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# UK Bank Capital Seeking ways to accelerate growth

Special Report December 2025



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# UK bank capital: Seeking ways to accelerate growth

UK banks are happy with economic conditions, having got over the hump of high interest rates without significant loan losses. But like the UK's policy establishment, they are searching the horizon for signs of stronger growth.

Just a week before *GlobalCapital* brought together bank treasurers, investors and investment bankers for a live discussion in London on December 10, the Bank of England's Financial Policy Committee made its first relaxation of capital requirements for a decade. The GC Live event was one of the first opportunities market participants had to exchange

views on the move's implications. They welcomed the FPC's shift towards an easing of regulation, but could not hide their disappointment at the lack of bolder steps.

The UK remains more conservative on issues including the leverage ratio and capital buffers than peer jurisdictions, and with the US lowering capital requirements dramatically, banks are worried about losing more market share to US firms.

Bank capital specialists are confident UK regulators are focused on the need for competitiveness, but they are hoping for speedy action.

## Discussion participants



### Moderator:

**Toby Fildes**, chief product and strategy officer, *GlobalCapital*

**Joshua Benson**, director, UK FIG debt capital markets, Deutsche Bank

**Rob Collins**, treasurer, Nationwide

**Kapil Damani**, head of bank capital, ABN AMRO

**Daniel Fairclough**, treasurer, Barclays

**Catriona Meharry**, group treasurer, Lloyds Banking Group

**Donal Quaid**, group treasurer, NatWest

**Toby Fildes, *GlobalCapital*:** Let's start with economic conditions in the UK. We've had 18 months of what could be best described as a stop-start economy under Labour. Do we see any evidence of that changing in 2026?

**Donal Quaid, NatWest:** A nice, easy question to start with! A couple of things, I would say.

One is the uncertainty coming up to the Budget was unhelpful and has

probably impacted sentiment, more than behaviour. Customer activity has been quite robust this year, in terms of loan growth.

As we look forward into 2026, we're quite optimistic about the outlook for the economy. Unemployment is low from a historical perspective, with inflation and rates falling, and the balance sheets of both consumers and businesses are quite strong. However, government policy and

regulatory change will be the key area of focus for unlocking and driving growth in 2026.

### **Daniel Fairclough, Barclays:**

Being from the UK, we can be a bit negative sometimes on the UK – but it's likely to be the second strongest growing economy in the G7.

There are reasons to be positive for next year. Our view is that inflation will be moderating, which could pave the way for further

rate cuts. So there are reasons to be positive, and we stand ready to lend into that. It's a core part of our strategy.

**Rob Collins, Nationwide Building Society:**

We're seeing a lot of activity. People are wanting to buy homes, first time buyers in particular. So there's no reluctance for people to take their next step or get on to the housing ladder.

One of the things we didn't see that was quite well signposted by many commentators was a dial-down in activity ahead of the Budget. We just didn't see that in our flows.

The Budget was as good as it could have been in the circumstances. We're in that low but steady growth plan for GDP, and it's the same with house prices, where our base case is low single digit percent house price inflation. And similarly, inflation is seemingly now under control.

**Catriona Meharry, Lloyds Banking Group:**

Similar to what we have just heard. Also, hearing from the chancellor of the exchequer Rachel Reeves at the Mansion House speech and the Leeds Reforms earlier in the year was very positive.

What we'd like to see is an acceleration in the delivery of these reforms into 2026 to help support growth. That is really important. The economic backdrop is relatively good, but we need to start to see economic activity accelerate.

**Kapil Damani, ABN AMRO:** The government came in 18 months ago with a very clear agenda on growth. Financial services is a core part of that agenda and if the UK can

deliver a credible, long-term policy runway for the sector, it helps banks plan balance sheet, investment and credit supply with more confidence.

**Joshua Benson, Deutsche Bank:** The question for next year is the demand side versus the supply side. The reforms clearly can unlock some of the supply side, so if we could rectify some of the demand side issues, we would be well set for next year.

**GlobalCapital:** The next question is very much linked to that topic. Will the Bank of England's recent Financial Policy Committee review of system-wide bank capital levels, in which it lowered its benchmark expectation for tier one capital from 14% to 13%, make any difference? What are the constraints holding back credit creation?

