Press Release

A Mea Culpa From the Fed on the Failure of Silicon Valley Bank

PAULINA ENCK | MAY 1, 2023

Last Friday, the Federal Reserve released a hotly anticipated report examining the causes of Silicon Valley Bank's (SVB) collapse. In a new insight, Director of Financial Services Policy Thomas Kingsley walks through what the Fed gets right in its assessment, as well as where it misses the mark.

Kingsley concludes:

> In what is generally an unflinching and unsparing report on its own failures, as a supervisor the Fed so nearly gets it right. While the degree of supervisory detail and transparency is welcome (rarely are we allowed so deeply under the hood of the supervisory process) the Fed fails to stick the landing. Where the Fed's report is at its weakest is when it strays from its review of its own internal processes. Focusing on largely unrelated bank deregulation and the bank capital requirement framework, neither of which meaningfully impacted the fall of SVB, is a disappointing finding. That the Fed needs to examine its supervisors and oversight framework is clear, but using SVB as scapegoat and rationale for higher capital requirements is at best lazy thinking.

Read the analysis