FEDERAL DEPOSIT INSURANCE CORPORATION

RIN 3064-ZA42

Request for Information on Deposits

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Request for information and comment.

SUMMARY: The FDIC is soliciting comments from interested parties on deposit data that is 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. The FDIC seeks 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 in deposit insurance pricing; and provide analysts and the general public with accurate and transparent data.

DATES: Comments must be received on or before [INSERT DATE [60] DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Interested parties are invited to submit written comments, identified by RIN 3064–ZA42, by any of the following methods:

- *Agency Website: https://www.fdic.gov/resources/regulations/federal-register-publications/.* Follow the instructions for submitting comments on the agency website.
- *E-mail*: *comments@fdic.gov*. Include RIN 3064-ZA42 in the subject line of the

message.

- *Mail*: James P. Sheesley, Assistant Executive Secretary, Attention: Comments-RIN 3064-ZA42, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.
- *Hand Delivery*: Comments may be hand delivered to the guard station at the rear of the 550 17th Street NW building (located on F Street NW) on business days between 7:00 a.m. and 5:00 p.m.
- *Public Inspection*: Comments received, including any personal information provided, may be posted without change to *https://www.fdic.gov/resources/regulations/federal-register-publications/*. Commenters should submit only information that the commenter wishes to make available publicly. The FDIC may review, redact, or refrain from posting all or any portion of any comment that it may deem to be inappropriate for publication, such as irrelevant or obscene material. The FDIC may post only a single representative example of identical or substantially identical comments, and in such cases will generally identify the number of identical or substantially identical comments represented by the posted example. All comments that have been redacted, as well as those that have not been posted, that contain comments on the merits of this document will be retained in the public comment file and will be considered as required under all applicable laws. All comments may be accessible under the Freedom of Information Act.

FOR FURTHER INFORMATION CONTACT: Division of Insurance and Research: Ashley Mihalik, Associate Director, Financial Risk Management, 202-898-3793, *amihalik@fdic.gov*; Kayla Shoemaker, Chief, Banking and Regulatory Policy, 202-898-6962, *kashoemaker@fdic.gov*; Legal Division: Sheikha Kapoor, Assistant General Counsel, 202-898-3960, *skapoor@fdic.gov*; Vivek Khare, Senior Counsel, 202-898-6847; or Ryan McCarthy, Counsel, 202-898-7301, *rymccarthy@fdic.gov*.

SUPPLEMENTARY INFORMATION:

I. Policy Objectives

The bank failures that occurred in March 2023 and subsequent events renewed focus by financial regulatory agencies, banks, investors, and the public on deposit insurance coverage, bank funding concentrations, and certain banks' reliance on uninsured deposits. While banks are required to provide certain data on deposit liabilities on the Call Report,[1] they do not report comprehensive data on the composition of insured and uninsured deposits.[2] Through this request for information, the FDIC is seeking to further evaluate whether and to what extent certain types of deposits may behave differently from each other, particularly during periods of economic or financial stress.

Specifically, the FDIC is soliciting comments on deposit data that is not currently reported in the Call Report or other regulatory reports, including for uninsured deposits, to gather 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

[1] The "Call Report" consists of the Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices (FFIEC 031), the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only (FFIEC 041), and the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only and Total Assets Less than $5 Billion (FFIEC 051). U.S. branches and agencies of foreign banks file the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002). FFIEC 002 filers report many of the same deposit liabilities items as Call Report filers, including estimated uninsured deposits, preferred deposits, transaction accounts, and nontransaction accounts.

[2] The Appendix details relevant information on deposit liabilities available from the Call Report and other regulatory reports.

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 in deposit insurance pricing; and provide analysts and the general public with accurate and transparent data.

II. Background Information

A. The Events of March 2023 and the Role of Deposit Information in Offsite Risk and Liquidity Monitoring

In March 2023, runs of uninsured deposits contributed to the failures of Silicon Valley Bank and Signature Bank, respectively the second and third largest bank failures in the FDIC's history at the time, and the subsequent failure of First Republic Bank on May 1, 2023. These runs were exacerbated by each bank's high reliance on uninsured deposit funding and concentrations in the depositor base, among other factors.[3] The failures of these institutions and subsequent events prompted a renewed focus by regulators, banks, investors, and the public on deposit insurance, funding concentrations, and reliance on uninsured deposits.

A bank's liability structure can reflect its risk-taking behavior, and information about an institution's funding base is important in evaluating liquidity risk and interest rate risk. As demonstrated during the spring 2023 bank failures, deposit data are also important for monitoring liquidity. The experience in spring 2023 demonstrated that

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[3] *See* Material Loss Review of Silicon Valley Bank, Office of the Inspector General of the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau, 2023-SR-B-013, September 25, 2023. *Available at:* https://oig.federalreserve.gov/reports/board-material-loss-review-silicon-valley-bank-sep2023.pdf. *See also* Material Loss Review of Signature Bank of New York, Office of the Inspector General of the Federal Deposit Insurance Corporation, EVAL-24-02, October 2023. *Available at:* https://www.fdicoig.gov/sites/default/files/reports/2023-12/EVAL-24-02.pdf. *See also* Material Loss Review of First Republic Bank, Office of the Inspector General of the Federal Deposit Insurance Corporation, EVAL-24-03, November 2023. *Available at:* https://www.fdicoig.gov/sites/default/files/reports/2023-12/EVAL-24-03.pdf.

depositors may be able to move funds extremely quickly in the event of a bank's deteriorating condition or negative media attention.