**Quaid, NatWest:** Let's start with what was announced last week. We all welcome the Prudential Regulation Committee's updated assessment of capital requirements. However, we need to see what this actually means in terms of reductions to banks' supervisory requirements over the next six to 12 months.

There was overall disappointment in that expectations were built up [before] the release that we would see something actually delivered and announced last week.

But the door is open, particularly on some of the aspects they've announced for further review, around domestic banks' leverage buffers and around UK domestic exposure and the overlaps between different elements of the framework.

**Meharry, Lloyds:** I'd agree with that. The FPC set out a direction of travel, focusing on the 1% reduction in the benchmark for the systemwide level of tier one capital requirements, with further work to take place [until] April 2 on the underlying detail.

We look forward to working with the regulator on their consultation to unlock opportunities for growth and customers, while protecting stability.

What we'd love to see is this moving with pace. April is the consultation. When will that get delivered? Is it early 2027? To support the growth agenda, we need to see pace with this.

**GlobalCapital:** So we like the mood music, but we're a bit lukewarm on what's being proposed. Is that fair?

**Meharry, Lloyds:** What's being proposed is what the regulator already has a lot of information on and knows what banks think would help growth. Now it would be good to see this delivered.

**Fairclough, Barclays:** It's the middle of an engagement, it's not the finish line. We've got to recognise that. We've got four months ahead of us of quite intensive engagement on the detail, and we've got to work through those details. As Cat said, we then need to see action.

**GlobalCapital:** Rob, I presume the economic cycle still dominates lending appetite, rather than any regulatory tinkering at the edges. Is that fair?

**Collins, Nationwide:** Definitely, any tinkering around the edges isn't really making a difference to lending aspirations.

We have all made choices about where we do and don't want to lend, and at our recent interims we did talk about a slight downturn in business lending, but that was consciously driven by price and credit, not being constrained by capital. All the signposting from the FPC is very welcome, but is not changing any behaviour right now.

Josh mentioned the demand side. What the industry should be gearing up for is that when that demand [to borrow] is there, they can meet increased lending needs. If you listen to small and medium-sized business commentators, they're all in that quite nervous phase of: 'I'm



A helpful acknowledgement by the Financial Policy Committee was that "the leverage ratio is not working as intended and is not being a backstop in constraining more UK firms... that being acknowledged is a useful development"

Rob Collins, Nationwide



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**“The US G-Sibs see a big growth opportunity in Europe and the likelihood is, unless we’re willing to react to that, both from a policy and a regulatory perspective, US G-Sibs will just continue to take more market share at the expense of UK and European banks”**

Donal Quaid, NatWest



not constrained from borrowing money. I just don’t want to right now, because, because, because...’ there’s some uncertainty there.

When we get a clearer path around certainty, then that unlocks the demand to borrow that can be met by less constraints in capital requirements.

**Benson, Deutsche:** I don’t think we should understate the fact that the decision has been made to reduce the tier one ratio from 14% to 13% — the first reduction in capital metrics for over a decade or so. That’s a clear nod in the direction of the banks and the hard work they’ve done. But as the panellists have mentioned, we are very much in the review stage and implementation is going to be the key element.

**Damani, ABN AMRO:** It’s a step in the right direction. There was a lot of market expectation for there to be more. What’s helpful is they have outlined an intention to change things, but the detail is lacking.

As Dan mentioned, the next few months are going to be very important. What exactly did they outline last week? They published their stress tests. All banks passed, relative to both the hurdles that applied in this year’s test and the higher threshold that is likely to apply in future.

The one new piece of information, I believe, was they quantified the benefit UK banks will have in aggregate from Basel 3.1 implementation. The 50bp reduction in Pillar 2A, I believe, marks the first time this has been explicitly quantified for the market, a positive development. But there’s still a lot to see. They’ve identified

the problems but the solutions are yet to be provided.

**Fairclough, Barclays:** I would definitely agree with the Pillar 2 point. That was a very concrete signal that there is going to be an offset, which is good.

