



TRUMP'S REALITY: UNAFFORDABILITY AND FINANCIAL INSTABILITY

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Executive Summary:

Life in America is expensive. Gasoline, food, housing, and health care costs are skyrocketing, and Americans are increasingly feeling that a middle-class lifestyle is drifting out of reach.

According to a [Politico Poll](#) from May 2026, 53 percent of Americans believe the cost of living is the highest they can remember. A [CNN poll](#) from May also found that 76 percent of Americans are struggling with the surge in prices for basic necessities and feeling increasingly worried about their personal finances.

When President Trump said he “loves inflation” and doesn’t “think about Americans’ financial situation,” his policies reflect that. President Trump has put the special interests of the ultra-wealthy, including big banks, first, raising costs for American families and jeopardizing our economy.

Senator Blumenthal’s report outlines some of the key regulatory actions President Trump and Congressional Republicans have taken in the past year to make life more expensive for hard-working Americans while gutting safeguards—shifting risk and cost burden from Wall Street to Main Street.

These actions, often enacted quietly and with little fanfare, have real financial consequences for Americans — costing approximately \$21 billion — all to enrich the big banks.

This report sheds light on smaller, but no less significant, steps President Trump is taking to make life more expensive for ordinary Americans, while risking the stability of our financial system, and provides recommendations to reverse these anti-consumer, punitive measures.

I. Trump’s Reality Means Unaffordability for Working Americans

- **Weakening Restrictions on Overdraft Fees**

What Trump Did: President Trump signed into law a Republican-led bill that [overturned a rule](#) limiting most overdraft fees to \$5. This rule—enacted by the Consumer Financial Protection Bureau (CFPB) under President Biden—would have saved hard-working Americans nearly [\\$5 billion per year](#).

Impact on Americans: As a result of Republican-led efforts, Americans are now forced to pay billions more in overdraft fees. Since the rollback of this rule, overdraft and NSF fee income ticked up 2% overall to [\\$2.99 billion](#) for the 20 largest banks in the U.S.

CT Resident's CFPB Complaint, August 2025:

*"I accidentally made two payments toward my loans instead of one. I called the provider within an hour after making the payment and requested a stop payment on the \$700.00 payment. They processed the stop payment and said the money would not come out of my checking account. But within a few days, I incurred overdraft fees amounting to **\$350.00. These practices are predatory.**"*

- **Increasing Credit Card Late Fees**

What Trump Did: President Trump [backed efforts to block](#) a Democratic-led rule that would have capped most credit card late fees at \$8.

Impact on Americans: This rule—enacted by the CFPB under President Biden—would have saved hard-working Americans more than [\\$10 billion per year](#). On average, each person charged a credit card late fee would have saved [\\$220 a year](#).

CT Resident's CFPB Complaint, December 2025:

*"Despite acknowledging that additional time was needed to investigate this issue, [the provider] has continued to assess **late fees and now claims that I owe \$5,200.00.**"*

- **Increasing Risks for Buy Now, Pay Later Consumers**

What Trump Did: President Trump [removed strong consumer protections](#) for Buy Now, Pay Later (BNPL) customers. BNPL users are often younger and financially vulnerable.

Impact on Americans: As a result of the Trump Administration's rescission of this consumer protection rule, which was enacted by the CFPB under President Biden, consumers can now take on debt without clear information, often leading to confusion about the loan terms and making it easy for short-term purchases to turn into long-term financial strain.

CT Resident's CFPB Complaint, July 2025:

*"This **was a short-term, unsecured buy now, pay later** installment loan, not a revolving credit account, yet it is being reported in a way that misrepresents its nature and **negatively impacts my creditworthiness.**"*

- **Charging Multiple Fees for Non-Sufficient Funds**

What Trump Did: President Trump [rescinded a rule](#) that warned banks of possible scrutiny for charging multiple non-sufficient funds (NSF) fees for the same transaction. This rule—enacted by the CFPB under President Biden—would have saved consumers about [\\$1 billion](#) annually.

Impact on Americans: Now, banks are allowed to freely charge multiple \$30-plus NSF fees on a single item. This practice often costs consumers hundreds of dollars in fees for one missed payment.

CT Resident's CFPB Complaint, November 2025:

*“Transactions I disputed on my checking account were reversed, leaving my account with a negative balance of - \$240.00. I contacted [the provider] immediately and explained that I am currently unemployed and requested that they review the situation and place a hold on the account closure. They refused, stating that accounts are automatically closed after 60 days of being negative. **I am asking that [they] fully remove the negative balance of \$190.00 and prevent the account from being closed.**”*

- **Making Retirement Accounts Vulnerable to Risky Assets**

What Trump Did: President Trump is [preparing to allow 401\(k\)s to include higher risk “alternative investments,”](#) like cryptocurrency and private credit.

