

Impact of bank closures and plummeting stock reaches Utah

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Hailey Brown - The rapid closure of Silicon Valley Bank (SVB), a large commercial bank, left investors spooked. Bank stock around the nation dropped as questions swirled around the status of uninsured investments. [Before the Federal government announced plans to back all assets in the bank](#), Utah's state government promised to find solutions for Utah's own 'silicon slope' companies tied up in the bank. While losses were cut thanks to the backing of all uninsured deposits, its consequences are far from limited.

Silicon Valley Bank was popular among start-ups, tech companies, and venture capital firms, creating a [network](#) of investments, companies, and people nationwide. They all linked back to one main node, the SVB. So, when the bank went under the rest of the network faced the uncertainty of what would become of their assets, now in limbo. Almost half of the start-up companies in Utah, including businesses in our well-known 'silicon slopes' were customers of the bank, serviced by a branch in Cottonwood Heights. Thus, the closure put thousands of jobs and many businesses on the line, prompting Utah's state government to start searching for solutions. While this was ultimately not necessary, as the federal government promised to back all deposits with the bank, it might lead to changes in banking regulations as the government continues to respond to the broader implications of SVB's failure. Now, start-ups here in Utah may face difficulty finding funds or accessing capital, and

other banks, including one headquartered in Salt Lake, are facing heightened scrutiny.

The conflict reaches across many [scales](#), as regional, national, and global banks have faced growing concern from the public and the government. Zion's Bank, a regional bank servicing Utah, Idaho and Wyoming, has felt the fallout on a more significant level than just dipping stock values. It is facing weakened confidence and a potential rating downgrade from a top credit rating agency. The CEO maintains confidence in the bank's standings, and the corporation has avoided a similar fate to other banks forced to close or bought out by competitors in recent weeks. The shockwave is still rolling through the banking sector, leaving questions of what economic effects are yet to be seen.

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