ABA Deposit Insurance Recommendations: Summary

August 12, 2025

- Deposit insurance is a cornerstone of the U.S. banking system. Today's banks are well capitalized and highly liquid and positioned to meet the needs of consumers. Yet, as banking and the market for financial services continue to evolve, policy makers must ensure that related laws and regulations keep pace. The deposit insurance and resolutions framework is no exception.
- The 2023 failures of Silicon Valley Bank (SVB) and Signature underscored questions about the transparency and fairness of the current deposit insurance and resolutions framework, and if the FDIC has the tools it needs to mitigate and manage modern stresses. These are complex policy questions with no easy answers.
- Over the past 18 months ABA has gathered and synthesized the thoughts of our members to provide the industry's perspective on modernization. What follows are 10 recommendations a banker-led ABA Task Force that are intended to help inform and drive the policy debate surrounding the FDIC's authority during a crisis, possible changes to deposit insurance and the bank resolutions framework.

Emergency Actions and Authority

1. **Congressional pre-approval for enhanced FDIC coverage to mitigate severe stress events.** Congress should pre-approve authority for the FDIC to create a program similar to the transaction account guarantee program that would guarantee bank and holding company liabilities during times of severe stress. This action could reduce the risk of contagion.
2. **Improve transparency of systemic risk determinations and special assessments.** Congress should require the FDIC to develop guidelines on specific considerations that warrant a systemic risk determination and the methodology it will use to identify beneficiaries for purposes of a special assessment.

Deposit Insurance Coverage, the Deposit Insurance Fund and Assessments

3. **Ensure the coverage limit and any modifications to it are empirically based and indexed to inflation.** Any change in coverage should be data driven, with significant input from the banking industry and other stakeholders. The FDIC should expand its efforts to collect relevant data and info that can help the nation's banks and policymakers analyze the tradeoffs between specific coverage limit options. Once a limit is established, it should be indexed to inflation.

4. **Maintain a Deposit Insurance Fund that is stable and properly calibrated to risk.** The FDIC should continue to use a risk-based approach when setting assessments and ensure its methodology is based on modern risk principles.

5. **Make deposit insurance assessments tax deductible.** Congress should reverse the Tax Cuts and Jobs Act of 2017 sliding-scale method for determining the deductibility of FDIC assessments.

Bank Resolutions

6. **Evaluate the potential costs and benefits of offering additional insurance for purchase by individual banks.** Allowing banks to purchase excess deposit insurance would likely result in lower costs for banks relative to excess deposit insurance products provided by the private sector. The FDIC should evaluate the potential costs and benefits of such an approach.

7. **Broaden the scope of considerations applied in determination of "least cost" to include potential contagion or other unwanted impacts.** Congress should allow the FDIC to consider the cost of resolutions strategy on a wider range of banks or the industry not just the deposit insurance fund.

8. **Enhance community bank participation in resolutions to preserve essential banking services.** Congress should allow the FDIC to consider the cost of resolutions strategy on communities and provide the FDIC with the power to balance the least cost test for community bank failures with options to mitigate negative impacts, such as loss of essential banking services, on the relevant communities.

9. **Open resolution-associated asset auctions to a greater diversity of investors.** An FDIC change that would enhance fairness to the failed bank bidder qualification process, increasing the spectrum of institutions permitted to bid on failed institution franchises and assets.

10. **Publicly release resolution approaches considered in a given case and their respective estimated costs.** FDIC should release the resolution approaches considered and the estimated costs of each failure to improve the transparency and accountability associated with failed institution resolutions.