**Quaid, NatWest:** The reduction in Pillar 2 is positive, but it’s not a reduction in capital requirements, just a reduction in ratio, because our Pillar 1 risk weights are going up. The reduction in Pillar 2 is just an offset to total capital requirements.

**GlobalCapital:** Digging a bit deeper into the FPC review, to try and understand a bit more about what happened and its implications, Catriona, have we reached peak capital?

**Meharry, Lloyds:** Gosh, never say never! I think there’s a recognition of disparities across regimes. They’ve specifically highlighted things like the leverage ratio, which has become a constraint for some of the banks and was only meant to be a backstop.

At the margins there will certainly be changes that are supportive and bring the capital levels — I’m not necessarily going to say, down — but they’ve also talked about buffers and the usability of buffers.

The jury’s still out for us on how that actually manifests itself, but it definitely feels that there is a sea change, and that for us, as UK banks, being able to have more comparative levels of capital is the way forward.

**Collins, Nationwide:** First of all, “peak capital” sounds like the title of a very

bad Netflix series, doesn’t it? Let’s not watch that when it comes out.

But from our perspective, there’s a slightly different twist, given that the building society model is different. So from embarrassing riches of stupidly high CET1 [common equity tier one] ratios, we’ve gone a bit more commercial, if you will, and obviously made a big acquisition [of Virgin Money].

We figured out how to return some of that value to our members. So I think our capital story will remain one of strong stress testing outcomes where we stay on the right side, by some distance, of MDAs [maximum distributable amounts] and are able to continue to return value to members, and do what we need to do.

Generally speaking, you’d want your ratios to be going upwards, but it’s controlled by the other things you’re doing in terms of distributing that capital.

**GlobalCapital:** So, Kapil and Josh, does this mark the end of the era of ‘more capital always’ and the beginning of the ‘make it usable’ phase?

**Damani, ABN AMRO:** Indeed, I was going to echo what Cat mentioned, which I think is spot on. It feels like the debate is moving from ‘how much capital’ to ‘how usable is capital’.

Covid was the real-world test: buffers were released, but banks were reluctant to run them down. That tells you the framework isn’t operating as intended, and that’s now the opportunity for reform. Is there more we can do, such that the banks here don’t have to have such a large management buffer, given where CET1 levels are today, versus where they’ve been in the past?

**Benson, Deutsche:** I find it quite telling that there was reference in the report to the “Bufferati” speech [by Bank of England deputy governor Sam Woods in 2022, in which he outlined ideas for radically simplifying bank capital]. It suggested the conversation hasn’t really moved on, despite that being a good few years ago now.

So looking forward to next year, there needs to be increased focus on the predictability and the clarity of buffers. There have been a number of proposals, but we are yet to see anything concrete that we can debate and have a conversation about.

**Collins, Nationwide:** The other helpful formal acknowledgement in the FPC notes was around the fact that the leverage ratio is not working as intended and is not being a backstop in constraining more UK firms. So that being acknowledged is a useful development, and we'll see where we go on leverage.

**GlobalCapital:** So, the wrong constraints? Catriona, anything to add on leverage?

**Meharry, Lloyds:** Look, it's welcome. Not all of the UK banks are leverage ratio-constrained, so if they do anything on the leverage ratio, it will be something that impacts some, but not others. Again, it won't be a complete reduction in capital across the board.

**GlobalCapital:** Dan, what does a more risk-sensitive leverage regime mean for a global bank carrying large HQLA and trading books?

**Fairclough, Barclays:** The recognition that the riskiness of the UK banks has come down was important, so the risk weight density has come down.

That applies whether you're a building society doing low risk lending, or Barclays with a big mortgage book and also a low risk financing business. The direction of travel is the same, whether it's domestic or international, that there is less risk from an RWA [risk-weighted asset] perspective in the UK banks than there was before.

So, quid pro quo, it's really important that the regulators do recognise that something needs to adjust in the leverage ratio. It's applicable both domestically and internationally.

**Damani, ABN AMRO:** They published all the studies. If you look at average risk weight densities, 10 to 15 years ago for UK banks, it was close to 40%, I think 38%. Today, we're below 20%. Clearly things have changed.

