Joint Trades Statement for the Record

Before the

House Committee on Financial Services

December 2, 2025

The below business trades welcome the opportunity to submit the following statement for the record as part of the House Committee on Financial Services hearing on "Oversight of Prudential Regulators."

Collectively, the undersigned business trades represent a wide range of stakeholders across the economy, including banks, leading companies, housing groups, small businesses, manufacturers, energy producers, and farmers that all create jobs and fuel America's economic growth and competitiveness at home and abroad. We greatly appreciate the work being undertaken by bank regulators to modernize capital rules to unleash economic growth and support various industries and sectors across the country. Specifically, common sense adjustments to Basel III Endgame, the GSIB Surcharge, stress testing, and leverage requirements will improve access to credit and reduce the costs of goods and services for American businesses and consumers, ensuring the U.S. economy can continue to thrive and grow.

Bank Capital Rules Significantly Impact the American Economy

Large bank capital rules have a significant impact across the U.S. economy. Capital is the most expensive form of finance and unnecessarily high and increasing capital requirements increase the cost of lending and other financial services. Whether it is a small business seeking a loan, a family looking to save for the future, farmer, or energy producer looking to hedge the price of their commodities, inappropriately calibrated and designed capital requirements reduce Americans' productive capacity as their ability to borrow, invest, and power the economy are stymied.

The lost economic output is concerning. Importantly, a review of 13 economic studies found that increased capital requirements can cost the economy $100 billion to $150 billion per year and result in $2.3 trillion in lost economic productivity over 30 years. Now is the time to modernize capital requirements to further stimulate economic growth and prosperity for American consumers and businesses.

Impact on Homebuyers and Commercial Real Estate

Commercial banks constitute our nation's largest source of commercial and multifamily real estate financing. In addition, they are significant holders of single-family mortgage assets and critical liquidity providers to the secondary mortgage market. Higher bank capital requirements can harm single-family, multi-family, and commercial real estate finance by hindering lending, reducing jobs, and negatively affecting local economies, particularly hurting first-time and low-income homebuyers. Capital requirements are an added cost borne by homeowners and tenants in an already challenging housing market. These are important considerations for regulators to weigh as they conduct economic analysis to determine the appropriate levels of capital.

Impact on Small Businesses and Retail Lending

Additionally, inappropriate bank capital rules increase the cost and decrease the availability of loans for small businesses, especially privately owned companies, discouraging growth and market entry. Small businesses are the backbone of our economy, creating two-thirds of all new jobs per year. Modernized capital requirements will not only help small businesses, but their customers, employees, and communities across the country.

Similarly, recent bank capital proposals included a number of regulatory changes that would make it more expensive for banks to lend, and extend credit, to retail consumers. The impacts of these proposals would have been disproportionately borne by low-and moderate-income consumers.

Impact on Manufacturers

Inappropriately calibrated bank capital requirements can also significantly impact manufacturers, particularly smaller firms, by their impact on the cost of loans, derivatives, netting efficiency, and other banking services. Manufacturers depend on bank funding to expand their operations and hire more employees, and higher costs for loans lead to higher operating costs for manufacturers and ultimately the American consumer. Additionally, higher U.S. capital rules put U.S. manufacturers at a competitive disadvantage globally compared to international rivals whose banks face less stringent capital requirements. Therefore, parity with international jurisdictions is imperative to boost U.S. economic growth.

Impact on Farmers, Energy Producers, and Consumers

Moreover, higher capital rules undermine the American agricultural and energy sectors. For example, agriculture and energy prices are subject to significant price volatility that creates risk for farmers' revenue. Banks work with farmers, ranchers, and energy producers to provide certainty by offering futures and derivative products that reduce fluctuations in the prices farmers receive for their crops and commodities. Unnecessarily high capital requirements raise the cost of these products and disproportionately impact smaller farms and agricultural businesses, making it more difficult to manage risk and potentially leading to higher consumer prices for food, energy, and agricultural products. Higher food costs are ultimately borne by Americans across the country.

Impact on American Goods and Services

Finally, increased capital requirements harm market liquidity, discourage prudent risk management, and negatively impact the everyday cost of goods and services for Americans across the country. Implementing heightened or duplicative standards in the U.S. only harms the incredible strength of our U.S. capital markets, hurts our ability to compete abroad, and increases costs for Americans. Such impacts should be seriously considered as regulators examine the totality of capital requirements.

Conclusion

The U.S. banking system is well-capitalized, strong, and resilient. U.S. banks adhere to stringent regulatory, supervision, and oversight requirements and have significantly increased their capital positions over the last 15 years. They have proven their strength and resilience through several recent crises and stress tests, namely the COVID-19 pandemic and the 2023 regional bank turmoil.

It has been more than 15 years since the implementation of heightened bank regulation, and it is important to take a comprehensive look to ensure capital rules are working in today's economy as intended without constraining U.S. economic growth and competitiveness around the globe for the future.

Now is the time to modernize our capital framework to unleash economic growth for American businesses and consumers across the country.

Financial Services Forum

American Bankers Association

American Cotton Shippers Association

American Farm Bureau Federation

Bank Policy Institute

Business Roundtable

Commodity Markets Council

Consumer Bankers Association

Futures Industry Association

International Swaps and Derivatives Association

Mortgage Bankers Association

National Association of Manufacturers

National Association of REALTORS®

The Real Estate Roundtable

Securities Industry and Financial Markets Association

U.S. Chamber of Commerce