A Bird in the Hand and No Banks in the Bush

Why Competition Offers a Solution to Too Big to Fail

By John Berlau

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Executive Summary

Radio Shack. Borders Books and Music. Blockbuster Video. Eastman Kodak.

These are the names of companies that once dominated their industries that have gone the way of the Dodo. Their bankruptcies caused thousands of job losses and wiped out shareholders. Yet, there was no major clamor among the public or policy makers to bail out any of these corporations. As big as they once were, these firms were not deemed Too Big to Fail. If only it were so in the financial industry.

Five years after the Dodd-Frank financial reform law was enacted, Too Big to Fail banks are more entrenched than ever. Yet most "fixes" miss the heart of the problem. Firms only become Too Big to Fail when there is a lack of competition from new entrants.

The financial crisis that swept across the country and the world starting in 2008 hit many American industries hard. Yet financial services was virtually the only sector that was given a lifeline by the government (along with the piggybacking of General Motors and Chrysler onto the Troubled Asset Relief Program).

Despite is prevalence, Too Big to Fail, the doctrine that some firms must be bailed out to save the broader economy, is still the exception rather than the rule. And in looking to end it, the question that must be asked is what makes the financial industry, as it is structured today, so "exceptional."

Unlike with virtually every other industry, government regulators are essentially hanging a sign outside their windows stating, "No new banks need apply." New regulations imposed since the financial crisis—including but not limited to Dodd-Frank—have created a de facto moratorium on the approval of new banks. Since 2010 only one new bank has been approved by federal regulators, the Bank of Bird-In-Hand in the Amish country of Pennsylvania.

It is not just small startups that have been shut out of the financial market, but also innovative firms that have proven themselves in sectors from retailing to manufacturing. Unlike virtually every other industrialized country, the U.S. effectively bans non-financial corporations from owning bank affiliates. This means the best-run American corporations, with expertise in areas important to banking like technology and supply-chain management, are locked out of the banking industry. In the past decade, both Walmart and Berkshire Hathaway have tried and failed to get regulatory approval to create banking units.

This lack of new entrants is one important reason why a large bank failure could severely curtail the supply of credit and availability of financial services. That in turn sets the stage for a continuing cycle of bailouts.

Since the financial crisis, the debate about bailouts and Too Big to Fail has been dominated by proposals to limit what traditional banks can do, and increasing capital requirements, to supposedly lessen taxpayers' exposure to risk. Dodd-Frank put limits on banks' use of certain types of derivatives and proprietary trading. And there is a bipartisan chorus in Congress calling for restoring the Glass-Steagall Act, which separated commercial and investment banking until it was partially repealed by the Gramm-Leach-Bliley Act, signed by President Bill Clinton in 1999 with strong bipartisan support. Yet such restrictions are largely counterproductive, both in creating more stability for the financial system and in reducing the concentration

of the biggest banks. The proprietary trading limits in Dodd-Frank's Volcker Rule, for instance, have wreaked havoc among regional and community banks.

To really tackle Too Big to Fail, the discussion needs to broaden to opening financial services to new types of entrants that can bring the technology and management expertise of both startup businesses and leading American firms to the banking field. In the financial industry, as in any other industry, greater competition can help bring stability, innovation, and choice.

Congress should put in place procedures for new bank approval, in which regulatory agencies would have a specified time limit to approve or deny new bank applications. If regulatory agencies exceed these time limits, they should be required to give the bank, Congress, and the public detailed explanations as to why this was the case. Congress should also end the outdated and absurd regulatory doctrine of separation of banking and commerce by repealing the Bank Holding Company Acts of 1956 and 1970.