The leverage ratio, when it was introduced, was always meant to be a backstop. In the report last week, they identified themselves that, for a minority of the largest banks — three out of the seven — leverage is now appearing as the binding constraint. Was that ever the intention? You can end up penalising low risk balance sheets.

There are a number of areas within the leverage ratio where the UK is super-equivalent. I hope there's some flexibility to align themselves a bit closer internationally.

**Benson, Deutsche:** A number of policies or papers have suggested reducing the number of buffers and increasing the volume, arguing that you might increase the predictability and visibility of how those buffers operate.

But I also think there could be some sort of buffer playbook that supervisors, banks, investors can look at, which clearly states the pattern of buffer usability in times of potential stress.

**GlobalCapital:** What reforms would you support on this, Donal?

**Quaid, NatWest:** Where do we start? A lot of what is being currently looked at is positive. There's a ringfencing review going on at the moment. There's a review of capital requirements. There are definitely elements there that can be changed.

We need to look at where we have idiosyncratic pieces of regulation in the UK or gold-plating of standards, that create either complexity, costs, or result in a non-competitive environment for how UK banks operate, both domestically and internationally.

**Meharry, Lloyds:** I know there's been a lot of speculation around when the leverage ratio is reviewed, whether there'll be any elimination of Gilts from the leverage ratio.

Anything they can do in terms of supporting the broader system and creating liquidity is obviously

positive and I'm sure a number of banks will be asking for some of those changes.

**Fairclough, Barclays:** Buffers, which are obviously specific to the UK, is a big one. Although a Gilt exemption has been ruled out, it should be a discussion, around the HQLA portion of Gilts. There's something to discuss there.

**Damani, ABN AMRO:** Why penalise low risk lending, whether that's on the mortgage side or on the HQLA side? I certainly think there's a lot of room there for regulatory reform. Just digging back into the specific leverage ratio issue, there are so many areas we could look at.

Number one: calibration. Why does the UK have a higher minimum requirement than Basel? Europe has stuck closer to Basel. In the UK, we've got 3.25% whereas elsewhere it's 3%.

Number two: the buffers for the leverage ratio in the international framework apply only to G-Sibs [globally systemically important banks], and over here, it's impacting the D-Sibs [domestic systemically important banks] as well.

**Quaid, NatWest:** One of the key charts in the FPC report last week showed that UK domestically focused banks' leverage requirements are higher than [those of] US and European banks. That was one of the key outputs, from my perspective.

**Damani, ABN AMRO:** Dropping domestic systemic buffers from the leverage framework would be an obvious solution, then there is the denominator and thirdly,



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Kapil Damani, ABN AMRO

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composition of the leverage component as well.

There was an issue of additional tier one capital from BNP Paribas this week. You can speculate as to why they were issuing more AT1. They don't actually have a redemption till 2027, but if you look at their leverage, they have a relatively skinny buffer over their minimum requirement, around 45bp.

So one could argue that they're issuing quite a bit of AT1 specifically to comply with leverage requirements. In the UK, there's a constraint on the amount of AT1 you can include for the leverage ratio. So that's another area: composition.

**GlobalCapital:** We've mentioned buffers a few times already. The FPC openly says buffers aren't being used and has referred to simplifying the capital stack. So do buffers operate as true buffers or just extended minima, because of MDA and the stigma of using them?

**Fairclough, Barclays:** We've circled around this over the last two years. I do think there is a conflict between usability of buffers and the market discipline that was requested after the financial crisis.

The problem is: to have both of them is really challenging. Obviously the market holds us to the MDA level, and they want to see a buffer above the MDA level.

So because of that market discipline, it's quite hard to say that the buffers are usable. That does need to be looked at in a pretty significant way.

**Meharry, Lloyds:** The usability of buffers is welcome, but it's very difficult to get the market around the use of that. If you just look at the recent stress tests, we see all banks have management actions that we would carry out in a stress scenario.

When you come through the stress test, you use your management actions and you need to recover. The expectation from investors is that we recover very quickly, so really the ability to use those buffers is quite tricky.

