PRESS RELEASE

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

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FDIC Board Adopts Final Rule to Increase Deposit Insurance Fund to Statutorily Required Level

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today approved a final rule to increase the Deposit Insurance Fund (DIF) to the statutorily required minimum level of 1.35 percent.

Congress in the Dodd-Frank Wall Street Reform and Consumer Protection Act increased the minimum for the DIF reserve ratio, the ratio of the amount in the fund to insured deposits, from 1.15 percent to 1.35 percent and required that the ratio reach that level by September 30, 2020. Further, the Dodd-Frank Act also made banks with $10 billion or more in total assets responsible for the increase from 1.15 percent to 1.35 percent.

Under a rule adopted by the FDIC in 2011, regular assessment rates for all banks will decline when the reserve ratio reaches 1.15 percent, which the FDIC expects will occur in the first half of 2016. Banks with total assets of less than $10 billion will have substantially lower assessment rates under the 2011 rule.

The final rule approved today will impose on banks with at least $10 billion in assets a surcharge of 4.5 cents per $100 of their assessment base, after making certain adjustments. The FDIC expects the reserve ratio will likely reach 1.35 percent after approximately two years of payments of the surcharges.

The final rule will become effective on July 1. If the reserve ratio reaches 1.15 percent before that date, surcharges will begin July 1. If the reserve ratio has not reached 1.15 percent by that date, surcharges will begin the first quarter after the reserve ratio reaches 1.15 percent.

“The FDIC is taking a balanced approach that maintains stable and predictable deposit insurance assessments,” FDIC Chairman Martin J. Gruenberg said. “At the same time assessment rates will decline for all banks, larger institutions will pay a surcharge over a period of time. With these surcharges, the Deposit Insurance Fund is expected to reach the statutory minimum level ahead of the statutory deadline of 2020, reducing the risk that the FDIC will have to raise rates unexpectedly in the event of stress in the financial sector.”

The final rule largely adopts the proposed rule, which was published for comment in the Federal Register in November, with minor changes.

The primary purposes of the Deposit Insurance Fund are to protect the depositors of insured banks and to resolve failed banks. The DIF is funded mainly through quarterly assessments on insured banks.

The DIF's balance was $72.6 billion as of December 31. The reserve ratio at the end of 2015 was 1.11 percent.

Attachments:
Final Rule
Statement by FDIC Chairman Martin J. Gruenberg

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