Statement of Martin J. Gruenberg
Chairman, Federal Deposit Insurance Corporation on the
Final Rule on Deposit Insurance Assessments for Small Banks
April 26, 2016

In 1991, Congress directed the FDIC to impose deposit insurance assessments based on the risk that an institution poses to the Deposit Insurance Fund. Periodically, the FDIC reviews how well its risk-based assessments actually reflect risk to the Deposit Insurance Fund and considers improvements to the system. Prior to today's rulemaking, the last major update to risk-based assessments for small banks – those with less than $10 billion in assets – became effective in 2007. The current rulemaking updates the system using data from two financial crises and is aimed at making rates more accurate and timely in identifying risks to the Deposit Insurance Fund.

As staff indicated, the final rule being considered today is the product of two opportunities for comment, a notice of proposed rulemaking in June of last year and a revised proposal issued this past January. After careful analysis of the comments on both the revised proposal and last year's original proposal, the final rule before us adopts the revised notice of proposed rulemaking as proposed.

Using the FDIC's experience during the most recent financial crises to estimate a bank's risk to the Deposit Insurance Fund will allow future assessments to better differentiate riskier banks from safer banks, and will allocate the costs of maintaining a strong Deposit Insurance Fund accordingly.

This rulemaking adds two important measures -- the loan mix index and an asset growth measure. The asset growth measure will capture the risks caused by banks that grow rapidly while the loan mix index will account for risks arising from concentrations in certain types of loans that have contributed to numerous bank failures during the last two crises.

The final rule is revenue neutral, so it will not change the aggregate amount that the FDIC expects to collect from small banks. Taken together with the overall decline in rates approved by the FDIC Board in 2011 that will occur once the reserve ratio for the Deposit

Insurance Fund reaches 1.15 percent, more than 93 percent of small banks will pay lower assessment rates.

I support publication of this final rule and I thank the staff for their excellent work on this important rulemaking