



Fine Points

BY CAMDEN R. FINE, PRESIDENT AND CEO OF ICBA

Americans today appreciate the serious hazards and consequences of excessive financial concentration.

ENDING TOO-BIG-TO-FAIL

Too-big-to-fail—people everywhere are talking about it. Debated in Congress many times and acknowledged by President Obama, it has been widely reported throughout the news media during the financial markets crisis and recession. Today, average Americans are discussing it in their everyday conversations, in barbershops and beauty salons, on Web blogs and chat rooms, and across kitchen tables. Sometimes used interchangeably with “systemic risk,” another contemporary catchphrase, too-big-to-fail has become part of our common vocabulary.

Just as important, Americans today appreciate the serious hazards and consequences of excessive financial concentration. They witnessed our whole economy being held hostage because of the reckless behavior of a few huge wayward Wall Street financial firms. They saw those giant institutions, instead of being held accountable, propped up with trillions in taxpayer money because they were too big to punish.

None of this is news to ICBA and the nation’s community bankers. For over 20 years, ICBA has warned of the dangers of too-big-to-fail and excessive financial concentration, and now most Americans agree that the problem is real and that it must be dealt with. For community banks and Main Street America, this awareness and understanding is vital progress.

Once a banking industry insider’s term, “too-big-to-fail” would not have registered with the average American citizen even three years ago. And not so long ago even top banking regulators and policymakers, despite conspicuous examples to the contrary, officially denied that it even existed. Of course, those regulators and policy makers were rationalizing the profound dangers they allowed to multiply steadily each year. Fortunately, that’s no longer the case. Every top federal regulator and top policymaker, including Secretary Geithner, Federal Reserve Board Chairman Ben Bernanke and FDIC Chairman Sheila Bair, agrees too-big-to-fail is a real danger that must end.

Our task now as a country is to ensure the economic chaos and human suffering of the past few years is never repeated. ICBA has taken the initiative in addressing too-big-to-fail and excessive financial concentration. This year alone ICBA leaders testi-

fied four times before Congress on those specific issues, and we’ve voiced our positions in scores of national newspaper and broadcast interviews. And in contrast to the deafening silence of other national banking trade associations, ICBA has issued concrete principles and proposals to ensure that policymakers put in place constructive regulatory restructuring reforms. Downsizing too-big-to-fail banks and nonbanks, establishing a systemic risk regulator and creating a special insurance fund to cover any losses of too-big-to-fail institutions are central to those recommendations, which many members of Congress have studied closely and praised.

After years of arduous effort, ICBA and the nation’s community bankers have made tremendous progress in educating policymakers, the media and the American people about too-big-to-fail. Aided by current events, our momentum has never been stronger, but the undertaking is far from over. Powerful forces oppose us, and Wall Street has begun to stir.

Let’s complete this challenge for Main Street America and all Americans. Join ICBA and our members to get the job done, and done right. ■

Camden R. Fine is president and CEO of ICBA. Reach him at cam.fine@icba.org.