Silicon Valley Bank had an extremely high level of uninsured deposits and the bank's management and board of directors overestimated the stability of the deposit base.[4] The deposit withdrawals happened quickly after clients began to speculate about the bank's solvency on various social media platforms.[5] This demonstrates that the ubiquity of new technologies, such as social media and mobile banking, may mean that potential future bank runs and potential contagion effects happen at an accelerated pace.

Deposit data are also important for receivership purposes, as the presence of deposit insurance coverage has direct implications for the costs associated with the resolution of a failed institution. The FDIC has issued regulations applicable to certain large banks to facilitate its ability to make timely deposit insurance determinations in the event of failure.[6] Providing insured depositors access to their funds may require the completion of an insurance determination, which involves the FDIC obtaining and analyzing depositor and account data to determine deposit account ownership type and the appropriate insurance status.

The Material Loss Reviews conducted following the failures of Silicon Valley Bank, Signature Bank, and First Republic Bank provide support for enhanced monitoring

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[4] *See* Material Loss Review of Silicon Valley Bank, Office of the Inspector General of the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau, 2023-SR-B-013, September 25, 2023. *Available at:* https://oig.federalreserve.gov/reports/board-material-loss-review-silicon-valley-bank-sep2023.pdf.

[5] *Ibid.* Another account of the events is that the genesis of the run on Silicon Valley Bank was private communications among a networked group of sophisticated investors. *See, e.g.,* Financial Times, "Y2K23's Y2K Moment: Blaming the Internet for Bank Runs," February 5, 2024. *Available at*: https://www.ft.com/content/74a7ec7c-cd7e-4e69-8af0-21dead706855.

[6] *See* 12 CFR 360.9 (Large-Bank Deposit Insurance Determination Modernization) and 12 CFR part 370 (Recordkeeping for Timely Deposit Insurance Determination).

of uninsured deposit levels and concentrations. The recommendations resulting from the Material Loss Reviews include monitoring and evaluation of rapid growth and concentrations, including growth and concentrations of uninsured deposits, in total, and from specific depositors or depositors in specific industries.[7] The Material Loss Reviews for Signature Bank and First Republic Bank specifically recommend an evaluation of whether updates to examination guidance are needed in the areas of stability of deposits, including large and long-term uninsured depositor relationships, and the velocity and magnitude of potential deposit outflows, including the supervision of liquidity stress testing. In addition, in the *FDIC's Supervision of First Republic Bank* report, the FDIC's Chief Risk Officer identified as a matter for further study, the need for enhanced examination guidance related to supervising banks that are overly reliant on uninsured deposit funding or have concentrations in uninsured deposits.[8]

Furthermore, the 2023 Annual Report of the Financial Stability Oversight Council (FSOC) noted that reviews of recent events yield lessons about the ways in which banking supervision and resolution preparedness could be enhanced, and suggested that more granular information on uninsured deposits could be helpful.[9]

Following these recommendations and matters for consideration, the FDIC

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[7] *See* Material Loss Review of Silicon Valley Bank, Office of the Inspector General of the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau, 2023-SR-B-013, September 25, 2023. *Available at:* https://oig.federalreserve.gov/reports/board-material-loss-review-silicon-valley-bank-sep2023.pdf. *See also* Material Loss Review of Signature Bank of New York, Office of the Inspector General of the Federal Deposit Insurance Corporation, EVAL-24-02, October 2023. *Available at:* https://www.fdicoig.gov/sites/default/files/reports/2023-12/EVAL-24-02.pdf. *See also* Material Loss Review of First Republic Bank, Office of the Inspector General of the Federal Deposit Insurance Corporation, EVAL-24-03, November 2023. *Available at:* https://www.fdicoig.gov/sites/default/files/reports/2023-12/EVAL-24-03.pdf.

[8] *See* FDIC's Supervision of First Republic Bank, FDIC, September 8, 2023. *Available at*: https://www.fdic.gov/news/press-releases/2023/pr23073a.pdf.

[9] Financial Stability Oversight Council 2023 Annual Report. *Available at:* https://home.treasury.gov/system/files/261/FSOC2023AnnualReport.pdf.

updated the Risk Management Manual of Examination Policies (Manual) to provide additional guidance for assessing the stability of uninsured deposits and related concentration risk management practices.[10]

While banks are required to provide certain data on deposit liabilities on the Call Report, including on transaction and nontransaction deposit accounts and other deposit data described in the *Appendix*, they do not report comprehensive data on the composition of insured and uninsured deposits.

