

**Remarks by  
FDIC Chairman Sheila Bair,  
75th Anniversary Kick Off Press Conference,  
National Press Club,  
Washington, DC  
June 16, 2008**

Good morning everyone, and thank you for coming. We're very happy that you're joining us today to mark the FDIC's 75th anniversary.

Thank you Vice Chairman Gruenberg and Director Curry for coming. And thank you Pastor Ronnie McCowan for coming all the way from Kansas City to tell us how the FDIC protected your organization's money.

This is a very special day for the FDIC. And June 16th is a very significant date in American history.

Seventy-five years ago today, the FDIC was born. On an unusually cool, rainy morning for June in Washington, Franklin Delano Roosevelt, flanked by a half dozen or so lawmakers and government officials, sat down at his desk in the Oval Office and signed into law the banking reform act that created the FDIC, ending a long string of bank runs that had marked the early 1930s.

This banking reform bill would be the first of some three dozen programs that later became known as FDR's New Deal for the American people.

This might all seem a little over-dramatic given how well America has done since those dark times, and our economic leadership in the world today.

That economic leadership is due in no small part to the financial stability deposit insurance brought to our nation. Since the FDIC was created, there have been no significant bank runs.

Years later, whenever Franklin Roosevelt spoke about the programs of the New Deal, he would put at the very top of the list the FDIC and the insurance of bank deposits.

However, FDR, a democrat, was initially uncertain about the incentives that deposit insurance would create. A Senate Republican from Michigan, Arthur Vandenberg, argued that deposit insurance was urgently needed. And Alabama's Democratic congressman Henry Steagall, had been a staunch advocate of deposit insurance for many years. Eventually, they all agreed on a compromise that became law.

As time went by, despite his initial misgivings, FDR would champion the merits of deposit insurance, calling it one of "the new instruments of social justice" that America had forged "to overcome the threats to economic democracy in our land."

Even some of the strongest free market conservatives came to support it. The economist Milton Friedman once called the FDIC the "single most important structural change" in the economy since the Civil War.

### **75th anniversary campaign**

This is why we're pausing today to celebrate the 75th birthday of this remarkable agency and to launch a series of events and projects aimed at protecting our economic democracy for the next 75 years.

We have a proud and storied tradition. We've protected American consumers. We've kept the banking system stable and secure. We've built confidence and stability into the American economy. We've allowed free markets to work. But we've also made certain that the average American, the little guy, is protected.

In the last 75 years, no one has ever lost so much as a penny of FDIC-insured deposits. Not a single penny.

And everyone who walks into a bank that displays out front a "Member-FDIC" sign knows that an FDIC-insured checking account, or savings account, or individual retirement account, is the safest place in the world to put your money.

It's backed by industry funded reserves of over \$50 billion dollars, and behind that stands the backing of the United States of America.

In 1933, we insured accounts for up to twenty-five hundred dollars. The first-ever deposit insurance check was written for twelve-hundred-and-fifty dollars to Lydia Lobsiger of East Peoria, Illinois.

### **Deposit insurance has come a long way since then.**

Today our basic coverage is \$100,000 per institution and an additional \$250,000 per institution for certain retirement accounts like IRAs. Depending on how you structure your accounts, you actually can get insurance well beyond those basic limits.

However, if you exceed them, we suggest that you consult with your bank to make sure you are fully protected or go to our website and use our Electronic Deposit Insurance Estimator, or EDIE, to determine whether you are fully insured.

We want you to be able to maximize your insurance coverage. So if you have deposits above the basic limits, please check EDIE on our website or call one of our deposit insurance specialists at 1-877-ASK FDIC.

Our goal in the months ahead will be to make sure Americans know their money is safe and understand the legal limits of their coverage.

We want everyone to understand how much of their money can be absolutely safe in an FDIC insured account. And there's no better way to be worry-free about your money than by getting educated about deposit insurance and your personal finances.

We also want people to understand that banks are overwhelmingly strong and healthy and that the chance of your bank failing is remote. However, if it does fail, the FDIC will be there for you – providing access to your insured deposits usually by the next business day.

These days there's also a lot of confusion out there about "what's a bank?" Many consumers don't understand the difference between an insured depository institution like a commercial or a savings bank, and a NON-bank that offers various financial services, such as mortgages and consumer loans, but is not federally insured.

FDIC- insured institutions are subject to well-developed, extensive federal regulation. And the money you deposit into a checking or savings account, is absolutely safe up to the insured limits.

