

27 Ways the Mega-Banks Took Down the Economy

1. Largest banks' credit card fees: 20% or higher
2. Largest banks move to states with no limits on usury – so they can charge consumers in states that do have usury laws
3. \$170 billion profit from overdraft programs and manipulative overdraft processing that most people don't sign up for
4. Banks hold checks for 3-8 days (despite changes in technology) for better interest returns - meanwhile creating cash flow issues for working people
5. \$10,000 difference between lowest basic closing costs and typical closing costs to those unaware
6. Inflated stock prices paid by the public
7. Encouraged and facilitated rise in personal debt, then ensured inability to emerge from debt
8. The 4 largest banks hold 41% of the nation's deposit accounts - and thus can make our country sink or swim.
9. The 4 largest bank holding companies exchange 95% of the country's derivatives
10. 400% increase in subprime lending in the past ten years
11. Racial profiling for predatory loans to both low and upper income minority families.
12. Growth of inflation and an attitude of spend, spend, spend
13. The largest banks contribute the most in campaign contributions to Congress
14. The largest banks received billions of “no-strings-attached” bailout dollars when their investments went sour
15. Flattening of wages in the past 20 years; inability for workers to organize for better wages.
16. The central bank allowed the largest banks to have little reserves set aside to insure losses
17. In the 1990's, the largest banks lobbied heavily for rules that could increase risky investments for short term profits
18. The largest banks ballooned in size after Congress passed rules that allowed them to take on investment banking activities and risky investments
19. Inflated credit ratings on bundles of home loans
20. Bundling of risky mortgages for hedging and investing – passing on the risk to the next hedger or bettor
21. Backing of securities by risky mortgages
22. Collusion and capture of the Federal Reserve and regulators – “revolving door” between government and finance
23. Economy structured to favor short term growth and creation of bubbles; home price surges were in part artificially inflated.
24. Growth of banks to “too-big-to-fail” sizes to ensure federal support in case of failure as supported by FDICIA Act
25. Only the largest banks can buy US treasuries from a “discount window”
26. Only the largest banks provide those sought out as “experts” and who are formally involved in determining monetary policy
27. Bank concentration leads to barriers to entry for new and small banks - and higher prices

All of these problems are epidemic ... because the banking institutions at fault are *too large*.

Effects on the Economy...

1. Unemployment increases to 10% or more
2. More people have mortgages higher than their home values; 81% increase in foreclosures
3. Projection of 7 million more unemployed
4. 1 million individuals become homeless this year
5. State income tax revenues drop; state budgets face 24% shortfall (\$166 billion); state programs and local budgets get deep cuts - exactly when many more individuals being forced to depend on state services for low-income citizens
6. Education and health services shrink
7. Consumer spending goes down
8. Home prices deflate
9. Federal government gives out or loans around \$4 trillion to banking industry – major portion of \$7.2 trillion federal deficit

10. Banks profit from inflated toxic asset prices rather than renegotiating mortgages and subsequent asset writedowns
11. Banks decrease lending to small and medium-sized business (SMBs) despite capital injections; some SMBs forced to close