Volcker rule in banking industry

Finance

One of the major issues in banking regulation surrounds the Dodd-Frank laws (Khimm, 2012). These regulations target the financial industry, but also specifically impact the banking industry through the Volcker Rule (" Dodd-frank act -," 2012). The Volcker Rule indicates that “ Banks are not allowed to simultaneously enter into an advisory and creditor role with clients, such as with private equity firms” (" Volcker rule," 2012). You’ll remember this was a major issue during the financial crisis as Goldman Sachs was advising clients on investments while making investments that ran counter to the very equities they were recommending. This is bad for us because it limits our activities and the amount of revenue we can bring in. Additionally, individuals have argued that if this regulation passed it would hurt the banks’ abilities to compete internationally (Patterson, 2012). While these are strong arguments, it may also be more effective by arguing that its passage should be delayed and reconsidered (" Dodd-frank criticism roundup:" 2012).