The U.S. House Committee on Financial Services
"Dodd-Frank Turns 15: Lessons Learned and the Road Ahead"
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Dennis M. Kelleher Opening Statement

Good morning, Chairman Hill, Ranking Member Waters, and Members of the Committee. Thank you for holding this important hearing and for the invitation to Better Markets to testify.

While the focus today is the Dodd-Frank Wall Street Reform Law, that law cannot be properly discussed or understood without reviewing the devastating financial crisis that started in 2008 that made that law so necessary. That was the worst financial crash since the Great Crash of 1929, and it caused the worse economy since the Great Depression of the 1930s, which is why it is referred to as the Great Recession.

The damage caused by that crash ruined the lives of tens of millions of Americans, crushed small businesses and community banks, grievously damaged our economy and financial system, ballooned the country's debt, and undermined the pillars of our democracy (which depends on an economy delivering rising living standards and broad-based prosperity).

Just a few facts to illustrate the horrific scope of the damage caused to Americans from the Crash:

1. 13 months after the September 15, 2008, bankruptcy of Lehman Brothers, the U6 unemployment rate reached 17.2%, throwing more than 27 million Americans out of work.

2. 16 million foreclosure filings happened during the Great Recession, causing millions of families to lose their homes.

3. 40+% of homes in the U.S. were underwater, meaning their mortgages were higher than the value of their homes for years after the Lehman bankruptcy.

4. 10 years passed before the unemployment rate in the U.S. returned to pre-2008 Crash levels.

5. 8 years after the Lehman bankruptcy 90% of Americans were poorer at the end of 2016 than they were in 2007 by 17% to 34%.

It is also critical to remember that the 2008 crash was an avoidable man-made financial crash and disaster that didn’t have to happen. It only happened because too many elected officials, policymakers, regulators, and others who should have known better listened to the financial industry’s Siren song of deregulation, which, as in the Greek myth, inevitably resulted in a catastrophic crash.

That deregulation and crash resulted from too many believing the financial industry’s claims that its interests overlap with the public interest and that the industry is primarily focused on economic growth, job growth, credit supply, and helping community banks, small businesses, and disadvantaged groups. The industry continues to trumpet these issues—indeed, it’s the chorus for their Siren song of deregulation.

Those claims, however, are usually smokescreens behind which they hide their profit- and bonus-maximizing motives. That’s fine for private companies but not in the public interest.

The overriding lesson ***that should be*** learned and guide the road ahead is to reject that misleading but appealing deregulation song that the industry is singing again. It will lead to an even more horrific result, in part because the country does not have the fiscal or monetary capacity to properly respond to another financial and economic crash.

The truth is that the threat from too-big-to-fail, too-big-to-manage, too-big-to-jail, and too-big-to-regulate financial institutions remains alive, well, and getting much worse due to the deregulation juggernaut unleashed by the Trump administration.

That was proved by the failure and bailouts of 3 much smaller banks in 2023, which resulted from deregulation in the first Trump administration and cost more than $40 billion in direct bailouts and more than $300 billion in total costs. Yet, the largest of those banks only had a little more than $200 Billion in assets. In contrast, JPMorgan Chase alone has $3.64 Trillion in assets, and the 15 largest U.S. banks held a combined $14 Trillion in assets as of March 31, 2025. There's no chance these much bigger too-big-to-fail financial institutions can be resolved without destabilizing contagion and gigantic bailouts.

Because everyone knows that (even if many won't admit), regulators have tried to varying degrees over the years to increase their resilience in the event of inevitable stressful situations that will threaten their viability.

Engaging in massive deregulation that significantly reduces the resilience of these megabanks knowing that they cannot be resolved virtually guarantees that the next crash will be much worse than the 2008 Crash and could well cause a second Great Depression.

That's the bad news. The good news is that isn't evitable. It can be prevented. Indeed, we know how to prevent it because we did for about 70 years - from the major laws and regulations imposed on financial institutions during the Great Depression of the 1930s until September 2008, the U.S. did not suffer from a major financial crash.

At the same time, during those decades, when the financial industry was under the most robust regulation in the history of the world, the U.S. economy grew at historic rates and there was broad-based wealth creation. That proves that a strongly regulated financial industry is not only compatible with, but necessary to achieve, above-trend growth and stability.

Thank you.