Remarks
of
Gary Gensler
Maryland Financial Consumer Protection Commission
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Good afternoon. I would like to call this meeting of the Maryland Financial Consumer Protection Commission to order.

First, I want to thank each of my fellow Commissioners for their willingness to serve. I am honored to have been asked to be your Chair.

I also want to welcome the public and members of the press who are here with us today or watching live on the internet.

Ours may be a new body, but our mission is a long and well-established one for such bodies – to monitor and report to the public on particular matters within our expertise. In this case on the goings on in Washington and on Wall Street and how any changes might affect the lives of Marylanders.

In short, we have every Marylanders' back. We are their watchdog on matters of financial services and consumer protection.

I want to thank Senate President Mike Miller and Speaker Mike Busch for supporting the creation of this Commission, our fellow Commissioners for agreeing to serve, and Senator Jim Rosapepe and House Majority Leader Bill Frick for sponsoring the legislation. I also want to thank Governor Larry Hogan for allowing the Commission to come into existence. I also thank Chairman Mac Middleton for his support of the legislation and for the use of the Senate Finance Committee's hearing room today.

I have been honored to serve as Chairman of the Commodity Futures Trading Commission, Undersecretary of the United States Treasury, Senior Adviser to former US Senator Paul Sarbanes, and at an earlier time as a partner of a major Wall Street firm.

Nine years ago, the U.S. economy was in a free fall. Americans were paying for the financial crisis with their jobs, their pensions, and their homes.

Our financial system and our financial regulatory system had failed the American public.

The public cried out for real solutions to ensure this didn't happen again.

It wouldn't be easy.

Financial services are a crucial part of our modern thriving economy. They help us get the most out of our savings and investments; provide loans for our daily lives; allocate capital for businesses to innovate and grow; insure us against the bad times in life; and help us make payments for everything from our monthly utility bills to purchasing items on the internet.

But finance also is a fast paced and global world where money, risk and power collide.

As a nation, though, we had to come together to update common-sense rules of the road for financial markets so they work best for the public.

President Roosevelt understood this when he, along with Congress, transformed financial markets in an earlier era. Those reforms established the foundation for the U.S. economic growth engine for decades.

Though nearly everyone agreed that changes were needed, President Obama and Congress faced challenges.

There were intense debates on what had failed us and what targeted reforms were most needed. There were intense debates on the balance between promoting capitalism and free markets, while appropriately protecting the public from concentrated risk–taking at large financial institutions or from fraud and manipulative behavior in the markets. And in this era of growing inequality there were debates on how best to promote market efficiency. In essence, what role should our government play in setting rules of the road regarding transparency, conflicts of interest, and market structure so that the public gets most of the benefits from healthy competition amongst financial firms.

Through the Dodd-Frank Act and related reforms, much progress has been made.

First, at the heart of financial reform was ensuring that the largest financial institutions in our free-market system have the freedom to fail. That was true for my dad’s small family business in Baltimore. Nobody would have bailed him out if he didn’t make payroll each Friday.

Second, regulators have brought tougher capital and liquidity standards, along with annual stress tests to large banks and requirements that they have credible plans if they were to fail.

Third, we now have an agency – The Consumer Financial Protection Bureau - whose key mission is ensuring that consumers are protected from predatory lending practices and get a fair deal on financial products from mortgages to credit cards.

Fourth, we now have real transparency into the hedge fund world and are addressing the risks of potential runs on money market funds.

Fifth, the swaps market, which was at the heart of the crisis, has been completely transformed. Bright lights of transparency and central clearing now are shining on and lowering risk in the over $300 trillion market.

Lastly, through a new council, Federal regulators are collaborating with each other as a real deliberative body.

These common-sense rules of the road have been truly transformative, helping financial services better serve the rest of the economy.

Democracy is noisy and messy.

With the new Administration in Washington, changes are inevitable. Our panels of experts today will help our Commission understand what those changes in Washington mean for everyday Marylanders.

What are the truly relevant changes or proposals coming out of Washington? What changes have happened on Wall Street that might put the public at risk? How can we best protect the public and our elected leaders from surprises?

I will introduce our expert witnesses in a moment, but first I would like to thank and introduce the staff from the Maryland Department of Legislative Services supporting this Commission, Tami Burt, Sally Guy and Eric Pierce.

I also want to now give each of my fellow Commissioners a brief opportunity to introduce themselves.

Thank you.