Only banks with $1 billion or more in total consolidated assets report the estimated amount of uninsured deposits on the Call Report each quarter.[11] On an annual basis, institutions also report a subset of uninsured deposits: preferred deposits, which are uninsured deposits of states and political subdivisions in the U.S. that are secured or collateralized as required under state law. Preferred deposits are the only component of uninsured deposits banks report separately on the Call Report and are the only type of collateralized deposits reported on the Call Report.

Also as described in the *Appendix*, while certain institutions report information on deposit liabilities through other information collections, reporting requirements for most of these data collections are limited to the largest institutions or a subset of all insured depository institutions (IDIs). In most cases, the granularity of the data collected on deposits in these reports may also be limited in informing the efforts herein.

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[10] *Available at:* https://www.fdic.gov/resources/supervision-and-examinations/examination-policies-manual/section6-1.pdf and https://www.fdic.gov/resources/supervision-and-examinations/examination-policies-manual/section16-1.pdf.

[11] The $1 billion asset-size test is based on the total assets reported on the prior year's Report of Condition as of June 30.

At the same time, the FDIC recognizes that different types of uninsured deposits may not necessarily behave the same way. For example, uninsured deposits that are secured by collateral generally do not have the same risk of loss as other types of uninsured deposits, although the presence of collateral may not fully mitigate run risk. Intercompany depositors also may have different incentives than unaffiliated depositors with respect to withdrawing funds. Because banks do not report these categories of uninsured deposits on the Call Report, the FDIC does not have historical data on banking industry trends for these types of deposits, including how depositors for these different types of deposits would behave under conditions of economic or liquidity stress. Furthermore, other types of uninsured depositors may have various other characteristics that impact the stability and franchise value of the associated deposits.

Given these observations and recommendations, the FDIC is seeking information on deposits, including how banks measure or evaluate the stability of different types of deposits and whether and how banks monitor collateralized or secured deposits, or intercompany deposits, such as deposits with affiliates and subsidiaries.

B. Options for Deposit Insurance Reform

Additional deposit data also would inform analysis of the benefits and costs associated with additional deposit insurance coverage for certain types of deposits. In May 2023, following the bank failures, the FDIC published a comprehensive review of deposit insurance, "Options for Deposit Insurance Reform," (the report) outlining three options to reform the nation's deposit insurance system.[12] The proposed options require

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[12] Options for Deposit Insurance Reform, FDIC, May 1, 2023. *Available at:* https://www.fdic.gov/analysis/options-deposit-insurance-reforms/report/options-deposit-insurance-reform-full.pdf.

an act of Congress. The report first discusses the events of March 2023, and then reviews the history of deposit insurance in the United States. It then discusses the objectives and possible consequences of deposit insurance, and tools that may be used to support the objectives and address possible consequences. The report examines three options for deposit insurance reform that range in their departure from the status quo: Limited Coverage, Unlimited Coverage, and Targeted Coverage.

Limited Coverage would maintain the current structure of deposit insurance in which there is a finite deposit insurance limit that applies across depositors and types of accounts, while Unlimited Coverage would provide unlimited deposit insurance. As described in the report, Targeted Coverage would allow for different levels of deposit insurance coverage across different types of accounts, with a particular focus on higher coverage for business payment accounts. The report does not define precisely "business payment accounts" but suggests that they should reflect business accounts whose purpose is for payment services and not for investment. The report notes that although each option has strengths and weaknesses, Targeted Coverage captures many of the financial stability benefits of expanded coverage while mitigating many of the undesirable consequences.

Targeted Coverage would provide substantial additional coverage to business payment accounts without extending similar insurance to all deposits, which the report suggests could yield large financial stability benefits relative to its costs. Extending deposit insurance to business payment accounts may have relatively large financial stability benefits, with fewer costs from moral hazard relative to increasing the limit for all accounts, as in the other options. Further, losses on business payment accounts are likely to have broader financial stability implications due to the spill-over to payroll, consumption, and other businesses. One challenge to establishing Targeted Coverage is deciding how broadly or narrowly to define the type of accounts eligible for expanded coverage. Further, additional data could inform efforts to establish a practical definition consistent with concepts discussed in the report.

Each option for deposit insurance reform contemplated in the report could have implications for the Deposit Insurance Fund (DIF). Increases to the deposit insurance limit—whether they apply to all deposits on a limited or unlimited basis, or only apply to a targeted set of deposits—would imply the need for a larger DIF to maintain the same reserve ratio under the Federal Deposit Insurance Act (FDI Act), and may also have effects on bank risk-taking and liability structure, and on depositor discipline. Limited information on the volume of deposits at alternative thresholds and on the volume of deposits that would be covered under Targeted Coverage makes it difficult to determine the impact on the DIF.

To inform discussion around any potential increases in deposit insurance coverage, which would require an act of Congress, the FDIC is seeking comment on the options described in the FDIC's May 2023 report. The FDIC is also seeking comment on the definition of "business payment accounts" and any burden or challenges associated with providing new deposit data items, such as "business payment accounts" or similar accounts linked to payroll, vendors, or operations.

