

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

Description:

Comment ID: 156794

From: A. Gaskins

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:

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Good morning,

Starting up a small business is by no means an easy task. Studies show that 1 in 5 U.S. businesses fail within their first year of opening, with only 25% making it past 15 years. As a small business owner myself who is fighting everyday to stay open, I can attest to the many struggles entrepreneurs face and the reasoning behind why they close up shop. Even though I have been fortunate enough to keep things going, I am very anxious about what my financial future might look like if the regulation to raise capital requirements on banks turns out to be successful.

Being able to access credit and loaning services from financial institutions is critical as to whether businesses are able to survive. It provides them with the opportunity they need to quickly obtain capital to keep up with payroll, rent, and other unexpected expenses, serving as the difference between staying afloat or shutting down for good. Given how important it is for small businesses to have the ability to quickly obtain capital, we should be expanding their loan options, not shrinking them. That is exactly what would happen under the current capital requirements proposal. The banks that small businesses like myself rely on would begin to turn away countless applicants, make it more expensive to borrow money, and decrease the services they offer. It would spell disaster for the folks just trying to stay afloat, devoiding them of the required funding needed to stay open and putting 1.7 million small business employees here in North Carolina at risk of being let go.

What is most shocking to me in all of this is that the push to get this rule passed is entirely not necessary. The banking industry is arguably the most regulated it has ever been in our nation's history. This includes currently having historically lofty capital requirements that are higher than those mandated by the European Union. Federal Reserve Chairman Jerome Powell has called it "very strong, well-capitalized, highly liquid." We don't need to pursue this unnecessary expedition for an already sturdy banking system.

The Federal Reserve has done good work in fighting inflation these past years, even as more work remains to be done. To help continue their well intentioned efforts, we must recognize how harmful this new regulation would be to our small businesses and reject this proposal.

All the best,
A. Gaskins