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[WSJ: Texas Ban on 'Woke' Banks Opens Door for Smaller Firms.](#)

Megabanks are in retreat in the \$4 trillion municipal-bond market

The political conflict over socially conscious finance is a boon for smaller investment banks in one contentious market: Texas.

The clash over environmental, social and corporate-governance investing follows state restrictions passed in 2021 on government business with financial firms perceived as taking a stand against firearms or fossil fuels. Wall Street heavyweights such as Bank of America and Wells Fargo have pulled back in Texas, even as the state's growth has made it the nation's top issuer of state and local debt, with \$42 billion last year.

Even beyond Texas, big banks are in retreat in the \$4 trillion municipal-bond market. Higher rates and depressed borrowing have dented profits, which weren't that spectacular to begin with. Large firms are pulling back at varying rates as a result.

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The Wall Street Journal

By Heather Gillers

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