

Foreword

A decade ago the U.S. financial system experienced its worst crisis since the 1930s. Far from being confined to the U.S. banking industry, the crisis would turn out to be a global systemic event. Stemming the crisis required unprecedented actions by the U.S. government, including the FDIC, to restore confidence in financial markets and to address the problems of systemically important financial institutions.

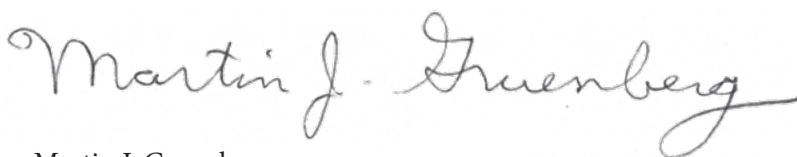
The purpose of this volume is to present a firsthand account of the important role that the FDIC played in responding to the crisis. We hope it will serve as a guidepost for future policymakers who will someday be called upon to respond to the next period of financial instability. It also conveys an important lesson: We must not become complacent when economic and banking conditions appear strong. It is precisely during these times that the seeds can be sown for the next financial crisis.

This study is organized into two parts. The first, Chapters 1 through 3, is an account of the origins of the crisis and the FDIC's unprecedented use of emergency authorities to respond to financial market illiquidity and the problems of systemically important financial institutions. The second, Chapters 4 through 6, documents the challenges that the FDIC faced in carrying out its core missions of bank supervision, deposit insurance, and failed-bank resolution. This seems to us the best framework for understanding the role that the FDIC played during the crisis and the lessons for the future.

Executives and staff from across the FDIC made important contributions to this history. I would like to extend a special thanks to Diane Ellis, Director of the FDIC Division of Insurance and Research, and to Fred Carns, her Principal Advisor, for leading this effort.

I would also like to acknowledge Sheila C. Bair, the FDIC Chairman during the crisis, whose leadership was central to the FDIC's response.

I believe this work will prove to be a valuable account of this extraordinary period in U.S. financial history and of the critical contributions made by the FDIC.

A handwritten signature in cursive script that reads "Martin J. Gruenberg". The signature is written in dark ink and is positioned above the printed name and title.

Martin J. Gruenberg
Chairman, FDIC

Washington, DC, November 30, 2017