

<https://www.americanbanker.com/news/red-states-pushback-on-guns-abortion-climate-puts-banks-in-bind>

AMERICAN BANKER

Find your interests



MY ACCOUNT ▾

BANKING ▾ POLICY ▾ PAYMENTS ▾ TECH ▾ CREDIT UNIONS ▾ WORKPLACE ▾ OPINION

Leaders Forum | Events | Research | Podcasts | Webinars and Whitepapers | Magazine | Jobs

POLITICS AND POLICY

Red states' pushback on guns, abortion, climate puts banks in bind

By [Jordan Stutts](#) | June 28, 2022, 9:00 p.m. EDT | 4 Min Read

From abortion to climate change to guns, larger banks face the prospect of growing backlash from Republican-led states over their stances on environmental and social issues.

The U.S. Supreme Court's decision last week to overturn *Roe v. Wade* is only the latest example of the industry's increasingly fraught political position in state capitals.

On one side, banks are under pressure from outside activists, including some shareholders, as well as many of their own employees, to take progressive stances on climate change, gun control and abortion rights. On the other side, conservative officials in GOP strongholds are testing banks' willingness to step into such debates by threatening to hurt their bottom line.



Large banks face the prospect of a growing conservative backlash at the state level over their stances on climate change, abortion and guns. *Bloomberg*

Isaac Boltansky, director of policy research at the investment bank BTIG, said these competing forces create a “goldilocks dynamic.”

“As banks move to assuage ESG concerns, they are at the same time, in an almost inversely proportional way, leading to a weakening of support from their traditional allies in the GOP,” Boltansky said in an interview. “It’s never going to be enough or the right temperature for both sides.”

The goldilocks dynamic was apparent last Friday after the Supreme Court struck down *Roe v. Wade*, ending women’s right to abortion nationwide.

Soon after, JPMorgan Chase, Bank of America, Wells Fargo and Goldman Sachs all made it known that they were following the lead of Citigroup, which has said it will reimburse employees who travel out of state to get abortions.

None of the five banks commented on the substance of the court’s ruling. Nonetheless, they face the possibility of a backlash in conservative states that are moving quickly to ban abortion.

Legal experts have said that companies that reimburse abortion-related travel costs could be exposed to lawsuits and even potential criminal liability. Lawmakers in Texas have outlined a bill that would bar companies from doing business in the state if they pay for Texans to receive abortions elsewhere, Reuters reported Monday.

Also in Texas, Republican officials are pressuring banks to loosen their policies on the firearms industry. Last year, Gov. Greg Abbott signed a law requiring banks to certify that they do not have policies cutting off gun or ammunition businesses before receiving government contracts in the state.

Since the law took effect, JPMorgan and BofA [have both fallen sharply](#) in the ranking of banks participating in the nearly \$60 billion market for Texas municipal financing deals.

Republican officials at the state level have also targeted big banks in connection with their various commitments to address climate change.

In March, West Virginia approved a law restricting state banking contracts with any company that refuses to deal with coal or natural gas companies. Earlier this month, West Virginia State Treasurer Riley Moore reportedly threatened to bar six financial institutions — JPMorgan Chase, BlackRock, Goldman Sachs, Morgan Stanley, U.S. Bancorp and Wells Fargo — from doing business with the state after determining they were “engaged in a boycott of energy companies.”

The state treasurer’s letter to financial institutions is “indicative of how much banks find themselves in the middle of almost any political controversy these days,” said Ed Mills, Washington policy analyst at Raymond James.

Other Republican-led states, including Kentucky, Idaho and Texas, have passed or are considering similar laws targeting so-called woke capitalism in response to corporations embracing environmental, social and governance policies and a federal push to regulate greenhouse-gas emissions disclosures.

“Overall, since the financial crisis, we are seeing banks becoming more and more at the center of partisan policy fights,” Mills said.

POLITICS AND POLICY

Banks weigh in on the overturning of Roe v. Wade

JPMorgan Chase, Bank of America, Goldman Sachs and Wells Fargo joined Citigroup in pledging to expand benefits to cover travel for out-of-state abortions. Smaller banks in blue states were more vocal, with one female CEO saying: “I stand in disbelief.”

By Allissa Kline

June 24

The partisan back-and-forth on climate change is placing banks between “a rock and a hard place,” said Clifford Rossi, a professor at the University of Maryland School of Business.

“They know they have to comply with regulatory requirements that are coming,” said Rossi, a former chief risk officer at Citigroup and the founder of the consulting firm Chesapeake Risk Advisors. “At the same time, if states were to pull or divert their funding, that’s real financial hardship that they have to deal with today.”

Further complicating the calculus for the banks is the fact that their commercial clients, which are also being urged by various stakeholders to address climate change, are seeking advice on the best path forward.

A bank’s role has traditionally been to “help clients navigate difficult challenges, whatever those might be,” said Don McCree, head of commercial banking at the \$192 billion-asset Citizens Bank.

“Increasingly,” McCree said in an interview, “those challenges are nonfinancial.”

Citizens, of Providence, Rhode Island, has sought to help clients understand in a “nonpassionate, nonbiased way” that a standard part of securing business in today’s market involves climate disclosure requests, McCree said.

“Whether you agree with it or not, if you can’t answer questions around climate impact, you could start to lose contracts,” he said. “We want our clients to let us help think about how to put this on their radar screens.”

—END—