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Mr. Seidman said the FDIC seeks restoration of its authority to arrange emergency interstate acquisitions for failed banks, and he suggested this emergency tool be modified so the FDIC could deal with any bank or holding company, regardless of size. Mr. Seidman said the FDIC also needs so-called "bridge bank" authority. Both measures are intended to promote successful acquisitions and thus reduce the FDIC's costs and avoid unnecessary disruption or inconvenience to the customers of the institutions involved.

The bridge bank option, Mr. Seidman said, would be valuable in situations, particularly those involving large institutions, where more time is needed to arrange a satisfactory acquisition. In such cases, the FDIC would operate the institution as a full-service bank on a transition basis with the objective of returning the bank to the private sector in a prompt and orderly manner. Bridge banks, said Mr. Seidman, "could be an invaluable aid in minimizing economic disruption and reducing the FDIC's costs."

In his testimony, Mr. Seidman also supported giving banks new powers to enable them to recapture business lost to nonbanking competitors in recent years. He suggested Congress give banks authority to offer customers a range of financial and financially related services. In addition, Mr. Seidman endorsed efforts to ensure that bank deposits are made available within reasonable timeframes. "We support disclosure of funds availability policies to customers, but we would not suggest enacting precise funds availability schedules," he said.

Mr. Seidman also reiterated the FDIC's request that Congress confirm that the FDIC and the Office of the Comptroller of the Currency are exempt from budget apportionment by the Office of Management and Budget.

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