



## Deposit Insurance

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Contact: John Hall, ABA Public Relations (202) 663-5473 or [jhall@aba.com](mailto:jhall@aba.com)

### **The FDIC fund is fully supported by the banking industry.**

- The banking industry is committed to supporting the deposit insurance fund, and we stand ready to ensure the health of the fund and the strength of the FDIC.
- The fund was built up entirely by bank premiums and the industry knows that keeping it strong is essential to our nation's banking system.
- Customers are protected by FDIC insurance. No one has ever lost a penny of an insured deposit.
- The FDIC has temporarily raised its coverage amount from \$100,000 to \$250,000 per depositor per insured bank through Dec. 31, 2009.
- 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 – is near historic highs. As of year-end 2008, the industry held \$1.3 trillion in capital plus \$173 billion in reserves for a total buffer of \$1.5 trillion.
- As of year-end 2008, more than 97 percent of banks (holding 98 percent of the industry's assets) were well-capitalized, which is the highest regulatory designation possible.

### **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 is expected to pay a one-time assessment into the fund later this year to further bolster the fund.
- 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 (87 percent) of banks on this list come back to healthy status – continuing to make loans in their local communities.

### **The Federal Deposit Insurance Reform Act of 2005 made the system stronger.**

- This law improved the deposit insurance system by:
  - Merging the two separate insurance funds for banks and savings institutions.
  - Enabling a new risk-based assessment system.
  - Allowing the FDIC greater flexibility to manage the fund's balance within a normal range.