C. The Deposit Insurance Fund and Risk-Based Pricing

Data on deposits inform the FDIC's management of the DIF, which is used to insure deposits and protect the depositors of insured banks, and to resolve failed banks. A key measure in assessing the adequacy of the DIF is the reserve ratio, which is defined as the net worth of the DIF divided by insured deposits.[13] Insured deposits are estimated based on banks' reported estimates of uninsured deposits and total deposit liabilities, as defined by the FDI Act.

The DIF is primarily funded by risk-based deposit insurance assessments. Deposit insurance introduces a degree of moral hazard as it removes incentives for insured depositors to monitor banks. Risk-based deposit insurance pricing that charges premiums commensurate with the risk assumed by banks can mitigate moral hazard.[14] Risk-based pricing can also promote fairness, whereby banks that pose higher risk pay higher premiums; incentivize banks to take less risk; and mitigate cross-subsidization from lower-risk to higher-risk banks.

The FDIC collects information, as appropriate, for purposes of determining risk of losses at IDIs and economic conditions generally affecting depository institutions.[15] However, risk sensitivity in the deposit insurance assessment system could be improved with additional data.[16] For example, liquidity risk measurement in a risk-based pricing system based on statistical analyses and historical failures is limited by the data available, as failures due to bank runs have occurred less frequently in recent decades than insolvency failures. Changes to risk-based pricing based on bank liability structure and interest rate risk could improve the risk sensitivity of the FDIC's risk-based deposit insurance system, and could be enhanced with additional data.

[13] 12 U.S.C. 1813(y)(3).
[14] *See* Options for Deposit Insurance Reform, FDIC, May 1, 2023, at 35. *Available at:* https://www.fdic.gov/analysis/options-deposit-insurance-reforms/report/options-deposit-insurance-reform-full.pdf. *See also*: Ehrlich and Becker (1972), Demirgüç-Kunt and Detragiache (2002), Hovakimian, Kane, and Laeven (2003), and Shoukry (Forthcoming).
[15] 12 U.S.C. 1817(b)(1)(E)(i).
[16] The goals of risk-based pricing include additional objectives, such as transparency. For the purposes of this document, risk-based pricing is discussed primarily in regard to its ability to affect bank risk-taking.

In an effort to better inform analysis of deposit balance trends, a factor that affects an important measure of DIF adequacy, and improve risk sensitivity in the deposit insurance assessment system, the FDIC is soliciting comments on how banks measure or evaluate the stability of different types of deposits, and, more generally, on what additional data, including more granular or more frequently reported data, should be considered for collection.

D. Deposit Data Provided to the General Public

The FDIC is a pre-eminent source of U.S. banking industry research for analysts, including Quarterly Banking Profiles, working papers, and banking performance data. This research is based on data reported in the Call Report and other regulatory reports. The FDIC provides tools, education, and news updates to help consumers make informed decisions to protect their assets. The FDIC's Quarterly Banking Profile provides a comprehensive summary of financial results, including deposit data and trends, for all FDIC-insured institutions.[17] The FDIC also offers a suite of tools and searchable databases to help analysts, bankers, and the public find information on specific banks, their branches, and the industry.[18]

The *Appendix* details relevant information on deposit liabilities that certain banks report or maintain through existing recordkeeping systems and information collections, including the Call Report and the Summary of Deposits Survey, among others. However, in most cases, the granularity of the data collected on deposits in the Call Report and other regulatory reports may be limited in supporting the efforts herein.

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[17] *See* FDIC Quarterly Banking Profile. *Available at:* https://www.fdic.gov/analysis/quarterly-banking-profile/index.html.
[18] *See* FDIC Data Tools. *Available at:* https://www.fdic.gov/resources/data-tools/.

The Call Report, administered by the FFIEC, is a quarterly report of an institution's condition and income, and is a primary source of financial data used for the supervision and regulation of banks. Most data items collected on the Call Report, including data on deposit liabilities described in detail in the *Appendix*, are also made available to the general public and can help consumers and analysts make informed decisions.

To better inform analysts and the general public, the FDIC is soliciting comments on deposit data not currently reported in the Call Report or other regulatory reports, including for uninsured deposits, and information on whether more detailed or more frequent reporting on characteristics of or types of deposits could improve the accuracy and transparency of data reported on the Call Report or other regulatory reports.

III. Request for Comment

The FDIC is seeking information and comment on deposit data that is not currently reported in the Call Report or other regulatory reports, including for uninsured deposits. The FDIC seeks to gather information on 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 in deposit insurance pricing; and provide analysts and the general public with accurate and transparent data.

Additional information provided through this request, or through potential enhancements in the granularity of deposit reporting, also would promote transparency and efficiencies in the bank resolution process, including estimation of payment to insured depositors and processing claims that exceed the insurance limit. The benefits from any enhancements in the granularity of deposit reporting would need to be considered in conjunction with any increase in regulatory reporting burden.