Impact on Americans: Americans' retirement plans will become more vulnerable to the price fluctuations of volatile and opaque assets. One downturn could gravely harm Americans' ability to retire.

“Changing the rules to allow such risky investments into retirement accounts is deeply alarming, but it is hardly surprising. Americans' savings will be in danger, but President Trump will be making millions from this risk.” ~ Senator Blumenthal

- **Withdrawing Fee Reporting Requirements**

What Trump Did: The Trump Administration's National Credit Union Administration (NCUA) withdrew a rule that required credit unions to publicly disclose how much they collect in overdraft and NSF fees.

Impact on Americans: This rule—enacted by the CFPB under President Biden—added transparency and insight into how NSF fees and overdraft fees harm consumers. Without this rule, it will be [harder to identify](#) patterns of excessive or predatory fee practices.

*Thanks to this Biden-led rule, data showed that **credit union members paid \$5.4 billion in overdraft and NSF fees in 2024.** Now, Americans have no insight.*

- **Increasing Education Costs and Stifling Earning Potential**

What Trump Did: President Trump signed into law a Republican-led bill that restricts how much money students can borrow from the federal government for graduate degrees and narrows which graduate students are eligible for federal

aid, raising education costs and making it harder for workers to increase their earning potential.

Impact on Americans: Adding these caps to the federal graduate student aid system—which previously allowed students to borrow up to the full cost of tuition—will raise out-of-pocket costs for students. Students who exceed the new federal loan limits will now be forced to turn to private lenders, which often offer fewer protections and charge higher interest rates. This will ultimately make it harder for students in Connecticut and across the country to pursue careers in industries that greatly need more workers, including nursing, teaching, and social work.

The Philadelphia Federal Reserve found that about one in three graduate students taking out loans would exceed these new limits, and about four in ten of them would have trouble getting supplemental private loans without a co-signer.

- **Blocking Homeowners from Receiving Escrow Interest Payments**

What Trump Did: President Trump stripped states' ability to require banks to pay interest to homeowners on their escrow accounts. Annually, banks pay approximately \$3 to \$8 billion in interest-on-escrows across the 12 states, including Connecticut, that have these laws in place.¹

Impact on Americans: American homeowners often hold thousands of dollars in escrow accounts annually. By siding with the banks over homeowners, Trump is costing homeowners the irreplaceable time value of their money.

*Connecticut homeowners **could lose tens of millions of dollars in interest payments** annually as a result of the Trump Administration's decision to preempt Connecticut's law.*

II. Trump's Reality Risks Financial Stability

In 2008, excessive risk-taking led to a financial crisis that reduced household wealth by 47%, increased poverty, and cost 8 million Americans their homes. Today, President Trump is encouraging more risk-taking at a time when Americans are more financially exposed to the financial system, more indebted, and less able to absorb economic shocks.

¹ Total mortgage debt in US is \$13 trillion; 80% of homeowners with mortgages have escrow accounts; Escrow accounts account for 20% of mortgage costs, which is \$800 billion to \$1 trillion in escrow balances; The Interest-on-Escrow law is only in 12 states or for only 30% of mortgages, accounting for \$240 to 300 billion; Applying a typical 1-2% interest rate, banks pay about \$3 to \$8 billion.

- **Weakening Bank Capital Requirements**

What Trump Did: President Trump [loosened long-standing bank capital rules](#), reducing how much capital banks need to have on hand by nearly 5%—a huge victory for banks.

Impact on Americans: Loosening this requirement weakens the banking sector’s ability to withstand economic shocks.

U.S. bank assets amount to [\\$23 trillion today vs. \\$12 trillion in 2008](#). Larger balance sheets [mean larger absolute losses](#) when things go wrong.

- **Allowing Banks to Take on More Debt**

What Trump Did: President Trump [eased post-2008 banking leverage requirements](#), allowing banks to take on more debt and expand their balance sheets.

Impact on Americans: This action allows banks to take bigger risks, threatening the stability of our financial system.

As a result of banks’ risky actions, [8.4 million Americans lost their jobs during the 2008 financial crisis](#).

- **Loosening Bank Oversight**

What Trump Did: President Trump is narrowing how regulators [define “unsafe and unsound”](#) bank practices, making it harder for the government to take enforcement action against banks engaging in excessive risk-taking.

Impact on Americans: Weakening enforcement will shield banks from accountability and fuel risk-taking on Wall Street, leaving consumers and businesses more exposed to financial downturns.

The financial crisis wiped out [over \\$19 trillion in household wealth in the U.S.](#)

- **Weakening Stress Tests**

What Trump Did: President Trump is making stress tests for banks, which were a vital post-2008 safeguard, [less strict and more predictable](#).

