

When Big Banks Discriminate

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Americans should not risk losing their bank account because of their views.

Beginning five years ago, a New York state official launched a targeted attack on the National Rifle Association. Her tactic was simple but authoritarian. Wielding state power, she actively pressured financial institutions to cut ties with the Second Amendment advocacy group, using back-channel meetings, public investigations, and threats of fines. As one might expect, the NRA sued the state. The lawsuit has now reached the U.S. Supreme Court, which will hear the case this year.

Regardless of your view of the NRA, everyone should agree that this type of harassment is wrong and has no place in a free society. Even the ACLU has sided with the NRA and is representing its cause in court. New York clearly has crossed a major line and violated the First Amendment. The government cannot weaponize private corporations against groups simply because their advocacy goals don't align with the government's.

Sadly, this is not an isolated incident. It is now commonplace for social media platforms to censor users for challenging dominant ideological narratives. And the same thing is increasingly happening at national banks, insurance companies, and payment processors. These corporations discriminate against certain clients and justify it under the guise of "reputational risk" or "hate speech."

For example, in 2020, Bank of America sent a terse cancellation letter to the Timothy Two Project International—a U.S.-based nonprofit that trains Christian ministers who serve impoverished areas in South America, Asia, and Africa. Without specifying why or offering any form of appeal, the bank informed the ministry that it was closing its 9-year-old account because the ministry was "operating a business type we have chosen not to service."

Other Christian ministries have suffered similar fates at the hands of big banks. This past year, Bank of America closed the accounts of a Tennessee-based ministry called Indigenous Advance, an associated LLC, and a supporting church. The bank offered no explanation for its actions and instead relied on its vague risk policy language. But one struggles to understand what is so objectionable about Indigenous Advance. The ministry's work includes supporting orphaned and at-risk children in Uganda, educating vulnerable children and prisoners, bolstering Christian families, and providing vocational training. But no matter—the ministry was given 30 days to find and switch to a new banking solution, creating a logistical nightmare for all who depend on its funds.

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This trend of banks discriminating against clients based on their political or religious views is a scandal. The idea that powerful corporations can threaten the basic functioning of a Christian ministry, without giving any serious explanation or recourse, should alarm every American.

Unfortunately, politicized de-banking is on the rise. We are now seeing more and more bank employees deciding unilaterally to punish or cancel an account under suspicious circumstances. According to Alliance Defending Freedom's 2023 Viewpoint Diversity Score Business Index, 21 of the 44 largest financial institutions in America have adopted "reputational risk" or "hate speech" policies. These vaguely worded policies are being used to justify discriminatory actions that place a chilling effect on speech.

National banks enjoy a host of special privileges, including favorable insurance rates and, at times, government bailouts, all courtesy of the U.S. taxpayer. If these banks are considered "too big to fail," then they are also too big for bias. If they can't restrain themselves from ideological decision-making, then public officials need to step in and protect the public.

State legislatures have a key role to play in this. States should follow the lead of Florida, which recently passed a law prohibiting banks and lenders from penalizing someone for their political or religious beliefs. Texas also recently passed a law stopping insurers from setting rates based on any ESG (environmental, social, and governance) criteria, which is often code for woke ideology. In addition, Wyoming and Georgia have joined this effort by barring financial discrimination against those in the firearms industry. These laws build on other anti-discrimination laws that already apply to financial services, such as state fair lending laws, the Equal Credit Opportunity Act, the Fair Housing Act, and the Community Reinvestment Act.

Politicized de-banking is Orwellian to its core and needs to be uprooted. No one should have to worry that a bank will close their account or deny them service simply because of their beliefs. Elected officials have a great opportunity to restrain big banks with the power of law. Banks should know that there will be consequences if they engage in viewpoint discrimination—and that vaguely worded "risk" policies won't get them off the hook. This is a new front in the battle for free speech, and it's a battle that must be won.

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