

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services
Subcommittee on Financial Institutions and Consumer Credit
July 26, 2001

“Viewpoints of Select Regulators on Deposit Insurance Reform”

Thank you Chairman Bachus.

This hearing is the second in a series of the hearings the Financial Services Committee will be holding on the issue of federal deposit insurance reform.

In May, the Subcommittee heard testimony on a variety of reform proposals from outgoing FDIC Chairwoman Donna Tanoue. Today, it is with great eagerness we await the testimony of the Federal Reserve Board, the Treasury, the Office of the Comptroller of the Currency and the Office of Thrift Supervision. The viewpoints of these federal regulators are incredibly important to consider in the process of reforming the deposit insurance system.

Federal deposit insurance reform is a ripe issue at this time. The funds are healthy, so it's time to make some decisions on merging the funds, risk-based insurance premiums, coverage limits and the elimination of sharp premium swings. Recent FDIC statistics have shown that banks could be facing a 23 basis point hike in premiums if the current trends persist. This would reduce lending by billions of dollars.

Reforming the deposit insurance system is of great importance to the Committee and warrants careful and thoughtful consideration. It is our intention not to lose sight of the goal of Federal deposit insurance: to reassure Americans in the safety of their deposits and the banking system, and to protect taxpayers from being on the hook during times of economic crisis. The system is meeting this goal today and we intend to make certain that it continues to meet this goal for the future.

Finally, I would like to extend a special thanks to Director Seidman for appearing here today. I look forward to her providing us her views and recommendations for reform of the Federal deposit insurance system. Director Seidman, thank you for the job you have done serving as Director of the OTS; all Americans owe you a debt of gratitude for your public service.

Once again, Mr. Chairman thank you for holding this hearing, and I look forward to hearing from all of our witnesses.

