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Petrou Calls for Banking-Industry Unity

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WASHINGTON, D.C. – Karen Shaw Petrou, managing partner of Federal Financial Analytics, will later today deliver the attached remarks to an audience of executives from banks ranging in size from \$100 million to over \$1 trillion. She argues that intra-industry conflict – long a hallmark of banking-industry advocacy in Washington – has become so bitter that vital policy issues are unanswered at risk both to banks and their customers. “Big banks did way-dumb things prompted in part by insouciance derived from the lack of market discipline and supervisory scrutiny,” she said. “But, the hundreds of small banks that failed during the crisis, not to mention the thousands of home-town mortgage brokers and non-bank lenders that fueled the crisis demonstrate dramatically that a small franchise conveys no blessing.”

Petrou goes on to argue that policies based on small-bank exemptions put customers at risk and permit decision-makers to duck hard decisions. Better, she argues, to craft clear

standards to which both bankers and supervisors can be held accountable, ramping them up as needed to address particularly problematic institutions large and small.

For additional comments or to answer questions, reply by return e-mail or call 202-589-0880.

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