



Press Release

Federal Reserve Previews Upcoming Bank Capital Crackdown

PAULINA ENCK | JULY 10, 2023

The Federal Reserve's Vice Chairman for Supervision, Michael Barr, has in prepared remarks previewed the likely contents of a sweeping bank capital restructure expected later this year. In a new insight, Director of Financial Services Policy Thomas Kingsley walks through Barr's recommendations and explores what they could mean for the banking industry.

Kingsley concludes:

While Barr's remarks were framed simply as policy recommendations made in an informal setting, the banking industry should view this as what it is: A soft launch preview of the new capital framework to expect later this year that will feature an expansion in both the capital requirement framework and the number of banks it will cover. What makes the Fed's approach particularly difficult to understand, however, is the lack of evidence that there exists a problem that needs to be solved. All 23 banks tested in the Fed's severe recession stress test scenario passed with flying colors. If those banks don't present a risk, what is the new framework designed to address?

[*Read the analysis*](#)