America’s Mutual Banks Files Comment Letter to FDIC on Insurance of Accounts for De Novo Banks: Questions Reasons for No New Mutuals in Almost a Half Century

On February 11, AMB responded to the FDIC’s Request for Information regarding the deposit insurance application process.

WASHINGTON (PRWEB) February 13, 2019 -- America’s Mutual Banks (AMB) filed a comment letter with the Federal Deposit Insurance Corporation (FDIC) regarding the deposit insurance application process, particularly as it relates to the formation of de novo mutual banks.

The detailed comment letter welcomed FDIC Chairman McWilliams’ initiative in examining the root causes for the decline in de novo insurance of accounts and highlighted the imbalance in the relationship between the FDIC and federal chartering agencies that has halted de novo development since the passage of The FDIC Improvements Act of 1991. Most importantly, the letter decried the absence of FDIC action on any de novo mutual institution for almost half a century.

The letter brings attention to the almost cavalier disregard by the agencies in conforming key requirements to the needs of mutual banks and the FDIC’s failure to provide any practical guidance on how a group attempting to form a mutual bank could qualify for FDIC insurance and meet Basel III capital rules. The lack of attention to the special needs of mutual banks is highlighted by the fact that the FDIC’s recent issuance of the FDIC handbook for organizers of de novo institutions provides little useful guidance on applying for insurance of accounts for a de novo mutual.

AMB concluded the comment letter by providing nine recommendations to the FDIC. Among them, AMB urged the FDIC and OCC to provide more practical guidance in establishing forms of capital to support a de novo mutual bank and asked the FDIC to take a leadership role in establishing an outreach program to contact various sponsors and affinity groups that would be interested in organizing new mutual banks. Given that mutual form institutions are a historically vital part of the fabric of many communities, AMB also recommended that the FDIC take action and encourage the formation and sponsorship of mutual banks by foundations, community groups, and other charitable organizations to serve inner cities and rural communities which suffer from the lack of banking alternatives.

About America’s Mutual Banks
America’s Mutual Banks is an association of like-minded mutual banks dedicated to preserving and advancing the mutual banking form. America’s Mutual Banks is headquartered at 701 8th Street NW, Suite 700, Washington, D.C. 20001. Please visit www.americasmutualbanks.com or contact Douglas Faucette, Locke Lord LLP, at 202-220-9961 with any questions or requests for additional information on America’s Mutual Banks.
Contact Information
Douglas Faucette
Locke Lord LLP
+1 (202) 220-6961

Online Web 2.0 Version
You can read the online version of this press release here.