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TO: Interested Parties

FROM: Daniel Franklin, Senior Vice President

RE: Americans and Financial Reform

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- Anger at Wall Street for their role in the financial crisis and concern that they have not changed their behavior in response to the recession has created an intense, bipartisan desire for financial reform that would apply strict new safeguards to enforce transparency and protect consumers.
- Americans draw a clear connection between the actions of banks and financial companies and the recession and they believe that Congress has a responsibility to act to protect consumers.
  - ✓ 74% of American voters agree that, "The greed and risky decisions of banks and financial companies led to the financial crisis and recession, and it's time that Congress cracked down on their reckless practices to protect consumers."
  - ✓ These sentiments extend beyond partisan lines, as well.
    - 72% of Independents and 57% of Republicans agree with this statement.
- These sentiments create a strong appetite for reform that protects the nation from future crises and holds banks accountable, as well as a real resistance to the argument that further regulations will hamper economic growth.
- In a forced-choice question:
  - ✓ 64% agreed that: "The financial crisis shows that we need stricter safeguards on banks and financial companies to improve accountability by reining in excessive bonuses, protecting consumers from exorbitant fees, and making financial dealings safer and more transparent for customers and investors."
  - ✓ 27% agreed that: "With the economy struggling to get back on its feet, we should not put any new regulations on banks or financial companies because it would make it harder for companies to get the loans they need to invest, grow and create jobs."
- While Americans of all income levels have been forced to cut back on spending as a result of the recession, they do not see a corresponding change of behavior among banks.
  - ✓ 75% agreed that: "While taxpayers are still suffering under the economic crisis, the big banks are back to business as usual after their bailouts, ignoring their commitments to help taxpayers and are helping themselves instead, making tens of billions in profits on the backs of the American taxpayers."

- Much of the intensity behind Americans' desire for reform comes from perceptions of Wall Street's use of the taxpayer-funded rescue package. For instance:
  - ✓ 72% agree that "It's outrageous that after taking trillions of our tax dollars in bailout money, the big banks are now spending millions to lobby against reforms that would protect us from their abuses in the future."
  
- The desire to protect against further recessions and an urgency to hold banks accountable for using rescue funds in a way that strengthens the economy—particularly for small business—form the strongest pillars of Americans desire for reform.
  - ✓ When testing reasons to support stronger consumer protections and oversight of banks:
    - 80% said it was a convincing reason to support reform that, "With 1.5 million businesses due to declare bankruptcy this year, we need strong reforms that will be fair to small businesses and protect jobs."
    - 77% said it was a convincing reason to support stronger protections and oversight that, "Unless we impose strict new safeguards on Wall Street to make them more transparent and accountable, America's economy will continue to be vulnerable to financial crises created when greed goes unchecked."
    - 67% said it was a convincing that, "Taxpayers lent trillions of dollars to the big banks to save their companies and stimulate the economy, but those banks have used that money to help only themselves, not the community, using that money to hire lobbyists to get themselves more money from Congress."
  
- This attitudinal landscape creates overwhelming support for specific regulations and reforms that protect consumers and place strict limits on Wall Street. A broad range of proposed reforms each received the support of 75% or more of Americans, including:

<u>Proposal</u>	<u>% Support</u>
✓ Reform the rules for credit card companies to cap interest rates and ban excessive no-fault rate hikes.....	88%
✓ Hold banks accountable for their promise to use our taxpayer bailout money to resume lending to small businesses in order to stem rising unemployment rates and boost our tax base.....	86%
✓ Regulate overdraft fees to protect consumers from misleading and potentially predatory bank policies that take billions out of consumers' pockets.....	82%
✓ Put limits on executive compensation and bonuses for banks that received bailout funds to ensure that banks don't use taxpayer dollars to pay out huge bonuses.....	78%
✓ Create a Consumer Financial Protection Agency to ensure that consumers get information that is clear and concise and to prevent abuses from the financial industry.....	75%

- In sum, the financial reform measures proposed appear to get to the very heart of how Americans see the causes of the recession and what it will take to defend against further shocks.
  - ✓ With strong, bipartisan support across a range of proposals and agreement on underlying attitudes, financial reform appears likely to gain a solid constituency that could impel Congress to move forward quickly in the coming months.