

## FRB, FDIC, OCC and NCUA Testify at Congressional Oversight Hearings

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This week, the [Senate Banking Committee](#) and the [House Financial Services Committee](#) held oversight hearings with leaders of the Federal Deposit Insurance Corporation (“FDIC”), Federal Reserve Board (“FRB”), the National Credit Union Administration (“NCUA”) and the Office of the Comptroller of the Currency (“OCC”).

Testimony from the four leaders were substantially similar before both of the committees. The four witnesses were [Michael Barr](#), Vice Chair for Supervision, FRB; [Martin Gruenberg](#), Chair, FDIC; [Todd Harper](#), Chair, NCUA; [Michael Hsu](#), Acting Comptroller, OCC.

The four prudential leaders reported that their respective depository institutions are generally sound. Vice Chair Barr pointed to the FRB’s [Supervision and Regulation Report](#) issued earlier in the week, and his testimony reflected much of what was in the report. Notwithstanding the strength and resilience of the system generally, the four regulators noted the risks they continue to see since the collection of regional bank failures this spring such as lowering net interest margin, unrealized losses in securities holdings, and continuing risks in the commercial real estate sector.

In general, Republican members of the respective committees were critical of recent actions by the three banking agencies, such as the [Basel III Endgame Proposal](#), and the issuance of a final rule updating the [Community Reinvestment Act regulations](#). Senate Republicans actually called for the withdrawal of the proposal in a [November 12 letter](#). While Democratic members were generally more supportive of the agencies, there was a good deal of criticism of the Basel III Endgame Proposal from Democrats, noting that the proposal could negatively impact efforts to help low-and-moderate-income homebuyers and beneficiaries of certain tax credit programs.

In addition to the expected Q&A on banking policy, FDIC Chair Gruenberg faced numerous questions about the culture and protection of employees at the FDIC, following a [Wall Street Journal article](#) reporting on instances of reported sexual harassment and a possible toxic work environment amongst its bank examiners on Monday. Chair Gruenberg stated that he was deeply troubled by the report and was engaging an independent law firm to conduct a review. FDIC Vice Chair Travis Hill and FDIC Director Jonathan McKernan released a [joint statement](#) that “the independent review initiated by the Chairman be effectively overseen by the Board and have the latitude and time needed to conduct a thorough, holistic review.”

National Law Review, Volumess XIII, Number 320

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