

From: fknapp@scsbc.org
Sent: Monday, October 30, 2023 1:02 PM
To: Comments
Subject: [EXTERNAL MESSAGE] RIN: 3064-AF29

October 30, 2023

FDIC

Re: RIN: 3064-AF29

To Whom It May Concern,

The South Carolina Small Business Chamber of Commerce is a 23 year-old organization with over 5000 supporters. We have a successful track record on advocating for government actions that will help small businesses at both the state and federal levels.

I am writing to you today because I am extremely concerned about the proposal to increase capital requirements for the nation's larger banks.

My organization has a strong interest in making sure that all entrepreneurs have access to capital to start and grow small businesses. This issue is critical for our state and national economies because most net new jobs are created by businesses with less than 5 employees and that are less than 5 years old.

We are leading a coalition of small business organizations that is recommending federal government actions, including steps to increase access to capital for entrepreneurs with poor credit and little assets, that can address the four-decade low in new business startups. While there has been a dramatic increase in applications for Employer Identification Numbers during the pandemic, it remains to be seen how many of these turn into actual new businesses.

While the nation's banks could do a much better job of providing small-dollar loans to entrepreneurs, especially in rural and underserved communities, dramatically increasing the asset reserve requirement for banks with assets over \$100 billion will not help us on the small business access to capital issue.

Small businesses would also be negatively impacted by the proposed regulation's effect on the nation's overall economy. The bank funds that will sit on the sidelines will not circulate through the economy and will result in less demand for goods and services of small businesses.

Banking regulations put in place in response to the financial crisis of 2007-2009 have been effective in preventing another economic disaster. Yes, there have been a few bank failures, but they have been successfully addressed by other financial institutions acquiring the assets and liabilities. And it appears that the Silver Bank collapse this year could have been avoided. The Federal Reserve Inspect General's report does not cite that the bank should have had more assets in reserve. Instead, the report concluded that, "Examiners should have taken more aggressive and decisive supervisory action to escalate several issues in light of the bank's unchecked growth; its volatile funding and deposit concentrations; and its significant, pervasive, and persistent weaknesses in key control functions."

The overall U.S. banking industry is strong. We certainly don't want to adopt regulations to conform with international capital standards issued by the Basel Committee (Bassel III reforms) and suffer the economic results that other nations are facing. Our banking asset reserve requirements appear to have been effective and allowed for vibrant economic growth that benefits small businesses.

Sincerely,

Frank Knapp Jr.

President & CEO

[SC Small Business Chamber of Commerce](#)

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