

Buybacks and Dividends - Supporting the Economy

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.

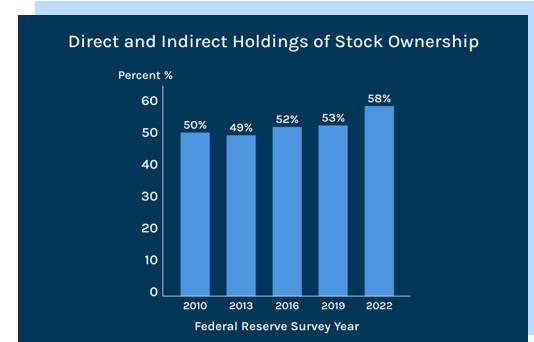
Then, and only then, are banks able to distribute capital.

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

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

More than half of all Americans own stocks – In 2022, 58% of U.S. households owned stock holdings, up from 52.9% in 2019, according to the [Federal Reserve](#).

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.

Forum members hold \$5.08 trillion in loans to businesses and households, helping drive the American economy forward.

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



"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 Chair Jerome Powell](#)