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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

February 4, 2025

The Honorable Donald J. Trump
President of the United States of America
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear President Trump:

I write to request that you take action on preventing the debanking of too many Americans across the country, including consumers unfairly locked out of the financial system due to overdraft fees, religious affiliation, or political beliefs. Consumers need access to a bank account to survive in today's economy. A bank account enables consumers and workers to make and receive payments, safely store money, and manage their finances. Chairman Tim Scott and I are holding a hearing in the U.S. Senate Committee on Banking, Housing, and Urban Affairs tomorrow to examine the impacts of debanking. Your Administration can help to address this problem by supporting the ongoing efforts of the Consumer Financial Protection Bureau (CFPB), the main agency in our government working to stop unfair debanking, and directing other agencies to use their authorities to bring an end to this practice. Treasury Secretary and Acting CFPB Director Scott Bessent's decision to halt activity at the CFPB will only impede efforts to stop debanking.¹

You share what appears to be a bipartisan interest in addressing debanking. At a World Economic Forum panel, you criticized the practice, saying that, "I hope [Brian Moynihan, CEO of Bank of America] start[s] opening [his] bank to conservatives, because many conservatives complain that the banks are not allowing them to do business within the bank, and that included a place called Bank of America."² The First Lady also experienced debanking herself, as she noted in her book, "I was shocked and dismayed to learn that my long-time bank decided to terminate my account and deny my son the opportunity to open a new one."³ In a recent Executive Order, you underscored that "protecting and promoting fair and open access to banking services for all

¹ Reuters, Trump's consumer watchdog freezes CFPB activity on first day of job," Douglas Gillison, February 3, 2025, <https://www.reuters.com/world/us/trumps-consumer-watchdog-freezes-cfpb-activity-first-day-job-2025-02-03/>.

² New York Times, "'Debanking,' and the Trump Diss Heard Around Davos," Andrew Ross Sorkin et. al., January 27, 2025, <https://www.nytimes.com/2025/01/24/business/dealbook/debanking-davos-trump-bofa-moynihan.html>.

³ New York Post, "Barron Trump was denied a bank account due to 'cancel mob,' mom Melania claims: 'Civil rights violations'," Emily Crane, October 9, 2024, <https://nypost.com/2024/10/09/us-news/barron-trump-was-denied-bank-account-due-to-cancel-mob-mom-melania-claims/>.

law-abiding individual citizens and private-sector entities alike” is the policy of your Administration.⁴

I strongly agree that debanking is a serious issue, and it is unfortunately a practice not confined to Bank of America. My staff has identified thousands of debanking-related complaints lodged by consumers in the last three years alone. More than half of these complaints were lodged against four big banks: Bank of America, JPMorgan Chase, Wells Fargo, and Citigroup. Citigroup was also fined in 2023 for debanking Armenian Americans in California.⁵ Nonbank financial companies, including popular payment apps, are also increasingly offering bank-like accounts and consumers have filed hundreds of debanking complaints against them.⁶ In fact, PayPal once threatened to fine customers and close their accounts for exercising their First Amendment rights for any speech the company viewed as “misinformation.”⁷

I have also heard from families in Massachusetts who have had their bank accounts closed due to costly overdraft fees. They may be blacklisted by the banking industry and denied a new account when they apply elsewhere.⁸ Research suggests that overdraft practices have been the source of tens of millions of account closures in the past and the CFPB’s supervisory experience suggests overdraft-based debanking is an ongoing problem.⁹ Formerly incarcerated Americans have been debanked because of their criminal history and some people have even been debanked for merely having the same name as someone who has a criminal history.¹⁰ Muslim-Americans, and non-profits and charities operating internationally, have also faced debanking through no fault of their own.¹¹

⁴ White House, “Strengthening American Leadership in Digital Financial Technology,” executive order, January 23, 2025, <https://www.whitehouse.gov/presidential-actions/2025/01/strengthening-american-leadership-in-digital-financial-technology/>.

⁵ Consumer Financial Protection Bureau, “CFPB Orders Citi to Pay \$25.9 Million for Intentional, Illegal Discrimination Against Armenian Americans,” press release, November 8, 2023, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-citi-to-pay-25-9-million-for-intentional-illegal-discrimination-against-armenian-americans/>.

⁶ Staff review of the CFPB’s consumer complaint database. For example, Chime, Block, and PayPal had more than 600 complaints lodged by consumers for involuntary deposit account closures over the past three years.

