

Statement by FDIC Board Member Martin J. Gruenberg

Meeting of the FDIC Board of Directors

Proposed 2019 FDIC Operating Budget

December 18, 2018

I support the proposed 2019 FDIC Operating Budget. It is 2.3 percent lower than the 2018 FDIC Operating Budget. This is consistent with the rate of annual decrease over the past five years, and as staff noted, represents the ninth consecutive year of a declining budget. I particularly want to express my support for the budget's increased investment in IT modernization, both enhancement of the existing operations and communications infrastructure, and continued enhancement of IT security. The budget, in my view, attempts to strike a balance between continued prudent management of FDIC resources and targeted investment to address critical needs.

I would also make the following point. Just as this is the ninth consecutive year of a declining budget, it is also the ninth year of the current economic recovery, the second longest on record. If it continues to July 2019 I believe it will become the longest recovery on record. The FDIC, along with the banking system, have benefitted from that recovery. It has allowed both to recover from the devastating effects of the financial crisis.

It seems to me imprudent, however, to assume that the beneficial trends over these past nine years, including declining problem banks and declining bank failures, will continue indefinitely. As we know from experience, the economic cycle can change abruptly. In my view, we will need to take that into account as we consider the management of FDIC resources going forward.