It is time to bring what the great economist Joseph Schumpeter called "creative destruction" to the banking industry, by bringing in the competition from new entrants that exists in every other industry. There's no banks like new banks

Introduction

In December 2013, the village of Bird-In-Hand, Pennsylvania, a farming community with a sizeable Amish population, celebrated a unique event: the first opening of a new bank since 2010 by federal regulators. The Bank of Bird-In-Hand was greenlit by the Federal Deposit Insurance Corporation (FDIC), which regulates banks and insures their deposits. While townsfolk rejoiced at a new bank to serve their farms and the wider community, in fact it is the exception that proves the rule of regulators' reluctance to approve new banks.[1]

Before 2010, the FDIC approved an average of 170 new banks per year. But new regulations imposed since the financial crisis have created a de facto moratorium on the approval of new banks. In a letter to the FDIC shortly after the opening of Bank of Bird-In-Hand, the Independent Community Bankers of America and the American Association of Bank Directors expressed this concern, and pointed out, "Even in the depths of the S&L crisis in the 1980s when 1,800 banks and savings institutions failed, an average of 196 de novo banks and savings institutions were formed from 1984 through 1992."[2]

In addition to the new regulatory burdens from the Dodd-Frank Wall Street Reform and Consumer Protection Act, the letter cites a specific FDIC policy that requires new banks to put up today 8 percent of the assets they project to have in seven years. For instance, if those forming a bank think it might have $500 million in assets in seven years, they would have to come up with $40 million in cash before it even opens for business. This requirement, notes the letter, "effectively prevents the formation of de novo banks at all, or only in severely limited circumstances," as such a large amount of upfront capital "is beyond the reach of many in communities where it is virtually impossible to attract capital from outside sources. In addition, such an investment would be highly unattractive to investors given the low return on equity that would be available to the bank for many years."[3]

How did we get here? To answer that question, we need to go back to the 2008 financial crisis, as well as to counterproductive financial regulations that have been around for a long time. The crisis hit many American industries hard, but financial services was virtually the only sector given a lifeline by the government—along with the piggybacking of General Motors and Chrysler onto the Troubled Asset Relief Program (TARP).

To date, the debate over Too Big to Fail financial institutions has centered in large part on which established bank functions regulators should restrict. To really tackle Too Big to Fail, the discussion needs to broaden to opening financial services to new types of

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entrants that can bring the technology and management expertise of both startup businesses and leading American firms to the banking field. Federal regulators are effectively hanging a sign of their windows stating, "No new banks need apply," and businesses and consumers are paying the price.

Thankfully, Too Big to Fail, the doctrine that some firms must be bailed out to save the broader economy, is still the exception rather than the rule in the broader American economy. Therefore, in looking to end Too Big to Fail, the question that must be asked is what makes the financial industry, as structured today, so exceptional.

Not So Exceptional

Radio Shack. Borders. Blockbuster Video. Eastman Kodak. These are all companies that once dominated their industries but have gone the way of the Dodo. Their bankruptcies caused thousands of employees to lose their jobs and wiped out tens of thousands of shareholders. Yet, there was no clamor among the public or policy makers to bail out any of these corporations. As big as they once were, these firms were not deemed Too Big to Fail by the powers-that-be in Washington. So why was the financial industry considered to be "different"?

It is not the size of banks and other financial firms that is a problem. Only four American banks—JPMorgan Chase, Bank of America, Citibank, and Wells Fargo—are large enough to make the Bankers Almanac list of the top 50 global banks, ranked by assets. The largest American bank, JPMorgan Chase, is smaller than the nine largest international banks on that list.[4] It is also smaller than 17 other American corporations in the Fortune 500. The only American financial institution that outranks it is the government-created and government-backed Fannie Mae.[5] Yet, Fannie and its fellow government-sponsored enterprise Freddie Mac have not been reined in despite their well-documented role of leading banks into the bad mortgages that helped spur the financial crisis.[6]

Some defenders of bailouts and post-crisis financial regulation like Dodd-Frank admit the problem should not be characterized as "too big to fail." Instead, they call it "too interconnected to fail." Former Treasury Secretary Timothy Geithner—who helped orchestrate the 2008 bailout of Bear Stearns when he was president of the Federal Reserve Bank of New York—argues in his memoirs: "'Too big to fail' has become the catchphrase of the crisis, but our fear was that Bear was 'too interconnected to fail' without causing catastrophic damage."[7]

