Contact:
Jill Selgrad
312.628.6930
Jill_Selgrad@TreasuryStrategies.com

For Immediate Release

Banks Uncertain How to Respond to Changes in FDIC Insurance Assessment Methodology, According to Treasury Strategies

February 11, 2011 (Chicago, Illinois) – Banks are uncertain how to respond to the Federal Deposit Insurance Corporation's proposed new methodology for assessing deposit insurance premiums, according to Treasury Strategies, which surveyed its clients to better understand market reactions.

Under the proposed changes, banks will be charged insurance premiums based on net assets rather than domestic deposits. Assessment rates will vary from five to 35 basis points of net assets. "These changes will unquestionably have a material impact on bank profits, and will shift a greater financial burden to larger banks," says Dave Robertson, Partner of Treasury Strategies.

For many banks, these changes are the first painful consequence of the financial reform as 42% anticipate their assessment fees will go up. Traditionally, banks recover these costs through itemized fees. However, banks are hesitant to continue this trend as 65% remain uncertain as to how they will recoup the additional costs.

"Concern about negative corporate reactions to increased insurance fees has left banks uncharacteristically hesitant to develop their business strategies and communication plans in response to these changes," says Dale Sorenson, a Principal with Treasury Strategies.

The spread on commercial deposits generally represents 80% of treasury services profit. "The FDIC's changes will substantially impact profitability, which highlights the need for banks to respond proactively with effective planning around the deposit product suite and proactive client communication," says Robertson.

Access the full report, *Banks Uncertain How to Respond to New FDIC Insurance Premium Methodology*.

About Treasury Strategies, Inc.

Treasury Strategies, Inc. is the leading Treasury consulting firm working with corporations and financial services providers. Our experience and thought leadership in treasury management, working capital management, liquidity and payments, combined with our comprehensive view of the market, rewards you with a unique perspective, unparalleled insights and actionable solutions. For more information, please visit TreasuryStrategies.com or join our Linkedin networking communities.

# # #

Treasury Strategies, Inc.
309 W. Washington Street
13th Floor
Chicago, Illinois 60606
t 312.443.0840
f 312.443.0847

61 Broadway
Suite 905
New York, New York 10006
t 212.292.0856
f 212.292.0863

1 Northumberland Avenue
Trafalgar Square
London
WC2 N5BW
Great Britain
t +44 207 872 5551
f +44 207 872 5611

www.TreasuryStrategies.com