The FDIC encourages comments from all interested parties, including but not limited to IDIs, 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. In particular, the FDIC requests input on the following questions:

Questions on Banks' Internal Deposit Information

Question 1: How do banks measure or evaluate the stability of different types of uninsured deposits? For example, do banks measure or track characteristics such as length or type of depositor relationship, duration, depositor proximity, or rates paid by account type?

a) What are the different types of collateralized or secured deposits and what are the reasons for collateralization? Do banks monitor the uninsured portion of collateralized or secured deposits separately from the insured portion?
b) How do banks monitor intercompany deposits such as deposits with affiliates, subsidiaries, sweep deposits, or any bank-owned deposit account?
c) How do banks measure or evaluate the stability of operational deposits and non-operational deposits?
d) To what extent, if any, do banks rely on deposit categories as defined for

regulatory reporting to determine stability?

e) Is there additional data on uninsured deposit components that banks collect and maintain internally?

f) What additional information would be helpful to the FDIC, the banking industry, and the public in demonstrating the stability of uninsured deposits?

Question 2: What are the challenges in calculating and reporting uninsured deposits on the Call Report?

a) How do banks estimate uninsured deposits for omnibus and other accounts that contain deposits owned by various parties where the underlying customer data is not maintained by the bank?

Question 3: As discussed in the *Appendix*, Part 370 generally requires covered institutions to maintain complete and accurate records regarding the ownership and insurability of deposits (except as otherwise provided) and to have an information technology system that can be used to calculate deposit insurance coverage in the event of failure. These capabilities would facilitate the FDIC's prompt payment of deposit insurance and enhance the FDIC's ability to implement the least costly resolution of these covered institutions.[19] However, the FDIC understands that some institutions that are subject to the requirements of Part 370 do not necessarily use information from their Part 370 recordkeeping and insurance calculation capabilities for purposes of reporting uninsured deposits on the Call Report. For some Part 370 covered institutions, what is the reasoning for not using the same methodology from their Part 370 recordkeeping and insurance calculation capabilities to report uninsured deposits on the Call Report?

[19] 12 CFR part 370.

a) For Part 370 covered institutions, how long would it take to effectively use Part 370 calculation-generated insured and uninsured information to report data on Call Report Schedule RC-O,—Other Data for Deposit Insurance Assessments, instead of other estimated measures?

b) Where other estimated measures are used, has analysis been performed to evaluate the margin of difference between those estimates and the calculation produced using Part 370 capabilities? If so, what are those margin differences?

c) Do institutions collect additional deposit information from customers that is not reported in Part 370 output files (e.g. customer classifications, account categorizations, etc.)

Question 4: For what other types of deposits, which are not already reported on the Call Report or other data collections, do banks collect and maintain data internally and at what frequency?

a) How are these types of deposits defined?

b) How does data on these types of deposits help inform analysis of bank liability structure, risk, and funding stability?

c) Of the data collected and maintained internally, what information could be provided at little or no burden? What challenges may occur in reporting this information?

d) Of the information collected and maintained internally, what information could be provided pertaining to foreign deposits and how the deposits are payable (dually or not dually payable)?

Questions on Potential Additional Data Items

Question 5: What, if any, additional data, including more granular or more frequently reported data, should the FDIC, in conjunction with other members of the FFIEC, consider collecting on the Call Report or another data collection to better inform the public and agencies' understanding of different types of depositor behavior? What specific additional data, such as length or type of depositor relationship, duration, depositor proximity, or rates paid by account type, would be the most helpful to collect, if any?

a) Should data collections include particular types of deposits or uninsured deposits? If so, which types and at what frequency? What are the benefits or challenges of maintaining and reporting average values of such data for a given frequency?

b) Should data collections include different measures of concentrations of deposits, such as by deposit account size, depositor type, or industry? If so, which thresholds, types, and industries are appropriate and why?

c) Should collection of additional data be limited to certain reporting thresholds, based on, for example, consolidated asset size, amount of the item to be reported, or some other activity-based threshold? Why or why not? What type of burdens would collection of additional data place on institutions?

d) Should collection of any additional, more granular, data on deposits be afforded confidential treatment? If so, please explain why.

e) To what extent should data collections require consistency across different definitions and information reported on deposits, including deposit liabilities, operational deposits, and other types of deposits, between the Call Report and other data collections?

g) How helpful would standardized reporting definitions, including for operational and non-operational deposits, be to the FDIC, the banking industry, and the public?

f) If the agencies were to consider collecting additional information, is there any information that the agencies currently collect that commenters believe is less useful, overly burdensome, and should no longer be collected?

Questions on Deposit Data to Inform Conversations on Deposit Insurance Coverage

As mentioned in Section II.B., the May 2023 report on "Options for Deposit Insurance Reform" notes that Targeted Coverage would provide substantial additional coverage to meet ongoing payment and operational needs of businesses, which is expected to yield large financial stability benefits relative to its costs. However, Targeted Coverage is one of three options examined in the report, and each option has strengths and weaknesses. The proposed options require an act of Congress.

Question 6: If Congress were to consider deposit insurance reform, what are the pros and cons of the options described in the FDIC's May 2023 report? Do commenters have additional data that could help inform the discussion?

Question 7: If Congress were to pursue increased coverage for particular types of deposit accounts, but not all deposits, what type of deposits should be included?

