"The difficulty lies not so much in developing new ideas as in escaping from old ones."

? Economist John John Maynard Keynes, born on this day in 1883

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Regulators: "Racism and Discrimination Must Not Be Tolerated"

The members of the Federal Financial Institutions Examination Council (FFIEC) released the following statement on the importance of financial inclusion:

“We, the prudential and consumer financial protection regulators of the U.S. financial
system, are committed to financial inclusion. Racism and discrimination must not be tolerated. Everyone deserves the opportunity to participate in our financial mainstream. We remain steadfastly dedicated to ensuring that the financial institutions which we regulate provide fair access and fair treatment to everyone in America.”

The FFIEC is comprised of the Federal Reserve, FDIC, OCC, CFPB, NCUA and State Liaison Committee

**CFPB and State Regulators Provide Additional Guidance to Assist Borrowers Impacted by the COVID-19 Pandemic**

The Consumer Financial Protection Bureau and the Conference of State Bank Supervisors issued joint guidance to mortgage servicers to assist in complying with the Coronavirus Aid, Relief and Economic Security (CARES) Act provisions granting a right to forbearance to consumers impacted by the COVID-19 pandemic.

Servicers of federally backed mortgages, such as Fannie Mae or Freddie Mac, Department of Housing and Urban Development, Department of Veterans Affairs, or Department of Agriculture loans, must grant forbearance to borrowers with pandemic-related hardships that may last as long as two consecutive 180-day periods. Furthermore, additional interest, fees, or penalties beyond the amounts scheduled or calculated should be waived with no negative impact to the borrower’s mortgage contract during the forbearance.
Mortgage servicers could violate the CARES Act or other applicable law and potentially cause consumer harm if they were to require documentation from borrowers to prove financial hardship, if they did not grant the forbearance once properly requested, or if they steered borrowers away from forbearance or misled them.

Last month, the Bureau and CSBS released a consumer guide to their relief options, which be accessed here: csbs.org/mortgage-relief-coronavirus.

To read the guidance click here: csbs.org/cares-act-forbearance-foreclosure [PDF]

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**National Survey Snapshot: What attributes of your bank presented opportunities or challenges in responding to the COVID-19 pandemic?**

We are excited this week to release a snapshot of the 2020 CSBS National Survey. This is a word cloud generated in response to the question “What attributes of your bank presented opportunities or challenges in responding to the COVID-19 pandemic?” While there have been several challenges associated with the Paycheck Protection Program (PPP) and other COVID-19 relief efforts, what sticks out are the following: “customer” and “community”. Community banks and bankers continue to focus on serving their local communities and maintaining and strengthening relationships with their customers. We are grateful for the all of the responses to date, and we hope that with more responses in the upcoming weeks we can continue to share these valuable insights. If you would like to distribute the 2020 CSBS National Survey, a link is available here. Next week, we plan to release our weekly report and list of individual banks. Stay tuned! As always, if you have any questions, please contact Alisha Sears (asears@csbs.org).
Second Round of 2020 Community Bank Case Study Competition Announced

Twenty teams from universities nationwide have advanced to the second round of the 2020 CSBS Community Bank Case Study Competition. This year’s competition examines the impact of the Bank Secrecy Act and Anti-Money Laundering (BSA-AML) requirements on community banks.

“The judges had a difficult time choosing who would advance to the next round due to the stellar case studies submitted this year,” said CSBS Senior Executive Vice President Michael L. Stevens. “These students have conducted excellent case studies that will provide policymakers with great insight into how BSA-AML has impacted community banks.”

This is the sixth year of the competition, which is open to undergraduate students in all
fields of study as an opportunity to gain valuable first-hand knowledge of the banking industry. The teams advancing to the second round were chosen from a pool of 37 student teams representing 33 colleges and universities.

The case studies will undergo two more rounds of rigorous judging by two additional panels of banking experts. The top five teams will be announced on June 4, and the top three scoring teams will be announced on June 18.

Each student member and faculty advisor of the first-place winning team will receive a $1,000 scholarship and be invited to present at the CSBS-Federal Reserve-FDIC Community Banking in the 21st Century Research and Policy Conference. Their work will be published in the annual CSBS Journal of Community Bank Case Studies. Teams that place second and third will also receive scholarships and have their works published in the journal.

Student teams from the following universities advanced to the second round:

- Concordia College
- DePaul University
- Grove City College
- James Madison University
- Mansfield University of Pennsylvania
- Marquette University
- Merrimack College
- Mississippi State University
- Montana State University
- Muhlenberg College
- Nicholls State University - Team 1
- Nicholls State University - Team 2
- Ohio State University
- Penn State University
- Purdue University
- Trine University
CFPB Should Consider Fed-State Coordination in Consumer Finance Law Update

State regulators have “significant” concerns about the timing and focus of the Consumer Financial Protection Bureau’s (CFPB) request for information for recommendations on harmonizing and updating the federal consumer financial laws, CSBS said in a comment letter today.

The recommendations are intended to assist the Taskforce on Federal Consumer Financial Law. However, state regulators are not represented on the task force, despite being a critical partner with the CFPB in enforcing federal consumer protection laws and handing a significant portion of consumer complaints regarding the functionality of the consumer finance market.

The lack of state regulator representation is particularly concerning because the CFPB’s
request suggests additional preemption of state laws and state regulatory authority is appropriate.

“This naturally raises concerns regarding whether the current composition of the Taskforce will enable it to objectively assess and make informed recommendations regarding federal and state coordination and the role of state consumer protections law,” the letter says.

Additionally, CSBS questions the timing of the request during a global pandemic that has created economic distress across the nation, which has likely meant less public attention and response. Instead, the CFPB should be focused on working in partnership with state regulators to protect consumers facing economic hardship, the letter says.