubble that burst and left a trail of foreclosures among the worst in the U.S. Now a first-term Democratic Congressman representing a district east of Los Angeles, Takano said he worries about a repeat as banks including Goldman Sachs Group Inc. and JPMorgan Chase & Co. prepare to create securities based on the latest real estate boom: Rental homes.

"'We should learn from history,' Takano, 53, said in a telephone interview this week, days after he asked the Financial Services Committee to hold hearings on the bonds. 'We see a similar kind of instrument now being pioneered.'"

Complaints about Closings
Lisa Prevost, NY Times, 1/16/14
"If you, like so many others, have a gripe about your last mortgage closing, federal regulators want to hear about it. The Consumer Financial Protection Bureau is seeking comments from consumers and industry professionals about problems, or what the agency calls 'pain points,' in the closing process.

"'We recently finalized our Know Before You Owe rules that improve the information you get when you're shopping for a mortgage and signing on the dotted line,' said Peter Carroll, the bureau's assistant director for mortgage markets, in a statement provided by the agency. 'As part of our effort to make sure these rules are effectively implemented, we're taking a deeper look at the overall mortgage closing process.'"

RPT-Fitch: Positive Equity Doesn't Prevent All U.S. Foreclosures
Reuters, 1/28/14
"Fitch estimates that the percentage of borrowers entering foreclosure with positive equity has roughly doubled in the last two years. While equity continues to be an important factor for borrower payment behavior, income and ability to pay are key drivers as well.

"It is clear that rising home prices have had a positive influence on borrower behavior. However, some portion of borrowers still exhibit an inability to recover as the economy has moderately improved. This seems particularly evident in many of the RMBS loans that have been entering into the foreclosure process over the past few years. In many cases, troubled borrowers with equity are unable to sell their properties because the proceeds of the sale would not be enough to cover the mortgage amount, the closing costs, and the backlog of missed payments. Loans entering foreclosure today have missed roughly two years of payments on average, more than double the pre-crisis, long term average."

REVOLVING DOOR

A Former Regulator Returns to Private Practice
Ben Protess. NY Times, 1/29/14
"Before David Meister was butting heads with Wall Street's top defense lawyers, he was one of them. And now, after spending nearly three years as a federal regulator, Mr. Meister is returning to his defense lawyer past.

"Mr. Meister, who left Skadden, Arps, Slate, Meagher & Flom to run the enforcement unit of the Commodity Futures Trading Commission, is rejoining the law firm as a partner in New York."

[Dodd-Frank Architect Goes To Law Firm]
Megan R. Wilson, The Hill, 1/29/14
"An Obama Administration alum joined the government controversies and public policy litigation practice at the law firm Jenner & Block. Timothy A. Karpoff spent five years with the administration, most recently serving as the head Treasury Department's Office of Financial Institutions Policy, where he led the rollout of the Dodd-Frank financial reform."

STUDENT LOANS

[Will Congress Turn Its Back on Students?]
Ronan Farrow, MSNBC, 1/30/14
"More than 40 million Americans now hold student loan debt, amounting to a total of $1.2 trillion. Each year, that number swells. Last year's average borrower finished college owing more than $26,000; this year, that number is projected to be higher…

"President Obama has positioned himself as a defender of vulnerable student borrowers. In 2010, he championed legislation that phased out the use of private lenders like Sallie Mae to administer federal loans. The White House projected that removing these middle-men would save $68 billion over the following 11 years. The understanding was that those savings would be passed to students and, in theory, the legislation was a step toward that goal.

"But in practice, savings are reverting to the government, not borrowers... Federal loans are projected to generate about $185 billion for the government over the course of the next decade. Averaged annually, those earnings would rank the federal student loan program among the 20 most profitable companies in the world. 'Instead of helping our students, the government is making a profit,' Sen. Elizabeth Warren has said. 'It's obscene.'"

