

SVB and Beyond: Regulating for liquidity

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Under stress, the mobility of deposits has increased

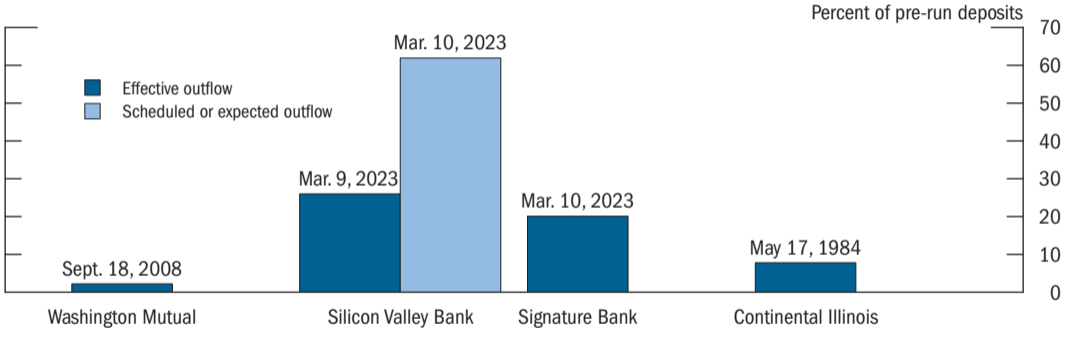
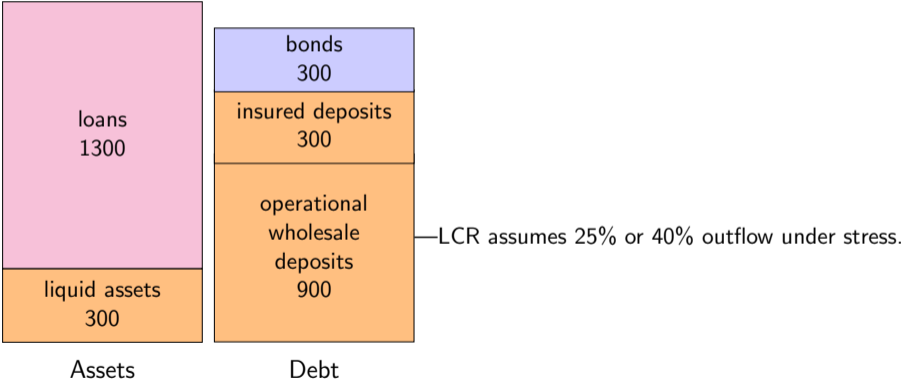


Figure: Federal Reserve Board, Financial Stability Report, May 10, 2023.

A weakened bank meeting liquidity regulations can't protect depositors



Novel technologies increase the mobility of deposits

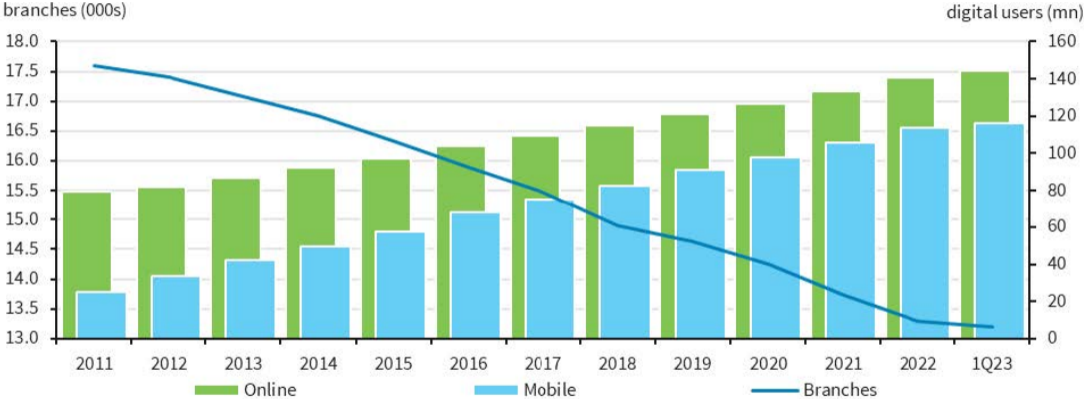
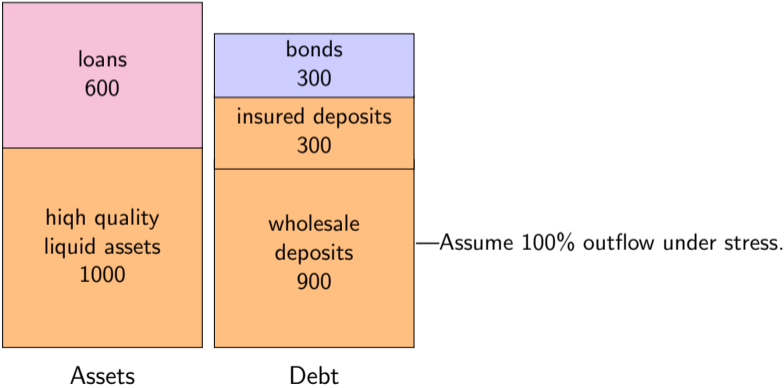


Figure: Totals for Bank of America, JPMorgan Chase, and Wells Fargo. Source: Jason M. Goldberg, Barclays, May 2023.

Under realistic assumptions for deposit outflows, the requirement to back outflows with HQLA would trap large amounts of safe liquid assets



Increase outflow assumptions and count Fed liquidity toward coverage

