

August 27, 2024

Submitted via Electronic Mail

James P. Sheesley, Assistant Executive Secretary
Attention: Comments—RIN 3064-ZA42
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429.

Re: Request for Information on Deposits (RIN 3064-ZA42)

To Whom It May Concern:

I appreciate the opportunity to submit comments concerning the above-captioned request for information (the RFI) of the Federal Deposit Insurance Corporation (FDIC).¹ I am an Assistant Professor of Legal Studies at the J. Mack Robinson College of Business at Georgia State University and a former FDIC attorney.

I. Summary of Comments

First, the Federal Financial Institutions Examination Council (FFIEC) should add items to the Call Report that allow for the total number of commercial transaction accounts above the deposit insurance ceiling to be calculated, as well as the total number of deposits in those accounts.

Second, the FFIEC should add items to the Call Report that provide information about accounts that receive pass-through deposit insurance, including whether omnibus accounts contain uninsured deposits.

Finally, the FFIEC should add items to the Call Report that allow for the total number of individual or consumer accounts above the deposit insurance ceiling to be calculated, as well as the total number of deposits in those accounts.

II. Comments

Currently, Schedule RC-O requires banks to disclose the total amount of deposits held in, and total number of, deposit accounts (excluding requirement accounts), divided between accounts above and below the deposit insurance ceiling.² This information is not divided between individual and commercial accounts, nor between transaction and savings accounts. The lack of such information creates problems for policymakers.

First, the FFIEC should add items to the Call Report that allow for the total number of commercial transaction accounts above the deposit insurance ceiling to be calculated, as well as the total number of deposits in those accounts. As the FDIC notes, the preferred option for deposit insurance reform in its *Options for Deposit Insurance Reform* report is to “allows for higher or unlimited deposit insurance limits for business payment accounts.”³ Yet, the FDIC

¹ 89 Fed. Reg. 63946 (Aug. 07, 2024).

² See Schedule RC-O, Items 1.a.(1) – 1.b.(2).

³ Federal Deposit Insurance Corporation, *Options for Deposit Insurance Reform* 41 (2023).

lacks information about the number of such accounts at each institution and cannot evaluate the impact of such a reform on deposit premiums in order to make a fully informed recommendation to Congress. Adding items to the Call Report, such as “Amount of commercial transaction deposit accounts (excluding omnibus accounts) of more than \$250,000” and “Number of commercial transaction deposit accounts (excluding omnibus accounts) of more than \$250,000” would provide such information.

Second, the FFIEC should add items to the Call Report that provide information about omnibus accounts (i.e., accounts that receive pass-through deposit insurance), including whether omnibus accounts contain uninsured deposits. Currently, it is possible that omnibus accounts may be listed as “deposit accounts (excluding retirement accounts) of more than \$250,000” while not actually containing uninsured deposits. Adding items that require explicit information about omnibus accounts would not only provide additional information that is unable to be calculated from other entries—not all omnibus accounts are brokered or sweep accounts—but it would also require banks to have the capability of tracking beneficiary information, notwithstanding Part 370 of the FDIC’s rules, which apply only to banks with “2 million or more deposit accounts” or who voluntarily agree to comply with the Part.⁴

Finally, the FFIEC should add items to the Call Report that allow for the total number of individual or consumer accounts above the deposit insurance ceiling to be calculated, as well as the total number of deposits in those accounts. Banks today compete with nonbank money transmitters, like PayPal, Venmo, and CashApp, for consumer assets while offering a safer financial product. Insured deposits are significantly safer for them than uninsured cash held with money transmitters, which tend to be unsecured claims against the institutions.⁵ Yet PayPal held more than \$41 billion in customer assets on its balance sheet as of June 30, 2024.⁶ I expect that nearly all consumers who use nonbank money transmitters also have bank accounts below the deposit insurance ceiling, but that information is not available. June 2024 Schedule RC-O data indicates that more than 99% of deposit accounts are under the ceiling, but it is impossible to know whether *any* of those are individual accounts, or if all are corporate accounts.⁷ The closest information available is from the 2022 Federal Reserve Survey of Consumer Finances, which shows that the top decile of households hold a median of \$111,600 in transaction accounts.⁸ It would be helpful to know—with bank-provided information—whether a requirement that

⁴ 12 C.F.R. § 370.2(c).

⁵ See, e.g., *PayPal User Agreement*, PAYPAL, INC. (Last updated on Aug. 14, 2024), available at <https://www.paypal.com/us/legalhub/useragreement-full> (providing that it, by default, “invests [customers’] funds in liquid investments” whereby users “do not have any ownership interest (either legal or beneficial) in these investments”).

⁶ *Form 10-Q*, PAYPAL HOLDINGS, INC. 4 (For the quarterly period ended June 30, 2024), available at <https://d118rn0p25nwr6d.cloudfront.net/CIK-0001633917/bf62e04e-d5fc-4435-b2b2-227e7917c34a.pdf>.

⁷ See *CDR Call Schedule RCO, Call Reports -- Single Period*, FED. FIN. INST. EXAMINATION COUNCIL (reporting period end date June 30, 2024), available at <https://cdr.ffiec.gov/public/PWS/DownloadBulkData.aspx>. Compare sum of entries in column RCONF050 (number of deposit accounts of \$250,000 or less) with sum of entries in column RCONF052 (number of deposit accounts greater than \$250,000).

⁸ *Survey of Consumer Finances, 1989 – 2022*, BD. OF GOVERNORS OF THE FED. RESERVE SYS. (last accessed Aug. 27, 2024), available at https://www.federalreserve.gov/econres/scf/dataviz/scf/chart/#series:Transaction_Accounts;demographic:inccat:population:all;units:median.

nonbank money transmitters sweep customer assets into their FDIC-insured deposit accounts would make them safer. Adding items to the Call Report, such as “Amount of individual deposit accounts of more than \$250,000” and “Number of individual deposit accounts of more than \$250,000” would provide such information.

III. Conclusion

Thank you for the opportunity to comment on this RFI.

Sincerely,

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