Whether "interconnectedness" was indeed a cause of the 2008 financial implosion is still being fiercely debated. Peter Wallison of the American

Enterprise Institute, who was also a member of the congressionally authorized Financial Crisis Inquiry Commission, writes in his recent book on the financial crisis, *Hidden in Plain Sight*, that even the failure of Lehman Brothers, six months after Bear in September 2008, "had no knock-on consequences" for other financial firms. Rather, he blames the "common shock" of losses in mortgage-backed securities that was exacerbated by pro-cyclical "mark-to-market" accounting, which forced banks to take paper losses even on loans that were still performing.[8]

New mark-to-market accounting rules from the Financial Accounting Standards Board (FASB) went into effect in 2007. They required financial institutions to value mortgages and other financial instruments at the price similar instruments were selling, even if banks had no intention of selling the mortgages for years. When some mortgages went bad, virtually all banks were forced to take losses on mortgages as an asset class. This led to a cascading effect, which in turn led to greater incentives to sell off mortgages at fire-sale prices. As Wallison notes, the mortgage market did not really stabilize until the spring of 2009, when FASB relaxed mark-to-market rules after a bipartisan outcry. That is also when the Dow Jones Industrial Average began its long climb back to its current level.[9] On April 2, 2009, the day FASB announced it was easing the rules, the Dow jumped 3 percent, climbing above 8,000 for the first time in almost two months.[10]

Not So Interconnected

Yet even if one accepts the "interconnectedness" thesis, there remains the question of why this is not the case in other industries. For instance, Blockbuster's bankruptcy did not harm the movie studios' video rental royalties, and the closing of Borders bookstores did not throw publishers into crisis. Why? Because new competitors had already replaced Borders and Blockbuster as the dominant firms in their respective industries, as folks streamed movies on Netflix and bought books from Amazon.com.

But what if Netflix and Amazon had never been allowed to enter the market? What if new entrants had to go through a cumbersome process to get federal approval to enter the video rental or bookselling businesses? Then a stumble by established firms may have indeed caused more dislocation and shortages in supply. For large firms to fail in any industry without significant disruption elsewhere, there must be new competing firms ready to provide the product or service. Yet when it comes to the banking industry, the federal government acts as if nothing good can come from new entrants. Since 2010, only one new bank has been approved by Washington regulators.[11]

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Lack of new entrants is one important reason why a large bank failure could severely curtail the supply of credit and availability of financial services. That in turn sets the stage for a continuing cycle of bailouts.

Since then, there has been some innovation in the financial services industry. In the past few years, consumers have seen technologies to pay and collect payments by credit card over their smartphones, new options in prepaid debit and credit cards, and online peer-to-peer platforms for lending and borrowing. But these innovations have come largely outside of the banking sector, and are limited by their providers' non-bank status. Credit to responsible businesses and consumers has tightened, and fees for basic banking services have risen, in significant part due to the costs of new regulations arising from Dodd-Frank, as well as the lack of competitive checks and balances present in other industries.

Most importantly, this lack of new entrants is one important reason why a large bank failure could severely curtail the supply of credit and availability of financial services. That in turn sets the stage for a continuing cycle of bailouts.

Since the financial crisis, the debate about bailouts and Too Big To Fail has been dominated by proposals to limit what traditional banks can do, and increasing capital requirements, to supposedly lessen taxpayers' exposure to risk. Dodd-Frank put limits on banks' use of certain types of derivatives and proprietary trading. And there is a bipartisan chorus in Congress calling for restoring the Glass-Steagall Act, which separated commercial and investment banking until it was partially repealed by the Gramm-Leach-Bliley Act, signed by President Bill Clinton in 1999 with strong bipartisan support.

