The FDIC’s proposed changes to interest rate restrictions for less-than-well capitalized institutions are an improvement to the current methodology, CSBS said in a comment letter today.

The FDIC asked for comments as it considers revising its rules establishing rate restrictions for banks that are less than well-capitalized. State regulators feel the current methodology for setting deposit rate restrictions, in tandem with brokered deposit limits under Prompt Corrective Action, leaves institutions unable to reasonably compete for deposits.

In the letter, CSBS:

- Expressed broad support for the FDIC’s new methodology as an improvement over the current methodology.
- Discussed the pros and cons of alternative national rate cap methodology, including the approach we outlined in our March 2019 letter.
- Asked the FDIC to explore ways to factor in internet-only banks into the local rate cap calculation.

To read the CSBS letter, click here.