



# FAST FIVE

## Public Policy Insights and Developments

### North America

July 31, 2020

#### Featured

1. **Brookings Event Based on Premise Payments are Broken.** Brookings held an event this week on “Fixing America’s Payment System.” It largely focused on the future of FinTechs and “what is a bank?” The featured speaker was OCC’s Brian Brooks, who argued 1) institutions should want to be supervised as opposed to unsupervised, and 2) payments are inherently national and global, requiring a federal regulator. Brooks placed a heavy emphasis on OCC’s pending charter for FinTechs. He emphasized to banking trades it is a misinterpretation to assume that it will be a lighter touch regulatory environment for FinTechs. He remarked, “If you believe in a level-playing field, then I’m your best friend.” Unfortunately, he also argued, “We are building on old technology and old rails and we just need to start over.” His long-term goals at OCC are: 1) a national platform for payment laws, and 2) decentralization through stable coins and blockchain-based payments.
2. **Tech Giant CEOs Testify before House Judiciary Panel.** As expected, there were plenty of bombastic statements during the Tech Giant’s testimony before a House Judiciary subcommittee. Several Members compared Facebook, Google, Amazon, and Apple to railroad barons. On the other side, Republicans argued Tech Giants, “routinely suppress conservative views.” Meanwhile, the CEOs emphasized the overwhelming consumer approval of their products and services. Jeff Bezos noted 80% of consumers have a favorable view of Amazon. Sundar Pichai remarked that the iPhone has a 99% customer satisfaction rating. Most CEOs noted the increasing competition from China (e.g. Tik Tok and other emerging Chinese companies). All argued their companies are essential during COVID-19 to keep stores running online, while brick-and-mortar is shuttered. The Chair of the Subcommittee, Congressman David Cicilline (D-RI), was blunt in his criticism. For example: “Why does Google steal content from honest businesses? Google’s business model is the problem.” He also argued Amazon is only interested in exploiting its market power and Congress must act. This series has evolved from an investigation of Tech Giants to explicit calls for Congress and regulators to act. Congressman Cicilline noted the subcommittee will issue a report in the coming months with specific legislation to counteract market concentration and abusive practices.
3. **CFPB’s Kraninger Testifies on Combatting Effects of COVID.** Consumer Financial Protection Bureau Director Kathy Kraninger testified before the Senate Banking Committee this week on addressing systemic racism and the impacts of COVID-19. She testified the goal of CFPB is to create a regulatory environment that prevents credit discrimination and expands credit access for minority consumers. Director Kraninger said information gathered from this request will provide the CFPB with clear data on how to best enforce and enhance the Equal Credit Opportunity Act (ECOA). Senate Banking Chair Mike Crapo (R-ID) noted the CFPB has taken important actions to mitigate the impact of the pandemic on consumers, such as mortgage origination and servicing

rules. By contrast, Ranking Member Sherrod Brown (D-OH) alleged that the CFPB is exploiting the coronavirus crisis to roll back consumer protections, such as payday and small-dollar loan language.

## **Future**

1. **Senate Republicans Introduce CARES 2.0 Legislation.** The marker for Phase IV negotiations was put down this week and quickly rejected by Democrats in Congress. Republicans put forth a roughly \$1 trillion CARES 2.0 bill (aka “HEALS Act”) this week that reduced the additional unemployment insurance from \$600 a week to \$200 and provided additional support for the Paycheck Protect Program. It also reintroduced CARES Act rebates and mandates they be disbursed, “as rapidly as possible.” In addition, the draft includes encouraging language on contactless, offering businesses a tax credit to deploy contactless point of sale systems or other technologies that limit, “physical contact between customers and employees.” This proposal contains no significant support for state and local governments but that will change as negotiations continue between the parties.
2. **Senate Continues to Scrutinize CARES Act Spending.** The Senate Homeland Security and Governmental Affairs Committee heard testimony from a range of witnesses across the ideological spectrum this week. The hearing focused on oversight of the Paycheck Protection Program (PPP), Economic Impact Payments (EIP), and Pandemic Unemployment Assistance. Republicans were also largely critical of the \$150 billion in state and local funding, noting only nine states had responded to questions on how much was spent and the amount of money remaining. This point could prevent Republicans from committing more to state and local governments. On the other side of the aisle, Ranking Member Gary Peters (D-MI) argued the Administration has largely botched the rollout of CARES, with improper EIP and a lack of PPP transparency. He also called on Congress to provide a strong round of economic relief in the upcoming CARES 2.0 legislation.
3. **Finance Committee Hears Range of Options on WTO Reform.** This week, the Senate Finance Committee, which has some oversight of trade, heard from a range of witnesses on reforming the World Trade Organization (WTO). The Chair of the Committee, Senator Chuck Grassley (R-IA), argued the WTO must do more to promote digital trade and ensure an equal playing field with our trading partners. In addition, he urged the Administration and WTO to fix the dispute settlement process, arguing the process takes far too long and often produces muddled outcomes. Ranking Member Ron Wyden (D-OR) echoed Senator Grassley’s concerns on dispute settlement and pushed the U.S. to work more closely with its allies to combat China’s influence.
4. **Senators Examine Policy on Competing with China.** The Senate Commerce Committee heard testimony from officials with the Departments of State and Commerce, and representatives from Brookings and the U.S. - China Economic and Security Review Commission. Because additional sanctions on China are always on the minds of Members, this hearing discussed increasing U.S. competitiveness with China, as opposed to additional punitive measures. The Commerce Department witness argued the U.S. should begin to maintain the security of domestic supply chains, invest more in domestic R&D, and use the Defense Production Act to boost demand. Witnesses also discussed general strategies to increase U.S. exports in all sectors, including services.