Question 8: If Congress were to pursue increased coverage for "business payment accounts," as described in the May 2023 report, what are the specific definitions commenters would recommend and why?

a) What features of an account would indicate that it is a "business payment account," and are these features quantifiable and readily available?

b) Should such a definition be limited to coverage of accounts linked to payroll at businesses, include accounts linked to operations such as payroll, or otherwise be defined? Should such a definition consider the existing definition for "operational deposits," as defined in 12 CFR 329.3?

Question 9: What burden or challenges would be associated with providing new deposit data items, such as "business payment accounts" or similar accounts linked to payroll, vendors, or operations?

Other Comments

Question 10: Please provide any other comment or information that would be useful for the FDIC to consider.

Appendix: Relevant Information on Deposit Liabilities Available from the Call Report and other Regulatory Reports

Certain institutions report or maintain information on deposit liabilities through existing recordkeeping systems and information collections, including the Call Report and the Summary of Deposits Survey, among others. However, in most cases, the granularity of the data collected on deposits in these reports may be limited in supporting the efforts herein.

A. Deposit Liabilities on the Call Report

The Call Report is a primary source of financial data used for the supervision and regulation of banks. Banks file the Call Report quarterly, as of the last calendar day of

March, June, September, and December. The Call Report consists of a balance sheet, an income statement, and supporting schedules. The Report of Condition schedules provide details on assets, liabilities, and capital accounts. The Report of Income schedules provide details on income and expense accounts.

The FDI Act requires each IDI to report the total amount of the liability of the depository institution for deposits in the main office and in any domestic branch according to the definition of the term "deposit,"[20] and provided other requirements are met.[21] The FDI Act also requires the FDIC to collect information from each IDI on a regular basis on the total amount of all insured deposits, preferred deposits, and uninsured deposits at the IDI.[22]

Institutions report deposit liability information primarily on Schedule RC-E—Deposit Liabilities and Schedule RC-O—Other Data for Deposit Insurance Assessments. Additional information for certain deposit liability items is reported on Schedule RC—Balance Sheet, Schedule RC-K—Quarterly Averages, and for certain institutions on Schedule RC-Q—Assets and Liabilities Measured at Fair Value on a Recurring Basis. Schedule RC-E is also divided into two parts on the FFIEC 031, Part I, which requests data on deposits in domestic offices, and Part II, which requests data on deposits in foreign offices (including Edge and Agreement subsidiaries and International Banking Facilities).

B. Transaction and Nontransaction Accounts Including Savings Deposits on the Call Report

[20] "Deposit" is defined in Section 3(l) and "domestic branch" is defined in Section 3(o) of the FDI Act; 12 U.S.C. 1813(l) and (o).
[21] Section 7(a)(4) of the FDI Act; 12 U.S.C. 1817(a)(4).
[22] Section 7(a)(9) of the FDI Act; 12 U.S.C. 1817(a)(9).

Despite certain distinctions on the Call Report, regulatory changes and the economic environment have blurred the distinctions between some deposit account categories over time. For example, historically, regulatory restrictions—such as interest rate caps and withdrawal limits—delineated between the payment and investment functions of deposits. Amendments to Regulation D and the repeal of Regulation Q have removed some of the historical differences.[23]

For Call Report purposes, with a few exceptions, a "transaction account," is defined as a deposit or account from which the depositor or account holder is permitted to make transfers or withdrawals by negotiable or transferable instruments, payment orders of withdrawal, telephone transfers, or other similar devices for the purpose of making payments or transfers to third persons or others or from which the depositor may make third-party payments at an automated teller machine, a remote service unit, or another electronic device, including by debit card.[24]

Savings deposits are deposits with respect to which the depositor is not required by the deposit contract, but may at any time be required by the depository institution, to give written notice of an intended withdrawal not less than seven days before withdrawal is made, and that is not payable on a specified date or at the expiration of a specified time after the date of deposit. For Call Report purposes, savings deposits (both money market deposit accounts and other savings deposits) are excluded from transaction accounts.[25]

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[23] *See* Options for Deposit Insurance Reform, FDIC, May 1, 2023, at 20-21, for further information. *Available at:* https://www.fdic.gov/analysis/options-deposit-insurance-reforms/report/options-deposit-insurance-reform-full.pdf.

[24] *See* FFIEC 031 and FFIEC 041 Instructions for Preparation of Consolidated Reports of Condition and Income, Glossary entry for "Deposits." *Available at:* https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC031_FFIEC041_202403_i.pdf.

