

For delivery
April 9, 2025

Statement by
Michelle W. Bowman
Member
Board of Governors of the Federal Reserve System
before the
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
April 10, 2025

Chairman Scott, Ranking Member Warren, and Members of the Committee, thank you for the opportunity to appear before you today. I am deeply honored and grateful for the trust and confidence President Trump has placed in me by nominating me to fill the role of Vice Chair for Supervision of the Board of Governors of the Federal Reserve System.

I am also grateful to my family for their continued support. My husband, Wes, and our two children, Jack and Audrey, are here with me today. The rest of our family are watching from home in Kansas.

My background as a community banker, as the Kansas State Bank Commissioner, and more than six years of experience as a member of the Board and the FOMC has thoroughly prepared me to carry out the responsibilities of the Vice Chair for Supervision. During my tenure, I have served as oversight governor for the Division of Consumer and Community Affairs, chair of the Smaller Regional and Community Banking subcommittee, member of the Payments committee and currently as Chair of the Committee on Supervision and Regulation. In all of my roles, I have worked to ensure the safety and soundness, and fairness, of the financial system to support a strong economy.

If confirmed, I will prioritize reforming and refocusing supervision, restoring regulatory tailoring, ensuring a viable path for innovation in the banking system, and promoting transparency and accountability.

First, supervision must be reformed and refocused to better address core and material financial risks. We have seen significant shortcomings in supervision over the past few years that must be addressed to ensure that the U.S. banking system is safe and sound. Supervision must be grounded in applicable law, and provide clear standards to regulated institutions. Supervisory expectations should not surprise regulated firms. Supervision cannot eliminate risk

from the banking system, but it can and should promote sensible risk management that enables the banking system to support economic growth and serve the financial needs of all Americans. And should a bank fail, supervision should minimize and mitigate any harm to consumers, businesses, and the financial system.

Second, regulations must be approached in a pragmatic way that ensures they are efficient and effective. This pragmatic approach requires identifying the problem targeted by the regulation, considering the costs and benefits of any proposed change, as well as incentive effects, impacts on markets, and potential unintended consequences. We must prioritize the identification and remediation of issues that may pose long-term structural problems to the banking system and the critical markets it supports, including addressing regulatory disincentives to Treasury market intermediation activities by banks and their affiliates.

As I work toward improvements in bank regulation, together with counterparts at the other agencies, I will continue to rely on a tailored approach, especially for community and regional banks. Tailoring is fundamental to ensuring we maintain and enhance the diversity of the U.S. banking system, which must include and support banks of all sizes.

The U.S. regulatory framework has grown expansively to become overly complicated and redundant, with conflicting and overlapping requirements. This growth has imposed unnecessary and significant costs on banks and their customers.

Third, regulators must promote innovation in the banking system. To remain viable and competitive, banks must be able to consider new technologies that can improve products and services, and lower costs. Regulators should adopt an approach that encourages and promotes sensible innovation.

Finally, to promote accountability, regulators must be transparent—both in supervision and regulation. Successful policymaking requires openness and humility, caution and a deliberate approach. I can assure the Committee that if I am confirmed as the Vice Chair for Supervision, I will be strongly committed to these values.

As I have demonstrated throughout my career, I am committed to carrying out my responsibilities by objectively making decisions based on the best available information and input from community and business leaders, industry, consumer groups, academics and Americans from across the country.

Thank you and I look forward to answering your questions.