

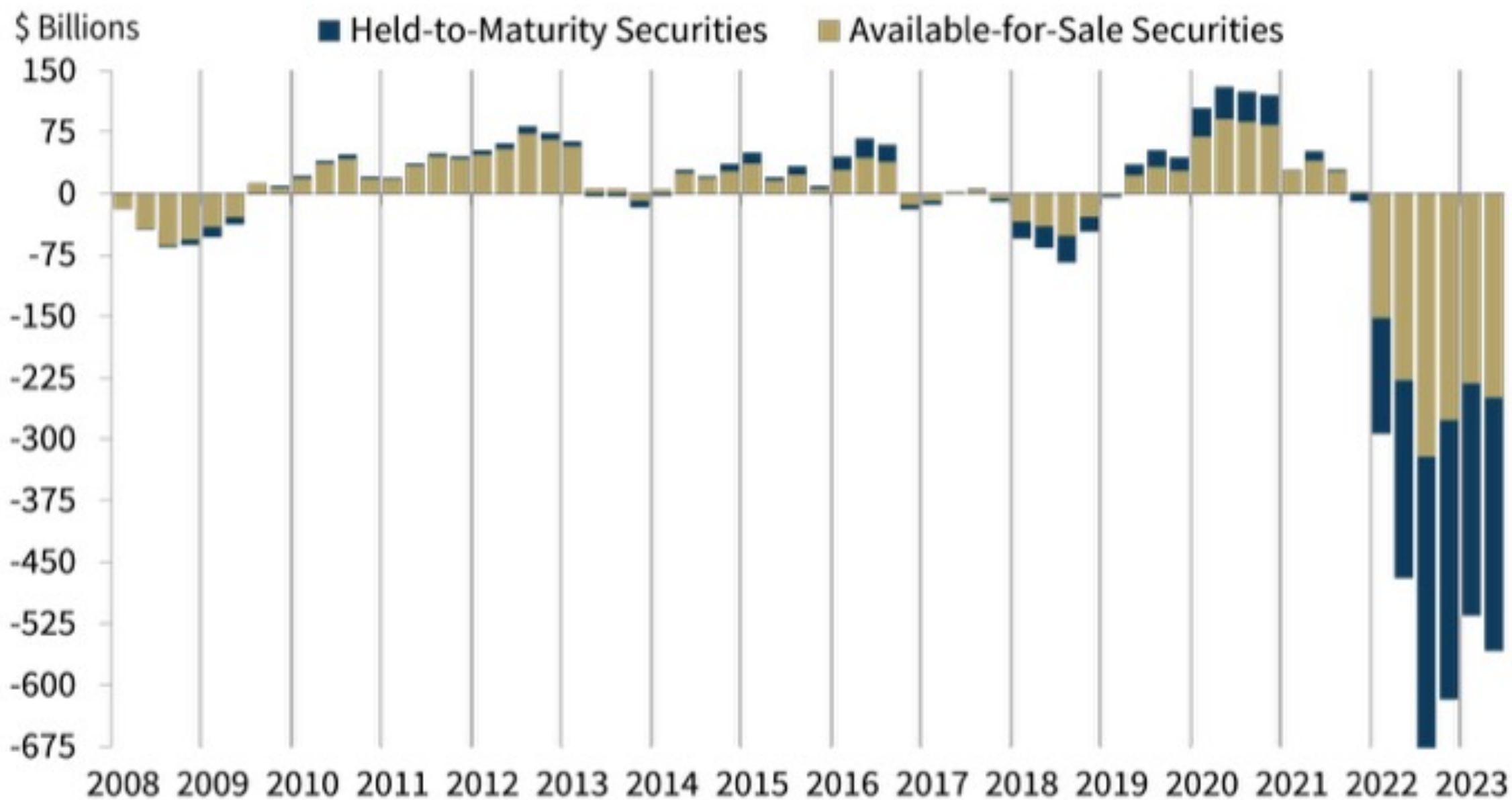
Oct. 2023 FAR:

