

The Honorable Tim Scott
Chair
Senate Banking Committee
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Elizabeth Warren
Ranking Member
Senate Banking Committee
534 Dirksen Senate Office Building
Washington, D.C. 20510

March 13, 2025

Dear Chair Scott, Ranking Member Warren, and Members of the Senate Banking Committee:

We write to you today to express our profound opposition to the [FIRM Act](#). The bill purports to curb banking discrimination and enable equal opportunity to obtain financial services. But it would do nothing to prevent actual discrimination or improve access to financial services for people in protected classes. What it would do, however, is hamstring regulators, upend the longstanding framework of bank supervision and regulation—developed and fine-tuned by both Democratic and Republican-led regulators over decades—and raise the incidence of money laundering, fraud, litigation, and bank failures.

Prudential bank supervision and regulation exists because the risks to banking institutions, including insolvency and failure, create significant public harm and costs. Since the 1990s, 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 [FDIC](#) and [New York Department of Financial Services](#) reports.

If the Committee would like to further protect people from banking discrimination, it should pass legislation like that of former Chair Sherrod Brown's ["Fair Access to Financial Services Act."](#) This 2020 bill would prevent banking discrimination for individual consumers on the basis of the protected classes of race, religion, national origin, sex, gender, or sexual orientation. We support this effort wholeheartedly.

What we do not support is a thinly veiled gift to powerful special interests at the expense of the public. The FIRM Act is an attempt to provide a special benefit to politically influential tech, crypto, and fossil fuel corporations by tying the hands of bank regulators so they cannot examine and address the full range of risks that businesses might pose.

Independent financial regulators, in partnership with their regulated institutions, must determine risks to the safety and soundness of the institution and to broader economic stability free from

influence by favored industries and politics, and using all tools available. 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 is nothing more than a deregulatory push to force 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.

Sincerely,

Americans for Financial Reform
California Consumer Protection Attorneys' Association
Center for Responsible Lending
Chevedden Corporate Governance
Consumer Action
Consumer Federation of America
Consumer Reports
Florida for Good
Impact Fund
Interfaith Center on Corporate Responsibility
Maine People's Alliance
National Association of Consumer Advocates
National Community Reinvestment Coalition (NCRC)
National Consumer Law Center, on behalf of its low-income clients
National Consumers League
Natural Investments
Oregon Consumer League
Private Equity Stakeholder Project
Public Citizen
Public Justice Center
Rise Economy
South Carolina Appleseed Legal Justice Center
The People's Justice Council
Transparency Task Force
Womxn From The Mountain