



July 12, 2023

I am John Witkowski, President & CEO of the Independent Bankers Association of New York State (IBANYS). I am submitting this letter in response to the FDIC's request for comment on special assessments following the systemic risk determinations announced after the failures of SVB and SBNY. IBANYS, the only state trade association in New York that solely represents the interests of independent community banks located throughout the state, strongly supports the FDIC's proposal to limit special assessments to the 113 large banking organizations that hold large amounts of uninsured deposits and applauds its decision to exempt community banks with fewer than \$5 billion in assets from paying any special assessment for the large bank failures of SVB and SBNY.

We respectfully encourage the FDIC to finalize its rule as proposed. As you know, community banks operate on a very different model than banks such as SVB and SBNY – both of which are large, risky banks reliant on uninsured deposits as a funding source. (As of year-end 2022, approximately 94% of SVB's total deposits were uninsured, and 90% of SBNY's deposits were uninsured.) Community banks are not overly concentrated in uninsured deposits and operate a safer and sounder business model. They should not be responsible for subsidizing the outsized risk large banks pose to the financial system.

If applied to local community banks, special assessments would have a negative impact their income, and many would likely be forced to pass on higher assessment costs to customers or to take other drastic measures to offset this increased expense. It is vitally important to the customers and localities served by community banks for their bank's deposits to remain available to invest and redeploy into their local communities – rather than serving as a backstop or a bailout for the riskier and reckless practices of large banks like SVB and SBNY.

In summary, we commend the FDIC for crafting a proposal that avoids a "one-size-fits-all" approach to the special assessment and which exempts community banks from paying any special assessment related to the failures of SVB and SBNY and encourage the FDIC to finalize the rulemaking as proposed.

Thank you for this opportunity to submit comments on the proposed special assessments.

Respectfully,



John J. Witkowski
President & CEO