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Opinion

Allen Mendenhall: Does Regions Financial stand for Alabama values, or undermine them? Part II

[Allen Mendenhall](#) | 07.13.25



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Last week, [I outlined my growing concern that Regions Financial](#) has lost touch with the values of the Alabamians who built and sustained it. This week, we pick up where we left off, turning our attention to perhaps the most troubling signal yet: the company’s reported opposition to legislation designed to protect Alabama businesses from ESG overreach.

In 2023, 1819 News [called](#) Regions the “driving force” behind opposition to Senate Bill 261 during Alabama’s legislative session that year.

That bill sought to push back against efforts that increasingly tie private businesses and financial institutions to expanding rules, international treaties, and sustainability development goals associated with environmental, social and governance (ESG) standards.

SB 261, now law, positions Alabama alongside a growing number of Republican-led states challenging what they see as a rapidly evolving regulatory regime with ESG at its core.

Importantly, this law targets government action, not private businesses or banks, prohibiting state agencies and other government entities from requiring or pressuring private companies to boycott industries based on nonfinancial or nonfiduciary criteria. It also bars state agencies from penalizing companies that refuse to participate in such boycotts.

In effect, this law grants Alabama banks legal standing to resist ESG-linked mandates, a move that defends the principles of free enterprise and limited government. Unfortunately, the original language of the bill was gutted, resulting in a statute with little teeth.

ESG regulations impose partisan political agendas through financial systems, often at the expense of local banks and consumers. The statutory version of SB 261 doesn't hinder the free market, as has been suggested; instead, it restricts the government from using taxpayer dollars to promote causes that may run counter to the values of most Alabamians.

It also offers banks a layer of protection against reputational risk, enabling them to decline ESG-driven investment strategies that could alienate customers and prompt them to withdraw their deposits.

Why would Regions oppose such a commonsense law? The answer may lie in the company's shareholder structure. As of this writing, according to Yahoo Finance, the three largest shareholders of Regions Financial are none other than the Big Three themselves: BlackRock, State Street, and Vanguard.

Top Institutional Holders

Holder	Sh
Vanguard Group Inc	110.
Blackrock Inc.	86.
State Street Corporation	52.
Wellington Management Group, LLP	44.
Charles Schwab Investment Management, Inc.	31.
JPMORGAN CHASE & CO	24.
Geode Capital Management, LLC	23.
Invesco Ltd.	20.
Morgan Stanley	18.
NORGES BANK	11.

That's right: the very asset managers most associated with advancing the ESG agenda nationwide are also the ones with the most influence over Regions. That fact alone ought to raise eyebrows.

The shareholder model of corporate governance – whereby firms aim to maximize profits for shareholders – is preferable to the stakeholder model. However, if those shareholders are faraway entities pushing companies into controversial political stances, they should be prepared to face potential consequences in the marketplace.

The path forward requires both recognition and action. Regions can continue on its current trajectory, serving as a conduit for progressive activism imposed by its largest shareholders, or it can remember its roots and recommit to the principles that made Alabama a beacon of entrepreneurial success.

For Alabamians who value free markets, limited government, and traditional principles, the message is clear: it's time to hold our institutions accountable. What that looks like in practice – engaging the corporation, raising concerns, withdrawing deposits and banking elsewhere – is a matter of individual conscience and circumstance.

Still, the time has come to expect more from Regions – and from any institution that benefits from Alabama's trust while betraying Alabama's values.

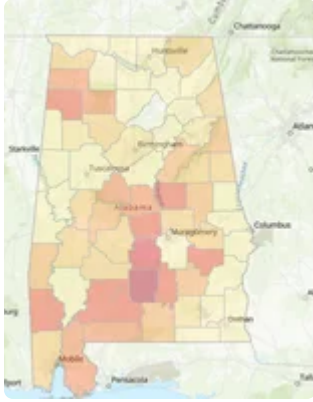
Allen Mendenhall is a Senior Advisor for the Capital Markets Initiative at the Heritage Foundation. A lawyer with a Ph.D. in English from Auburn University, he has taught at multiple colleges and universities across Alabama and is the author or editor of nine books. Learn more at AllenMendenhall.com.

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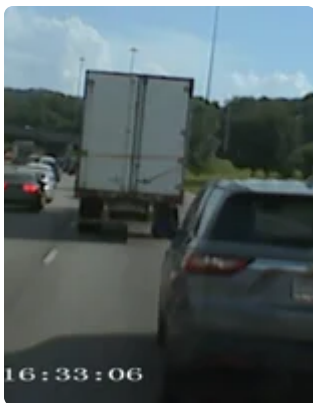
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