



For Immediate Release

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BPI CEO Calls for Better Tailoring of Bank Capital Requirements in Congressional Testimony

Washington, D.C. – Today, Greg Baer, CEO of the Bank Policy Institute, testified before the Financial Institutions and Consumer Credit Subcommittee of the House Financial Services Committee on the state of capital regulation. At the hearing, entitled “[Examining Capital Regimes for Financial Institutions](#),” Baer identified three problems with current capital requirements: They are set too high, subject to too much volatility, and too prescriptive. He then outlined various recommendations regarding how these concerns can be reduced through specific regulatory reforms, including revisions to the current expected credit loss (CECL) method, better tailoring of regulations to reflect banks’ differing business models, and appropriately calibrating the GSIB surcharge.

“One sees little analysis based on any absolute or historical standard that argues that U.S. banks are undercapitalized, or not overcapitalized,” said Baer in testimony before a House Financial Services subcommittee. “Overcapitalization of the bank sector matters because every major evaluation of the cost and benefits of capital requirements—including those done by the Basel Committee, the Federal Reserve, the Bank of England, and the IMF— finds that lending declines with higher capital requirements.”

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The Bank Policy Institute (BPI) is a nonpartisan public policy, research and advocacy group, representing the nation’s leading banks and their customers. Our members include universal banks, regional banks and the major foreign banks doing business in the United States. Collectively, they employ almost 2 million Americans, make nearly half of the nation’s small business loans, and are an engine for financial innovation and economic growth.

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