

Statement of Senator Tim Johnson
Senate Committee on Banking, Housing, and Urban Affairs
Financial Institutions Subcommittee
“Examining the State of the Banking Industry”
October 14, 2009

As Congress and this Committee continue its work to stabilize financial institutions and promote our nation’s economic recovery, I have called this hearing today for regulators to give us an update on the current conditions of the financial institutions in our country. It is vital that we know what continuing challenges and concerns our nation’s institutions face. Specifically, I continue to be concerned about the lending environment, particularly for small businesses, the capital needs of institutions, and the impact of commercial real estate and other loan portfolios on institutions’ balance sheets. In addition, while many of the large banks in our country have stabilized, the FDIC’s list of troubled banks, many of them small community banks, is growing.

While restructuring our nation’s regulatory system is this Committee’s top priority, I don’t think we can do that without a clear understanding of what is happening within the sector. Concerns and problems within individual financial institutions will still exist even with a new regulatory structure unless they are addressed as well. Continuing to ensure the safety and soundness of viable institutions and the overall financial stability of our nation’s economy is vital to protecting all Americans’ pocketbooks, savings and retirement.

I want to thank the witnesses for being here today, and I look forward to hearing from each of you regarding any developing trends or concerns within the banking industry or throughout the economy, and to hear of the regulatory or supervisory steps your agencies are taking to respond to these challenges.