



# PRESS RELEASE

Federal Deposit Insurance Corporation

August 20, 2019

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## FDIC Issues Proposed Rule on Interest Rate Restrictions Applicable to Less Than Well Capitalized Institutions

The Federal Deposit Insurance Corporation (FDIC) today issued a notice of proposed rulemaking (NPR) related to interest rate restrictions that apply to less than well capitalized insured depository institutions.

Under the proposed rule, the FDIC would amend the methodology for calculating the national rate and national rate cap for specific deposit products to provide a more balanced, reflective, and dynamic national rate cap. The national rate would be the weighted average of rates offered on a given deposit product by all reporting institutions weighted by domestic deposit share. The national rate cap for particular products would be set at the higher of (1) the 95th percentile of rates paid by insured depository institutions weighted by each institution's share of total domestic deposits, or (2) the proposed national rate (i.e., the weighted average) plus 75 basis points.

The proposed rule would also greatly simplify the current local rate cap calculation and process by allowing less than well capitalized institutions to offer up to 90 percent of the highest rate paid on a particular deposit product in the institution's local market area. Additionally, the proposed rule would seek comment on alternative approaches to setting the national rate caps, including setting the national rate cap at the higher of the current rate cap or the previous rate cap.

The statutory interest rate restrictions generally limit a less than well capitalized institution from offering rates on deposits that significantly exceed the prevailing rates in its normal market area. The proposed approach would provide more balance, compared to the current methodology, in that it provides less than well capitalized institutions additional flexibility to compete for funds in different interest rate environments, and yet continues to satisfy the statutory restrictions.

In February 2019, the FDIC published an advance notice of proposed rulemaking in the *Federal Register* seeking comment on its regulations for the interest rate restrictions and brokered deposits. The FDIC received nearly 60 comments from individuals, banking organizations, and trade groups.

Comments are now requested on the proposed approach, as well as alternative approaches. Comments will be accepted for 60 days after the NPR is published in the *Federal Register*.

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**Attachment:** [Notice of Proposed Rulemaking on Interest Rate Restrictions Applicable to Less Than Well Capitalized Banks](#)



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. The FDIC insures deposits at the nation's banks and savings associations, 5,362 as of March 31, 2019. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars—insured financial institutions fund its operations.

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