

Statement by Jelena McWilliams, Chairman, Federal Deposit Insurance Corporation, Proposed 2019 FDIC Operating Budget Meeting of FDIC Board of Directors, Washington, DC December 18, 2018

I am very pleased to support the proposed budget for 2019, which will allow the FDIC to sustain and improve our operations and ensure that we can keep pace as the banking industry evolves – all while achieving a year-over-year decrease in operating costs.

The FDIC is charged with the vital mission of maintaining public confidence in, and protecting the stability of, the U.S. financial system. This budget provides the personnel and other resources needed to carry out our core mission responsibilities: ensuring the safety and soundness of FDIC-insured financial institutions, protecting consumers, and maintaining our readiness to resolve failing institutions, when necessary.

I should note that this budget marks the ninth consecutive year of lower annual operating budgets and staffing levels for the FDIC. This reflects, in large part, the continuing steady recovery of the banking industry from the recent financial crisis. But it also reflects the ongoing commitment of staff throughout the agency to prudently manage the FDIC's expenses. The demands on the FDIC will not always permit a flat or declining budget, but we must always prioritize prudent budgeting and execution given our responsibility to serve as good stewards of the Deposit Insurance Fund.

The proposed budget provides for increased examination resources in the information technology area, creating 23 new positions for IT examiners and specialists. These positions will augment our current resources for conducting IT examinations of large banks and technology service providers.

This proposal would also allow us to add 23 new positions for large bank supervision. The size and complexity of banks that the FDIC supervises continue to grow. Today, 40 FDIC-supervised institutions have assets greater than \$10 billion. Ten years ago, only 23 institutions were that large; 20 years ago, only seven. The additional staff will help us address the unique challenges these large banks present.

The budget also provides us with the resources needed to complete the buildout and migration to a new backup data center located in Dallas. This two-year, \$60 million project launched earlier this year. When the new data center becomes operational in mid-2019, it will address one of the key deficiencies in our IT infrastructure.

The proposed budget also provides for substantial new investments in technology—more than \$37 million in new funding next year alone. This will ensure that the FDIC has a stable and resilient IT operations and communications infrastructure, and will allow us to improve the capabilities of our systems. Over the next several years, we will be able to modernize our supervisory and other business processes and the systems that support them. Ultimately, this will help us become more efficient and help reduce the compliance burden on FDIC-supervised institutions.

I would like to thank Steve App and his team, as well as the leadership of the divisions and offices, for their hard work in formulating this responsible and prudent budget, and I encourage the Board to adopt the proposal.