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## United States Senate

COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

September 8, 2025

Jane Fraser  
Chief Executive Officer  
Citigroup  
388 Greenwich Street,  
New York, NY 10013

Dear Ms. Fraser:

We are writing to request information on Citi's decision to increase its dividend by 7.1 percent and authorize a new \$20 billion share repurchase program.<sup>1</sup> These actions directly contradict the rhetoric your lobbyists and trade associations are deploying in Washington to sell policymakers on Wall Street deregulation.<sup>2</sup> Instead of responding to lower capital requirements with commitments to increase lending to, or lowering interest rates and fees for, businesses and households, Citi is rewarding its wealthy shareholders and boosting executive compensation at the expense of financial stability and economic growth.

As you know, severely undercapitalized Wall Street banks contributed to the 2008 financial crisis and worst economic recession since the Great Depression. Millions of people lost their jobs, depleted their life savings, and were thrown out of their homes. Your bank received \$45 billion in direct bailouts through the Troubled Asset Relief Program and substantially more indirect government assistance through myriad emergency lending programs and other support.<sup>3</sup>

In response to the crash, policymakers strengthened Wall Street safeguards, including by increasing capital requirements and establishing a stress testing framework to ensure big banks were resilient and could serve as a source of strength to the economy. During the first Trump

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<sup>1</sup> Financial Times, "US banks announce big shareholder payouts as Fed eases stress tests," Akila Quinio and Joshua Franklin, July 1, 2025, <https://www.ft.com/content/081f8752-8022-4c02-9d85-cea6a133ac8f>; Reuters, "Citi cuts return targets to spend more on regulatory fixes, plans \$20 billion in buybacks," Tatiana Bautzer and Manya Saini, January 15, 2025, <https://www.reuters.com/business/finance/citigroup-swings-profit-trading-strength-surgings-deals-2025-01-15/>.

<sup>2</sup> Bank Policy Institute, "BPI Statement on Federal Reserve SLR Proposal," Tara Payne, June 25, 2025, <https://bpi.com/bpi-statement-on-federal-reserve-slr-proposal/>.

<sup>3</sup> Journal of Financial Crises, "US Capital Purchase Program," Aidan Lawson and Adam Kulam, 2021, p. 826-827, <https://elischolar.library.yale.edu/cgi/viewcontent.cgi?article=1216&context=journal-of-financial-crises>.

Administration, big banks sought to chip away at this framework.<sup>4</sup> During the Biden Administration, they strongly opposed commonsense reforms to further improve it.<sup>5</sup>

For example, the Bank Policy Institute (BPI) and Financial Services Forum (FSF), two trade associations that include Citi as a member, aggressively fought attempts by regulators in 2023 to rectify long-standing deficiencies in the bank capital framework that left our economy vulnerable to future crises. BPI claimed that, despite empirical evidence to the contrary,<sup>6</sup> stronger capital requirements would “limit banks’ capacity to offer things like mortgages, car loans, credit cards and small-business loans” and that it would have “real costs for everyday Americans.”<sup>7</sup>

Under the second Trump Administration, Wall Street is again lobbying to gut these rules. FSF has argued that current capital requirements “limit the financial opportunities for American families, raise costs for consumers, and slow economic growth.”<sup>8</sup> Notwithstanding the increased risks of another economic meltdown, big bank lobbyists want policymakers to believe that lower capital requirements lead to more lending and better pricing for small businesses and households.

The behavior of big banks in 2025 suggests, much like a long body of historical empirical evidence, that this rhetoric is dangerously misleading. The Fed’s weaker 2025 stress tests reduced the stress capital buffer requirement for Citi from 4.1 percent to 3.6 percent.<sup>9</sup> Other pending and forthcoming regulatory proposals are expected to further reduce Citi’s capital requirements. In response to these recent and future reductions, Citi decided to increase its

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<sup>4</sup> Bank Policy Institute, “Bank Policy Institute Files Comment Letter on Proposed Tailoring of Capital, Stress Testing and Liquidity Requirements,” January 22, 2019, <https://bpi.com/bank-policy-institute-files-comment-letter-on-proposed-tailoring-of-capital-stress-testing-and-liquidity-requirements/>; Letter from American Bankers Association to the Federal Reserve and Office of the Comptroller of the Currency, June 25, 2018, <https://www.regulations.gov/comment/OCC-2018-0002-0024>.

<sup>5</sup> Letter from Bank Policy Institute and American Bankers Association to the Federal Reserve, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, January 16, 2024, <https://bpi.com/wp-content/uploads/2024/01/ABA-BPI-Basel-III-Endgame-Comment-Letter-Final-2024.01.16.pdf>.

