Basel III Endgame Proposal Threatens the U.S. Economy

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Washington, D.C. – The federal banking agencies' capital proposal is misguided and unjustified, the Conference of State Bank Supervisors (CSBS) said in comments filed today. Without significant changes, state regulators are concerned that the proposal could disrupt the United States economy.

After a decade of reform, the banking system has strong capital levels and is more resilient. However, the Basel capital proposal, as written, would undermine the nation's diverse banking industry, financial stability, and economic growth.

"State regulators are concerned that this proposal would arbitrarily and dramatically increase capital, with unknown and unknowable consequences for American households and businesses," said CSBS President and CEO Brandon Milhorn. "We need a capital regime that enables competition, not one that dictates business models."

CSBS urged the federal banking agencies to make substantial revisions to the proposal and provide ample opportunity for public input once they release an economic impact analysis. Federal regulators should also consider the cumulative impacts of several other significant, interrelated regulatory proposals now under consideration.

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The Conference of State Bank Supervisors (CSBS) is the national organization of financial regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico and U.S. Virgin Islands. State regulators supervise roughly three-quarters of all U.S. banks and a variety of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance and debt industries.