

The Greater Supervision in Banking Act (GSIB) Act

Introduced by Congresswoman Ayanna Pressley (MA-07)

Background

In October 2008, during the height of the Great Recession, the George W. Bush Administration enacted the Troubled Asset Relief Program (TARP) Act - a \$700 billion bailout dedicated to shielding banks from the impacts of the economic downturn. In the months that followed, the federal government prioritized bailing out individual banks over the millions of families facing foreclosure. The American public was repeatedly told these banks were simply “too big to fail” and taxpayers paid the price for it.

In their *first* appearance before Congress in a decade, CEOs from the Globally Systemically Important Banks (G-SIBs) testified before the House Financial Services Committee in April of 2019. Since the Great Recession, the G-SIBs, their bonuses, and their boldness in skirting the law has only grown, while their frontline workers who often bear the brunt of enforcement actions find themselves working multiple jobs just to make ends meet.

Big Banks by the Numbers

- U.S. G-SIBs hold a combined \$11.1 trillion in assets- nearly half of all domestic banking assets.¹
- Banks pulled in a record setting \$237 billion in profits in 2018², with big banks accounting for nearly half of those profits³.
- Overall, banks received \$700 billion in bail out TARP funds while receiving trillions in additional loans.
- A 2018 report found that G-SIB banks accounted for \$164 billion of the \$243 billion in all bank fines since the financial crisis⁴

The Greater Supervision in Banking (GSIB) Act

Congresswoman Ayanna Pressley’s (MA-07) *Greater Supervision in Banking Act* strengthens Congressional oversight of the country’s largest banks in order to protect consumers and prevent deceptive behavior from financial institutions.

Specifically, the legislation requires the banks to submit an annual a public report including, among other things, information about their size and complexity, market activity, employee wages, diversity, climate risk and environmental harms, misconduct, use of forced arbitration, cybersecurity measures, and any enforcement or regulatory actions taken against them over the past year.

It is past time for the G-SIBs to be required to provide robust annual reports so that consumers, employees, regulators, and Congress have needed transparency to hold them accountable for the benefit everyday people in America.

¹ National Information Center, “Holding Companies with Assets Greater Than \$10 Billion,” <https://www.ffiec.gov/nicpubweb/nicweb/hcsgreaterthan10b.aspx>; U.S. Department of The Treasury, “A Financial System That Creates Economic Opportunities- Banks and Credit Unions,” <https://www.treasury.gov/press-center/press-releases/documents/a%20financial%20system.pdf>

² Bloomberg, “Banks Crushed Profit Record With \$237 Billion in 2018, FDIC Says” <https://www.bloomberg.com/news/articles/2019-02-21/banks-crushed-profit-record-with-237-billion-in-2018-fdic-says>

³ LA Times, “The nation’s largest banks enjoyed \$111 billion in record profits last year — with more to come,” <https://www.latimes.com/business/la-fi-bank-record-profits-20190116-story.html>

⁴ Market Watch, “Here’s the Staggering Amount Banks Have Been Fined Since the Financial Crisis,” <https://www.marketwatch.com/story/banks-have-been-fined-a-staggering-243-billion-since-the-financial-crisis>