

• • What They're Saying: Policy Experts, Consumer Groups, and Industry Organizations on the Impact of the Basel III Endgame Proposal

A broad array of outside voices is raising concerns about the negative impacts of the Basel III Endgame.

Coalition for Derivatives End-Users

- “The Basel III Endgame reforms are likely to increase hedging costs, disincentivize prudent risk-management by corporations, and ultimately increase costs and risk and reduce investment in our economy”
- “These cost increases, coupled with the potential decrease in large bank participation in these markets, would hinder end-users’ abilities to effectively hedge and reduce business risks. This, in turn, would discourage capital investments, economic growth and job creation”

Hispanic Leadership Fund

- “The proposed regulations would hinder increasing homeownership, a big hit to individuals and communities that face barriers to building generational wealth, illustrated by the homeownership gap.”
- “The zeal for more rigorous capital requirements is another example of Washington failing to consider how harsher regulations would exacerbate key economic challenges and hurt consumers in the long run. During a time of economic uncertainty, we should not pursue an agenda that will cut Americans off from needed financial services like loans and mortgages.”

Former New York Fed President Bill Dudley

- “More capital isn’t the right solution for every problem.”

The Urban Institute

- “There is no logical argument for the bank capital requirements proposed in the NPR. They are much higher than the Basel requirements”
- “The changes—contrary to ongoing federal efforts to advance equity in the mortgage market, such as strengthening the Community Reinvestment Act—would disproportionately disincentivize lending to LMI, Black, and Hispanic borrowers and communities.”

Raghuram G. Rajan, Former Governor of the Reserve Bank of India

- “At the end of the day, higher requirements can make capital costlier, potentially inhibiting banks’ ability to finance growth...and if activity migrates to other institutions that face lower capital requirements, the system will not have been made safer.”

National Housing Conference, Mortgage Bankers Association, NAACP, National Association of Realtors & National Urban League

- “At a time when banks around the country are making efforts to address the homeownership gap, and Special Purpose Credit Programs are being adopted to improve racial equity by financial institutions, requiring an unprecedented and unnecessary level of capital for high LTV mortgage loans risks moving the entire industry in the wrong direction by limiting credit access for borrowers of color”

[American Council on Renewable Energy](#)

- “The treatment of tax equity in the proposed capital requirements is both unwarranted and particularly detrimental to [Inflation Reduction Act]-incentivized projects.”

[Center Forward](#)

- “Families, businesses and nonprofits all rely on financial markets to finance their efforts to build for the future. Higher financing costs mean our economy recovers more slowly – leaving more families struggling and facing higher bills. The new Federal Reserve rules will add to higher costs, hurt hard-working Americans and harm American competitiveness.”

[National Fair Housing Alliance President and CEO Lisa Rice](#)

- “The proposed capital rule for example, I could see it literally squashing any efforts by lenders to stand up special purpose credit programs. So, I am hoping that the federal regulators will take a deep look at that and really revamp the capital rules similar to what they did with the Community Reinvestment Act Rule.”

[National Housing Conference](#)

- “[The] proposed rule that was advanced [in July] was worse than we feared. Unless the bank regulators make major changes based on the comments they receive, this rule will be swept away with the next inevitable swing of the political pendulum, serving no one.”

[American Action Forum](#)

- “Raising capital requirements would create barriers to growth for U.S. businesses, especially small businesses. This approach is even less defensible when banks have shown that existing capital requirements meet the Fed’s current standards.”

[Chamber of Commerce](#)

- “Without fully demonstrating the need, the Federal Reserve Board has proposed to significantly increase the cost of accessing capital across the American economy. This will slow Main Street growth at a time when businesses are signaling a desire for more credit and depending on their banks to help them manage financial risks.”

[Americans for Tax Reform](#)

- “These new rules will make borrowing more expensive, hamper dividends and share buybacks and reduce the availability of credit cards and mortgage loans with agreeable terms and conditions.”
- “These burdensome requirements could weaken American bank competitiveness with foreign-owned banks, or force banks to look for merger opportunities to offset increases in cost.”

[Americans Enterprise Institute](#)

- “The justifications for the proposed changes to large bank regulatory capital requirements in the so-called “Basel III end-game” Notice of Proposed Rulemaking are schizophrenic.”

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