

Government Tools and Limitations, Before and After the Financial Crisis

PRE-CRISIS LIMITATIONS

- Limited reach of prudential limits on leverage
- Limited deposit insurance coverage
- No resolution authority for largest bank holding companies and nonbanks
- No ability to inject capital into financial firms
- No authority to stabilize GSEs

ESSENTIAL CRISIS AUTHORITIES

- Fed expanded lender of last resort
- Broader FDIC debt and money market fund guarantees
- GSE conservatorship
- Capital injections into financial firms

POST-CRISIS TOOLS

- Stronger capital requirements
- Stronger liquidity and funding requirements
- Living wills, bankruptcy, and resolution authority

POST-CRISIS LIMITATIONS

- Limitations on Fed lender of last resort
- No money market fund guarantees or FDIC debt guarantees without congressional action
- No authority to inject capital