[The Government Doesn't Know How Much Its Student Loans Cost]
Karen Weise, Bloomberg, 1/31/14
"Depending on whom you ask, the government either makes tens of billions of dollars on the backs of student borrowers, or more or less breaks even. The debate, which boils down to the arcana of accounting techniques, was hotly contested last year, with Democrats such as Massachusetts Senator Elizabeth Warren decrying how the government 'profits' off student loans. The controversy caused Congress to ask the Government Accountability Office to weigh in, which led to a report released today. The GAO came back with a non-answer, finding that there's no good way to know how much the government spends or makes on funding student loans.

"The GAO said it could take as long as 40 years to figure the true costs of the program because there are so many variables, from the overall interest rate environment to the number of students who take advantage of different repayment options."

[Online Complaints System Will Police Colleges Over GI Bill Benefits]
Leo Shane III, Stars and Stripes, 1/30/14
"Federal officials on Thursday launched an online complaints system designed to root out colleges taking advantage of student veterans and their military education benefits. Complaints will be reviewed by the departments of Veterans Affairs, Defense, Education and Justice, along with the Consumer Financial Protection Bureau and Federal Trade Commission.

"The massive interagency effort will allow federal officials to use their findings to pressure schools into changing, or go after harsher punishment if warranted.

"Veterans groups hailed the move as a game-changer. 'This is going to give us the ability to identify problems and trends veterans are having, and name names,' said Ryan Gallucci, deputy legislative director for the Veterans of Foreign Wars."

CFPB Unveils New Feedback System For GI Bill And Tuition Assistance Recipients
Holly Petraus, CFPB Blog, 1/3/14
"In April 2012, at Fort Stewart, GA, I was privileged to watch President Obama sign Executive Order 13607: Establishing Principles of Excellence for Educational Institutions Serving Service members, Veterans, Spouses and other Family Members.The Order directed the Departments of Veterans Affairs and Defense, in consultation with other government agencies, to create a system that would hold educational institutions accountable for the quality of the programs that they provide to those who use military-related education benefits. Its intent was to give military personnel, veterans, and their families the information they need to make informed decisions about where to spend their hard-earned military benefit dollars – and a place to complain if things went wrong.

"Today, the CFPB is very pleased to join the Departments of Veterans Affairs, Defense, Education, and Justice, as well as the Federal Trade Commission, in announcing a new online student complaint system where servicemembers, veterans, and their families can report negative experiences at education institutions and training programs administering the Post-9/11 GI Bill, DoD Military Tuition Assistance, and other military-related education benefit programs.

For-Profit Colleges Face New Wave of State Investigations
John Lauerman, Bloomberg, 1/29/14
"For-profit colleges, bruised by years of investigations and rule-making, may face additional financial pressure from a new wave of state probes by attorneys general and the U.S. Consumer Financial Protection Bureau.

"Education Management Co. (EDMC), the education chain partly owned by Goldman Sachs Group Inc.; Corinthian Colleges Inc. (COCO); ITT Educational Services Inc. (ESI); and Career Education (CECO) Corp. have said since Friday that they've received demands for information from a network of at least 12 attorneys general. The Federal Trade Commission has stiffened guidelines for marketing vocational training programs, which many for-profit colleges offer.

"The CFPB, created in 2011 to regulate financial products, has said it's preparing to tackle student debt, which has climbed to $1.2 trillion and is pervasive among former students at for-profit colleges. Richard Cordray, head of the consumer bureau and a former Ohio attorney general, said in written testimony to a House panel yesterday that the bureau has received thousands of complaints and comments about private student loans and debt."

Career Education Under Inquiry From 12 Attorneys General
Oliver Staley, Bloomberg, 1/27/14
"The inquiries relate to student recruitment, lending, graduate placement statistics and certification, the Schaumburg, Illinois-based company said today in a regulatory filing. The company said it is cooperating with the states involved. Career Education fell 5.8 percent to $5.72 in New York. The shares have climbed 63 percent in the last year.

“Career Education is one of several for-profit education companies under investigation for marketing and recruitment practices. Corinthian Colleges Inc. and ITT Educational Services Inc. also said today that they received subpoenas or inquiries from a variety of states.”