⁷ Reuters, “PayPal says policy to fine customers for 'misinformation' was an 'error',” October 10, 2022, <https://www.reuters.com/business/finance/paypal-says-it-never-intended-fine-users-misinformation-bloomberg-news-2022-10-10/>.

⁸ San Francisco Office of Financial Empowerment, “Blacklisted: How ChexSystems Contributes to Systemic Financial Exclusion,” June 2021, <https://www.sfgov.org/ofe/sites/default/files/2021-06/Blacklisted-How%20ChexSystems%20Contributes%20to%20Systematic%20Financial%20Exclusions%20-%20FINAL.pdf>.

⁹ Journal of Banking & Finance, “Bouncing Out of the Banking System: An Empirical Analysis of Involuntary Bank Account Closures,” Dennis Campbell, F. Asis Martinez-Jerez, and Peter Tufano, Volume 36, Issue 4, April 2012, <https://www.hbs.edu/faculty/Pages/item.aspx?num=41390>.

¹⁰ Consumer Financial Protection Bureau. Justice-Involved Individuals and the Consumer Financial Marketplace. (January 2022), https://files.consumerfinance.gov/f/documents/cfpb_jic_report_2022-01.pdf; U.S. Department of the Treasury, “READOUT: Treasury and CFPB Roundtable on De-Risking and Consumer Protection,” press release, October 11, 2024, <https://home.treasury.gov/news/press-releases/jy2645>.

¹¹ Letter from Senator Elizabeth Warren et al., to Treasury Secretary Janet Yellen et al., May 15, 2024, <https://www.warren.senate.gov/imo/media/doc/2024.05.15%20Letter%20to%20Financial%20Regulators%20re.%20De-risking%20Recommendations.pdf>.

Once an account is frozen or closed, banks often provide little explanation or recourse to appeal the decision. Account closures “often come without warning” and even if a warning is given it is usually sent by paper mail.¹² Of course, there are times when a bank has a legitimate reason, and a legal obligation, to freeze or close a bank account after a careful assessment of the risk of money laundering, terrorist financing, or other unlawful activity. But banks may be implementing these legal obligations in a sloppy and overbroad manner to cut costs, leading to countless false positives that harm consumers while missing actual criminal activity. Increasingly, banks are also contracting out some of their obligations to third parties that deploy opaque algorithms, including artificial intelligence programs, to generate risk scores or other customer analyses.¹³ The data inputs and algorithmic analyses, of course, can be flawed.

I am willing to work together with you, Chairman Scott, any other member of Congress, and your Administration to bring an end to unjustified debanking of American citizens and businesses. Today, I am writing to ask that you do your part, and work with the federal regulators under your control to end debanking.

You should start with empowering the CFFB to move forward to finalize and implement five separate rules that address the threat of debanking. The five rules that would do so are:

- **The Prohibited Terms and Conditions Proposed Rule**, which would prohibit financial companies from using contract clauses that allow for debanking based on political affiliation, religious views, or other free speech.¹⁴
- **The Data Broker Proposed Rule**, which would clarify that when data brokers sell certain sensitive consumer information they are “consumer reporting agencies” under the Fair Credit Reporting Act, requiring them to comply with the associated consumer safeguards. This would protect certain debanked consumers by providing them with an adverse action notice and a right to challenge the account closure.¹⁵
- **The Overdraft Fee Final Rule**, which limits bank overdraft fees to \$5 or a fee that simply covers the bank’s costs and losses. Banks can also extend overdraft loans if they

¹² New York Times, “The Way Big Banks Shut Down Customer Accounts Is Callous. Let’s Fix It.,” Ron Lieber, June 3, 2024,

<https://www.nytimes.com/2023/12/30/your-money/banks-closed-accounts-fixes.html>.

¹³ LexisNexis, “Know Your Customer (KYC) and Due Diligence Solutions,” <https://risk.lexisnexis.com/financial-services/financial-crime-compliance/know-your-customer-and-due-diligence>; Arya.ai, “Customer Due Diligence in Banking & How AI is Transforming it,” <https://arya.ai/blog/cdd-customer-due-diligence#:~:text=Here%20are%20some%20ways%20in,CDD%20process%20and%20improves%20accuracy>.

¹⁴ Consumer Financial Protection Bureau, “CFPB Proposes Rule to Ban Contract Clauses that Strip Away Fundamental Freedoms,” press release, January 13, 2025, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-proposes-rule-to-ban-contract-clauses-that-strip-away-fundamental-freedoms/>.

