PRESS RELEASE

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

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Banks Tapped to Bolster FDIC Resources

FDIC Board Approves Proposed Rule to Seek Prepayment of Assessments

FOR IMMEDIATE RELEASE

The Board of Directors of the Federal Deposit Insurance Corporation today adopted a Notice of Proposed Rulemaking (NPR) that would require insured institutions to prepay their estimated quarterly risk-based assessments for the fourth quarter of 2009 and for all of 2010, 2011 and 2012. The FDIC estimates that the total prepaid assessments collected would be approximately $45 billion. The FDIC Board also voted to adopt a uniform three-basis point increase in assessment rates effective on January 1, 2011, and extend the restoration period from seven to eight years.

FDIC Chairman Sheila C. Bair said, "First and foremost, bank customers should know that their insured deposits have and always will be 100 percent safe, no matter what. This commitment to depositors is absolute. The decision today is really about how and when the industry fulfills its obligation to the insurance fund. It's clear that the American people would prefer to see an end to policies that look to the federal balance sheet as a remedy for every problem. In choosing this path, it should be clear to the public that the industry will not simply tap the shoulder of the increasingly weary taxpayer. This proposal is a vote of confidence for the banking industry's resilience, and it will continue to recover its strength as we work through the significant challenges ahead."

Prepayment of assessments will allow the industry to strengthen the cash position of the Deposit Insurance Fund (DIF) immediately, while allowing the capital impact of deposit insurance assessments to be felt gradually over time as the industry improves its own financial position. The banking industry has substantial liquidity to prepay assessments. As of June 30, FDIC-insured institutions held more than $1.3 trillion in liquid balances, or 22 percent more than they did a year ago. Prepaying assessments will put the industry's liquid balances to good use in conserving capital and helping to maintain the capacity of banks to lend while they rebuild the DIF. FDIC analysis indicates that this arrangement is much less likely to impair bank lending than a one-time special assessment.

Public comments are due 30 days after publication in the Federal Register.

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Attachment:

- Special Assessment, Restoration Plan and Proposal for Maintaining Fund Liquidity - PDF (PDF Help)
- Amendment to the Deposit Insurance Fund Restoration Plan - PDF (PDF Help)
- Notice of Proposed Rulemaking (Draft) - PDF (PDF Help)