PRESS RELEASE

Federal Deposit Insurance Corporation

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Media contact:
David Barr
(202) 898-6992
dbarr@fdic.gov

FDIC Releases Economic Scenarios for 2020 Stress Testing

WASHINGTON -- The Federal Deposit Insurance Corporation (FDIC) today released the hypothetical economic scenarios for use in the upcoming stress tests for covered institutions with total consolidated assets of more than $250 billion.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires certain financial companies, including certain state nonmember banks and state savings associations, to conduct stress tests. In 2018, Congress increased the size of what is considered a covered institution from $10 billion to $250 billion.

The supervisory scenarios include baseline and severely adverse scenarios. The baseline scenario is in line with a survey of private sector economic forecasters. The severely adverse scenario is not a forecast, rather, it is a hypothetical scenario designed to assess the strength and resilience of financial institutions. Each scenario includes 28 variables—such as gross domestic product, the unemployment rate, stock market prices, and interest rates—covering domestic and international economic activity.

Rules state that the FDIC will provide scenarios to covered institutions by February 15 of each reporting year. The FDIC coordinated with the Board of Governors of the Federal Reserve System and the Office of the Comptroller of the Currency in developing and distributing these scenarios.

Attachment:

Stress Test Scenarios