

Companies from a variety of industries routinely distribute portions of their earnings to investors, money that can be spent by consumers in the economy and that complements investments companies make in their employees and operations.

Share distributions by the nation's largest banks are highly regulated.

- Unlike in other industries, large banks cannot make share distributions without first passing a strenuous stress test to prove they are able to maintain a strong capital position and support the economy, even during a significant downturn.
- Then, and only then, are banks able to distribute capital.

Forum members have increased the quality and quantity of capital in the past decade.

Buybacks complement – not replace – investments businesses make in their communities, workers, capital, and businesses.

- According to [research](#), business investment has accounted for the largest share of U.S. business spending every year since at least 1990.

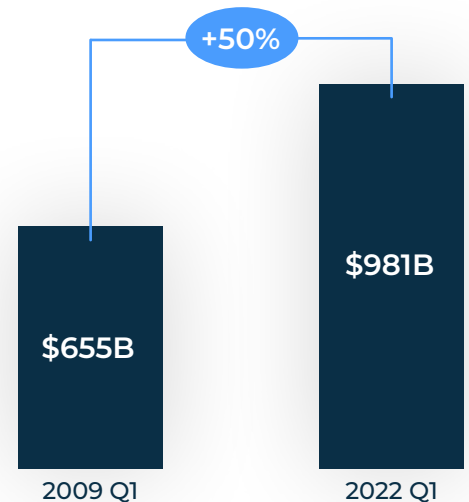
Share distributions act as a source of support to the economy.

- More than half of all Americans own stocks -- The Fed's [2019 Survey of Consumer Finances](#) found 52.9% of U.S. households have stock holdings.
- Money returned to shareholders recirculates throughout the economy.

Rather than focusing on the amount of resources transferred to investors, attention should be focused on the substantially greater capital and other resources retained by the largest banks.

- The nation's largest banks will continue to maintain strong capital positions even after making distributions.
- These same banks are committed to supporting a robust, durable and inclusive economic recovery.

Forum Member Tier 1 Capital



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When a company buys back its shares or pays higher dividends, the resources do not disappear. Rather, they are redistributed to other uses in the economy. For instance, shareholders may decide to invest the windfall in another company, which may in turn make productivity-enhancing investments. Or they may decide to spend the windfall on goods and services that are produced by other companies, who may in turn hire new workers. In these ways, stock repurchases would also be likely to boost economic growth

- [Federal Reserve Chairman Jerome Powell](#)

Based on their position of strength, Forum members last year have assisted customers in need and increased total credit by **\$922 billion** - including more than **\$94 billion** in PPP small business loans -- and helped support well-functioning financial markets.