Statement by FDIC Chairman Jelena McWilliams on the Update of Projected Deposit Insurance Fund Losses, Income, and Reserve Ratios for the Restoration Plan to the FDIC Board Meeting; Washington, DC

December 18, 2018

The Deposit Insurance Fund (DIF) balance stood at 100.2 billion dollars at September 30, 2018, an increase of nearly 10 billion dollars from one year earlier. At the same time, the fund reserve ratio grew to 1.36 percent, meeting the statutory requirement two years ahead of deadline.

The continued improvement in the insurance fund over the last year reflected the overall strong performance of the banking industry. In addition, no banks have failed in 2018, and the number of problem banks continued to decline throughout the year. It is now at its lowest level since September 2007.

The Dodd-Frank Wall Street Reform and Consumer Protection Act increased the minimum reserve ratio for the DIF from 1.15 percent to 1.35 percent, and required that the reserve ratio reach this minimum by September 30, 2020. As long as the reserve ratio remained below this minimum target, the FDIC operated under a DIF Restoration Plan that was approved by the FDIC Board of Directors in 2010. Since the reserve ratio has surpassed 1.35 percent, the FDIC has met the statutory requirement and formally exits the DIF Restoration Plan.

This means that we were able to suspend the temporary surcharges on banks with assets of $10 billion or more beginning with the fourth quarter 2018 assessment period. These large banks had been paying surcharges since the third quarter of 2016.

Furthermore, small banks will receive credits for the portion of their assessments that contributed to the increase in the reserve ratio from 1.15 percent to 1.35 percent, and the FDIC will apply these credits when the reserve ratio is at or above 1.38 percent. In total, these credits are estimated to be approximately 750 million dollars.

I want to thank FDIC staff for their hard work to achieve these milestones—balancing the need to grow the fund during good times without unduly burdening the industry. As a result, we are no longer subject to a restoration plan for the first time since 2008 and banks are now subject to lower, long-term, steady assessment rates.

We pledge to continue managing the fund prudently and responsibly in pursuit of our mission to maintain stability and public confidence in the nation's financial system.