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I believe the FDIC should reconsider the special assessment on banks during 2009 and possibly 2010. A 20 basis point hit to income is a significant cost during a recession and it is counter productive to getting credit moving in the economy. The insurance fund, like many other industries including banks, did not foresee such a disasterous economy and so the fund was not large enough.

At this point banks are being asked to hold more capital, increase reserves and now replenish significant losses to the insurance fund. Each of these items in and of themselves reduces the credit available in the system but we now have all three hitting during the longest recession since World War II.

For the health of the financial system and the chance to help the nation rebound from the recession the FDIC should reconsider and put off the special assessment for a couple of years and draw on the credit line established for that purpose.

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