

Banking and Finance Law Daily Wrap Up, PRUDENTIAL REGULATION—Fed’s Bowman says review shows supervisors should have flagged SVB vulnerabilities, (Sept. 21, 2026)

Banking and Finance Law Daily Wrap Up

By Nora Macaluso

The Fed official's announcement was met with criticism from Better Markets and Sen. Elizabeth Warren, who said Bowman's role in loosening regulations contributed to the bank's problems.

Silicon Valley Bank failed due to “a confluence of vulnerabilities” that supervisory staff “knew or should have known” about and taken action to address, said Federal Reserve Vice Chair for Supervision Michelle W. Bowman. The delays “were not caused by the regulatory tailoring mandate in the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 or by any directive or suggestion from the former Vice Chair of Supervision to reduce the intensity of supervision,” Bowman said in [remarks](#) prepared for delivery at a luncheon in London.

Those were among findings of a Fed-commissioned review conducted by Starling Advisory Group into the 2023 failure of the bank and the circumstances surrounding it, in particular the role of Fed supervisory staff. The report showed a “long-standing culture of risk aversion” and a “lack of clarity regarding decision rights” contributed to the inaction, Bowman said. The review also found social media didn't trigger or accelerate the run on the bank, she said.

Bowman said the Fed is taking steps to address the supervisory “culture problem,” with examination teams submitting monthly reports to the heads of supervision and Reserve Banks identifying issues or concerns about which examiners were uncertain. This, she said, “empowers our examiners to escalate concerns without fear, and it gives leadership real-time visibility into where our teams need clearer guidance.

In a separate [speech](#), Bowman outlined the Fed's plan to consider final revisions to its stress testing framework in the coming weeks. “These changes will improve transparency and public accountability, strengthen the reliability and accuracy of the models, and reduce the volatility of the capital requirements flowing from the annual stress test results,” she said. “In the U.S. framework, the Board incorporates forward-looking supervisory stress testing into large bank capital requirements through the stress capital buffer (SCB).”

Bowman said the Fed will publish detailed information on stress test models and the scenario design process, creating “public accountability” and enhancing guides for scenario variables by developing detailed guides for variables related to the U.S. and international economies. “This will enable the public to access all relevant information to properly evaluate the hypothetical scenario each year,” she said.

She also said she expects the Fed to finalize by year-end “reforms to risk-based capital requirements for large and small banks as well as improvements to the global systemically important bank (GISB) surcharge.” She added, “[i]n totality, these reforms create a durable and lasting framework to produce capital requirements that are rational, robust, aligned with risk, and transparent.”

In a released [statement](#), Sen. Elizabeth Warren (D-Mass.), the ranking Democrat on the Senate Banking Committee, called the new review “an embarrassing attempt to re-write history designed to pave the way for more dangerous deregulation that will lead to the next Silicon Valley Bank disaster.” Warren had asked Fed Inspector General Michael Horowitz to investigate the decision to conduct another review, calling it a waste in light of the fact that the government had reviewed the bank's failure in 2023 (see [Banking and Finance Law Daily](#), July 17, 2026).

“Michelle Bowman was the Federal Reserve Governor responsible for supervising SVB as it grew rapidly during the first Trump administration,” Warren said. “Michelle Bowman then voted to deregulate SVB. Now, Michelle Bowman has wasted taxpayer resources to hire what appears to be her partisan friends for a third party autopsy that magically and conveniently exonerates her and President Trump of any wrongdoing.”

Better Markets also took issue with the review. Christopher Appel, Director of Banking Policy at Better Markets, released a [statement](#) saying Bowman’s role in “weakening the rules and supervision designed to prevent precisely this type of large bank failure” played a role. “SVB’s management was responsible for managing the bank’s risks and failed catastrophically,” said Christopher Appel, director of banking policy for the group. “That does not excuse the Fed’s regulatory and supervisory failures, which have already been well documented in the Fed’s 2023 SVB review.”

“Any serious new review of SVB’s failure must also hold accountable the senior policymakers—like Bowman—who shaped the rules and supervisory expectations, not pass blame to the career supervisors who implemented them,” Appel said. “Bowman is placing responsibility on career supervision staff at the Fed while taking no accountability for her own central role.”

Companies: Better Markets; Silicon Valley Bank

RegulatoryActivity: BankingOperations CapitalBaselAccords FederalReserveSystem FinancialStability GCNNews OversightInvestigations PrudentialRegulation Receiverships

<https://prod.resource.cch.com/resource/scion/document/default/blw019e3413e03e574063b3d5f5cd4e57792d?cfu=Legal&cpid=WKUS-Legal-Cheetah&uAppCtx=cheetah>