November 15, 2022
Hearing Entitled "Oversight of Financial Regulators: A Strong Banking and Credit Union System for Main Street"
Opening Statement

This hearing will come to order.

We know that most Americans want the same things – a safe, affordable place to call home, a good-paying job, and a strong, stable government that they can trust. Our democratic institutions are only as strong as the people who empower them. Our economy works best when we have a free and fair democracy in which everyone can live their lives with dignity.

For too long, many of these dreams have felt out of reach. Working families struggle to pay for groceries, to keep gas in their car and a roof over their heads. We know the cost of living and raising kids continues to rise.

Democrats are listening and have delivered for the American people. We passed legislation to lower prescription drug costs. We helped families stay in their homes during the height of the pandemic. We made investments in public transit and our nation's infrastructure. For the first time in generations we've been focused on communities that our government has turned their back on, especially the state government in my state. Now we are tackling inflation by taking on corporate power and consolidation and by reducing our dependence on foreign oil.

We're doing all that while creating good-paying manufacturing jobs here at home. These jobs, making semiconductors, electric vehicles, and solar panels, are the jobs of the future. Those jobs will go to Americans because we passed the CHIPS Act, the Inflation Reduction Act, and the Bipartisan Infrastructure Law.

And we're seeing results. Our economic recovery has been strong and continues to grow. Over the past two years, many Americans have built up more in savings. We've seen robust job growth and, for the first time in decades, wage gains for workers. And just last week we began to see signs that inflation is starting to cool. Banks and credit unions are doing well, thanks to the protections we put in place in the Dodd-Frank Act and because of the support Congress and regulators provided during the pandemic.

But too many big corporations have taken advantage of market concentration, jacking up consumer prices and earning higher and higher profits. As my colleague Senator Reed has pointed out, the biggest banks that benefit from higher interest rates today are not passing on those benefits to their customers, penalizing Americans who are trying to build up their savings.

Workers and small businesses who are already struggling under the weight of inflation shouldn't get hit with exorbitant bank fees, lose their money to a crypto scam, or worry that their savings will disappear overnight if a mismanaged bank or credit union fails. And none of us want a scenario where risky bets on Wall Street crash the economy again.

That's why it's so important that we have financial watchdogs who are empowered to look out for Main Street, helping more Americans hold on to their hard-earned money at a time when they need it most.

The banking and credit union regulators are independent agencies that protect consumers and make sure banks and credit unions are safe and strong. Their independence matters. It makes for a more stable financial system and that's essential for our entire economy.

Our witnesses today all have decades of banking and credit union regulatory experience. They have spent their careers serving the public and protecting consumers, making sure our banking and credit union system works for Main Street, not just for Wall Street.

That is exactly what they continue to do today.

They are modernizing and strengthening an important civil rights law that will spur new investment in neighborhoods and communities that have been left on their own.

They've taken a closer look at overdraft, nonsufficient funds, and other "gotcha" fees at banks and credit unions to make sure that consumers are treated fairly, and that these fee programs don't raise safety and soundness concerns.

They are taking a fresh look at the bank merger approval process, so we don't just rubber stamp consolidation when it can have big consequences for local economies – too often big banks merge and close branches, leaving rural towns and urban communities without a bank.

They are revisiting the financial safeguards that protect us from risks at big foreign banks. They are making sure bank failures don't leave taxpayers holding the bag. It's important to remember the superregional banks of today are hundreds of billions of dollars bigger than the largest banks that failed during the financial crisis. Our financial regulators know that we need strong capital requirements so that banks and credit unions can continue to lend to and invest in their communities, in good times and bad.

They are also overseeing the formation of new institutions that serve communities that often get left behind. Just last week, the NCUA chartered a new faith-based credit union, and the FDIC recently approved the first mutual bank in 50 years, which will pave the way for more, in Ohio and across the country. All the agencies are working together to foster new banks and credit unions, and support the work of MDIs and CDFIs in their communities.

At the same time, our regulators are looking out for risks on the horizon – the effects of climate change, the rise in crypto assets, the risks from shadow banks, and the constant threat of cyberattacks. They're working with the banking and credit union industry to prepare for climate-related risks and bolster cybersecurity protections as criminals become more sophisticated and geopolitical threats increase. They've stepped up to protect depositors and consumers when crypto firms mislead them into thinking their money is safe…. when it isn't.

But we must stay vigilant and empower regulators with the tools to combat these growing risks. Data breaches at banks and credit unions happen too often, threatening customer data and exposing our financial system to vulnerability. That's why we need to pass the bipartisan Improving Cybersecurity of Credit Unions Act led by Senators Ossoff, Lummis, and Warner.

We need to make sure that banks and credit unions can partner with third parties in a way that allows banks to stay competitive without putting consumer money at risk.

And we can't let big tech companies and risky shadow banks play by different rules because of special loopholes.

All these things will help strengthen our banking and credit union system for its core mission: serving Main Street and workers and families. When workers have more power in the economy, they find better paying jobs and we have a stronger labor market. That helps credit unions, which added over 5 million new members over the past year, and drives down the number of households without a bank account, which dropped to record lows in 2021.

When government is on the side of working families – more Americans save money, build wealth, start small businesses, and participate in our economy.

Our financial regulators have answered that call, and I will continue to work with them to make sure our banking and credit union system works for everyone.

Before I conclude my remarks, I want to thank all our witnesses for being here today. I also want to congratulate Marty Gruenberg on being nominated by President Biden to be Chair of the FDIC. Marty is a well-respected and seasoned regulator who has worked to protect consumers and preserve confidence in our banking system. As many of you know, Marty played an instrumental role in helping implement many of the Dodd-Frank reforms needed to enhance financial stability and manage risks to our banking system. With Marty's experienced leadership, I have no doubt that FDIC can continue to address risks to our financial system, increase access to affordable financial services, and ensure that banks honor their commitment to communities across the country through the Community Reinvestment Act.

This Committee looks forward to holding a nominations hearing in the next few weeks for Marty and the other FDIC nominees.