

## **SVB Talking Points**

### Key Points:

#### **The Banking System is Strong and Resilient**

- As President Biden said, Americans should have confidence in the country's banks.
- The banking industry remains strong and a source of strength for our economy.
- All customers who had deposits at these banks can rest assured that they are protected and will have access to their money as of today.
- The actions taken by regulators mean that small businesses across the country with deposits at these banks can breathe easier knowing they can pay their workers and pay their bills.
- The government actions also should provide confidence to depositors at all banks that their funds are safe.

#### **The Problems at Silicon Valley Bank do not Reflect the Strength of the Broader Banking Sector**

- Silicon Valley Bank is the first bank closure in this country in almost three years, a testament to the resiliency of America's banks and their ability to support the economy and the communities they serve despite a global pandemic, rising inflation, and an unprecedented increase in interest rates.
- As FDIC chairman Gruenberg noted in the agency's most recent assessment of the nation's banks just days ago, "the industry remains well-capitalized and highly liquid." Recent events do not change those facts.
- A number of unique factors converged at the same time to trigger the liquidity crisis at Silicon Valley Bank. Banks across the country do not face the same challenges that Silicon Valley Bank did. It had a unique business model largely focused on the tech sector.

#### **Did the government bailout the banking industry?**

- No, the banking agencies used the tools at their disposal to protect depositors at two failed banks and to prevent concerns about those banks from spreading more widely. The banks will be liquidated and their shareholders wiped out. No taxpayer funds will be used to make depositors whole. Those costs will be borne by assessments on banks.
- While we appreciate the actions the government took to stem the immediate crisis, they raise longer term policy questions about the treatment of uninsured deposits.
- That is a discussion for a later day. The immediate priority is to make sure the American people know that the banking system is safe and sound.

#### **FDIC Insurance Protects Bank Customers**

- Customers' deposits are protected by FDIC insurance. In the 88-year history of the FDIC, no one has ever lost a penny of an insured deposit.
- Americans can have confidence that the banking system is safe. Your deposits will be there when you need them.
- The FDIC insures up to \$250,000 in eight separate account categories per depositor per bank. The FDIC is completely funded by the banking industry.
  - Every bank pays risk-based premiums every quarter to support the fund.
  - The FDIC insurance fund and all of the agency's costs come entirely from premiums paid by banks. The industry knows that a strong FDIC and deposit insurance fund are essential to the banking system. Banks stand ready to do whatever it takes to ensure the health of the fund and strength of the FDIC. The FDIC is stronger than ever before.
  - The FDIC insurance fund stood at an all-time high of \$124.5 billion as of June 2022.
  - The FDIC has a \$100 billion line of credit with the U.S. Treasury, which would, by law, have to be repaid by the banking industry if ever used. The banking industry is well capitalized.
  - In total, more than 99 percent of banks are "highly capitalized" and far above the most stringent regulatory standards.