

## **Working With Banks to Understand Fundamentals Can Ease Depositor Fears**

*By Bill Hayward for York Traditions Bank*

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*Does FDIC coverage really solve all problems that could come up if a bank fails? To ease your concerns as a depositor, (1) make sure you understand FDIC coverage correctly, and (2) make sure your bank has sound financial fundamentals.*

York, PA -- Even with continuing news of large banks failing or on the brink of failure, depositors with accounts covered by the FDIC now have an added measure of confidence with the increase of coverage to \$250,000 through December 31, 2009.

But does FDIC coverage really solve all problems that could come up if a bank fails? There are two key factors in easing your concerns as a depositor: (1) making sure you understand FDIC coverage correctly, and (2) working hand-in-hand with your bank to make sure you understand that its financial fundamentals are sound.

There are different ways to learn about FDIC coverage. The FDIC's Web site at [www.fdic.gov](http://www.fdic.gov) has a wealth of detailed information, as well as an insurance coverage estimator at [www.fdic.gov/EDIE/](http://www.fdic.gov/EDIE/). The estimator generates a report on whether a depositor's personal or business accounts at FDIC-insured banks are within or exceed coverage limits.

However, at a less detailed level, the fundamental principle to understand is that FDIC protection is primarily for certificates of deposit and conventional accounts that are fully accessible on a day-to-day basis for deposits and withdrawals, such as traditional savings or checking accounts.

It's also noteworthy that deposits over the coverage limit (currently \$250,000) can sometimes be protected, if they meet certain requirements of the FDIC. For details, a good place to start is the FDIC's "Frequently Asked Questions about FDIC Insurance" at <http://www.fdic.gov/deposit/deposits/insured/faq.html>. Or ask your bank.

Consumers should also understand that FDIC coverage is not for investment products like stocks, bonds, mutual funds, life insurance policies, annuities, or municipal securities, even if purchased through an FDIC-member bank.

So if you're uncertain about whether your specific accounts are covered, check with your bank or the FDIC.

Even if your account is insured, a bank failure is an experience to be avoided because it could still disrupt your finances. So it's even more important to know that your bank has sound fundamentals.

Local industry executive John D. Blecher, Chief Financial Officer of York Traditions Bank, recommends making sure your bank:

- \* Is well capitalized, with ready sources of liquidity
- \* Has sound financial checks and balances in place, such as ongoing auditing processes that exceed the basic legal requirements
- \* Has no exposure to factors that are currently making some financial institutions vulnerable, such as subprime mortgages

"For example," says Blecher, "business and individual depositors here at York Traditions Bank can rest assured that we are classified by the regulators as 'Well Capitalized' -- the highest classification available -- and that we do not deal in nontraditional or subprime residential mortgages. Our investment portfolio is AAA rated, and we maintain lines of credit with the Federal Home Loan Bank and the Atlantic Central Bankers Bank that allow us to quickly obtain additional liquidity should we ever need it."

On the general issue of easing depositor concerns, York Traditions Bank President Michael E. Kochenour adds that ongoing, personal communication between a bank's management and customers is the key.

"To address depositor concerns meaningfully," says Kochenour, "management should be willing to take the time to answer questions in the context of each customer's unique financial profile. That way, they can be specific enough to truly reassure customers. Depositors need to do some homework and ask detailed questions, and banks should step to the plate with complete information and personal service."

#### About York Traditions Bank

York Traditions Bank was created to provide a new and innovative approach to banking that is built on solid traditional values, and on leading edge and customer-friendly technology. Founded on October 28, 2002, York Traditions values its ties to the community and partnership with clients. The Bank's senior management team has nearly 150 years of combined experience in banking and financial services. York Traditions' vision statement reflects the Bank's commitment: "to provide businesses, professionals, leaders of businesses, and individual clients with solutions to achieve growth and prosperity."

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