



PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

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FDIC Publishes Comprehensive History of Risk-Based Pricing

First in a series of staff studies chronicles 85-year evolution of deposit insurance premiums

WASHINGTON – In the first of a series of staff studies to be released to the public, the Federal Deposit Insurance Corporation (FDIC) today published a comprehensive history of how the agency assessed banks to build FDIC's now 85-year-old Deposit Insurance Fund (DIF) and help achieve its mission of protecting depositors and resolving failed banks. [*A History of Risk-Based Premiums at the FDIC*](#) chronicles the evolution of how the agency has set premiums that reflect the risk banks pose to the DIF, without relying upon taxpayer support.

The study traces the decisions and motivations behind this evolution—from an assessment system where all banks paid the same rate to the risk-based system in place today. For nearly 60 years, the FDIC assessed all insured institutions at the same rate, regardless of the degree of risk they posed to the fund. Following banking crises in the 1980s and early 1990s, Congress required the FDIC to implement its first risk-based system in 1993, based on an institution's capital levels and supervisory ratings. Since then, the FDIC has incorporated data and experience gained over nearly 25 years—including two banking crises—with the goal of improving the system and making assessments fairer and more accurate.

From the first risk-based approach to the most recent changes implemented in 2016, the study also dives into the policy debates leading to each change, how the assessment system was revised to incorporate new experience, and the FDIC's evaluation of the changes against the system in place at the time. As the banking industry evolves, the FDIC will continue to monitor the assessment system's ability to measure risk and consider ways to improve risk-based pricing.

FDIC will [publish future papers](#) on an ongoing basis by FDIC researchers, staff, and Center for Financial Research Advisors and Scholars covering a wide range of banking topics of general interest.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. 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.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-8-2020