

Opening Statement of Kristin N. Johnson
Nominee to Be the Assistant Secretary for Financial Institutions
at the Department of the Treasury
Before the Committee on Banking, Housing, and Urban Affairs of the United States Senate
July 11, 2023

Chairman Brown, Ranking Member Scott, and other distinguished members of the Committee, thank you very much for the opportunity to appear before you today. I thank the Committee Members and majority and minority staffs for their assistance during the nomination process.

I am honored to have been nominated by President Biden to serve as Assistant Secretary for Financial Institutions at the Department of the Treasury. If confirmed, I will draw upon the learning and skills gained over the course of my career in public service, as a tenured academic, a practicing corporate lawyer, and in-house counsel in the Treasury Services division of one of the world's largest financial institutions to ensure the strength and stability of our financial services sector and to enhance access for American individuals, families, and businesses to housing, credit, and financial services on fair and affordable terms.

As a Commissioner at the Commodity Futures Trading Commission (CFTC or Commission), I have advocated for consumer protection, recovery and resilience reforms, cyber-preparedness, risk governance, and effective enforcement against both sophisticated as well as garden-variety fraud. For nearly two decades, I researched, published, and taught courses in financial markets risk management and regulation.

As an Associate Dean and tenured professor at Emory and Tulane University Law School, I held endowed professorships, and received research awards and fellowships. I chaired or served on the Executive Committees of national conferences focused on consumer protection and financial services regulation. My research aimed to identify, examine, and address exogenous, endogenous, and emerging systemic risks in domestic and global financial markets.

During the Global Financial Crisis of 2007-2009 and the ensuing Great Recession - a period characterized by falling GDP, double-digit unemployment, and dissipating retirement account and home values for many hard-working Americans- I proposed reforms for the deeply interconnected, opaque, bespoke, bilateral credit derivatives market. My recommended reforms aimed to enhance transparency, reduce counterparty credit and liquidity risks, and facilitate price discovery – each important to the stability of the financial system and end-users such as farmers, ranchers, and growers who rely on derivatives markets for price discovery.

Today, transformational innovation offers speed-of-light operational infrastructure and promises to increase equity, access, transparency, and efficiency. In 2019 and 2021, I testified before Congress emphasizing the need for responsible innovation, the significance of emerging financial technology firms, the rise of AI or artificial intelligence, and the creation of blockchain technology.

For far too many in our country – particularly families in fragile financial circumstances – it can be extraordinarily expensive to be poor. Throughout my career, I have emphasized financial inclusion, entrepreneurship, and access to credit for small, local businesses – values I learned growing up in the Midwest and South and as a student at Georgetown University and the University of Michigan Law School.

My great-, great-, great-grandfather Alexander Moss was born May 6, 1821. As a young man, Alexander’s parents relocated to a small town on the Wabash River north of Indianapolis. There, he founded a small storefront business on South Broadway Street. He became a celebrated local businessman who offered private loans to African-American families and businesses who had limited access to traditional lines of credit; he campaigned for the building of a school and a church in the African-American community.

My family has maintained a strong commitment to public service. Shortly after graduating high school, my uncle volunteered for active duty during the Vietnam War. Others in our family have served as judges, legal aid lawyers, teachers, and education policy advocates for

under-resourced communities; and nurses and healthcare professionals supporting indigent communities in our largest public hospitals. Achieving these accomplishments required courage.

Through exceptional hard work and sacrifice, my parents gifted to me and my three sisters a sense of infinite possibility. I am grateful to my parents who join me today. I am also joined by my son, a rising fifth grader at Georgetown Day School and an aspiring engineer or professional soccer player, depending. Thank you, Jackson, for your patience as I work to be service of others and to teach you that we must measure our actions by what we do for those who are most in need.

Thank you again for the honor to appear before you today. I look forward to and welcome your questions.