

Statement of Randal Quarles
Nominee to be a Member and Vice Chairman for Supervision
of the Board of Governors of the Federal Reserve System
Before the Committee on Banking, Housing, and Urban Affairs
United States Senate
July 27, 2017

Chairman Crapo, Ranking Member Brown, and Members of the Committee, thank you for this opportunity to appear before you today. I am honored that the President has nominated me to serve as a member of the Board of Governors of the Federal Reserve System and as the Board's Vice Chairman for Supervision, and I am grateful to have the privilege of your consideration. I am also very grateful for the support of my family--my wife, Hope Eccles, our three teenage children, Randy, Spencer, and Hope, Jr., and my parents, Ralph and Beverly Quarles.

The Federal Reserve System occupies a central position in our country's policy infrastructure for promoting a strong economy and the stability of the financial system, and supporting robust job growth in a context of price stability. I can assure this Committee that, were I to be confirmed as a Governor of the Federal Reserve Board, I would be strongly committed to these objectives.

The specific position for which I have been nominated--Vice Chairman for Supervision--has a particular role in ensuring the safety, soundness, and efficient operation of our financial system. As recognized by the Treasury report, regulatory policies enacted since the financial crisis have improved the safety and soundness of the financial system. But as with any complex undertaking, after the first wave of reform, and with the benefit of experience and reflection, some refinements will undoubtedly be in order. Former Governor Daniel Tarullo, who was one of the principal architects of many of these reforms, indicated as much himself in a valedictory

speech that he gave in April on the occasion of his leaving the Board, stating that “there are clearly some changes that can be made without endangering financial stability.” The key question will be ensuring that, as we continue to refine the system over time, we do so while maintaining the robust resilience of the system to shocks.

I believe that I am well qualified to undertake this role. As this committee knows, I have had experience over my career with the financial sector from many different points of view. I have been a practicing lawyer versed in the granular technicalities of the most complex aspects of the regulatory system; at the other end of the spectrum, I have been an investor in small, community banks, and am familiar with the particular benefits of those institutions and the challenges they face; and I have been a financial regulatory policy maker under two different presidents in two different decades. In fact, my first tour of duty in public service was during a similar period of response after a financial crisis--arriving in 1991 during the clean-up phase of the savings and loan crisis and facing the insolvency of the FDIC’s Bank Insurance Fund.

While this long experience has given me substantive insight into the issues that the Federal Reserve’s Vice Chairman for Supervision will face, it has also reinforced my commitment to what I think is the single most important characteristic of a good policy maker: the need to be humble--humble about the constraints on our understanding of complex systems, humble about the fallibility of our judgments, and humble about how our own assumptions and views influence even what we believe to be our most data-driven and analytical conclusions. As a consequence, were I to be confirmed for this position, I would approach this undertaking--as I try to approach every task--with a continual openness to input from every source. In particular, I would look forward to working with the members of this Committee on both sides of the aisle,

and your staffs, to understand the challenges that face the financial system as they evolve over time.

Thank you again for the honor of this hearing, and I look forward to responding to your questions.