¹⁵ Consumer Financial Protection Bureau, “CFPB Proposes Rule to Stop Data Brokers from Selling Sensitive Personal Data to Scammers, Stalkers, and Spies,” press release, December 3, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-proposes-rule-to-stop-data-brokers-from-selling-sensitive-personal-data-to-scammers-stalkers-and-spies/>.

comply with longstanding lending laws, including disclosing the interest rate. This rule should address a key source of debanking for lower-income Americans.¹⁶

- **Prohibitions on Unfair Debanking**, which clarified that discriminatory debanking, including for religious affiliation, can be an unfair act or practice under the Consumer Financial Protection Act, giving the agency additional authority to protect debanked consumers.¹⁷
- **The Larger Participant Final Rule**, which allows the agency to supervise large payment apps like PayPal and CashApp, enabling the agency to more easily weed out unlawful debanking practices on these apps.¹⁸

Unfortunately, earlier this week, Treasury Secretary and Acting CFPB Director Scott Bessent halted all CFPB rulemaking, enforcement investigations, and litigation against lawbreaking financial institutions. This freeze conflicts with the Administration’s stated goal of preventing debanking and lowering costs for American families. More Americans across the country will unfairly lose access to deposit accounts as a result.

In addition to CFPB, the U.S. Department of the Treasury, Federal Reserve Board, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and the National Credit Union Administration should use their existing authority to address debanking. In particular, they should review the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regulations and supervisory frameworks to prevent unjustified debanking. Some immediate steps that they should take include:

- **Issuing Financial Crimes Enforcement Network (FinCEN) FAQs, advisories, or alerts to help financial institutions avoid shutting down or restricting accounts unnecessarily:** FinCEN should issue guidance addressing common scenarios for which banks have conducted debanking but that do not actually merit account closure.¹⁹
- **Amend the U.S. Department of the Treasury annual examiner training required by Section 6307 of Anti-Money Laundering Act (AMLA) to include a discussion of financial access metrics:** A potential driver of debanking is the lack of regulatory clarity as to how examiners evaluate banks’ AML/CFT programs.²⁰ The U.S. Department of the

¹⁶ Consumer Financial Protection Bureau, “CFPB Closes Overdraft Loophole to Save Americans Billions in Fees,” press release, December 12, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-closes-overdraft-loophole-to-save-americans-billions-in-fees/>.

¹⁷ Consumer Financial Protection Bureau, “CFPB Targets Unfair Discrimination in Consumer Finance,” press release, March 16, 2022, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-targets-unfair-discrimination-in-consumer-finance/>.

¹⁸ Consumer Financial Protection Bureau, “CFPB Finalizes Rule on Federal Oversight of Popular Digital Payment Apps to Protect Personal Data, Reduce Fraud, and Stop Illegal ‘Debanking’”, press release, November 21, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finalizes-rule-on-federal-oversight-of-popular-digital-payment-apps-to-protect-personal-data-reduce-fraud-and-stop-illegal-debanking/>.

¹⁹ 31 U.S.C. § 310(b)(2)(A), (B), (E), (J), (K), (L).

²⁰ U.S. Department of the Treasury, “AMLA: The Department of the Treasury’s De-Risking Strategy,” April 2023, pp. 40-44, https://home.treasury.gov/system/files/136/Treasury_AMLA_23_508.pdf.

Treasury has the authority to establish and update training materials and standards for bank examiners.²¹ An updated module on debanking could help standardize how examiners evaluate banks' AML/CFT procedures in this context.

- **Promulgate Treasury guidance requiring banks to provide consumers with preclearance mechanisms for transactions likely to trigger AML flags:** Under AMLA, the U.S. Department of the Treasury has the authority, in consultation with the appropriate federal functional regulator, "to prescribe minimum standards for [AML] programs."²² The U.S. Department of the Treasury should require financial institutions' AML programs to include a clear process whereby customers concerned that a transaction might raise flags, and lead to debanking, can proactively submit materials demonstrating the legitimacy of the transaction.

I am ready to work with you and Chairman Scott on comprehensive legislation to codify every American's right to a bank account, establish clear disclosure rules and appeals processes if an account is closed, and increase penalties on large banks that unlawfully infringe upon people's right to a bank account. But this effort should not stand in the way of your Administration using all of its available tools to address unfair debanking. I hope you and your Administration will act quickly to address this problem.

Sincerely,



Elizabeth Warren
Ranking Member
Senate Committee on Banking,
Housing, and Urban Affairs

²¹ 31 U.S.C. 5334(b).

²² 31 U.S.C. 5318(h)(2)(A).