

**‘Ranking Member Peters Opening Statement as Prepared for Delivery  
Full Committee Hearing: The Fed’s Big Bank Welfare Program: Oversight of the Fed’s  
IORB Regime  
December 11, 2025**

Thank you, Chairman Paul, and thank you to the witnesses for appearing before the Committee today.

The Federal Reserve plays a critical role in implementing sound monetary policy to strengthen markets and the overall economy.

The focus of today’s hearing is on the Fed’s authority to pay interest on reserve balances, which Congress created under the Financial Services Regulatory Relief Act of 2006 and directed the Fed to implement in response to the 2008 financial crisis.

Commercial banks hold cash balances at the Fed, known as reserves, that play an important role in keeping financial markets functioning.

The Fed pays interest on those reserves, allowing the Fed to set target interest rates that affect rates on everything from mortgages to car loans.

The Fed also receives interest payments from banks on the securities backing those reserves, which the Fed sends to the Treasury in the form of remittances.

According to publicly available data, in the past 16 years that the Fed has held this authority, it has remitted over \$900 billion to the Treasury, even after making these interest payments.

While the last two years saw negative remittances, primarily due to necessary responses to support the economy during the COVID-19 pandemic, the Fed has recently stated that it expects its negative remittances to turn positive again soon.

Repealing this authority would not save any money for taxpayers.

Without this authority, the Fed would lose control of its ability to set a “floor” interest rate for lending. Economists predict this would result in collapsing interest rates and much higher inflation.

To restore rates, the Fed would need to shrink the level of reserves at an unprecedented speed and volume, introducing volatility, compromising market resilience, and leaving the banking system prone to shocks.

Stability is critical. American financial markets remain the envy of the world, in no small part due to the stability, efficiency, and liquidity provided by the Fed.

If banks did not receive these payments on their reserves, they would simply buy other government securities that the government pays interest on, like Treasury securities, and as a result, be more prone to economic volatility.

Ultimately, this all comes back to affordability and making our economy work for small businesses and families. Economists argue that repealing this authority would disproportionately harm small and community banks and make borrowing harder for business and consumers.

Unfortunately, like so many things under President Trump, the Fed has been needlessly politicized. We are currently facing a dangerous, ongoing threat to Fed independence. After repeatedly pressuring the Fed to lower interest rates, President Trump has tried to fire Fed Governor Lisa Cook and has called for Chair Jerome Powell to be replaced. These actions are politically motivated, and Congress must stand up for the Fed's independence and ensure monetary policy remains insulated from political pressure.

Finally, while oversight of the Federal Reserve is important, this Committee has neglected to hold oversight hearings on numerous topics that are actually in our jurisdiction, including FEMA's failures in responding to disastrous floods in Texas this spring, persistent cyber attacks by our adversaries against our federal IT and critical infrastructure networks, or the Administration's efforts on border security and drug trafficking. In fact, our colleagues on the House Homeland Security Committee are sitting down for a hearing right now across the Capitol for a hearing to evaluate the threats posed to our homeland, a serious topic that demands this committee's attention.

I hope Mr. Chairman, that you will prioritize hearings with Administration officials on all these issues so that we can fulfill our responsibility to conduct oversight of the Executive Branch.