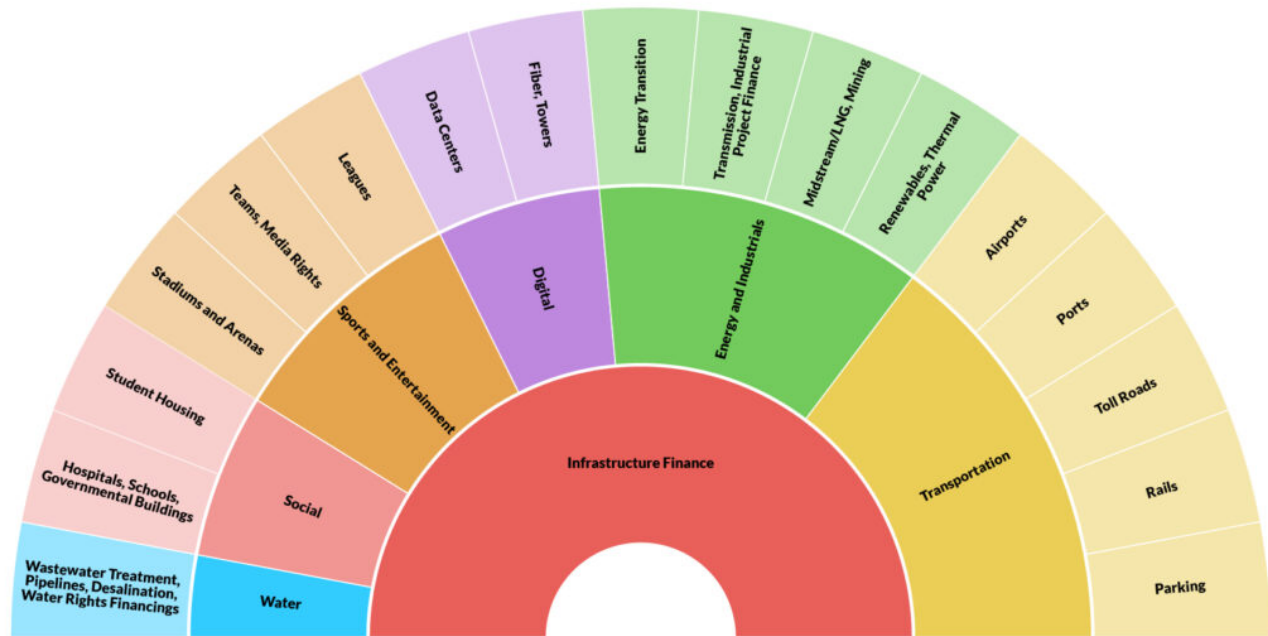


Smaller US Banks Most Exposed to Nonbank Lending

Fitch Ratings | July 8, 2025



Smaller, Non-Systemic U.S. Banks Most Concentrated to Non-Bank Lending

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- Evolving regulation has shone the spotlight on liability-driven investment strategies, driven by the optimization of technical provisions.
- In the hunt for longer-duration assets to hold as part of such strategies, a growing number of insurance companies are recognizing the benefits of rated infrastructure debt as a capital-efficient asset class, particularly as revised risk-based capital regimes based on the Insurance Capital Standard are implemented.
- Around the world, authorities are also changing their perception of the role of insurers in infrastructure. With an estimated USD15 trillion infrastructure gap to close globally, insurers are viewed as a critical partner, particularly as banks are disincentivized by regulatory changes and fiscally challenged governments reduce their discretionary spending.
- As insurers tap into the benefits of infrastructure debt, ratings can aid risk and capital management, act as a credit benchmark and assessment tool, help reduce technical provisions (e.g. matching adjustment criteria), act as an input to modelling risk parameters, and optimize standardized credit weightings.