So the question is, what's the timing? Is there something around the timing of the recovery of the buffers that we could see come out of this?

**Quaid, NatWest:** It's very hard to answer that question up front,

because it depends on the scenario and market environment. If the whole market is using buffers, then we'll have a lot more comfort in using them. If it's more idiosyncratic, the market will penalise you for the use of your buffer.

But saying that, in the UK, we do have the counter-cyclical buffer that's releasable under stress. That is a big benefit versus the other buffers. I can see why usability of buffers is an area of focus for the FPC and other national regulators.

**Damani, ABN AMRO:** The FPC acknowledged buffers don't buffer. The disappointment was that there wasn't any detail.

It's clearly a focus internationally and the market is expecting something from the European Central Bank tomorrow on this topic, in relation to simplification and buffer usability. [The ECB put forward on December 11, the day after this panel, 17 proposals for simplifying bank capital requirements.]

We touched upon it. The MDA creates market expectations. It creates stigma [by mandating the suspension of AT1 coupon payments if a bank breaches certain buffers].

During Covid, we experienced regulators turning off ordinary share distributions, given the unprecedented uncertainty that existed at the time, but there was a clear carve-out to pay AT1 coupons.

So why don't you differentiate AT1s from the overall MDA to relieve some of the stigma that exists in the market?

**GlobalCapital:** This is perhaps what you were hinting at, Donal, but would you support a single

macro buffer and a less binary MDA regime?

**Quaid, NatWest:** There's a lot of sense in that, but we need to take a step back and see how realistic that is to implement. If there is going to be any change in buffers, it will probably be done through Basel and that's going to take a long, long time.

If you were starting with a blank sheet of paper, you would build a capital framework very different from what it is today. But we're not, so change is very, very difficult and slow.

**Collins, Nationwide:** To that exact point, if there was a level playing field that was more prescribed in regulation, it would be much easier to have common ground and destigmatise using buffers, but it doesn't feel as if that's going to happen any time soon.

When we thought there was going to be a bit of a Big Bang last week, that fizzled away and now we're into this period of consultation. You can just see how far it may have been pushed down the line, and therefore it feels like we won't get to that point of clarity any time soon.

**Benson, Deutsche:** Destigmatisation is the key element here. We've seen in the past when central banks and supervisors get together and deliver a clear message — we saw it with the AT1 issue with regards to Credit Suisse — there can be a very clear message and confidence delivered to the market in regard to certain aspects.

**GlobalCapital:** Are we paying enough attention to US deregulation? The US is softening

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Daniel Fairclough, Barclays



the Basel ‘endgame’ and the leverage ratio, while the EU is moving ahead with its Crisis Management and Deposit Insurance resolution tools.

**The UK is nudging capital lower and talking about simplification, but is there a risk that the UK ends up with the tightest regime?**

**Meharry, Lloyds:** I’m hopeful we will land in a place where the UK is competitive. I think the PRA will certainly be reviewing where the US – and Europe for that matter – land and will make sure that the UK banks do not land in an uncompetitive space.

**Quaid, NatWest:** There’s a lot of focus on what’s playing out in the US, from the UK and from Europe.

I was reading an article yesterday from someone who’s very linked into what’s going on, both on the political and regulatory front, and they’re indicating about a 5% to 15% reduction in US capital requirements from when President Trump took office on January 20.

We’ve already seen the US recalibrate the enhanced supplementary leverage ratio, we expect changes to the CCAR [Comprehensive Capital Analysis and Review], and there’s also the G-Sib surcharge.

The big challenge for UK and European banks is that a number of the US G-Sibs have been vocal in terms of the quantum of capital that will be freed up.

The US G-Sibs see a big growth opportunity in Europe and the likelihood is, unless we’re willing to react to that, both from a policy and

a regulatory perspective, US G-Sibs will just continue to take more market share at the expense of UK and European banks.

**Fairclough, Barclays:** The bits we should really focus on are the G-Sib calibration and CCar. Most of the US G-Sifs are CET1, RWA-constrained, so that’s the thing that will really give them capital benefit, less the leverage ratio.

