

# Board of Governors of the Federal Reserve System

## Testimony

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### **Governor Randall S. Kroszner**

#### ***Renomination to the Board***

**Before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate**

**August 2, 2007**

Chairman Dodd, Senator Shelby, and Members of the Committee, I am pleased to have the opportunity to appear before you today as a nominee to serve a new term on the Board of Governors of the Federal Reserve System. I am honored that President Bush has nominated me to serve another term on the Board. If I am confirmed by the Senate, I will work to the best of my abilities to fulfill the significant responsibilities of this office.

During the last quarter century, the Federal Reserve has achieved much success in reducing and stabilizing inflation and inflation expectations. This success has helped to contribute to a tendency for the fluctuations in employment and output to be lower than in the past and a reduction in the frequency and severity of recessions. If confirmed, I would continue to work with Chairman Bernanke and the other members of the Federal Open Market Committee to continue to underscore the role of long-term price stability in achieving prosperity and maximum employment.

The Federal Reserve also has a fundamental responsibility to consumers and users of the banking and financial system. Discriminatory or abusive lending practices should not be tolerated, and the privacy of individuals and their financial data must be protected. Since I joined the Federal Reserve, we have undertaken a number of initiatives to better protect and to better inform consumers. These include: issuing guidance on [non-traditional mortgage products](#) and on [subprime mortgages](#) and improving our collaboration with the state banking supervisors; launching a [pilot project](#) in collaboration with other federal agencies and state regulators to examine non-depository lenders for compliance with consumer regulations; improving disclosures for privacy notices and [credit cards](#); improving the [handbook on adjustable-rate mortgages](#) (ARM) that creditors are required to give to all ARM applicants, and committing to propose new rules before the end of the year to require that lenders provide other mortgage disclosures more quickly and to improve mortgage loan advertisements; undertaking a series of hearings, including [one I chaired](#) in June, to assess the impact of specific practices in the mortgage market, and committing to propose new rules exercising our authority to ban unfair or deceptive practices under the Home Ownership and Equity Protection Act. If I am confirmed, I will continue to place the highest priority on protecting consumers while ensuring that creditors continue to provide credit responsibly.

An important part of my research as an economics professor at the University of Chicago, and my practical policy work as a member of the Council of Economic Advisers, was devoted to banking and financial regulation as well as banking and financial crises. The safety and soundness of the U.S. banking and payments systems is critical to achieving economic growth, maximum employment, and general economic stability, and the Federal Reserve works closely with other regulators to achieve this goal. The Federal Reserve also has an important role to play in responding to and mitigating the impact of financial crises and shocks. If confirmed, I would continue to work vigorously to protect and promote the safety and soundness of the system.

Thank you once again for holding this hearing, and I look forward to your questions.

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