Yet recent evidence shows that such restrictions are largely counter-productive, both in creating more stability for the financial system or in reducing the concentration of the biggest banks. The proprietary trading limits in Dodd-Frank's Volcker Rule, for instance, have wreaked havoc among regional and community banks and raised liquidity concerns that companies will not be able to raise money as easily through corporate bonds. Proprietary trading is trading using banks' own money, rather than that of customers. Even with a dearth of evidence that this type of trading, rather than simply bad lending, had much to do with the financial crisis, supporters of the Volcker Rule such as Mike Konczal of the Roosevelt Institute have said that proprietary trading turns banks into "casinos."[12]

Yet it turned out that even small banks do some proprietary trading to hedge the risks of lending and other plain vanilla financial activities.[13] One of the first victims of the rule was Zions Bank in Salt Lake City, which had to divest from a long-held debt security and take a loss of $387 million—an amount greater than what Zions had earned in any calendar year since 2007.[14] Zions felt it had to divest immediately, because selling after the Volcker Rule was implemented could trigger its proprietary trading restrictions.[15]

Problems with the Volcker Rule, which supporters had sworn would only affect the largest megabanks, ended up hitting so many community banks that it led Rep. Michael Fitzpatrick (R-Penn.) to introduce the Promoting Job Creation and Reducing Small Business Burdens Act (H.R. 37) in January 2015 to specifically exempt smaller banks from the rule, a goal been endorsed by regulators at the Federal Reserve and Office of the Comptroller of the Currency. It passed the House with support from 29 Democrats.[16]

Today, the banking industry is more concentrated than ever. Part of the blame lies with Dodd-Frank's imposition of regulatory costs on small banks, combined with its creation of the Financial Stability Oversight Council to designate big financial firms as "systemically important"—which signaled to investors that these firms will not be allowed to fail. As an exhaustive study by Harvard Kennedy School's Mossavar-Rahmani Center for Business and Government found:

> Dodd-Frank did not mitigate concerns over banking sector concentration: The top five bank holding companies control nearly the same share of U.S. banking assets as they did in the fiscal quarter before Dodd-Frank's passage. Meanwhile, community banks with $1 billion or less in assets have seen a significant decline.[17]

The Strange Doctrine of "Separation of Banking and Commerce"

Yet, it is not just small startups that have been kept out of the financial market, but also innovative firms that have proven themselves in sectors from retailing to manufacturing. Unlike virtually every other industrialized country, the U.S. effectively bans non-financial corporations from owning bank affiliates. As a result, even those who could conceivably put up this kind of capital to form new banks have been dissuaded because of the regulatory burdens involved. As financial analysts James R. Barth and Tong Li note in a report for the Milken Institute, the U.S. is the "only G20 country opposed to the 'mixing of banking and commerce.'"[18]

This means the best-run American corporations, with expertise in areas important to banking like technology and supply-chain management, are locked out of the banking industry. In the past decade, both Walmart and Berkshire Hathaway have tried and failed to get regulatory approval to create banking units.

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How did the principle of "separation of banking and commerce" come about? During the 1950s, the Federal Reserve desperately wanted to fend off legislation from populists in Congress like Rep. Wright Patman (D-TX) to subject its monetary decisions to an audit by Congress' General Accounting Office (now the Government Accountability Office). To appease populist critics and get smaller banks on its side, the Fed made a political target of the Transamerica Corp., which then owned more than 20 banks as well as a real estate brokerage, oil companies, a fish packer, a metal fabricator, and other non-financial firms.[19]

The Fed had tried to nail Transamerica on antitrust charges, but the company fought and won in federal court. So with the help of small and large traditional banks, the Fed flexed its muscle in Congress.[20] The primary interest groups lobbying for such legislation included the American Bankers Association, Association of Reserve City Bankers, Independent Bankers Association of America, National Association of Supervisors of State Banks, National Federation of Independent Business, and several state banking associations.[21]

The result of this intense lobbying was the Bank Holding Company Act of 1956, which required registration of all bank holding companies and prohibited non-financial firms from owning more than one bank. Transamerica was forced to divest most of its bank holdings, but other nonfinancial firms still found that one bank was a useful addition to its holdings. So the Fed and many of the same bank trade associations that had pushed for the Bank Holding Company of 1956 lobbied Congress to pass the Bank Holding Company Act of 1970, which banned nonfinancial companies from owning even one bank.

