

Good morning, Bank Slaters!

The CFPB has decided to take things up to 11 recently. The bureau, under Director Rohit Chopra, has set its sights on a number of matters relevant to banks and credit unions.

Let's take a quick look at what Chopra and the CFPB have been up to.

- In December, the bureau opened an inquiry into Buy Now Pay Later (BNPL) practices, asking five companies to provide data on the risks and benefits of their products.
- The CFPB [said on June 16](#) that it would step up its examination of certain financial institutions' overdraft and nonsufficient funds (NSF) policies. The bureau, which had been collecting key metrics from 20 institutions, said it could use the data to identify lenders that merit "further examination and review."
- Chopra wrote in [a June 17 blog](#) that the bureau would consider changes to the QM rule's underwriting standards, along with the CARD Act and the Fair Credit Reporting Act.
- Less than a week later, Chopra issued an advance notice of proposed rulemaking to assess if late fees charged by credit card issuers are "reasonable and proportional," as required by the CARD Act. He pointed to inflation as a reason for his actions.

"Credit card late fees are big revenue generators for card issuers," Chopra said in the release for the advance notice.

"We want to know how the card issuers determine these fees and whether existing rules are undermining the reforms enacted by Congress over a decade ago," he added.

"Current rules might give companies the incentive to impose big hikes based on inflation."



What should banks and credit unions do?

- **Don't panic.** The reality is that most financial institutions are doing things the right way. The CFPB will likely start with the bigger institutions and challenger banks when it comes to increased oversight.
- **Monitor developments.** Watch what the CFPB does in terms of policy suggestions and individual fines. That should provide some clarity on what Chopra and the bureau's expectations will be for BNPL, overdraft/NSF and CARD Act compliance.
- **Review policies.** This is definitely a clarion call to take a look under the hood of your operations. Review your policies, products and services. Look at your disclosures and make sure what you're doing is as consumer-friendly as possible. Be proactive.
- **Weigh in.** Talk to your legislators and engage with your examiners. Touch base with your national and state associations and provide comment letters whenever the CFPB (or another regulatory body) seeks them.

Hope that helps. Are you doing anything else to prepare for more aggressive CFPB oversight? If so, hit me up at paul.davis.mba@gmail.com.

Let's take a gander at some headlines.

M&A

- First Bancorp in North Carolina has [agreed to buy](#) GrandSouth Bancorp. in South Carolina. First Bancorp said it will pay \$181 million for GrandSouth in a deal expected to close by early 2023.
- BankFirst Capital in Mississippi [agreed to buy](#) Tate Financial in Mississippi in a deal expected to close in the third quarter. The price wasn't disclosed.
- Washington Business Bank [agreed to sell itself](#) to Stripe co-founder Darragh Buckley for \$30 a share in cash in a deal expected to close later this year.
- Two Rivers Financial Group in Iowa, has [agreed to buy](#) Lee County Bank in Iowa in a deal expected to close in the third quarter.

Arrivals/Departures

- Blake Paulson, who briefly served as acting comptroller in 2021, is one of three members of the OCC's executive committee [stepping down on July 1](#).
- Digital Federal Credit Union in Marlborough, Mass., [has hired Shruti Miyashiro](#) to succeed the retiring Jim Regan as president and CEO on Aug. 1.
- Horizon Bancorp in Indiana said Michele Magnuson, a former executive at LaPorte Bancorp, [will succeed](#) Daniel Hopp as lead director on June 30. Horizon bought LaPorte in 2016.

Fintech

- Truist Financial in North Carolina [debuted its technology center](#). The 100,000-square-foot center features "client journey rooms," a research lab and collaboration hubs where teams will work with clients to improve products and services.

Miscellaneous

- The Fed has [banned Karl Klessig](#), an investor who tried to buy Golden Pacific Bancorp in California, from the banking industry after determining that he provided a fraudulent loan document and forged signature when he applied to buy the bank two years ago. SoFi would eventually buy Golden Pacific.
- Burke & Herbert in Virginia will [seek regulatory approval](#) to form Burke & Herbert Financial Services.

- St. Landry Homestead Federal Savings Bank in Louisiana is [now Catalyst Bank](#). The move reflects the bank's recent mutual-to-stock conversion, which created Catalyst Bancorp.
- ECB Bancorp in Massachusetts is letting investors [buy more shares of its stock](#) as part of its mutual-to-stock conversion.

Just like that, you're caught up. Have a restful weekend. We have a full week ahead of us on Monday.

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