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Financial Services

Outlook for the 119th Congress & the Trump Administration

Key Takeaways

- President Trump will likely prioritize regulatory reform, including rolling back regulations enacted as part of the Dodd-Frank Act, in order to reduce what Republicans have described as burdensome compliance requirements on banks and other financial institutions. These reforms aim to increase lending and capital access, ultimately driving economic growth.
- Similarly, outgoing House Financial Services Committee (HFSC) Chairman Patrick McHenry (R-NC) has prioritized capital markets reform, and Senate Banking Committee (SBC) Ranking Member Tim Scott (R-SC), who is in line to chair the Committee now that Republicans have the majority, has suggested this will continue to be a priority in the next Congress. The intent is to increase competitiveness and accessibility in U.S. markets by modernizing regulations to promote capital formation, improving access to public markets for smaller companies and reducing the regulatory burdens that stifle innovation and growth.
- With a Trump administration, the regulatory environment for digital assets is likely to remain relatively hands-off, with a focus on minimizing government interference in financial innovation, as outlined in the Republican Party platform. The Trump administration will support the effort by Republicans in Congress to pass a broader market structure bill for the industry and legislation to establish a regulatory framework for stablecoins.
- Republicans have also proposed legislation to expand access to credit-building opportunities, especially for underserved communities. By including nontraditional credit data, such as utility and rental payments, they hope to help individuals without extensive credit histories build their credit scores.

Additional Insights

- Expect President Trump to remove regulators unfavorable to the crypto industry, such as Securities and Exchange Commission (SEC) Chairman Gary Gensler. Chairman Gensler has taken aggressive action against the industry, which Republicans have described as regulating by enforcement.
- Robust capital markets reform will still be tough to deliver even under unified Republican. McHenry's Expanding Access to Capital Act (H.R. 2799) passed in the House without a single Democrat voting for it, and Scott's Empowering Main Street in America Act (S. 5139) has only Republican cosponsors.
- Legislation to expand access to credit-building tools by incorporating nontraditional credit data could be one area for bipartisan support. Both parties see financial inclusion as a means to empower low-income individuals and underserved communities, but there are differences in their preferred approach.
- There is a strong opportunity for Congress to advance digital asset market structure legislation. The House passed a bipartisan market structure bill earlier this year (H.R. 4763), but it stalled in the Senate due to opposition from current SBC Chair Sherrod Brown (D-OH). With a Republican-led House and Senate, the dynamics shift. While

Sen. Elizabeth Warren (D-MA), the likely SBC Ranking Member, remains skeptical, efforts to get bipartisan support in the Senate could hinge on Sen. Kirsten Gillibrand (D-NY), who first introduced market structure legislation in 2022 with Sen. Cynthia Lummis (R-WY).

- With Chair McHenry retiring, Reps. Frank Lucas (R-OK), Bill Huizenga (R-MI), Andy Barr (R-KY) and French Hill (R-AR)—listed by seniority—are vying to chair the HFSC. Whoever secures the gavel is expected to work well with Sen. Scott. Additionally, they may have a better chance of advancing bipartisan legislation with HFSC Ranking Member Maxine Waters (D-CA) than Sen. Scott will if Sen. Warren becomes SBC Ranking Member.

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