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ACCOUNTING & AUDIT

Biden Moves to Protect All Deposits in Failed Silicon Valley Bank

The president said Monday his goal is to protect American workers and small businesses, not investors in the failed banks.

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By Denis Slattery and Dave Goldiner, New York Daily News (TNS)

President Biden on Monday vowed that depositors in the failed Silicon Valley and Signature banks will have full access to their money and promised to take other steps to protect the nation's banking system.

"Americans can rest assured that our banking system is safe," Biden said. "Their deposits are secure."

Biden said his goal is to protect American workers and small businesses, not investors in the failed banks.

He insisted that the money to protect the deposits would come from bank regulators and not taxpayers.

"No losses will be borne by the taxpayers," Biden said. "Let me repeat that: No losses will be borne by the taxpayers."

New York Gov. Kathy Hochul separately said all New York bank customers would have full access to their accounts. She vowed Albany officials would do anything needed to maintain the stability of state's banks, including Signature.

"New Yorkers should have confidence that their money is secure, and wherever they've chosen to bank that that is protected," Hochul said.

Biden spoke after [top officials including Treasury Secretary Janet Yellen](#) spent the weekend trying to limit the damage from the collapse of Silicon Valley Bank and the later failure of New York-based Signature Bank.

They want to prevent any further runs on deposits at smaller regional banks that could suggest a spreading contagion that could lead to a broader financial crisis.

"The banking system is safe," Biden said. "Your deposits will be there when you need them."

Normally, only deposits up to \$250,000 would be covered by federal insurers and larger deposits could be wiped out.

The president stressed that he was not bailing out the failed banks and would not protect investors from steep losses.

He vowed that [executives at the failed banks](#), some of which received bonuses as the companies faltered, would be fired.

U.S. regulators closed the [Silicon Valley Bank on Friday](#) after depositors rushed to withdraw their funds all at once.

The troubled bank had invested heavily in longer-term U.S. treasury bonds, a normally safe asset that has declined in value as the Federal Reserve swiftly raised rates in recent months.

SVB's deposits, meanwhile, were concentrated in startups and tech, which have been hammered by the higher costs of borrowing imposed by the same Fed rate hikes.

Silicon Valley is the second largest bank failure in U.S. history, behind only the 2008 failure of Washington Mutual. Signature quickly became the third largest.

The president, who coincidentally was heading to the West Coast, said he would press for better oversight [and regulation of larger banks](#).

Democrats have pushed for more regulation of banks, which could have forced the troubled banks to make more conservative management decisions.

Republicans have generally argued against what they called unnecessary government oversight.

“We must get the full accounting of what happened,” Biden said. “Americans can have confidence that the banking system is safe.”

Another beleaguered bank, First Republic, also appeared to be in some danger. It announced Sunday that it had bolstered its financial health by gaining access to funding from the Fed and JPMorgan Chase.

The [developments left markets jittery](#) as trading began Monday. Wall Street seesawed after the opening bell with bank stocks falling significantly.

Some financial experts say the turmoil could lead the Fed to rethink its plan to continue to aggressively increase rates when it meets next week, a move that would likely be welcome news for the stock market.

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