Press Release

Debunking Debanking

ALLIE WATSON | MARCH 10, 2025

Fair access initiatives by the federal financial regulators and Congress are seeking to make debanking – referring to the banking practice of closing accounts with little or no warning – illegal. In a new insight, Director of Financial Services Policy Thomas Kingsley explains why making debanking illegal, and thereby punishing banks for simply following the heavy-handed "advice" of government, is a mistake.

An excerpt:

> *Capitalism at its core is based on the benefits provided by market incentives. The appropriate role of government should be to encourage the growth of companies in providing the products and services to whatever interest groups are determined by shareholder demand. Instead, increasingly strident demands from either end of the political spectrum seek to tell financial firms what products they should offer, and to whom. The efficient flow of goods and services around markets requires choice. Private actors should be able to choose with whom they will do business. Any restrictions on the ability to choose will necessarily harm consumers the most, particularly where those restrictions are in excess of the limits already placed on their activities by regulators and the markets.*

Read the analysis.