



WASHINGTON  
BANKERS ASSOCIATION

July 7, 2009

Mr. Robert E. Feldman, Executive Secretary  
Attn: Comments  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20429

Dear Mr. Feldman:

I am writing to support the FDIC's proposed extension of deposit insurance coverage on non-interest bearing transaction accounts beyond the current expiration date of December 31, 2009.

While not unanimous, there is strong consensus among our association's member banks that the Transaction Account Guarantee (TAG) Program has been an important tool for many Washington banks as they have worked to respond to the difficult market conditions facing the banking industry. We believe that the program has met its stated objective of helping to improve public confidence and encouraging depositors to leave larger account balances in insured depository institutions. The loss of these accounts would impact Washington banks negatively, reducing their liquidity and their ability to fund loans to credit-worthy borrowers.

The fact that, nationwide, more than 7,100 insured depository institutions, with an estimated \$700 billion in non-interest bearing transaction accounts that otherwise would not be insured, are participating in the TAG program speaks volumes regarding its importance to our industry.

We also believe that the cost of the TAG program should be held as low as possible to encourage the continuing widest possible participation among insured depository institutions. Therefore, the proposed premium increase from 10 to 25 basis points should be implemented only if the FDIC can demonstrate that the increased rate represents the true cost of the TAG program based on empirical data from its experience to date.

It should be noted that the market conditions which led the FDIC to create the TAG program have not yet completely subsided. While volatility in the marketplace has moderated over the past several quarters, there remains significant concern among both consumers and business customers regarding the health of the banking industry. The extension of the TAG program for at least another six months will help allay these fears among depositors. It may also be prudent to consider a longer extension.

The TAG program also plays a critical role in leveling the playing field for smaller, community-based banks. The well-publicized description of larger banks as "too large to fail" by public regulators may have created a public perception that deposits in these institutions are safer than those in smaller banks. The extension of the TAG program allows smaller banks to fairly compete for the deposits they need to continue meeting the needs of the consumers, small businesses and communities that have come to rely upon them.

The Washington Bankers Association has represented the interests of our state's bankers since 1889. Today, our member banks hold 97 percent of all commercial bank deposits in the state of Washington. On behalf of these banks, I would like to thank you for considering these comments in formulating your new rule. If you have any questions regarding these comments, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "James M. Pishue". The signature is written in a cursive style with a large initial "J" and "M".

James M. Pishue  
President and CEO