

FDIC Chairman Addresses Deposit Insurance Misrepresentation at National Bank Conference

WRITTEN BY

James W. Stevens | Seth A. Winter | Zayne Ridenhour Tweed

On May 23, Chairman Martin J. Gruenberg of the Federal Deposit Insurance Corporation (FDIC) delivered [remarks](#) at the Cities for Financial Empowerment Fund 2023 Bank On National Conference. One of the focuses of the Chairman's remarks was on entities that misrepresent the availability of deposit insurance. "[S]ince 2022, the FDIC has taken action against more than 85 entities that were misrepresenting the nature, extent, or availability of deposit insurance. In some instances, these firms had made misleading claims in connection with crypto assets while others had apparently developed fraudulent websites to trick consumers into believing they were doing business with a bank."

As discussed [here](#), in December 2022, the FDIC issued a [notice of proposed rulemaking](#) to update rules on required signs and advertising content related to deposit insurance. The proposed changes would require the use of signs that differentiate insured deposits from non-deposit products and disclose to consumers that certain financial products are "not *insured by the FDIC, are not deposits, and may lose value.*" Chairman Gruenberg explained, "[t]his is especially important given the growth in consumer reliance on digital banking channels. In fact, our most recent survey indicates that mobile banking is the most common primary method for accessing a bank account, relied on by 44 percent of households. In effect, the mobile phone has become a digital teller window, and the proposal seeks to provide consumers with clear indications of when they are working with an FDIC-insured institution and placing their funds in an FDIC-insured account." The FDIC is currently reviewing comments on the rulemaking and plans to issue a final rule by the end of the year.

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