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Dodd-Frank Roll Back Bill: A Windfall for Big Banks

Just 10 years after the worst financial crisis in over a century, the Senate is considering a bill that would dramatically roll back important market protections on our nation's largest banks. The Economic Growth, Regulatory Relief, and Consumer Protection Act (S.2155) would undo many of the safeguards put in place under Dodd-Frank, threatening to once again leave Main Street on the hook for poor decisions on Wall Street.

The bill's chief proposal is to unwind the Dodd-Frank established oversight tools—Enhanced Prudential Standards (EPSs)—that allow regulators to monitor financial institutions, like those that collapsed during the financial crisis. These tools enable regulators to better assess a bank's health and prevent large financial institutions from spreading risk at taxpayers' expense.

The bill would increase the asset threshold at which EPSs apply from $50 billion to $250 billion, effectively deregulating 25 of the 38 largest banks. Among those excluded would be foreign banks operating in the United States that have repeatedly betrayed the trust of American consumers and engaged in illicit banking practices.

And though the bill would maintain most EPSs for banks with more than $250 billion in assets, some of those standards would be lightened, including requirements for "stress tests" that help regulators pinpoint threats before they snowball into a crisis. To date, several banks have failed these tests and have been required to improve their risk positions.

The bill would compromise the gains made under Dodd-Frank at a time when the largest banks are bigger than ever and the current economic landscape is mired in uncertainty, with the GOP tax bill likely to worsen income inequality and hike taxes on working families by the time it is fully implemented. Protections put in place under Dodd-Frank encourage banks to focus on acting as economic engines serving consumers, small businesses, and underbanked communities. Without these protections, banks are freer to gamble with taxpayer funds, creating dangerous financial products with little benefit for the average American.

Banks are not buckling under the weight of burdensome regulation. A Dodd-Frank roll back would give a free pass to banks that received billions of dollars in bailout funds during the crisis, despite the fact that nearly two-thirds of Americans agree that big banks should still be subject to tough oversight. Risking the financial security of American consumers to give Wall Street another break, just a decade after the Great Recession, would be short-sighted and risky.

Which Banks Would See Regulatory Break Under Dodd-Frank Roll Back?

Size of Institution	Number of Institutions	Examples of Banks Impacted
Over $250B	13	JP Morgan, Bank of America, Wells Fargo, Citigroup, Goldman Sachs, Morgan Stanley, US Bancorp, PNC, TD Group, Capital one, Bank of New York Mellon, HSBC
$100B to $250B	24	BBVA Compass, Credit Suisse, RBC Corporation, BMO Financial, Barclays, American Express
$50B to $100B	7	SVB Financial Group, Zions Bancorp, Comerica Inc., BBVA Compass, Synchrony Financial, Discover

Over $250B → These banks would remain subject to most existing regulations, but key regulations, like stress tests, would be weakened.

$100B to $250B → These banks could see significant regulatory roll back at the discretion of the Fed.

$50B to $100B → These banks would no longer be subject to nearly any enhanced regulations.

Source: National Information Center, Federal Reserve.

Note: List of banks in green and blue are not exhaustive. Data as of September 2017.