[25] Regulation D (12 CFR part 204) classifies savings deposits as a type of transaction account. However, for Call Report purposes, savings deposits are classified as a type of nontransaction account. *See* FFIEC

Banks report transaction and nontransaction accounts by depositor type on Schedule RC-E, items 1 through 6. Additionally on Schedule RC-E, banks report components of transaction and nontransaction accounts as well as maturity and repricing data for time deposits. On Schedule RC-K, banks report quarterly averages of interest-bearing transaction accounts and certain components of nontransaction accounts: savings deposits, time deposits of $250,000 or less, and time deposits of more than $250,000. On Schedule RC-O, banks reported the number and amount of noninterest-bearing transaction accounts of more than $250,000 from 2008 through 2013, when such accounts were guaranteed under the Transaction Account Guarantee Program or provided unlimited deposit insurance coverage under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

C. Uninsured Deposits on the Call Report

Currently, banks report estimated uninsured deposits on Schedule RC-O in the Call Report. Specifically, banks with $1 billion or more in total assets[26] report on Schedule RC-O, Memorandum item 2, the estimated amount of uninsured deposits in domestic offices of the bank and in insured branches in Puerto Rico and U.S. territories and possessions, including related interest accrued and unpaid.

For Schedule RC-O, Memorandum item 2, the estimated amount of uninsured deposits reported in this item should be based on the bank's deposits included in Schedule RC-O, item 1, "Total deposit liabilities before exclusions (gross) as defined in

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031 and FFIEC 041 Instructions for Preparation of Consolidated Reports of Condition and Income, Glossary entry for "Deposits." *Available at:* https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC031_FFIEC041_202403_i.pdf.

[26] The $1 billion asset-size test is based on the total assets reported on the prior year's Report of Condition as of June 30.

Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations," less item 2, "Total allowable exclusions, including interest accrued and unpaid on allowable exclusions (including foreign deposits)." In addition, for some deposits, banks should make a reasonable estimate of the portion of its deposits that are uninsured using the data available from its information systems.[27] In preparing this estimate, in addition to instructions for specific deposit items, if the bank has automated information systems in place that enable it to identify, for example, jointly owned accounts and estimate the deposit insurance coverage of these deposits, the higher level of insurance afforded these joint accounts should be taken into consideration. Similarly, if the bank has automated information systems in place that enable it to classify accounts by deposit owner and/or ownership capacity, the bank should incorporate this information into its estimate of the amount of uninsured deposits by aggregating accounts held by the same deposit owner in the same ownership capacity before applying the $250,000 insurance limit. In the absence of automated information systems, a bank may use nonautomated information such as paper files or less formal knowledge of its depositors if such information provides reasonable estimates of appropriate portions of its uninsured deposits.[28]

For institutions with less than $1 billion in assets that do not report estimated uninsured deposits, the FDIC calculates estimated uninsured deposits based on other Call Report data items. For example, for purposes of the FDIC Quarterly Banking Profile, the FDIC calculates estimated uninsured deposits for institutions that do not report such

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[27] *See* FFIEC 031 and FFIEC 041 Instructions for Preparation of Consolidated Reports of Condition and Income, SCHEDULE RC-O – OTHER DATA FOR DEPOSIT INSURANCE ASSESSMENTS, pg. RC-O-15 - RC-O-17. *Available at:* https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC031_FFIEC041_202403_i.pdf.
[28] Ibid.

deposits on the Call Report as the amount of deposit and retirement accounts with balances greater than the standard maximum deposit insurance amount (SMDIA), currently $250,000, minus the portion that is insured.[29] The insured portion is estimated by multiplying the number of accounts with balances greater than the SMDIA, as reported on the Call Report, by the SMDIA. The data underlying this calculation comes from Schedule RC-O, Memorandum 1 subitems.

For the December 31 reporting period only, institutions report preferred deposits on Schedule RC-E. Specifically, in Schedule RC-E, Memorandum item 1.e, banks are required to report preferred deposits (uninsured deposits of states and political subdivisions in the U.S. which are secured or collateralized as required under state law). As a result, data on preferred deposits are available on an annual basis only, and banks do not report other types of collateralized deposits on the Call Report. Preferred deposits are the only component of uninsured deposits banks report separately on the Call Report.

While banks are required to provide certain data on deposit liabilities on Schedules RC-E and RC-O, banks do not report comprehensive data on the composition of insured and uninsured deposits. The FDIC is seeking to further evaluate whether and to what extent certain types of deposits may behave differently from each other, particularly during periods of economic or financial stress. For example, while in the FDIC's view the presence of collateral does not fully mitigate deposit runoff risk, uninsured deposits that are secured by collateral may be less likely to run in a liquidity stress event compared to other types of uninsured deposits, or the collateral may be

[29] *See* FDIC Quarterly Banking Profile for First Quarter 2024, at 38 (definition of "Estimated uninsured deposits"). *Available at*: https://www.fdic.gov/analysis/quarterly-banking-profile/qbp/2024mar/qbp.pdf#page=38.

subject to a loss in value that may need to be realized. Additional data on the behavior of these types of uninsured deposits, and the associated collateral securing the deposits, could provide pertinent information on the risk of these uninsured deposits.

D. Insured Deposits on the Call Report

Institutions do not report information on total insured deposits on the Call Report. Certain Memoranda items on Schedule RC-E break out components of some types of deposits that are above or below the SMDIA. For example, institutions report brokered deposits of $250,000 or less (fully insured brokered deposits), time deposits of $250,000 or less, and fully insured affiliate and non-affiliate sweep deposits.

