STATEMENT OF
AMANDA JACKSON
ORGANIZING AND OUTREACH MANAGER
AT
AMERICANS FOR FINANCIAL REFORM

A PROJECT OF
THE LEADERSHIP CONFERENCE ON CIVIL AND HUMAN RIGHTS

HEARING ON THE
“FINANCIAL CHOICE ACT OF 2017”
COMMITTEE ON FINANCIAL SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

APRIL 28, 2017

Members of the Committee, thank you for the opportunity to testify today. My name is Amanda Jackson and I am the Organizing and Outreach Manager for Americans for Financial Reform. Americans for Financial Reform is a nonpartisan and nonprofit coalition working to lay the foundation for a better financial system.

The hardest part in talking about this bill is figuring out where to start, because it is such a comprehensive disaster. This legislation would be better dubbed “Wall Street’s CHOICE Act,” because it would have a devastating effect on the capacity of regulators to protect the public interest and defend consumers from Wall Street wrongdoing and the economy from risks created by too-big-to-fail financial institutions.

Not only does this bill eliminate numerous major elements of the Dodd-Frank protections passed in the wake of the financial crisis of 2008, it would also weaken regulatory powers that long pre-date Dodd-Frank. If this bill passed, it would make financial regulation significantly weaker than it was even in the years leading up to the 2008 crisis.

The basic story CHOICE Act proponents are telling about why this legislation is needed is a lie:

- Financial regulation is not hurting workers, consumers or the economy.
- There is no evidence that the economy is being harmed by financial regulation. In fact, lending is growing at a healthy rate. Over the past 3 years real commercial bank loan growth has averaged almost 6 percent annually, which is higher than historical average of 4 percent. It’s worth noting that loans at community banks are growing even faster, with community bank loan growth exceeding that in larger banks over each of the last two years.

This is not to say that everything is great for most Americans - it is not; and in fact one of the reasons for that is the still-echoing effect of the financial crisis of 2008. The Center for Responsible Lending’s

S*tate of Lending* report showed two trends: first families were already struggling to keep up before the financial crisis hit. The gap between stagnant family incomes and growing expenses was being met with rapidly increasing levels of debt. Second, the terms of the debt itself have acted as an economic weight and a trap, leaving families with less available income, pushing them further into debt traps, and causing a great deal of financial and psychological distress.

Those most impacted by the 2008 crisis -- low-to-middle income individuals and communities of color -- are still rebounding. The impact of the crisis is closer to us than we realize. Just Wednesday, my Lyft driver shared with me that he worked as an analyst for (using his words) corporate America. When the crisis hit, he lost his job. He took a couple of consulting contracts and part-time jobs, but he said his life has been in 'free-fall" and "a mess" since.

People lived this and are still reeling with its aftermath. They think -- quite sensibly -- that big banks have too much power and influence, not too little.

This legislation is crammed with deregulatory gifts that would facilitate abuses by financial institutions, including giant mega-banks who want to return to the excessive borrowing and risky practices that led to the financial crisis; private equity and hedge funds who want to manipulate the rules to enrich their executives; mortgage lenders who want to undo the safeguards against the unaffordable loans that drove the financial crisis; payday and car title lenders pushing products that trap consumers in a cycle of ever increasing debt, and more. The Wall Street's CHOICE Act would:

- Create unprecedented barriers to regulatory action that would effectively give large financial institutions power to overturn or avoid government oversight.
- Strip the powers of the Consumer Financial Protection Bureau to address abusive practices in consumer markets, returning us to the regulatory patchwork that failed before the crisis and the CFPB was created to solve.
- Eliminate critical elements of regulatory reforms passed since the crisis, including restrictions on unaffordable mortgage lending, the Volcker Rule ban on banks engaging in hedge-fund like speculation, restrictions on excessive Wall Street bonuses, and more.
- Increase the ability of "too big to fail" financial institutions to hold up the public for a bailout by threatening economic disaster if they failed.

It seems like what all that means has escaped some members of the Financial Services Committee. This legislation begs the question, do its drafters fully grasp the economic devastation unleashed by a failure to control Wall Street predation? It looks like a Returned Peace Corps Volunteer serving abroad for two years, finding out at the airport that her childhood home fell into foreclosure; It's a pastor who had to put a two-time limit on helping parishioners that have fallen victim to the debt trap of online payday lending so he could still help the next person; It is the misuse of the criminal justice system to threaten a mother of two with jail time by a debt collector; It's reflected in soulless neighborhoods full of dilapidated properties with "foreclosed" signs.

It is profoundly foolish to eliminate safeguards against the catastrophic consequences of a financial crisis. It is also wrong to place such severe restrictions on the ability of regulators to protect the public from exploitation in their everyday transactions with the financial system. We urge you to reject this radical and destructive legislation.