In the 1990s, Congress lifted restrictions on interstate branching by banks, as well as the Glass-Steagall rule that forbade financial firms from mixing banking with insurance and securities. But restrictions on nonfinancial firms entering banking remained in place and in some cases were even strengthened.

In some cases, limited-purpose banks called industrial loan companies (ILCs) were allowed. But in the mid-2000s, the Bush administration slammed the door shut on even these types of banks, just as prominent nonfinancial firms were beginning to utilize them.

Banking on Berkshire—Not

Warren Buffett is no stranger to finance. Yet, when he tried for his holding company, Berkshire Hathaway, to acquire and run a bank, federal laws and regulations slammed a door in his face, despite his company's long experience in finance. In 1969, Berkshire acquired 97.7 percent of Rockford Bancorp, the holding company for the Illinois National Bank and Trust, the largest bank in Rockford, Illinois. Buffett liked the conservative management style of its chairman, Eugene Abegg, who had run the bank since 1931. The bank grew but did not change all that much as a Berkshire subsidiary, because Buffett kept the prudent Abegg at the helm. In his 1978 letter to Berkshire shareholders, Buffett bragged that Rockford Bancorp's "earnings amounted to approximately 2.1% of average assets, about three times the level averaged by major banks."[22]

Despite this stellar record, Berkshire and other companies were forced to sell their banking units in 1980, 10 years after the Bank Holding Company Act of 1970 banned non financial companies from owning even one bank. By giving Berkshire and other businesses a decade to divest their banking units, Congress seemed to recognize the potential disruption to the economy from forcing swift divestment. Nevertheless, the Fed took a hard line against Berkshire officials being even slightly involved in management of the bank, once it was spun off. As Buffett said in his 1979 annual letter to shareholders:

> [T]he Federal Reserve Board has taken the firm position that if the bank is spun off, no officer or director of Berkshire Hathaway can be an officer or director of the spun-off bank or bank holding company, even in a case such as ours in which one individual would own over 40% of both companies.[23]

Berkshire sold off more than 80 percent of the company, gave up effective control, and America's financial system was definitely the worse for it. After Illinois National Bank and Trust merged with another bank in Rockford, the resulting merged entity bet big on real estate. Its real estate loan portfolio surged to $900 million in 2007, just as the bubble began to burst. The bank failed, and the U.S. Comptroller of the Currency closed the once-stellar financial institution in 2010.[24]

Then in 2005, Berkshire Hathaway applied for an industrial loan company to make consumer loans for customers of its R.C. Willey Home Furnishing stores. It should have been smooth sailing, as ILCs had already been approved for similar purposes for nonbank firms such as Target, Harley-Davidson, BMW, and Toyota. Yet just as it was applying, another firm's attempt to get an ILC would cause a firestorm.

When Walmart applied that year to create an ILC to primarily to save money on processing debit and credit cards, it was met with fierce opposition from the American Bankers Association, Independent Community Bankers of America, and other trade groups representing established banks—and

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by an apoplectic reaction by banking regulators.