Those two things are still to come, but they could be very, very significant. Obviously the FPC has done a review against the US, but it’s a bit of a moving target. We’re going to need to make sure that we continuously focus on where the US is going.

**GlobalCapital:** To our investment bankers on the panel, how do you think investors will rank the US, EU and UK capital regimes by 2026 if all the regulators follow through on what they’ve signalled?

**Benson, Deutsche:** It depends if markets continue as robust as they are now. If we continue to see the themes we’ve seen this year and the US have more flexibility to grow, then investors will see that regime as a huge benefit, compared with what you have on the other side, the EU banks which might be more constrained.

But overall, there is going to be plenty of demand for each of the regimes. If I were to rank them, it would be US, UK, EU now.

**Damani, ABN AMRO:** I agree, that’s a pretty easy one: US, UK and then Europe.

In the US, as Donal mentioned, there have been a lot of estimates of the capital that’s been freed up. If the US follows through on the direction of travel being signalled – Basel endgame softening plus leverage relief – investors will view the US as structurally advantaged on capital flexibility. The UK is trying to stay competitive, whilst Europe’s process tends to move more slowly.

How will the US banks deploy that capital? Will it cannibalise any of the business European banks have on this side of the pond? That’s a real concern.

As we came into this year, there was a lot of uncertainty in the US. Things like tariffs and deregulation were on the agenda, but we didn’t really know how this was going to play out.

As we go into 2026, a lot of that is behind us. We’re seeing a lot of outlooks for next year with US stocks and the S&P index rising to records, etc.

In the UK, the FPC set a direction of travel, but markets will want the next step: clarity on mechanisms, timelines, and what ‘usable buffers’ means in practice, alongside leverage reform. From a market perspective, there was disappointment in last week’s publication.

**GlobalCapital:** Moving on from regulation to UK interest rates, how are you dealing with the higher for longer scenario? Is it proving tricky?

**Meharry, Lloyds:** The way we think about it is ‘through the cycle’. This year, we’ve seen a fair amount of volatility in longer end rates, but the front end is still relatively stable. We’ve been spending a lot of our time, and certainly a lot of our time with investors, discussing that long end and the volatility.

The markets are expecting a rate cut next week [from the Bank of England on Thursday December 18, which did happen], and then we’ll see what happens in the coming year. But the key thing is, it’s likely we see steeper curves.

**Quaid, NatWest:** The volatility in the long end has been a focus of sentiment towards the UK from international investors. It doesn’t really have a huge material impact on how we manage the balance sheet, given that most of the duration we manage is shorter dated.

But higher for longer has generally been beneficial to banks' performance, as we've seen in the strong performance across the banking sector. It also creates opportunities for how we manage our treasury functions across liquid asset portfolios, our cash management and FX activity as well. Volatility is not always a bad thing.

**Fairclough, Barclays:** Asset quality has been really benign. We've been operating at what are obviously high rates compared to where we were, but the UK consumer and corporate feel very resilient at these rates. So although we may get some normalisation, it's a really positive asset quality situation.

**Collins, Nationwide:** I totally agree with that in terms of asset performance, and obviously we're over the hump of high rates, which is good news.

The other thing, in a more practical sense, with a potential rate cut next week, is the operational overhead of that. What are we going to do in terms of passing through the rate cut on both sides of a retail balance sheet? How does that work? What are the practicalities?

It's quite often said they never change rates just before Christmas, but the PS is: except in the years when they do. So that's focusing minds on how all that plays out if we do see a cut next week.

**Damani, ABN AMRO:** In the US, the market is pricing in three cuts. That's down from four. With the change of personnel at the Federal Reserve, there's a clear political drive for lower rates. However, it's only one vote. Nevertheless, the market expects three rate cuts.

In the UK, I believe the markets expect one or two cuts in the next 12 months.

Canada and Australia are actually thinking about raising rates. So the next 12 months are going to be really interesting to see how some of this plays out.

**Benson, Deutsche:** The US is going to be interesting next year. I can see a scenario where headline rates don't move a huge amount, but the factors driving that are quite divergent.

The capex spend related to artificial intelligence is only likely to increase. You're likely to see windfalls through the One Big

Beautiful Bill, but at the same time, you've got a softening jobs market.

