



May 7, 2019

Mr. Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: RIN 3064-AE94: Brokered Deposits and Interest Rate Restrictions

Dear Mr. Feldman:

Thank you for the opportunity to offer comments on the Advanced Notice of Proposed Rulemaking stated above. The Kansas Bankers Association (KBA) is a nonprofit trade organization whose membership includes 232 of the commercially chartered banks headquartered in Kansas. Our membership also includes 19 out-of-state commercial banks and 7 savings and loans operating in Kansas. We are pleased to support 98% of the industry in the state. Our member banks employ more than 13,000 Kansans that provide financial services in more than 400 towns and cities across Kansas.

We strongly urge the FDIC to modernize its definition of “brokered” deposits. As we commented with regard to the changes made for reciprocal deposit treatment, we believe that deposit account products involving a direct, continuing relationship between a customer and an insured depository institution should not be considered “brokered” deposits, even if an unaffiliated third-party is involved in the origination of the deposit. Customer relationships take time to build and for many, being able to place deposits in a local institution cements the relationship – and should be encouraged, not discouraged. Broadening the base helps the customer who wants to continue to do business with his or her local institution, while providing the bank the opportunity to use those dollars to lend back into the community.

Secondly, we would like to emphasize that the national rate cap is designed to only be used when an institution is no longer “well-capitalized” and should not be applied to those that have levels of capital at or above that level. We would urge supervisors to take a holistic view of liquidity risk, looking at an institution’s entire funding mix – based on its business model and measurement of its risks.



As for the rate itself, we would urge the FDIC to make the national rate cap a dynamic market rate that reflects local markets for banks of all sizes – rather than a one fits all rate. With the help of technology tools, this is completely doable and should be utilized as we can attest that across Kansas, the market rate in our urban areas is not the same as in rural areas. The economic engines



that drive these areas are different so there should be a way to tailor rates to account for these differences.

In conclusion, the KBA is supportive of the FDIC's comprehensive review of the regulatory approach to brokered deposits and the interest rate caps applicable to banks that are less than well capitalized.

Thank you for the opportunity to comment on this very important subject.

Best regards,



Douglas E. Wareham
President/CEO



Kathleen A. Taylor
EVP/General Counsel