Just before stepping down as Fed chairman, Alan Greenspan warned in letter to then-Rep. Jim Leach (R-IA) that ILCs "are undermining the prudential framework that Congress has carefully crafted and developed" and "threaten to remove Congress' ability to determine the direction of our nation's financial system with regard to the mixing of banking and commerce."[25] In 2006, shortly after taking the helm of the Fed as Chairman, Ben Bernanke declared, "We've been concerned about the ownership of ILCs by non-financial institutions and whether or not that poses risk to the safety net."[26]

FDIC Chair Sheila Bair did not take as hard a rhetorical line against ILCs. "The ILC charter has proven to be a strong, responsible part of our nation's banking system," she said in 2007. "Many have contributed significantly to community reinvestment and development." But bowing to political pressure, the FDIC implemented a six-month moratorium that was later extended for one year. A three-year ban on approval of ILCs was inserted into Dodd-Frank. Although this ban officially expired in 2013, observers say a de facto ban still exists, as FDIC officials have indicated they will still not approve any ILC for a nonfinancial firm.[27]

A Better Way for ILCs?

Other major companies that have applied for ILCs since 2005 are out of luck. According to American Banker, three ILC applications predating the Dodd-Frank moratorium—Ford Motor, John Deere and Caterpillar—are still pending with no resolution in sight.[28] However, other countries have taken a different path by actively encouraging nonfinancial firms to enter into the financial sector, and their economies appear to be better for it.

In the United Kingdom, for example, one out of eight pounds withdrawn from an ATM are taken from the cash machines of Tesco Bank, a division of retail giant Tesco.[29] In 1997, Tesco entered into a joint venture with Royal Bank of Scotland (RBS) to form Tesco Personal Finance. In 2008, when RBS was hit hard by the financial crisis, Tesco bought out its partner's stake and became sole owner of the renamed Tesco Bank.

As of 2013, Tesco Bank had more than £5.57 billion ($8.6 billion) in outstanding mortgages, personal loans and credit-card debt to British residents. In addition, 12.5 percent of credit card transactions in the UK are charged on Tesco cards. The company also offers insurance to more than 1.5 million home and auto policy holders.[30]

In 2009, Alistair Darling, then-chancellor for the exchequer in

Gordon Brown's Labour Government, praised Tesco's works and made the competitive case for new types of banks. "We need more competition in the banking sector," he said. "It is therefore very important that we do everything we can to encourage new entrants into this sector."[31] (While the Tesco firm as a whole has recently suffered a blow due to accounting scandals that forced out its chief executive, Tesco Bank has been unscathed and is still growing.[32])

The story is similar with new entrants in the banking sector in Canada and Mexico. And ironically, one of the most powerful new entrants in those countries is Walmart, which operates a bank that issues credit cards in Canada and until recently ran a full-service bank in Mexico. By 2014, the bank of Walmart de Mexico had 5.43 billion pesos ($355.8 million) in deposits and 1.79 billion pesos ($117.3 million) in loans on its books. The bank had 650,000 credit card holders by the first half of that year. (At the end of 2014, Walmart de Mexico agreed to sell the bank to the conglomerate of Mexican billionaire Carlos Slim.)

Only three other developed nations have shut the door on ILCs, according to the Milken Institute study—the tiny jurisdictions of Fiji, Guernsey, and the Isle of Man.[33] Furthermore, the study found that the safety and soundness of banks owned by commercial firms—both internationally and among grandfathered banks in the U.S., including banks owned by Harley-Davidson, Target, and Toyota—exceeds that of the U.S. banking sector as a whole. U.S. industrial loan companies, the report concludes, in total have a much higher ratio of capital to assets (16.7 percent) than U.S. banks as a whole (11.3 percent). Industrial loan companies owned by nonfinancial firms also have the lowest share of troubled assets of the banking sector (2.35 percent).[34]

In the past few years in the U.S., some of the biggest financial innovations—including Walmart's prepaid cards and Apple's smartphone payment system—have come from non-bank firms. But ironically, because Apple and Wal-Mart have no choice but to partner with established banks, rather than create their own when they find it prudent to do so, the financial system is losing both Apple and Walmart's management expertise and the resources the companies could put into a well-qualified bank.[35]

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Conclusion

In the financial industry, as in any other industry, greater competition can help bring stability, innovation, and choice. Congress should put in place procedures for new bank approval, in which regulatory agencies would have a specified time limit to approve or deny new bank applications. If regulatory agencies exceed these time limits, they should be required to give the bank, Congress, and the public detailed explanations as to why this was the case.