If one of those starts to move more than the other, you could see rate cuts or hikes very quickly. What that all leads to could be increased rate volatility intraday next year, and a market that's more sensitive to data.

**GlobalCapital:** Are you quietly pleased to see that the Bank of England is going to launch a stress test for private credit? Should the big private credit funds have some capital requirements similar to banks, given their growing importance to the economy?

**Meharry, Lloyds:** We welcome it. It's really important to at least test the system. Where I'd caution is that I wouldn't want it to end up resulting in a situation where they use the banks to effectively manage the regulation of private credit.

**Fairclough, Barclays:** From the bank side, our exposure to private credit is already very well modelled and stress tested through the existing stress test.

I don't think it's particularly important for the banks, but from a system perspective, it's really helpful just to make sure we understand where the interconnectedness is.

**Quaid, NatWest:** I'd echo Dan's point. We all have very good visibility of our own exposure. For the Bank of England, it's beneficial for them to have wider SWES [system-wide exploratory scenario] participation to give them better insights on the leverage in the system.

**Collins, Nationwide:** There's been increasing talk about the amount of risk transfer going outside the banking system, and some of the concentration around that. So it does feel like a sensible thing to do if there's a risk that some of that risk could come back into the banking sector at some point.

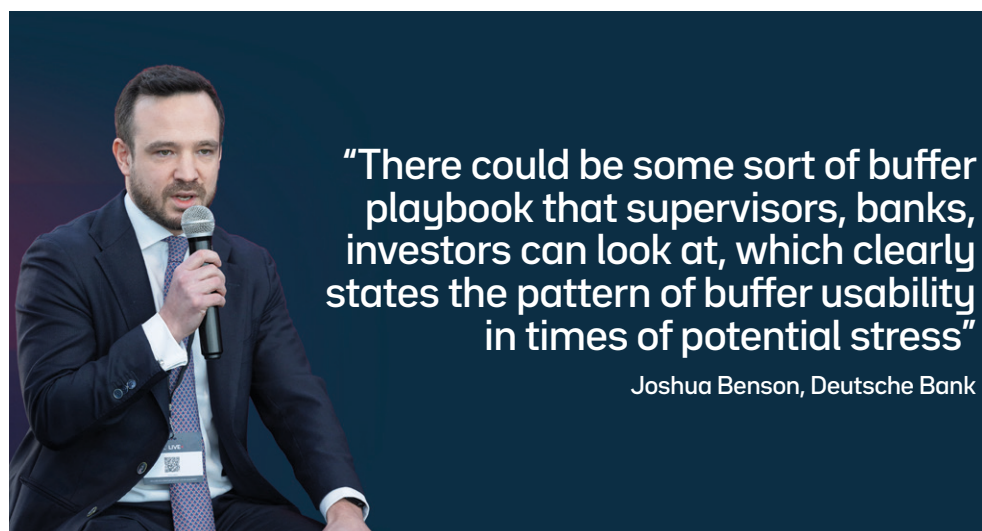
**Damani, ABN AMRO:** It's the number one question investors have, in non-deal roadshows and roadshow meetings. It dominates all the discussions, for the obvious reasons that we've been discussing here.

A stress test is valuable because private credit is interconnected with banks' pipelines, back-leverage and warehousing. But we should be clear: this is not about imposing additional capital requirements, it's about visibility.

From a bank perspective, transparency and visibility are good things. Banks are the shock absorbers and, therefore, having that transparency in the system should be encouraging for the industry.

**Benson, Deutsche:** Kapil's points are spot on in terms of allaying investor fears, particularly when credit is as tight as it is, and we've seen quite a rally in the stock market. Investors are on the hunt for unknowns, so if we can remove some of those unknowns with increased transparency, that only benefits the market as a whole.

**GlobalCapital:** To sum up, I think the panel would agree that what we don't want is a hasty regulator. But at the same time, the message is: we want you to get on with it. ©



“There could be some sort of buffer playbook that supervisors, banks, investors can look at, which clearly states the pattern of buffer usability in times of potential stress”

Joshua Benson, Deutsche Bank