<sup>6</sup> Bank for International Settlements, “Why bank capital matters for monetary policy,” Leonardo Gambacorta and Hyun Song Shin, April 7, 2016, <https://www.bis.org/publ/work558.htm>; Federal Reserve Bank of Minneapolis, “The Minneapolis Plan To End Too Big To Fail,” December 2017, <https://www.minneapolisfed.org/-/media/files/publications/studies/endingtbtft/the-minneapolis-plan/the-minneapolis-plan-to-end-too-big-to-fail-final.pdf>; Brookings, “The Credit Crunch,” Ben S. Bernanke and Cara S. Lown, 1991, [https://www.brookings.edu/wp-content/uploads/1991/06/1991b\\_bpea\\_bernanke\\_low\\_n\\_friedman.pdf](https://www.brookings.edu/wp-content/uploads/1991/06/1991b_bpea_bernanke_low_n_friedman.pdf); Federal Reserve Bank of San Francisco, “Capital Regulation and Bank Lending,” 1992, Frederick Furlong, <https://www.fedinprint.org/item/fedfer/23251>; Real Estate Economics, “Bank Capital and the Credit Crunch: The Roles of Risk-Weighted and Unweighted Capital Regulations,” Diana Hancock and James Wilcox, March 1994, <https://onlinelibrary.wiley.com/doi/10.1111/1540-6229.00626>; Federal Reserve Board, “Capital Ratios and Bank Lending: A Matched Bank Approach,” Mark Carlson et al, 2011, <https://www.federalreserve.gov/pubs/feds/2011/201134/201134pap.pdf>; Journal of Financial Stability, “Benefits and Costs of a Higher Bank Leverage Ratio,” James R. Barth and Stephen Matteo Miller, July 10, 2018, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2913734](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2913734).

<sup>7</sup> Bank Policy Institute, “Stop Basel Endgame,” <https://stopbaselendgame.com/>.

<sup>8</sup> Financial Services Forum, “Strengthening the American Economy by Modernizing Capital Rules for the Largest U.S. Banks,” <https://web.archive.org/web/20250808140947/https://fsforum.com/a/media/capital-reform-for-the-largest-u.s.-banks.pdf>.

<sup>9</sup> Federal Reserve, “Large Bank Capital Requirements,” August 2024, p. 4, <https://www.federalreserve.gov/publications/files/large-bank-capital-requirements-20240828.pdf>; Citi, “Citi Second Quarter 2025 Earnings Call,” July 15, 2025, <https://www.citigroup.com/rcs/citigpa/storage/public/Earnings/Q22025/transcript.pdf>.

dividend by 7.1 percent on top of a previously announced new \$20 billion share repurchase program.<sup>10</sup> You even stated, “We were pleased with the results of our recent stress test. We are well positioned to continue to increase the return of capital to our shareholders through buybacks, which is a priority for us, as well as an increased dividend of sixty cents per share, beginning in the third quarter.”<sup>11</sup>

When Citi’s capital declines, its susceptibility to economic shocks and likelihood of failure increases. Yet, contrary to the rhetoric of your lobbyists, you have not used the full amount of your reduced capital buffer requirements to increase lending or improve pricing for customers. The lower capital requirements, instead, clearly allowed Citi to boost buybacks and dividends. Citi’s lobbying, directly and through its trade associations, and the Trump Administration’s willingness to grant your wishlist, therefore puts the entire economy at risk. It invites yet another financial crash and a fresh round of taxpayer bailouts.

To help us better understand the disparity between Citi’s actions and some of the claims supporting its lobbying efforts, please respond to the following questions by September 22, 2025:

1. The Fed’s 2025 stress tests reduced Citi’s capital requirements. Why did Citi increase dividends and share buybacks instead of using all of this “excess capital” to increase lending to, or reduce interest rates and fees for, small businesses and households?
2. How much lending capacity could be supported if Citi kept its dividend flat and did not authorize a new share buyback program?
3. How much U.S. Treasury securities purchasing capacity could be supported if Citi kept its dividend flat and did not authorize a new share buyback program?
4. How much could Citi have reduced loan interest rates and fees for small businesses and households if it kept its dividend flat and did not authorize a new share buyback program?
5. Given that Citi has proven that it will increase dividends and share buybacks in response to reductions in regulatory capital requirements, will Citi instruct BPI and FSF to amend their lobbying materials?
6. Does Citi intend to increase C-Suite bonuses this year?

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<sup>10</sup> Financial Times, “US banks announce big shareholder payouts as Fed eases stress tests,” Akila Quinio and Joshua Franklin, July 1, 2025, <https://www.ft.com/content/081f8752-8022-4c02-9d85-cea6a133ac8f>; Reuters, “Citi cuts return targets to spend more on regulatory fixes, plans \$20 billion in buybacks,” Tatiana Bautzer and Manya Saini, January 15, 2025, <https://www.reuters.com/business/finance/citigroup-swings-profit-trading-strength-surgings-deals-2025-01-15/>.

<sup>11</sup> Citi, “Citi Second Quarter 2025 Earnings Call,” July 15, 2025, <https://www.citigroup.com/rcs/citigpa/storage/public/Earnings/Q22025/transcript.pdf>.

Sincerely,

A handwritten signature in blue ink, reading "Elizabeth Warren", positioned above a horizontal line.

Elizabeth Warren  
Ranking Member  
Committee on Banking,  
Housing, and Urban Affairs

A handwritten signature in blue ink, reading "Bernard Sanders", positioned above a horizontal line.

Bernard Sanders  
United States Senator