

## **Are We in a Banking Crisis?**

### *No, Virginia Banks are Safe and Sound*

**Q. Is there a banking crisis?**

A. No, the banking industry is safe and sound. Your accounts in commercial banks, thrifts, and savings banks carry FDIC insurance.

**Q. What if there is a bank failure?**

A. Customers' deposits are protected. Not one penny of insured savings has ever been lost by a customer of a federally insured bank. Deposits are insured by the FDIC for up to \$250,000\* per depositor per insured bank and up to \$250,000 for retirement accounts.

**Q. Are banks prepared for an economic downturn?**

A. Yes, there are 8500 banks in the U.S. and 98% of those banks are well capitalized, with \$1.3 trillion in capital.

**Q. Who regulates banks?**

A. This depends on the charter of each bank. Depending on the charter, banks are regulated by The Federal Reserve Board, the Comptroller of the Currency, the Office of Thrift Supervision, the FDIC or the State Corporation Commission's Bureau of Financial Institutions.

**Q. But I'm hearing and seeing so much news that keeps talking about the banking crisis. Why is the media talking about this so much?**

A. With so much media coverage on all topics affecting Americans today, things tend to get skewed or confusing. For example, the word bank is being used in the media to describe FDIC insured banks (what the Virginia Bankers Association calls *Banks with a capital B*, investment banks, and mortgage companies. *Banks with a Capital B* are commercial banks that are heavily regulated and FDIC insured. Bear Stearns was an investment bank, not a commercial bank, and therefore not subject to the same heavy regulation as commercial banks. Mortgage companies are also being referred to as banks even though their purpose, function and most importantly regulation, differ from federally insured depository institutions. It is important to realize that only commercial banks, thrifts, and savings banks carry FDIC insurance.

**Q. All of the media coverage on the "economic crisis" is creating a negative buzz around the community. What is the status of the FDIC insured institutions?**

A. *Banks with a Capital B* are safe and sound and ready to provide stability in your community. Did you know that the vast majority – or 98% – of insured banks today hold more capital than the law requires? Your money is safe in a bank and banks are ready to make loans to you and to the community.

**Q. More specifically, how are banks doing in Virginia?**

A. There are 130 banks in the Commonwealth and those banks are safe and sound. Virginia banks have more than \$30 billion in capital, are regularly and thoroughly examined by state and/or Federal regulators who focus on institutional performance, soundness and risk management, and deposits in Virginia banks are covered by FDIC insurance. Also, did you know that banks in Virginia employ more than 68,000 Virginians?

\*through December 31, 2009