

Press Release

April 17, 2025

Statement on Stress Test Proposal by Governor Adriana D. Kugler

I support today's proposal, which is intended to reduce volatility and provide extra time for firms to come into compliance with their stress capital buffer requirement without changing the fundamentals of the stress testing framework. I am concerned, however, about the equal weighting of two years of firm financial data, which results in an average of 18 months elapsing between the financial statements used for stress capital buffer requirement calculations and the effective date of those requirements. The drawback of these proposed changes is that the stress capital buffer will be relatively less sensitive to current economic conditions and firm risk profiles. I look forward to reviewing comments on this issue, including comments addressing the question of whether the most recent year of data should be given more weight than the less recent (and therefore potentially staler) data.

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