

Proposal: 1837(AG79) Financial Data Transparency Act Joint Data Standards

Description:

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Comment ID: 160684

From: Robert E. Rutkowski

Proposal: 1837(AG79) Financial Data Transparency Act Joint Data Standards

Subject: R-1837; Financial Data Transparency Act Joint Data Standards

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Comments:

NONCONFIDENTIAL // EXTERNAL

Jerome Powell, Chair

Board of Governors of the Federal Reserve System

20th Street and Constitution Avenue N.W.

Washington, DC 20551

Re: More Transparency is Needed to Protect the Financial System Against  
Large Banks' Lending to Nonbanks

Dear Chair:

Better Markets filed a comment letter on the need for increased data collection related to large banks' lending to nonbanks. Despite the fact that lending to the nonbank sector exceeded \$2 trillion in 2023, and the fact that the largest banks have dramatically increased their loan exposures to nonbank borrowers, the Fed receives less information about the largest banks' nonbank borrowers compared to other corporate borrowers. This information gap impedes the Fed's ability to measure, monitor, and otherwise supervise these nonbank exposures and protect the financial system and financial stability.

We strongly support the Fed's proposal to collect additional data on banks' lending to nonbanks because 1) more data will allow for a better understanding of risks associated with lending to such a wide range of nonbanks; 2) lending to nonbanks, and the associated risks, has grown substantially; and 3) lending to nonbanks and the risks are concentrated among some of the largest and most systemically important banks.

Furthermore, the Fed has made an institutional commitment to provide greater transparency around regulatory reporting for other credit portfolios; namely credit card lending and mortgage lending. It should expand that commitment to nonbank lending. Transparency supports financial stability. It is not enough to collect data, lock it away, and only provide a select few people with the key.

With these changes, the Fed can work to properly regulate and supervise these exposures and protect our financial system and the American people.

Full comment letter:

<https://bettermarkets.org/wp-content/uploads/2024/08/Better-Markets-Comment-Letter-Nonbank-Data-Collection.pdf>

Yours sincerely,

Robert E. Rutkowski

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