

From: doberkfe@grassrootsmessages.com
To: [Comments](#)
Subject: [EXTERNAL MESSAGE] RIN 3064-AF02 - Request for Comment on Proposed Revisions to Interest Rate Restrictions on Institutions that are Less than Well Capitalized- FDIC-2019-0092-0001
Date: Wednesday, October 30, 2019 11:14:30 AM

My bank is supportive of the FDIC's efforts on this issue and the broader proposal to modernize outdated brokered deposit rules. We are appreciative of the recent clarification that the rate cap restrictions do not — and should not — apply to well-capitalized institutions. The FDIC's proposal does not go far enough toward creating a robust market rate. It could also prove even more problematic for banks and lead to a pro-cyclical restriction of rates. The problem with the current proposal is that it does not take into account non-bank competitors (such as credit unions and non-bank financial firms) or capture many bank deposit products. It is important that the national rate reflect a market rate so that it remains robust throughout the business and economic cycles. A non-competitive rate can reduce the ability of weaker institutions to improve their condition as they are handicapped in their ability to raise prudent deposits. My bank strongly recommends that the FDIC base its rate on transparent and publicly available market data. I believe it is also important to recognize the the market(s) a particular bank may operate in. Earlier this year Midwest BankCentre launched a new digital only Brand known as Rising Bank. The success of this effort has and will continue to provide funding flexibility while expanding the reach geographically. We now have depositors in 48 states while being historically only in the St. Louis Metropolitan area. We have a Provider who creates a reliable local solution for market rates in St. Louis. It was tested during the last economic downturn and it held up fairly well. But, there is no Provider currently producing a legitimate "Market Rate" for Digital Only solutions who can and do pay a higher rate due to much lower overhead costs as a result of Digital technology solutions. We have thought about this as an opportunity and will spend some time to create an alternative for the Digital only space. In addition to a robust national rate, the FDIC should allow alternatives. We support the proposed process changes to the local rate, but urge the FDIC to allow a bank to use 125 percent of the highest competing rate. This will safeguard against an overly restrictive rate that prohibits less than well capitalized institutions from raising deposits. We also encourage the FDIC to establish a periodically reviewed list of allowable alternatives, such a regional FHLB's rates, or other appropriate rates, which reflect the cost of funds within their region or competitive deposit market. We would be happy to participate in this discussion in the future. Sincerely, Dale Oberkfell