Estimated insured deposits can be calculated using reported estimated uninsured deposits. For example, in the FDIC Quarterly Banking Profile, in general, the FDIC calculates estimated insured deposits as total deposit liabilities after exclusions minus estimated uninsured deposits.[30] As mentioned previously, uninsured deposits for institutions that do not report estimated uninsured deposits can be calculated from the Schedule RC-O Memorandum 1, subitems a through d. This calculated estimate of uninsured deposits can also be subtracted from deposit liabilities after exclusions to estimate insured deposits.

E. Sweep Deposits on the Call Report

Beginning with the September 30, 2021, Call Report, institutions are required to report deposits held at the reporting institution by a customer or counterparty through a contractual feature that automatically transfers to the reporting institution from another regulated financial company at the close of each business day amounts under the

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[30] *Ibid.*

agreement governing the account from which the amount is being transferred, or sweep deposits, on the Memoranda to Schedule RC-E. Specifically, institutions report sweep deposits based on both fully insured or not fully insured classification, and affiliate or non-affiliate classification, in Schedule RC-E, Memorandum items 1.h.(1) through 1.h.(4). Additionally, institutions report total sweep deposits that are not brokered deposits in Schedule RC-E, Memorandum item 1.i. Institutions filing the FFIEC 031 or FFIEC 041 Call Report are required to report these items quarterly, and institutions filing the FFIEC 051 Call Report are required to report these items semiannually in the June and December report only. In addition, institutions with $100 billion or more in total assets report retail sweep deposits based on both fully insured or not fully insured classification, and affiliate or non-affiliate classification, in Schedule RC-E, Memorandum items 1.h.(1) through 1.h.(4) subitems on the FFIEC 031 Call Report.

F. Summary of Deposits Survey

The Summary of Deposits (SOD) is the annual survey of branch office deposits as of June 30 for all FDIC-insured institutions, including insured U.S. branches of foreign banks. The SOD Survey is a unique source of information about the number and physical locations of the tens of thousands of bank offices across the United States. The SOD data also includes a dollar amount of domestic deposits for each bank office. While SOD data is informative, it has some limitations due to the varying methods used by banks for attributing deposits to bank offices.

G. Recordkeeping for Timely Deposit Insurance Determination

To pay deposit insurance in the event of a bank failure, the FDIC uses a failed IDI’s records to aggregate the amounts of all deposits that are maintained by a depositor in the same right and capacity and then applies the SMDIA, currently $250,000 per right and capacity.[31]

In 2008, the FDIC adopted a final rule on Large Bank Deposit Insurance Determination Modernization to ensure that depositors have access to their funds as soon as possible in the event of a bank failure. In the event of a failure, the rule allows the FDIC to use the covered institution's deposit system(s) provisional hold capabilities to give depositors uninterrupted access to preliminary insurance funds, while the FDIC works to complete the final insurance determination. The rule was applicable to banks reporting at least $2 billion in domestic deposits and either 250,000 deposit accounts, or $20 billion in total assets.[32] In 2017, the FDIC adopted Part 370 to implement additional measures to ensure prompt and accurate payment of deposit insurance to depositors of the larger IDIs that qualify as covered institutions.[33]

The FDIC generally relies on the failed IDI's deposit account records to identify deposit owners and the right and capacity in which deposits are insured.[34] Section 7(a)(9) of the FDI Act authorizes the FDIC to take action as necessary to ensure that each IDI maintains, and the FDIC receives on a regular basis from such IDI, information on the total amount of all insured deposits and uninsured deposits at the IDI.[35] Part 370 generally requires covered institutions to maintain complete and accurate records regarding the ownership and insurability of deposits (except as otherwise provided) and to have an information technology system that can be used to calculate deposit insurance

[31] 12 U.S.C. 1821(a)(1)(C) and (E).
[32] 12 CFR 360.9. *See* 73 FR 41180 (July 17, 2008).
[33] 12 CFR part 370. *See* 81 FR 87734 (Dec. 5, 2016). *See also* 84 FR 37020 (July 30, 2019).
[34] 12 U.S.C. 1822(c); 12 CFR 330.5.
[35] 12 U.S.C. 1817(a)(9).

coverage in the event of failure. These capabilities would facilitate the FDIC's prompt payment of deposit insurance and enhance the FDIC's ability to implement the least costly resolution of these covered institutions.

H. Deposit Liabilities on Other Data Collections

Certain institutions report information on deposit liabilities through other information collections, including the Complex Institution Liquidity Monitoring Report (FR 2052a), Report of Deposits and Vault Cash (FR 2900), the Systemic Risk Report (FR Y-15), and the Weekly Report of Selected Assets and Liabilities of Domestically Chartered Commercial Banks and U.S. Branches and Agencies of Foreign Banks (FR 2644). However, reporting requirements for most of these data collections are limited to the largest institutions or a subset of all IDIs. In most cases, the granularity of the data collected on deposits in these reports may also be limited in informing the efforts herein.

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Federal Deposit Insurance Corporation.

By order of the Board of Directors.

Dated at Washington, DC, on July 30, 2024.

James P. Sheesley,

Assistant Executive Secretary.

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