

bkreform

Thank you for contacting my office. It's good to hear from you.

I understand your concerns about the proposed deregulation of the banking industry. I know many have voiced concerns that if the industry is deregulated, taxpayers may be left holding the bag in a case similar to the S&L bailout. I do not want to see this occur. However, I do support increasing competitiveness in the financial services market.

As you know, Congressman Leach, chairman of the Banking Committee, has introduced the Financial Services Competitiveness Act of 1995. This act would allow banks and financial services to belong to the same holding company, but not to directly merge. Congressman Leach has also said that while he supports reforming the Glass-Steagall Act, he opposes efforts to merge commerce and banking and to increase liabilities for the deposit insurance system. So while I support a reform of the system, the bill which will probably be voted on in the House will allow setting up Financial Services Holding Companies, not direct mergers. The most important measure we need to take set up proper firewalls to ensure that taxpayers are not left bailing out failed institutions. This legislation sets up several firewalls, including banning bank purchases of securities underwritten by securities affiliates, banning bank credit extensions to securities affiliates and limiting officer/director interlocks.

Additionally, I support the further study of a private sector approach to deposit insurance. This may be a solution which would allow for increased competitiveness, but not an increase in taxpayer liability.

Again, thanks for contacting me.

Respectfully yours,

DICK ARMEY
Member of Congress