

Proposal: 1813 (AG64) Reg H, Q, LL & YY-Regulatory Capital Rule: Amendments to LBOs and Banking Organizations

Description:

Comment ID: 156786

From: Anonymous

Proposal: 1813 (AG64) Reg H, Q, LL & YY-Regulatory Capital Rule: Amendments to LBOs and Banking Organizations

Subject: R-1813 Regulatory Capital Rule: Amendments Applicable to Large Banking Organizations and to Banking

Comments:

Date: Jan 09, 2024

Proposal: Regulatory Capital Rule: Amendments Applicable to Large Banking Organizations and to Banking Organizations with Significant Trading Activity [R-1813]

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Your comment: Hello Sir/Madam, I believe that the Federal Reserve is not adequately accounting for inter-agency rule changes when considering its final Basel 3 Endgame proposal. Specifically, proposed rule changes to credit card late fees by the CFPB (reducing the maximum fee from \$41 to \$8), in conjunction with higher capital requirements proposed by the Basel 3 Endgame rules for unused credit lines offered by credit card companies, will significantly impact the returns on equity for major credit card companies (particularly private-label card companies). These two proposed pieces of legislation could together cause the ROE's of these credit card companies to fall below the cost of their capital. Such a result would have serious adverse impacts to the availability of credit for consumers who utilize these products for everyday purchases. Additionally, these card companies would be forced to raise rates on the rest of its customer base in order to make up for the lost economics. These two rules in conjunction with one another put these credit card companies/banks in a weaker and more precarious position with lower ROE's which will force them to make significant unproven underwriting modifications in order to hit their cost of capital. I urge you to consider the impacts of multiple moving pieces of legislation from different agencies when considering these final rules. Thank you for your time.