FDIC Federal Deposit Insurance Corporation

FACT SHEET

Final Rule on Assessments, Revised Deposit Insurance Assessment Rates; and Designated Reserve Ratio for 2023

The Federal Deposit Insurance Corporation (FDIC) Board of Directors (Board) adopted a final rule, applicable to all insured depository institutions, to increase initial base deposit insurance assessment rate schedules uniformly by 2 basis points, beginning in the first quarterly assessment period of 2023. The increase in assessment rate schedules is intended to increase the likelihood that the reserve ratio of the Deposit Insurance Fund (DIF) reaches the statutory minimum of 1.35 percent by the statutory deadline of September 30, 2028.

The FDIC also concurrently maintained the Designated Reserve Ratio (DRR) for the DIF at 2 percent for 2023.

The new assessment rate schedules will remain in effect unless and until the reserve ratio meets or exceeds 2 percent in order to support growth in the DIF in progressing toward the FDIC's long-term goal of a 2 percent DRR. Progressively lower assessment rate schedules will take effect when the reserve ratio reaches 2 percent, and again when it reaches 2.5 percent.

Final Rule Increases Deposit Insurance Assessment Rate Schedules by 2 Basis Points

- On June 21, 2022, the Board adopted an Amended Restoration Plan and a notice of proposed rulemaking to increase the likelihood that the reserve ratio would be restored to at least 1.35 percent by September 30, 2028.

- The FDIC continues to project that the reserve ratio is at risk of not reaching the statutory minimum of 1.35 percent by the statutory deadline of September 30, 2028, absent an increase in assessment rates.

- After careful consideration of the comments received on the proposal and updated analysis and projections, the Board adopted as final and without change, the proposed rule to increase initial base deposit insurance assessment rate schedules uniformly by 2 basis points.

- The increase in assessment rates is projected to have an insignificant effect on institutions' capital levels, is estimated to reduce income slightly by annual average of 1.2 percent, and should not impact lending or credit availability in any meaningful way. It also reduces the likelihood of a pro-cyclical increase in the future.

- Revised assessment rate schedules applicable to all insured depository institutions will take effect January 1, 2023, and will be applicable to the first quarterly assessment period of 2023 (i.e., January 1 through March 31, 2023, with an invoice payment date of June 30, 2023).

- Revised assessment rate schedules will remain in effect unless and until the reserve ratio meets or exceeds 2 percent, absent further Board action. Progressively lower assessment rate schedules will take effect when the reserve ratio reaches 2 percent, and again when it reaches 2.5 percent.

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Designated Reserve Ratio Maintained at 2 Percent for 2023

- The FDIC also concurrently maintained the DRR for the DIF at 2 percent for 2023.
- The DRR should be viewed as a minimum goal that will allow the fund to grow sufficiently large during times of favorable banking conditions to increase the likelihood of the DIF remaining positive throughout periods of significant losses due to bank failures, consistent with the FDIC's comprehensive, long-term fund management plan.