

Statement of Larry A. Klane
Nominee to the Board of Governors of the Federal Reserve System
before the
Committee on Banking, Housing, and Urban Affairs
United States Senate
August 2, 2007

Chairman Dodd, Senator Shelby, and Members of the Committee, I am honored to appear before you today as a nominee to serve as a Member of the Board of Governors of the Federal Reserve and would like to thank you for scheduling this hearing. I also want to thank the President for his confidence in nominating me for this position. If confirmed by the Senate, I look forward to working with the other Board members to fulfill the full range of objectives that Congress has established for the Federal Reserve. It has been a life-long personal goal for me to enter public service, and I can think of no better place for my contribution than the Board of Governors.

I have spent twenty-five years working in business, finance and banking. For the past fourteen years, I have devoted my career to financial services, including seven years in wholesale financial services and the capital markets at The Bankers Trust Company and its acquirer, Deutsche Bank. I have spent the past seven years in consumer and small business banking, principally in the United States, but also in Canada and Europe.

As President of Capital One's Global Financial Services division, I currently serve roughly ten million consumers and small businesses. I have been the President of our Federal Savings Bank and am currently the Chairman of our bank in the United Kingdom.

Let me turn briefly to a couple of specific areas of responsibility at the Federal Reserve Board. In Chairman Bernanke's recent testimony on monetary policy, he devoted substantial attention to consumer protection matters, and I would like to underscore the importance of this element of the Board's responsibilities. As a banking practitioner, I have gained first hand knowledge of consumers and their financial needs. If confirmed, I would bring my energy, focus, and experience to vigorously fulfilling the Fed's consumer protection responsibilities.

In addition to protecting consumers through guidance, rule-making and supervisory focus, I would also strongly support the Federal Reserve's long standing commitment to financial literacy. In connection with my service on the Board of America's Promise--

a non-profit organization dedicated to improving the lives of America's children--I have seen the power of education, including financial education.

The Federal Reserve also has responsibility for the stability of America's financial system as well as for the direct supervision of many financial institutions and all bank holding companies. My experience with a broad array of banking regulators in the United States and abroad has shown me first-hand the importance of good supervision--not only for maintaining sound financial institutions, but also for protecting consumers.

The Federal Reserve also oversees the smooth functioning of the payments system. In recently reading the testimony of Fed-nominees who came before this committee following the tragedy of 9/11, one particularly appreciates this aspect of the Federal Reserve's duties. With technology, business, and other developments impacting the U.S. payments system, this is an area of continued importance.

Of course, a central--if not the central--responsibility of the Federal Reserve is the pursuit of sound monetary policy. Congress has given the Fed a "dual mandate" of maximum employment and price stability, and, if confirmed, I would approach monetary policy within this mandated framework.

In conclusion Mr. Chairman and Members of the Committee, if confirmed to the Board of Governors, my objective would be to use my experience in banking and business to help the Federal Reserve execute the broad responsibilities that Congress has set before it. I thank you for your consideration and look forward to your questions.