Banking and Finance Law Daily Wrap Up, DEPOSIT INSURANCE—FDIC seeks input on deposit data reporting requirements, (Jul. 31, 2024)

Banking and Finance Law Daily Wrap Up

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Banks already must provide certain data on deposit liabilities, but they do not report comprehensive data on the composition of insured and uninsured deposits.

On July 30, 2024, the Federal Deposit Insurance Corporation (FDIC) Board of Directors approved a request for information (RFI) soliciting the public's comments on deposit data that are not currently reported in the Federal Financial Institutions Examination Council's (FFIEC) Consolidated Reports of Condition and Income (Call Report) or other regulatory reports, including for uninsured deposits (FIL-48-2024). The request comes as staff evaluate whether and to what extent certain types of deposits may behave differently from each other, particularly during periods of economic or financial stress, following the March 2023 bank failures. Comments are due within 60 days of publication in the *Federal Register*.

Background. In a staff memo to the Board of Directors, the FDIC's director of the Division of Insurance and Research said that the March 2023 failures of Silicon Valley Bank and

Signature Bank and subsequent events renewed focus on deposit insurance coverage, bank funding concentrations, and certain banks' reliance on uninsured deposits. Banks are required to provide certain data on deposit liabilities on the Call Report, but they do not report comprehensive data on the composition of insured and uninsured deposits. With the RFI, FDIC staff are evaluating whether and to what extent certain types of deposits may behave differently from each other, particularly during periods of economic or financial stress, according to Financial Institution Letter.

Request for information. The FDIC said it is seeking information on the characteristics that affect the stability and franchise value of different types of deposits and whether more detailed or more frequent reporting on these characteristics or types of deposits could enhance offsite risk and liquidity monitoring; inform analysis of the benefits and costs associated with additional deposit insurance coverage for certain types of deposits; improve risk sensitivity of deposit insurance pricing; and provide analysts and the general public with accurate and transparent data.

The RFI includes numerous questions with multiple subparts, including questions about banks' internal deposit practices, challenges associated with calculating and reporting uninsured deposits on the Call Report, Part 370 recordkeeping and insurance calculation methodologies, internal data collection, and deposit insurance coverage.

Gruenberg statement. FDIC Chairman Martin J. Gruenberg issued a statement explaining his support for more detailed deposit data. "As deposit insurer, with responsibility for resolving failed insured depository institutions and managing the Deposit Insurance Fund, or DIF, the FDIC would benefit from more granular, and more frequent, reporting of deposits," Gruenberg said. "Deposit data are important for receivership purposes, since the presence of deposit insurance coverage has direct implications for the costs associated with the resolution of a failed institution. Data on deposits also inform the FDIC's management of the DIF, which is used to insure deposits, protect the depositors of insured banks, and to resolve failed banks."

Hill statement. FDIC Vice Chairman Travis Hill added in a separate statement that he backs the RFI. "I think soliciting input on the behavior and characteristics of different types of deposits, including in particular differentiating among types of uninsured deposits, is a helpful step by the agency," Hill said. "More generally, I

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think regulators need to think more holistically about the deposit landscape than we do today, and I view this RFI as a small step in the right direction."

Interested parties. The FDIC said it is seeking comments from all interested parties, including but not limited to insured depository institutions, depositors and financial consumers, businesses that utilize various types of payroll and payment accounts, consumer groups, researchers, trade associations, and other members of the financial services industry.

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