



H.R. 2897, the Bank Accountability and Risk Assessment Act of 2009

- The Bank Accountability and Risk Assessment Act of 2009, introduced by Rep. Gutierrez makes the large too-big-too-fail banks accountable to taxpayers and the FDIC for the risk that their operations represent to the banking system and taxpayers.
- H.R. 2897 would provide the FDIC additional resources to protect depositors and taxpayers.
- H.R. 2897 provides a fairer method of allocating responsibility for FDIC deposit insurance premiums between community banks and the large banks. It is unfair that community banks pay 30% of total FDIC premiums while only holding 20% of the nation's banking assets.
- H.R. 2897 requires systemically important banks to pay a systemic risk premium to the FDIC in addition to their regular FDIC premium to compensate the FDIC for the increased risk of insuring them. Because their depositors and creditors receive superior coverage, the largest banks should pay an additional premium.
- Enhancing resources available to the FDIC through a systemic-risk premium would reduce the risk that taxpayer resources would be called on to assist a systemically important bank.
- The bill would broaden the assessment base used by the FDIC to determine a bank's premium by using total assets minus tangible equity for the assessment base, rather than the current assessment base of domestic deposits. A broader assessment base would result in a fairer assessment system with the larger banks paying a share of the assessments that is proportional to their size and risk.
- The amount of assets that a bank holds is a more accurate gauge of an institution's risk to the FDIC and taxpayers than the amount of a bank's deposits. Bad assets, not deposits, cause bank failures, and all forms of liabilities, not just deposits, fund a bank's assets.