

Chairman Brown's Opening Statement
August 3, 2021

Today we'll hear testimony from the heads of three agencies responsible for protecting our financial system, and for making sure it serves everyone – the National Credit Union Administration or NCUA, the Federal Deposit Insurance Corporation or FDIC, and the Office of the Comptroller of the Currency or OCC.

Because of the work we've done with the American Rescue Plan, putting money in people's pockets and making progress against this pandemic, our economy is starting to recover, adding more jobs every month. And for the first time, workers are starting to reclaim a little bit of power in our economy.

As we build on this progress, we need to make sure those gains end up in the pockets of working families – the people who made this progress possible. And we need to make sure their money is protected.

Together, those of you before us today embody the public backing of our banking system.

Yet most people, frankly, don't know these agencies even exist – let alone know what they do. They may see the letters NCUA and FDIC on the signs outside credit unions and banks, or emblazoned on the backs of debit cards – but they don't think much about what they mean

And they shouldn't have to. People are busy, working hard to support their families and raise their kids. They're supposed to be able to trust you, their watchdogs, to keep their money safe.

But when I talk to Ohioans, I hear the same message: people don't trust banks – especially not the biggest ones.

They remember after the great recession – when we called it a “recovery,” but workers didn't get much of a raise and entire neighborhoods and towns were left behind.

And they've been burned by exorbitant fees, high minimum balances, and segregated second chance accounts. They watch bigger banks buy up the smaller ones and close the local branches, making it harder and harder for small businesses and working families to get an affordable small business loan, or a mortgage.

It's happening in my home state, and it's happening across the country – in rural communities, in Black and brown communities, and in all the communities that Wall Street has trampled over.

And we know what happens when people don't have a credit union or a bank they trust in their community – they turn to expensive check cashers and shady payday lenders that prey on working families.

Just last week, before our hearing on extending the military's 36% interest rate cap to everyone, I talked to a mother from Lorain, Ohio, who had to take out a payday loan to pay her bills. She ended up trapped in a cycle of debt.

We know her story is all too common.

Or people turn to so-called fintechs that claim to make banking easier and cheaper, but have few protections and put people's money at risk.

I urged the CFPB to look into the risks of these kinds of fintechs like Chime, after customers were locked out of their accounts and couldn't access their own money – putting their ability to buy groceries, pay their bills or make the rent at risk.

These issues people have may not seem connected – but they all stem from the same big problem: big banks and corporations have too much unchecked power in our economy.

We need to change that.

We need No-Fee Accounts that allow everyone to open a bank account and have control over their hard-earned money.

We need to close the loopholes that allow so-called fintech firms to play by a different set of rules than banks and credit unions, leading to unfair competition and putting consumers' money at risk.

And we need strong financial watchdogs that hold financial institutions accountable, and ensure that these institutions serve their customers and communities, instead of lining their own pockets.

For too long we have had regulators who didn't seem to think standing up to Wall Street was part of their job. They rolled back the rules that industry had spent years begging for. They rewarded themselves, instead of investing in the people they are supposed to serve.

There are a lot of community-based institutions in Ohio, like CDFIs, MDIs, small credit unions, and community banks. They are the ones that are making the small business loans and working with borrowers when they might miss a mortgage payment because of a sudden medical expense or a lost job.

They stepped up to help their neighbors during the pandemic. It's your job to make sure that all financial institutions – from Main Street to Wall Street – do the same.

Regulators like the FDIC must change their approach to bank mergers – no more rubber-stamping every merger, leaving towns in Ohio and across the country with no branches. And when mergers do happen, you need to make sure that banks live up to the promises they made to the community.

We should be cracking down on risky shadow banks that use the allure of shiny new “financial technology” to distract us from the fact that they are just payday lenders with a fancy app.

And we need stronger capital requirements, so that banks and credit unions can continue to lend to and invest in their communities, in good times and bad.

We have new leadership at the NCUA with Chair Harper, who is working on a bipartisan basis to strengthen the NCUA and ensure that credit unions serve their members and communities.

And I applaud Acting Comptroller Hsu for rescinding the misguided changes to the Community Reinvestment Act that former Comptroller Otting rushed through.

The legacy of Jim Crow and redlining still holds back too many communities, and the OCC’s rule did not serve CRA’s core purpose – to ensure that banks are serving low-income communities and communities of color.

I’m glad that all three bank regulators – the Fed, OCC, and FDIC – are finally listening to feedback, and developing a proposal that will make sure banks are serving everyone.

And thankfully President Biden is replacing Trump-era regulators with leaders who understand that their job is to stand up for working Americans, not Wall Street.

We need diverse regulators who know first-hand how our financial system hasn’t delivered for large portions of the country.

The people who oversee our country’s economy need to reflect the Americans who make it work – Black and brown communities, low-income communities, other underrepresented communities, and working families, from the rural South to the industrial Midwest – not just the wealthiest Washington insiders.

If financial watchdogs do your jobs, working Americans should be able to trust that government is looking out for them. They won’t have to worry they’ll fall victim to a debt trap, or have their bank accounts zeroed out because of unfair overdraft fees.

You are all public servants, and you are responsible for making sure that this economy and financial system works for the American people.

I look forward to hearing from you today, and working with you and your agencies, to make that promise a reality.