### **Advertising campaign**

We're launching a national ad campaign. Beginning today, we're running announcements in major newspapers and on the internet that explain how basic deposit insurance works, and where to get more detailed information.

The ads feature a new logo designed to emphasize the FDIC's 75 years of promoting confidence and stability in the banking system. We have blow ups of a couple of the new ads up here on display. And you'll also find copies in your media kits.

These ads are targeted at various audiences. While promoting general public awareness of deposit insurance, we also want retirees and people who don't have an insured bank account to know that the FDIC is a place for them to learn more about coverage limits.

With the aging of the Baby Boomer population, it's increasingly important that retirees have peace of mind in the security of their nest eggs.

A big part of the equation is making sure that their nest eggs fit the nest. Seniors tend to keep more money in banks, so we want to make sure they understand FDIC limits. Many seniors don't know that Congress recently raised the insurance limit on IRAs and other types of self-directed retirement accounts to \$250,000.

This is the kind of thing we're encouraging people to take a look at with these advertisements. This campaign will be a sustained effort. These ads will run for a number of months, and they will be placed so as to get the broadest possible readership.

## **Consumer disclosure**

I'm also announcing a new initiative to work with banks and consumers to more clearly spell out the ins-and-outs of deposit insurance. In recent months, calls to our consumer hotline have been averaging nearly 30,000 a month. That's more than double from a year ago, mainly because of the credit crunch and housing downturn.

Consumers want to know if their bank is safe, and whether their deposits are insured. We don't mind getting all the calls. But we believe that banks ... who have day-to-day contact with their customers ... are also well suited to explaining the advantages and the limits of deposit insurance. And that's the purpose of this new initiative, to help them teach consumers.

At the end of the day, what we want is: a simple, plain English, one-page rundown of how deposit insurance works. We already give brochures to banks to hand out to consumers. But this effort to boil it down to a single page, should help banks do an even better job educating their customers.

### **"Face Your Finances" Road Show**

The ad campaign and simpler materials for explaining deposit insurance, are both good starts.

But there's a vast amount of knowledge out there, and an army of people and organizations already working to bring more people into the mainstream, especially those with low- and moderate-incomes.

Many of you here today are a part of that financial literacy movement.

And we have worked side-by-side, with programs like the MoneySmart curriculum that has been taken by over a million people, many of them young people.

We want to tap that knowledge and experience. We want to talk with the experts and the people who work directly with consumers. We want to learn what works and what doesn't. And most of all, we want new ideas to get more consumers under the umbrella of deposit insurance.

So for the next several months, I'll be traveling across America to talk with bankers and the experts about these issues.

Our "Face Your Finances Road Show" will hold meetings in four cities: Chicago, San Francisco, Dallas, and Kansas City. There will be panel discussions that focus on the advantages of building assets and accessing mainstream banking services, including safe, affordable mortgages. We'll also discuss the ins and outs of banking accounts and how to use them to minimize fees and maximize wealth accumulation.

Given the hardships that people are facing today as a result of the subprime mortgage crisis, I truly hope we can find better ways to educate and inform consumers about protecting themselves from harmful products, and the kinds of regulatory safeguards available to them, when they do business with an FDIC-insured bank.

I'm enthusiastic about this effort. The FDIC's community affairs staff -- our boots on the ground -- will be very involved. And I look forward to what we learn.

### **Consumer education awards**

Finally, as an incentive for new ideas and innovative thinking, we're creating a new consumer affairs award program. The FDIC will select six winners, one from each of our regions. These awards will go to individuals and organizations that do the best job, or create the most effective new method of teaching consumers about personal finance. A committee with representatives from each of the FDIC's six regions will select the winner.

The nomination period begins today ... June 16th. Nominations will be accepted through September 30th. Winners will be given the distinction of being a "financial educator" of the year. And they will receive their awards at a ceremony in Washington, D.C.

### **Conclusion**

Well, that's all I have before turning it over to Vice Chairman Gruenberg.

So let me end where I began, with, Franklin Roosevelt. Roosevelt was a big advocate of change, and of keeping pace with the times.

He became a true believer about deposit insurance and the FDIC. He said once that "new conditions impose new requirements upon government and upon those of us who conduct government."

That kind of philosophy produced the FDIC, and all the other great works that went into the New Deal of the 1930s that rebuilt American social and economic life. After 75 years of instilling confidence and stability in the banking system, by actively supervising banks and protecting consumers, and by rising to the challenges of the day, I'm very confident that the FDIC will keep to this path of achievement for the next 75 years.

Thank you very much.

Last Updated 06/17/2008