



2016 ABA Issue Summary

Deposit Insurance

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Bank customers are protected.

- Customers' deposits are protected by FDIC insurance. In the 80-year history of the FDIC, no one has ever lost a penny of an insured deposit.
- The FDIC has raised its coverage amount from \$100,000 to \$250,000 per depositor per insured bank.

The FDIC is funded by the banking industry.

- The banking industry is committed to a strong deposit insurance fund. We stand ready to do whatever it takes to ensure the health of the fund and the strength of the FDIC.
- The FDIC insurance fund is financed entirely by bank premiums. The industry knows that keeping it strong is essential to the banking system.
- There is a system in place to restore the fund, if necessary. The FDIC would take a line of credit from the U.S. Treasury that would be entirely repaid by the banking industry.

The banking industry is well capitalized.

- Banking's capital – which serves as a “rainy day fund” in case of losses – remains strong. As of the second quarter of 2015, the industry held nearly \$2 trillion in capital and reserves, ensuring banks are well protected from any economic circumstance that could arise.
- Banks are highly capitalized at levels far exceeding the most stringent regulatory standards. With capital at such high levels, the focus has shifted toward putting it to work in the community through a greater number of loans to both consumers and businesses
- As of the second quarter of 2015, regulators have categorized 98.6 percent of banks as well-capitalized, which means their capital levels are at least 25 percent higher than minimum standards.¹

The FDIC is well positioned to handle financial problems.

- The FDIC insurance fund has the resources to address the current challenges in the industry, and banks continue to pay quarterly insurance premiums into the fund. Also, the industry paid three years of premiums at the beginning of 2010 to further bolster the fund. The industry – which is solely responsible for all of the agency's expenses – paid \$8.6 billion in premiums over the last year.
- If needed, the FDIC has a large line of credit with the Treasury – which must be repaid by the industry – and the FDIC has the backing of the full faith and credit of the U.S. Government.
- The FDIC works hard to nurse banks off of their problem bank list, so it's important that this list be kept confidential. On average, the vast majority of banks on this list come back to healthy status – continuing to make loans in their local communities.

Source:

¹FDIC