

Statement by FDIC Chairman Martin J. Gruenberg

Issuance of an Advance Notice of Proposed Rulemaking on Large Bank Deposit Insurance Determination Modernization

In the aftermath of the recent financial crisis, the FDIC has continued its work to improve our capabilities to manage a large bank failure. This ANPR focuses on one aspect of that work – making timely deposit insurance determinations where an insured bank has a large number of deposit accounts and the FDIC has little time to plan for its failure. Timely access to insured deposits is critical to maintaining public confidence in the banking system.

As outlined in the ANPR, a potential solution to achieving this goal would be to require that banks with a large number of deposit accounts – for example, 2 million accounts -- improve the quality of their deposit data and make changes to their information systems so that the FDIC could utilize them on the night of failure to make a prompt and accurate insurance determination. This would require the 37 potentially covered banks to make changes to their existing systems and processes. The FDIC is not considering these requirements for community banks.

The ANPR asks detailed questions, and we welcome ideas from the industry and other commenters, including: which banks should be covered by a rule; the costs and benefits of complying with the potential requirements; the time needed for banks to implement new requirements; and ideas about how best to leverage existing systems and processes to achieve the desired outcome.

In light of our experience during the most recent financial crisis and the importance of achieving the goals outlined above, I support publication of this ANPR with a 90-day comment period. I would like to thank the FDIC staff for their excellent work in developing this ANPR and my fellow Board members for their cooperation. If I may, I would particularly like to acknowledge Director Norton's leadership in focusing attention on this issue and seeking public comment.