



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## **FDIC HIRES FIRM TO SURVEY ADEQUACY OF CONSUMER DISCLOSURES IN BANK SALES OF MUTUAL FUNDS AND OTHER UNINSURED INVESTMENTS**

FOR IMMEDIATE RELEASE

The FDIC announced today that it has hired Market Trends, Inc., a market research firm based in Bellevue, Washington, to study whether institutions are doing a good job explaining to consumers the distinctions between FDIC-insured deposits and uninsured products being offered by banks and thrifts, such as mutual funds.

FDIC Chairman Ricki R. Tigert said: "As the insurer of bank and thrift deposits, the FDIC has a responsibility to the American public to make sure that potential investors understand which banking products are insured and which are not, and that incorrect or misleading sales practices are detected and corrected. Based on the results of this survey, the FDIC may consider the need for additional investor disclosures and other protections."

The FDIC announced plans for a study of all FDIC-insured institutions earlier this year in response to concerns from lawmakers, bank customers and other regulators that confusion still exists despite various educational efforts by the industry and regulators about insured and uninsured bank products.

To implement the study, trained representatives of Market Trends, in person and by telephone, will pose as consumers asking typical questions about mutual funds, annuities and other nondeposit investment products. Market Trends employees will survey a random, nationwide sample of several thousand locations of FDIC-insured banks and thrifts that sell these products. The study is not intended to be used as an enforcement tool against individual banks and thrifts, but if significant problems are found at an FDIC-supervised institution, this agency will seek appropriate corrective measures. Problems found at other institutions will be referred to their primary regulator for follow-up.

Results of the study, including conclusions and recommendations, are expected to be publicly available by the middle of 1995.

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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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