Dodd-Frank Laws Are Failing America

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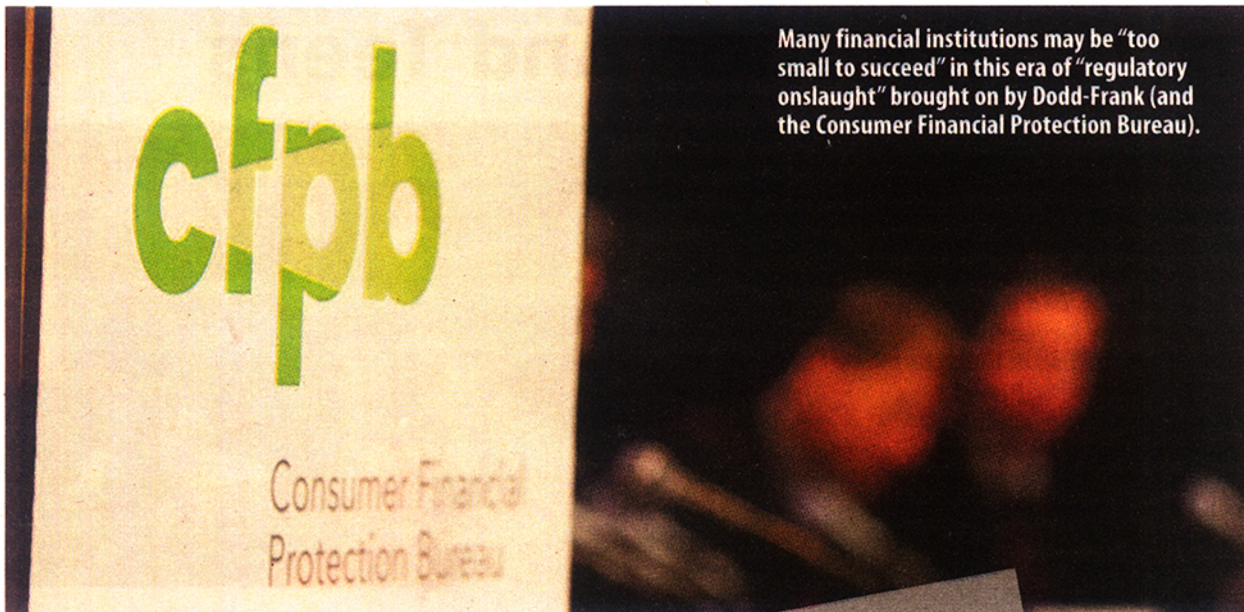

Many financial institutions may be "too small to succeed" in this era of "regulatory onslaught" brought on by Dodd-Frank (and the Consumer Financial Protection Bureau).

There are those who are so indoctrinated by their politics, they can't correlate the facts with their political beliefs. For the rest of America, including most every economist, bank executive and business owner, it's an undisputed fact that the Dodd-Frank laws implemented since 2010 have been a drag on the economy and job creation.

The financial reform laws more commonly referred to as the Dodd-Frank Act have imposed more than 400 new regulations on the financial industry in the past few years. This comprises more financial regulations than were created in the previous 30 years. These regulatory burdens have resulted in dramatic decreases in mortgage, consumer and business lending, while the increased compliance costs associated with these new laws are smothering small businesses, including community banks and credit unions.

Study after study has verified the adverse while unintended consequences Dodd-Frank has caused. And now three more independent and non-partisan reports point to Dodd-Frank for the weak U.S. economic recovery.

A Dallas Federal report recently concluded that many local community financial institutions may be "too small to succeed" in this era of "regulatory onslaught" brought on by Dodd-Frank (and the Consumer Financial Protection Bureau). The over-burdensome cost of compliance is killing small lenders and financial institutions.

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A recent, nonpartisan U. S. Government Accountability Office (GAO) report indicated an "increased compliance burden" to community banks, credit unions and local financial companies has "begun to adversely affect some lending activities," such as mortgage lending to customers who would not typically be served by the larger banks. In addition, the GAO report stated that, "The full impact of the Dodd-Frank Act remains uncertain because many rules have yet to be implemented, and insufficient time has passed to evaluate others."

And a House Financial Services Committee hearing held this past summer found that the Dodd-Frank Act has resulted in:

- The U.S. experiencing an anemic recovery with approximately 12 million fewer jobs created than other recoveries since WWII.
- It's now harder for low- and moderate-income Americans and minorities to buy a home.
- There are now fewer financial products and services being offered to American consumers, and the financial products that remain come at a higher cost.
- We're experiencing a split economy. Large companies who can raise money in the capital markets are experiencing economic recovery roughly in line with other recoveries. However, small companies who have traditionally been the drivers of American job growth are finding credit difficult to obtain due to the unrealistically stringent lending requirements imposed by Dodd-Frank. Thus, job growth has been stifled as small businesses are finding it difficult to obtain the credit they need to grow and create jobs.

Dodd-Frank has been a drag on the economy and job growth, and has harmed the very consumers it was created to protect. These findings are as clear as day. Is Washington listening? Why aren't politicians from both sides of the aisle taking action to rein in these damaging laws?

Editor's note: For the full text of the Dodd-Frank Wall Street Reform and Consumer Protection Act visit the U.S. Commodity Futures Trading Commission (CFTC) website (www.cftc.gov) and search "Dodd-Frank" in the homepage search bar.

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