States Expand For-Profit Education Probe
Alan Zibel, Wall Street Journal, 1/27/14

Gillibrand Challenges Obama to Ease Student Loan Debt
S.A. Miller & Elizabeth Hagen, NY Post, 1/27/14

SYSTEMIC RISK

Republicans Press Treasury on Asset Management Report
Wall St. Journal, 1/29/14
“Republican Senators pressed a senior Treasury Department official on the risks associated with large asset-management companies in a sign of brewing lawmaker opposition to heightened regulation of the industry. At a Senate Banking Committee hearing, three Republican senators criticized a September report from the Treasury’s Office of Financial Research, which found the industry poses financial system risks because of its trading activities and other factors. The report was requested by a group of senior U.S. regulators who are in the early stages of evaluating whether large asset managers should be brought in for stricter oversight by the Federal Reserve.

“’You could argue that the September report in some ways may overstate the risks and in some ways minimizes the very extensive regulation that is already in place on asset managers,’ said Sen. Pat Toomey (R. Penn.).”

THE UNDERBANKED

U.S. Postal Service Should Offer Loans, Bank Products, Agency Says
Rachel Witkowski, American Banker, 1/27/14
“The U.S. Postal Service should consider fixing its massive budget shortfall by offering financial products such as debit cards, remittances and loans to underbanked consumers, according to a paper issued Monday by the agency's Office of the Inspector General. The white paper said the beleaguered Postal Service could raise approximately $8.9 billion in additional revenue and reach potentially 68 million adults by offering such products, including international money orders and transfers.

“The move could introduce a hefty player to the banking industry at a time when many bankers are cutting back or increasing costs on certain services largely due to heightened regulation. However, the OIG report says the suggestion is not meant to make the Postal Service a competitor to banks, even suggesting it could partner with institutions.”

See Full US Postal Service IG Report

Post Office Offering Loans is 'Worst Idea Since the Edsel': Banks
Rachel Witkowski And Kevin Wack, American Banker, 1/27/14
“Although the [Inspector General’s] white paper explicitly said the Post Office should work with local financial institutions — not compete with them — bankers and payday lenders reacted negatively to the proposal, saying it would pose significant risks to the system.

"’Is this April 1?’ said Richard Hunt, president chief executive of the Consumer Bankers Association. ‘The U.S. Postal Service should focus on profitably fulfilling its current mission — delivering mail. This would be like the banking industry moving into running the airlines.’"

T-Mobile Answers Call of Underbanked as Banks Fail to Pick Up
Mary Wisniewski &Penny Crosman, American Banker, 1/23/14
“T-Mobile's bid to provide basic checking services to its mobile phone customers is the latest signal that banks are losing the low end of the consumer market.

“By offering a reloadable prepaid Visa card, a mobile banking app, and other rudimentary features of a checking account, the carrier has joined a growing list of companies that are enabling consumers to bank without going to a bank. Walmart, Green Dot, American Express, Simple, Plastyc and others are also vying for the business of the nation's 68 million underbanked and unbanked consumers. Many of these customers don't want or need full-service accounts but do need inexpensive ways to deposit checks and pay for things - which a lot of them, particularly the younger set, prefer to do through mobile devices. The nontraditional providers aim to win them over with low fees and mobile apps.”

OTHER TOPICS

Major Banks Suspend Foreign Exchange Traders Over Market Manipulation
Pratap Chatterjee. CorpWatch, 1/20/14
“Several major banks - notably Citibank, Deutsche Bank and HSBC - have suspended over a dozen global foreign exchange traders in a growing scandal over manipulation in the $5.3 trillion-a-day market. Barclays, Goldman Sachs, JP Morgan, Royal Bank of Scotland, Standard Chartered and UBS are also being investigated.

“’The FX (foreign exchange) market is like the Wild West,’ James McGeehan of FX Transparency told Bloomberg news, which first broke the news of the scandal ‘It’s buyer beware.’”

Obama Starter Retirement Plan Lacks Many 401(k) Features
Richard Rubin, Newsmax, 1/30/14