



PRESS RELEASE

Federal Deposit Insurance Corporation

May 3, 2001

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FDIC INSURANCE BIG FACTOR IN INVESTMENT DECISIONS, GALLUP SURVEY SHOWS

More than half of the people who make household financial decisions took federal deposit insurance into account when considering recent investments, a survey conducted by The Gallup Organization reveals.

While more people cited risk and return as factors in deciding where to invest a household's money, 57 percent of people responding to the survey said that they considered deposit insurance "very important" in determining where to invest.

The survey - commissioned by the Federal Deposit Insurance Corporation - also found that deposit insurance was particularly important to more risk-averse investors: in particular, those making decisions in older and less affluent households.

The Gallup Organization concluded: "FDIC coverage is a significant factor in investment decisions, especially when household wealth is taken into account."

Respondents - the people who said they knew most about the finances in their households -- were asked whether they would be likely to move their money to insured deposits at banks or savings associations if they were nearing retirement and would need to live on their retirement income.

Six in ten respondents said they would move money.

Respondents were also asked whether a stock market crash or recession would prompt them to move their money to insured deposits.

Again, six in ten respondents said those events would likely prompt them to move their funds, and almost six in ten respondents - 59 percent - said that they would be likely to



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.

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put more of their household's money into insured bank deposits if the coverage level of deposit insurance were raised.

Currently, accounts are insured up to \$100,000.

Among the survey's other findings:

- One in eight households keep more than \$100,000 in the bank.
- About one-third of all households reported having more than \$100,000 in the bank at one time or another.
- The majority of large depositors - households with more than \$100,000 in insured accounts - keep money at more than one bank and manage accounts to keep them below \$100,000 to make sure they remain insured.

The Gallup Organization found that "the public would like to see the deposit insurance level keep pace with inflation, but is split over whether the coverage level should be raised or not."

About 85 percent of the respondents said they had heard of "FDIC" and 83 percent said they knew if their banks were insured. The Gallup Organization noted, however, that many respondents did not know the specifics of FDIC insurance coverage - such as the insurance coverage for joint accounts or for multiple accounts of a single person. However, most indicated they had as much information as they needed.

The Gallup Organization conducted telephone interviews with a randomly selected, representative sample of 1,658 adults who identified themselves as the people most knowledgeable about household finances age 18 or older, living in households with telephone service in the continental United States. The interview period ran from November 20 to December 23, 2000. Ignoring nonresponse adjustments, with 95 percent confidence, the sample estimate of a population proportion, based on the full sample of 1,658 respondents, would be within plus or minus three percentage points.

A report from The Gallup Organization discussing the survey is on the FDIC's Web site at: <http://www.fdic.gov/deposit/insurance/initiative/household/index.html>.
