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FDIC Finalizes 2 Basis Point Increase in Deposit Insurance Assessment Rates



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The Federal Deposit Insurance Corporation (“FDIC”) Board had a busy Tuesday. In addition to the release of an ANPR on Resolution Requirements for large banking organizations that we also write about this week, the FDIC Board finalized its [proposal](#) to increase the assessment rates in initial base deposit insurance rates by 2 basis points.

The [Final Rule](#) is unchanged from the proposal. As [we noted](#) in June, the FDIC estimates that the increase in deposit insurance assessment rates should increase the likelihood that the Deposit Insurance Fund (“DIF”) will meet its [statutory](#) minimum ratio of 1.35% prior to the statutorily mandated date of September 2028. Notwithstanding the statutory minimum of 1.35% for the DIF’s designated reserve ratio (“DRR”), the FDIC has stated that its long-term goal is to maintain a 2% DRR. As of June 30, 2022, the DRR stood at 1.26%.

As [we noted in August](#), several bank trade associations questioned the FDIC’s assumptions and projections for the DIF, and thus disagreed with the need for the 2 basis point increase in deposit insurance assessment rates. In response to the final rule, the bank trade associations that commented on the proposal issued a [statement](#) that they “are disappointed that the FDIC has chosen to increase assessment rates based on assumptions that are demonstrably incorrect.” The statement went on to note that the increase could hurt banks’ ability to support economic growth.