Impact on Americans: Weakening stress tests for banks blinds regulators and the financial system to looming threats and increases the risk of another meltdown. Especially as President Trump creates economic volatility—from the reckless war in Iran to the chaos caused by his tariffs—there is a clear need for robust stress tests to ensure banks can withstand these economic shocks.

Over 450 FDIC-insured banks failed during the 2008 financial crisis.

- **Reducing Bank Supervision**

What Trump Did: The key government financial regulators, including the [Federal Reserve](#), the [Office of the Comptroller of the Currency \(OCC\)](#), and [the Federal Deposit Insurance Corporation \(FDIC\)](#), each lost at least 20% of their staff due to President Trump's efforts to slash the federal workforce.

Impact on Americans: These cuts undermine effective oversight, heighten the risk of bank failures, and jeopardize overall financial stability.

*At the end of 2008, the U.S government initiated a **\$700 billion bailout to inject capital into surviving banks and prevent a total collapse of the financial system.***

- **Ignoring Non-Bank Systemic Risks**

What Trump Did: President Trump is protecting hedge funds and other non-bank financial institutions by [rolling back a Biden-led](#) effort to strengthen oversight, limiting the government's ability to identify and regulate firms that pose systemic risks to the economy.

Impact on Americans: This action reduces effective monitoring of dangerous systemic risks building across large non-banks, including private equity and private credit funds—just as risks are growing in these sectors.

Private credit market assets now total more than \$1 trillion. A crack in private credit could lead to systemic risk.

- **Relaxing Bank Charter Rules**

What Trump Did: President Trump [relaxed the rules](#) on which kinds of entities are eligible for a bank trust charter, allowing the government to grant charters to cryptocurrency, FinTech, and Big Tech firms—including those with [close links to the President's family and inner circle](#).

Impact on Americans: Making it easier for firms involved in cryptocurrency and fintech to get a bank charter invites more risk into the economy and increases the likelihood that Americans' tax dollars will be used to bail out excessive risk-takers.

Cryptocurrency frequently experiences "triple-digit" volatility, featuring massive surges followed by severe drawdowns over the last 5 years.

- **Weakening Grading Systems for Banks**

What Trump Did: The Federal Reserve [weakened the grading system](#) it uses to evaluate whether our largest banks can withstand short-term stress and maintain internal controls to detect and address emerging risks.

Impact on Americans: This action allows banks to take greater risks, putting working Americans' hard-earned money on the line.

Americans are [much more exposed](#) to markets and, therefore, more vulnerable to financial shocks than in 2008.

- **Gutting Regulatory Enforcement**

What Trump Did: President Trump is helping his big banker friends get away with more by reducing enforcement actions for financial crimes: financial penalties for offenses, including corruption, [fell 97% compared to the Biden Administration's enforcement actions](#).

Impact on Americans: Working Americans are facing more hardships while big banks get a free pass. Excluding a long-running Ponzi scheme case, fiscal year 2025 saw a reduction of more than [\\$5 billion](#) in penalty collection fees compared to fiscal year 2024.

The 2008 financial crisis cost the average American approximately [\\$70,000](#) in lifetime income. Today, the consequences would be even more drastic.

Recommendations:

To respond to President Trump's dangerous and punitive measures that increase costs for ordinary Americans and jeopardize our economy, the report recommends:

- Renewed strong oversight of banks and financial institutions to prevent another financial crisis.
- Passage of the *Credit Card Fairness Act*, which would permanently cap credit card late fees at \$8 and of which Senator Blumenthal is a proud cosponsor.
- Passage of legislation to cap overdraft fees at \$5.
- Passage of the *Buy Now, Pay Later Protection Act of 2025*, which would permanently curb BNPL predatory practices and of which Senator Blumenthal is a proud cosponsor.

- Passage of Senator Blumenthal's *Homeowners' Escrow Savings Act (HESA)* to require mortgage servicers to pay interest to homeowners on their escrow balance.
- Passage of legislation overturning Trump's rollback of a rule that required credit unions to publicly disclose how much they collect in overdraft and NSF fees. Senator Blumenthal is proud to cosponsor this legislation.
- Passage of the *Professional Degree Access Restoration Act* to reverse Trump's arbitrary and ill-advised caps on student loan borrowing for nursing, teaching and other critical professions and of which Senator Blumenthal is a proud cosponsor.

Conclusion:

President Trump's agenda has been a clear win for the ultra-wealthy and the big banks while harming hard-working Americans' bottom lines and putting our entire financial system at risk. President Trump's policies are costing American consumers nearly \$21 billion in savings annually. His decisions to roll back post-2008 financial safeguards open the door to another financial crisis—one that could [prove even more devastating than 2008](#). The result of President Trump's actions is a financial system where costs are rising, safeguards are falling, and working families are left to bear the dire consequences.