

Statement of Senator Tim Johnson
Senate Committee on Banking, Housing and Urban Affairs
“Modernizing Bank Supervision and Regulation, Part II”
March 24, 2009

Thank you Chairman Dodd and Ranking Member Shelby for holding today’s hearing. As we now know, the regulatory structure overseeing U.S. financial markets has proven dangerously unable to keep pace with innovative, but risky, financial products; this has had disastrous consequences. Congress is now faced with the urgent task of looking at the role and effectiveness of the current regulators and fashioning a more responsive system.

I share my colleagues’ great interest in a systemic risk regulator. I am interested in how that entity would interact with existing bank regulators. I also think it is vitally important that we address the “too big to fail” issue. How do the regulators unwind these institutions without causing economic harm? In addition, I share the interest in proposals to enhance consumer protections—particularly whether this should include a separate regulatory body specifically designed to protect consumers. I look forward to hearing the views of today’s witnesses on these topics and a variety of other topics that they believe we should consider as we look for solutions.

I will continue working to fashion good, effective regulations that balance consumer protection and allow for sustainable economic growth. Today’s hearing is an important piece in the development of proposals to modernize the bank regulatory structure. Any proposal must create the kind of transparency, accountability, and consumer protection that is lacking in our system of regulation.

Thank you, Mr. Chairman.