

Statement of Sarah Bloom Raskin
Nominee to be a Member and Vice Chair for Supervision of the Board of Governors of the
Federal Reserve System
Before the Committee on Banking, Housing, and Urban Affairs of the
United States Senate
February 3, 2022

Thank you, Chairman Brown, Ranking Member Toomey, and Members of the Committee for the opportunity to appear before you today. Thanks also to your exemplary staff, who provide essential support, something I know from serving this Committee as Banking Counsel.

With me today is our daughter, Hannah Grace Raskin. Hannah is a real live banker, and we have animated conversations about banker-like topics such as what goes into the numerator for the Allowances for Loan Loss Reserves and what gets subtracted out of Net Interest Margins. Our other daughter, Tabitha, teaches middle school algebra; she would have been here but for the fact that today is the review day before the exam for slope and intercept equations. Our son Tommy, whom we lost in 2020, is with me always. He came into the world when I worked for this Committee. I remember where I was standing in these very offices in 1995 when he started kicking as I went into labor, and I remember returning to these halls to show my friends here my sparkling little boy. Boundless gratitude too to my beloved husband, Jamie, who provides bedrock strength and love to our family.

As a child growing up in Illinois, my family made a weekly Saturday morning pilgrimage to the Bank of Homewood, where my mother would withdraw money for the week. From this experience, the importance of banks to the economic well-being of a community was never lost on me. As my brother and I eyed donuts in the lobby, my mom would direct us to get in line for the right bank teller: “This line,” she would say, “We want Shirley.” We would get

weekly updates on Shirley's children, their Little League games, bowling scores, and family camping trips.

In 2007, I was honored to become Maryland's state bank commissioner, which enabled me to demonstrate my lifelong appreciation for community banking. Later, I was confirmed by the Senate to be a Governor on the Federal Reserve Board from 2010 to 2014 and Deputy Treasury Secretary from 2014 to 2017. I also worked in the private sector as a banking lawyer and general counsel. I am proud of my work at the federal and state levels to champion the interests of consumers and community banks, while ensuring the resilience of our financial system, particularly in the areas of cybersecurity and appropriately tailored rules. These experiences helped me understand the importance of bank supervision to the ability of our financial system to work for all Americans.

I also learned from the subprime mortgage crisis, which cost us tens of millions of jobs and homes, and trillions of dollars lost to our families, businesses, and communities in equity and savings. Like the crises before it, the subprime mortgage crisis showed how weak regulatory oversight and unattended problems can reverberate, rattle, and ravage our entire economy. I learned that—to be effective for all Americans—bank supervisors must make sure that the safety of banks and the resilience of our financial system are never compromised in favor of short-term political agendas or special interest groups. They must stay attentive to risks no matter where they come from: inside or outside the financial sector; well-identified asset bubbles or speculation; a set of threat actors that launch cyberattacks; or from nature and cataclysmic weather-related events.

As created by Congress, the role of Vice Chair of Supervision requires consultation with other Governors of the Federal Reserve, the Fed's expert staff, the banks themselves, and other

experts about the extent to which financial institutions are identifying, analyzing and managing their risks. The role does not involve directing banks to make loans only to specific sectors, or to avoid making loans to particular sectors. And the role exists within the laws passed by Congress that govern the Federal Reserve and its responsibilities.

I understand that anyone confirmed to this position must act not only with as much knowledge as possible but also with humility. Knowledge, especially about the future, can be imperfect.

Finally, I also want to recognize the toll inflation exacts on working people who are concerned about how far their paychecks will go for essentials like food, housing, and transportation. It is an important task of the Federal Reserve to reduce inflation and one that must be a top priority while we continue to sustain our economic recovery.

If confirmed, I look forward to meeting the considerable challenges and opportunities before us: the indispensable work of defending and safeguarding the financial sector, the Federal Reserve's dual mandate, and the economic future of all Americans.

Thank you. I welcome your questions.