

House Financial Services Committee
Hearing: Member Day
November 9, 2023
2128 RHOB
Congressman Jake Auchincloss

I want to thank Chair McHenry and Ranking Member Waters for holding a Member Day hearing in the Financial Services Committee. I would like to take this opportunity to talk about two of the bills I have introduced this Congress over which the Financial Services Committee has jurisdiction, the Power of the Mint Act and the Promoting New and Diverse Depository Institutions Act.

Article 1, Section 8 of the Constitution states that Congress has the power “to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.” This constitutional mandate extends to authorizing both retail and wholesale central bank digital currencies (CBDC). While the Federal Reserve has recognized that it lacks the authority to issue a CBDC without congressional authorization, the Department of Justice has so far refused to issue a legal opinion to that effect. It is therefore imperative that Congress assert our constitutional prerogative.

The U.S. dollar has been the world’s reserve currency since the end of World War II. The rule of law is critical for the U.S. dollar to continue in this status. Issuing a CBDC without congressional assent would undermine the rule of law, and thus the United States’ geo-economic standing, more than any purported, and unproven, benefits of a CBDC would enhance it.

The Power of the Mint Act does not prohibit the Federal Reserve or the Department of Treasury from conducting research and development or being involved in international consultations on standard-setting regarding CBDCs. It simply asserts Congress’s constitutional duty to authorize the minting of money.

Rep. Hill has been a capable co-lead and partner on this bill. I’m grateful for his collaboration and I hope to work with the committee to move this bill forward.

Our economy has not always worked for all communities equally, as is evident in the glaring wealth disparities across the country. One way to address inequities is to ensure Americans have access to diverse and affordable financial services that can help them save money and help small businesses raise capital. I introduced the Promoting New and Diverse Depository Institutions Act to move our financial system closer to economic equality.

This bipartisan bill requires that the prudential regulators come up with a strategic plan to help reduce the barriers that new depository institutions face when applying for a bank charter. This bill specifically calls for the strategic plan to take into consideration the challenges faced by de novo financial institutions, including minority depository institutions (MDIs) and community development financial institutions (CDFIs).

Consumers should have access to affordable banking services, which requires competition in the market. Over the last several decades, there has been consolidation among banks and credit unions. This has effectively limited the products available to consumers and artificially driven up costs, while closing banking branches for people who already did not have many choices. My bill will help new banks, and in doing so, it will expand access to affordable services for unbanked communities.

Starting and maintaining a new bank or credit union is a difficult process. According to the Federal Reserve only seven new banks were formed between 2009 and 2013. Based on the decreasing number of new banks, Congress must act to direct banking regulators to measure and mitigate the challenges new banks face. This study will inform future steps that Congress can take to expand competition and access for consumers.

I believe the committee understands how critical this bill is. I am pleased to have Chair McHenry as a cosponsor of this bill. This bill passed the House last Congress – twice. There’s a bipartisan Senate companion. I ask this committee to expeditiously move this bill so we can help unbanked communities and expand banking access to our constituents.

Again, I thank the Chair and Ranking Member for the opportunity to testify and respectfully urge the committee to support and advance the Power of the Mint Act and the Promoting New and Diverse Depository Institutions Act. Thank you.