Long-Term Implications of Recent Bank Distress Events

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NYU, NBER, CEPR

Unrealized Gains (Losses) on Investment Securities

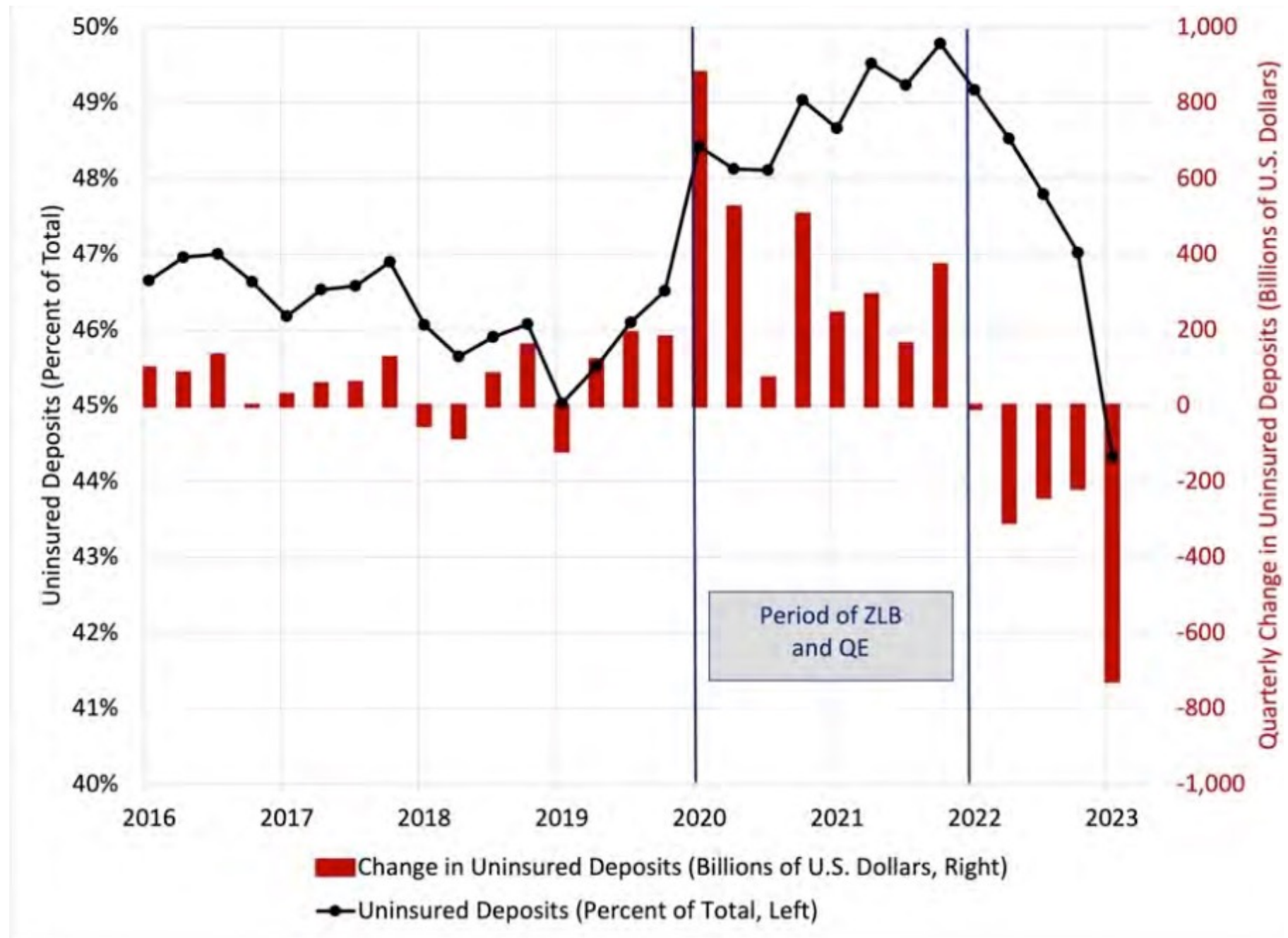


All Banks

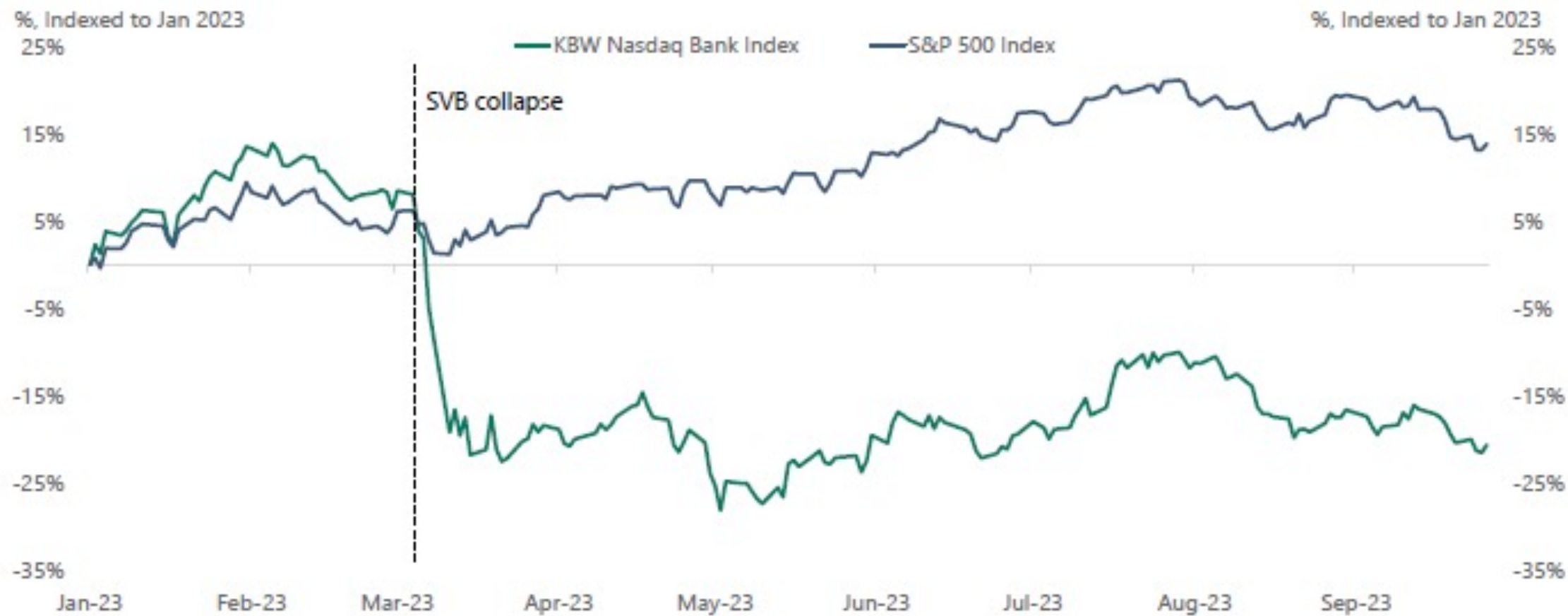
Uninsured Deposits:

Quarterly Change
and
Share of Total
Deposits

Source: Acharya et al., 2023



Bank stocks since the SVB collapse



Historical Losses on Uninsured Deposits

Uninsured Depositor Losses and Loss Rates in Failed Banks Have Historically Been Low

	Total Failures	Number of Failures With Losses to Uninsured	Percent of Failures With Losses to Uninsured	Uninsured Losses (\$ Millions)	Conditional Uninsured Loss Rate	Unconditional Uninsured Loss Rate
1992–2007	302	131	43%	148	24%	10%
2008–2022	536	34	6%	137	43%	3%
All	838	165	20%	285	28%	6%

Source: FDIC.

Note: Failed banks exclude failures resolved through assistance transactions in which institutions remain open. Information about failed banks and failed bank losses are from the FDIC Bank Failures and Assistance Data at <https://banks.data.fdic.gov/bankfind-suite/failures> and from FDIC information on payments made to claimants in bank failures. Information about the dividends paid to claimants, including uninsured depositors, can be found in the Dividend Information section of the descriptions on the FDIC's Failed Bank List at <https://www.fdic.gov/resources/resolutions/bank-failures/failed-bank-list/>.

Proposals

- May 2023: FDIC “OPTIONS FOR DEPOSIT INSURANCE REFORM”
 - Limited, unlimited or targeted coverage
- August 2023
 - FDIC resolution planning rule by FDIC
 - A>\$100b → comprehensive plans (First submissions in 2025)
 - FDIC-Fed-OCC long term debt rule
 - A>\$100b → min level of LTD, similar to TLAC for GSIBs and MREL in EU