

**Opening Statement  
Chairman Sherrod Brown  
“Annual Oversight of Wall Street Firms”**

**December 6, 2023**

This hearing will come to order.

The eight bank CEOs appearing before us today lead the biggest global, systemically important banks in the United States.

Your banks hold nearly \$15 trillion in assets, manage trillions of dollars of investments and retirement accounts, and fund the biggest companies in the country. You hold nearly half of the nation’s deposits and more than \$80 trillion in client assets.

Your banks touch almost every aspect of our financial system and working Americans’ money – even if they are not your customers.

All of that makes you eight of the most powerful people in the country.

The banks you run are so large, so complex, and so interconnected, that their distress or failure could pose a threat to our entire global financial system.

You may be private companies, but the risks you take and the mistakes you make don't just affect you. They don't even just affect your customers, or not even just your shareholders, or not even just your workers – mistakes you make affect the whole economy, and – as we all remember from 2008 and 2009 – they can certainly affect American taxpayers.

That amount of enormous power should also come with enormous responsibility.

And a big part of that responsibility is to make sure that investors – not taxpayers – are on the hook when risks at your bank don't pay off.

That's why we need strong capital requirements at the biggest banks. Because of this Committee, we finally have financial watchdogs in place who are getting serious about the need for these protections.

These are commonsense rules to ensure that banks can withstand losses from the riskiest financial shenanigans that create no value to the real economy.

These rules protect against risky trading and derivative activities on Wall Street – the same activities that led to the 2008 financial crisis. They would close a loophole that allowed banks like SVB to hide behind an accounting

fiction that lowered capital requirements and contributed to its failure.

And anyone who had any doubt about whether Wall Street could be trusted to use its power responsibly need only look at the current lobbying fight on this.

If you've watched the local news in Washington, if you've waited at a bus stop in Washington, if you've flown out of Washington national airport, you've probably seen ads urging people to, quote, "Stop Basel Endgame."

The eight of you surely know your audience.

And you haven't stopped there – you've even gone national, pouring money into ads for Sunday night football.

It's a campaign waged by your lobbyists to prevent financial watchdogs from putting in place these stronger capital requirements to protect our banking system and our economy.

Listening to these ads, you hear all kinds of claims about how stronger rules will raise the cost of mortgages and stop small businesses from getting loans.

Wall Street banks are actually saying that cracking down on them will, quote, “hurt working families.”

Really? You’re saying that cracking down on Wall Street is going to hurt working families? You’re going to claim that?

The economic devastation of 2008 hurt working families.

The uncertainty and turmoil from the failure of Silicon Valley Bank hurt working families – when small businesses and their employees in Ohio and Utah and across the country didn’t know if they could get access to their money and make payroll.

And of course, the claims in this ad campaign aren’t true.

Your game is to try to confuse people. Most Americans probably think of a bank’s capital – if you force people to think about it at all – as money stashed away in a vault.

But that’s not what it means. Capital is just a way to fund loans and investments and risky activities in a way that can absorb losses if things go south. It means shareholders and investors are on the hook – not taxpayers.

And what those glossy ads don’t tell you is that your banks have been reducing your lending to small

businesses and veterans and homebuyers for years now—since long before the new capital requirement proposals.

Remember that—these are just proposals at this point, they haven't even been implemented.

Let's be clear: Absolutely nothing in these rules would stop your banks from making loans to working families and small businesses.

Absolutely nothing.

The reason banks might make fewer of these good loans in the future is the same reason we've been seeing less and less productive banking activity for years: it doesn't make your banks as much money as the risky stuff. You would rather fund risky trading and derivatives bets than boring, bread-and-butter small business lending.

So even with this rule, you can still lend to small businesses and homeowners. You just might not increase your profits quarter-over-quarter by quite as much as you increased them last year.

But I think most Americans would agree that's a fair trade-off for society:

More small business lending. More first-time homebuyers. Less chance of taxpayer bank bailouts. And in exchange, maybe, smaller executive bonuses and a teeny tiny bit less profits for multi-trillion-dollar Wall Street banks.

We know the banking industry isn't giving up without a well-funded fight.

Wall Street pours money into high-priced lobbyists to fight any effort to put the most basic guardrails on your ability to do whatever you want.

And what your banks want is to maximize quarterly profits – the cost to everything and everyone else be damned.

We've seen over and over what a problem that is, and the harm that the current system does in places like Ohio.

Earlier this year, when I first heard about SVB's collapse, my mind immediately went to another crisis in my state, in East Palestine, Ohio.

They have one thing in common: corporate lobbyists pushed for weaker rules, less oversight.

Companies cut costs, didn't care about safety if it got in the way of increasing profits.

And working people paid the price.

This is why people hate Wall Street.

And it's why people hate Washington – because these lobbying campaigns usually work.

We see it over and over.

We saw it during the fight to pass Dodd Frank, after the financial crisis. Many of us remember the quote from an industry lobbyist after we passed that law – “now it's halftime.”

This time, Wall Street was true to its word.

The executives whose banks failed this spring had lobbied for watered-down rules to make it easier to chase profits at all costs. They knew risks were building at their banks, but they chose to ignore those risks because it meant a bigger pay out for executives at the top.

So we should be concerned when the executives of even bigger banks are doing the same thing against capital requirements.

Working Americans are tired of arrogant executives gambling with other people's money, then riding off into the sunset without any consequences.

That's why we need to pass the bipartisan RECOUP Act, to hold failed bank executives accountable for driving their banks into the ground.

And it's why we need strong capital rules.

Before you protest – I know, of course, that it wasn't your banks that failed.

But after those failures earlier this year, we were reminded about how fragile our banking system could be. And as a result, your banks only got even more powerful.

So it's fair to take stock of how you're using that power.

I appreciate the long overdue increases in wages and benefits for many of your front-line employees. At least one of your banks has made real efforts to get rid of overdraft fees.

But your banks need to do far better when it comes to meeting your customers where they are and recognizing the dignity of work. You should be cutting prices for



consumers, increasing opportunity for your employees, increasing diversity within your executive ranks, and supporting your workers' efforts to unionize.

And you should stop pouring money into lobbying against efforts to protect the taxpayers who subsidize your entire industry.

The reason for this hearing every year is to hold the biggest banks in this country accountable to the American people. We want to hear from you: What will you do to support workers, to invest in the real economy, and to finally put Wall Street to work for Main Street?