

Amazon's finance ambitions are said to draw attention from Fed

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U.S. banks are keeping a watchful eye on the ambitions of Amazon.com Inc. and other technology giants to break into the world of finance. So is the Federal Reserve.

Fed Vice Chairman Randal Quarles, the U.S.'s most influential banking watchdog, is monitoring the potential for disruption to the industry and has expressed concern about how tech companies could provide financial services outside of regulators' oversight, according to people who've spoken with him privately. Quarles hasn't yet made any moves to intervene and the Fed's influence would be limited.

Should the Fed get involved in the debate, it could be welcome news for traditional banks, who view Amazon and other technology companies as potential threats that enjoy fewer regulatory constraints. The companies are increasingly encroaching on lenders' business, as evidenced by Amazon's recent interest in offering a product akin to checking accounts.

Quarles's scrutiny is still preliminary and has taken a back seat to other priorities, such as making changes to post-crisis financial rules, said the people, who asked not to be named because the talks are private. But it represents a more cautious stance than some other Trump administration

regulators. Keith Noreika, who temporarily ran the Office of the Comptroller of the Currency, called last year for rethinking restrictions on companies engaged in commerce from also running banks.

Amazon, Alphabet Inc.'s Google, and other tech giants have become a lightning rod in Washington because of their size and influence. President Donald Trump has assailed Amazon and its chief executive officer, Jeff Bezos, accusing the [company](#) of evading tax rules and ripping off the U.S. postal service. On Sunday, Mnuchin urged the Justice Department to review the power that firms such as Google have over the U.S. economy.

A Fed spokesman declined to comment, while an Amazon spokesman didn't respond to requests for comment.

Thus far, Amazon has explored offering products similar to checking accounts through partnerships with banks. The Fed has limited reach into nonbank companies and can typically only regulate them through their partnerships with banks—unless they're designated someday as systemically important by the Financial Stability Oversight Council, a group of regulators that monitors threats to the economy. While Quarles isn't a voting member of FSOC, Fed Chair Jerome Powell is.

"It's not surprising to me that another federal financial regulator is thinking through this and, at least in this case, asking the traditional questions about safety and soundness," said Brian Peters, executive director of Financial Innovation Now, a lobbying group whose members include Amazon. "We welcome that. We want to be regulated at the federal level."

Banks Affected

As Amazon plows into one industry after another, traditional banks have feared they may be affected. Amazon, Google and Facebook Inc. are already

encroaching on turf long dominated by lenders, including payments and making loans to small businesses.

The tech firms often have more positive reputations among consumers, and can have insights into the public's purchasing habits. Amazon revealed last month it has more than 100 million Prime members, who pay a subscription fee to get free shipping, movie streaming and faster grocery delivery via its website.

Amazon has one of the biggest lobbying apparatuses in Washington, weighing in on everything from copyright law to drones delivering goods to taxes. When it comes to financial policy, Amazon has mostly focused on legislation related to consumer payments and cyber security. But that could change should the Fed get more involved in looking into its business.

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