America's Mutual Banks

MUTUAL ALERT

FDIC Proposes A Systemic Surcharge.
Banks With Less Than $5 Billion In Uninsured Deposits Exempted.

As you may be aware by now, the FDIC has proposed larger banks pay the increased assessments resulting from the failure of Silicon Valley and Signature banks. The proposal would require eight quarterly installments of 12.5 basis points beginning in 2024 for those banks that hold more than $5 billion in uninsured deposits. This effectively would relieve most all community banks as defined by the FRB from the obligation to pay a systemic surcharge. So far this approach seems supported by Senators Sherrod Brown and Elizabeth Warren and other Democratic members of the Senate Banking Committee. The ICBA has worked from the beginning of the crisis to avoid the imposition of an assessment surcharge on Community Banks. AMB supports the FDIC proposal, as we believe imposing a surcharge on banks which had nothing to do with the failure and surely receive no benefit would be grossly unfair.

As might be expected there is opposition. The two Republican FDIC board members were opposed to the agency proposal. The various trade groups which represent big banks such as the Bank Policy Institute and The Financial Services Forum have yet to declare publicly their position on the proposal. The American Bankers Association has attempted to walk a political tightrope indicating its appreciation for the proposal but reserving its opinion until it completes its review. The House Financial Services Republican leadership has yet to voice its position. We will continue to keep you apprised during the course of the consideration of the FDIC proposal. We urge you to submit comments in support of the proposal.

Attached is the FDIC Board Package with the Proposal.

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