PRESS RELEASE

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

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FDIC Adopts Final Rule to Amend How Small Banks are Assessed for Deposit Insurance

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today approved a final rule that amends the way small banks are assessed for deposit insurance.

The final rule affects banks with less than $10 billion in assets that have been FDIC insured for at least five years. It updates the data and revises the methodology that the FDIC uses to determine risk-based assessments for these institutions to better reflect risks and to help ensure that banks that take on greater risks pay more for deposit insurance than their less risky counterparts.

“This rule will allow future assessments to better differentiate riskier banks from safer banks,” FDIC Chairman Martin J. Gruenberg said. “Using the FDIC’s experience during the recent financial crisis, this rule will better allocate the costs of maintaining a strong Deposit Insurance Fund. Taken together with the overall decline in rates approved by the Board in 2011 that will occur once the reserve ratio reaches 1.15 percent, more than 93 percent of small banks will pay lower assessment rates.”

The final rule follows an initial proposed rule on small bank assessments issued in June 2015 and a revised proposed rule issued in January. It adopts the revised notice of proposed rulemaking as proposed and reflects comments received during both comment periods, including the calculation of asset growth.

The final rule is revenue neutral, so that aggregate assessment revenue collected from established small banks is expected to be approximately the same as it would have been otherwise. The FDIC has revised the online assessment calculator that allows institutions to estimate their assessment rates to reflect the final rule.

The final rule will be used to determine assessment rates for small banks beginning the quarter after the Deposit Insurance Fund reserve ratio reaches 1.15 percent, but no earlier than the third quarter of this year.

Attachments:
Statement
Final Rule
Current and Future Assessment Calculators

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