

Statement of Senator Tim Johnson
Senate Committee on Banking, Housing and Urban Affairs
“Strengthening and Streamlining Prudential Bank Supervision”
August 4, 2009

Thank you Chairman Dodd for holding today’s hearing. As we all know, the regulatory structure overseeing U.S. financial markets has proven unable to keep pace with innovative, but risky, financial products; this has had disastrous consequences. Congress is now faced with the task of looking at the role and effectiveness of the current regulators and fashioning a more responsive system.

To date, it appears one of the Committee’s biggest challenges will be to create legislation that better protects consumers. I very much look forward to hearing from today’s panels of current and former regulators to see if they believe a new agency is needed to better protect consumers, or if consumer protection should remain a function of the prudential regulator.

I am also interested in hearing from the regulators their views on ways to make the regulatory system more effective. For example, does it make sense to eliminate any of the bank charters to streamline the system? Last, I would also like to know from the witnesses if they believe the regulatory gaps that caused our current crisis would be filled by the Administration’s regulatory restructuring proposal. We must get this right, and the proposal we craft must target the most pressing problems in our financial regulatory system.

As this Committee works through many issues to fashion what I hope will be a bipartisan proposal that creates an updated system of good, effective regulations that balance consumer protection and allow for sustainable economic growth, I will continue to advocate for increases transparency, accountability, and consumer protection.