Congress should also end the outdated and absurd regulatory doctrine of separation of banking and commerce by repealing the Bank Holding Company Acts of 1956 and 1970. It also should repeal provisions of Dodd-Frank such as the Volcker Rule that hurt banks of all sizes and undermine financial stability by forcing Main Street banks to sell off financial instruments such as swaps and securitized loans, which they use to hedge the risks of everyday activities like lending.

It is time to bring what the great economist Joseph Schumpeter called "creative destruction" to the banking industry, by bringing in the competition from new entrants that exists in every other industry. There's no banks like new banks.

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27 Michel Krimminger, former FDIC general counsel, said: "The moratorium has been lifted, but I don't think there has been openness to new charters." Interview with Ian McKendry, "If De Novos Rebound, What About ILCs?," *American Banker*, April 1, 2015, http://www.finpro.us/uploads/1/2/8/4/12842898/150401_if_de_novos_rebound,_what_about_ilcs__american_banker_article.pdf. Other officials in the banking industry and financial policy have confirmed this but do not wish to go on the record.

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29 John Berlau and Kyle Tassinari, "In Praise of Banking at Big-Box Stores," *Wall Street Journal*, July 23, 2013, http://www.wsj.com/articles/SB10001424127887323309404578617483599112670.

30 Ibid.

31 Ibid.

32 James Titcomb, "Tesco Bank chief: 'The main difference between supermarkets and banking is the lack of transparency,'" *The Telegraph*, February 14, 2015, http://www.telegraph.co.uk/finance/newsbysector/epic/tsco/11412311/Tesco-Bank-chief-The-main-difference-between-supermarkets-and-banking-is-the-lack-of-transparency.html.

33 Barth and Li, p. 42.

34 Ibid., p. 169.

35 James Barth, Lowder Eminent Scholar in Finance at Auburn University and Senior Fellow at the Milken Institute, notes: "If Walmart and Apple are overseeing the banks, they're going to govern them right, because they don't want the parent company's reputation to be damaged by the subsidiary bank." Telephone Interview with author, March 9, 2015.

About the Author

John Berlau is a senior fellow at the Competitive Enterprise Institute.

Berlau has written about the impact of public policy on entrepreneurship and the investing public for many publications, including the *Wall Street Journal*, *New York Times*, *Politico*, Daily Caller, *Washington Examiner*, *Investor's Business Daily*, *National Journal*, *National Review*, *American Spectator*, and *Reason*. He has been cited in the *New York Times*, *Washington Post*, *Politico*, Bloomberg, and *Financial Times*. He has appeared on many radio and television programs, including CNBC's "The Call," "Power Lunch," and "Closing Bell;" Fox News' "Fox & Friends" and "Your World with Neil Cavuto;" and Fox Business' "Cavuto" and "Willis Report."

Berlau has testified on the impact of financial regulation before the House Committee on Financial Services and the House Committee on Energy and Commerce. A recognized expert on the phenomenon of crowdfunding, Berlau has keynoted prominent conferences such as the Crowdfunding Global Expo's Crowdfund Banking and Lending Summit in San Francisco and the Crowdfund Intermediary Regulatory Advocates Summit in Washington, D.C. He is also a contributing editor of CrowdFund Beat, and author of the widely cited paper, "Declaration of Crowdfunding Independence: Finance of the People, by the People, and for the People."

Before joining CEI, Berlau worked as an award-winning financial and political journalist. He served as Washington correspondent for *Investor's Business Daily* and as a staff writer for *Insight* magazine, published by *The Washington Times*. In 2002, he received Sandy Hume Memorial Award for Excellence in Political Journalism from Washington's National Press Club. He was a media fellow at the Hoover Institution in 2003.

He graduated from the University of Missouri-Columbia in 1994 with degrees in journalism and economics.

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1899 L Street NW, 12th Floor

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202-331-1010

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