

The Honorable French Hill
Chair
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

May 19, 2025

Dear Chair Hill, Ranking Member Waters, and Members of the House Committee on Financial Services:

We write to you today to express our profound opposition to the FIRM Act Act ([H.R. 2702](#)). The bill purports to curb banking discrimination and enable equal opportunity to obtain financial services, but the actual goal is to provide a special benefit for the politically influential tech, crypto, and fossil fuel corporations that will reduce safety and soundness for the financial system and pose significant risks to the economy.

The bill would remove the ability of bank regulators to consider reputational risk when supervising banks. This would force regulators to ignore—and by extension allow banks to hide and minimize—the potential or realized reputational consequences of money laundering, financial fraud and exploitation, and national security threats, and it would likely raise the incidence of these issues by complicating preventative monitoring and guidance. Customer and shareholder trust in an institution's ability to operate safely and soundly and provide financial services are critically important to a bank's success and to avoiding bank runs. This bill threatens to kick open the door to risky financing that ultimately could put peoples' savings and the financial system at risk.

Since the 1990s, in the wake of the savings and loan crisis, bank regulators across administrations have [formally recognized](#) how a bank's reputation can impact its safety and soundness. Banking is a business that relies on community, shareholder, and depositor trust. The erosion of customer trust due to reputational damage is one of the most common causes of bank runs and insolvency. High profile examples of bank instability in which reputational damage played a key role include [Riggs Bank near-failure and acquisition](#) in 2000, the [Wells Fargo fake accounts scandal](#) in 2016, [Credit Suisse's failure](#) in 2023, and the collapse of Silicon Valley Bank, Silvergate Bank, and Signature Bank in 2023 which exhibited clear signs of reputational risk from crypto industry turmoil, according to the Federal Deposit Insurance Corporation ([FDIC](#)) and [New York Department of Financial Services](#) reports.

Independent financial regulators must be allowed to consider all risks and develop effective supervisory oversight, free from influence by favored industries, and to use all tools available. The Office of the Comptroller of the Currency and the FDIC have already announced shortsighted intentions to eliminate reputational risk from supervisory consideration, but passing this legislation would unnecessarily codify current deregulatory efforts for the powerful

corporations that want unimpeded access to the financial system irrespective of the risks it poses to depositors, the financial system, and the economy. Congress should not remove reputational risk from consideration — effective bank risk management requires accounting for all risks, period.

This bill does nothing, and can do nothing, to actually make reputational risk go away. Instead, it just directs the agencies to ignore the obvious reality that, in a banking system built on trust, a bank's reputation matters. We urge members of the Committee to oppose this legislation that forces federal banking regulators and institutions to ignore legitimate risks that can undermine institutional safety and soundness that ultimately will hurt depositors, communities, and the real economy.

Vote down H.R. 2702.

Sincerely,

*Americans for Financial Reform
Beneficial State Foundation
Center for LGBTQ Economic Advancement & Research (CLEAR)
Ceres Accelerator for Sustainable Capital Markets
Chevedden Corporate Governance
Climate First Bancorp
Consumer Action
Consumer Federation of America
Florida for Good
Maine People's Alliance
Maryknoll Sisters
Missionary Oblates of Mary Immaculate
National Association of Consumer Advocates
National Community Reinvestment Coalition (NCRC)
National Consumer Law Center (on behalf of its low-income clients)
Natural Investments
NETWORK Lobby for Catholic Social Justice
Oregon Consumer League
People Power United
Public Citizen
Public Justice Center
Rise Economy
SC Group
The People's Justice Council
Transparency Task Force*