

What the FDIC's Latest Study Says About Deposit Stability



A recent FDIC study¹ shows that three banks each lost nearly half their deposits in three business days. Over the past three years, the FDIC analyzed exactly why, and in a recent report published the most granular study yet of a modern bank run.

The study examined transaction-level data from the core systems of Silicon Valley Bank ("SVB"), Signature Bank ("Signature"), and First Republic Bank ("First Republic"), covering every deposit type, depositor category, and outflow across the ten days that produced what the FDIC describes as the second-, third-, and fourth-largest bank failures in U.S. history.

The FDIC's finding that deserves the most attention: insured retail deposits did not run. What did run was specific, measurable, and addressable.

What the Data Shows

The study defines a category the FDIC calls "fully insured retail deposits," which includes consumer accounts, small business accounts, estates, and trusts where the depositor also was the beneficial owner and where every dollar was covered by deposit insurance as of March 6, 2023. Those depositors had little rational incentive to run, and they largely did not.

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At SVB, fully insured retail deposit balances increased 46 percentage points between March 7 and March 17. At First Republic, they rose 8 percentage points over the same period. At Signature, they increased during the first week of the run before returning to March 6 levels by March 17. While the banks were losing nearly half of their deposits in three business days, the fully insured retail base largely held steady.

¹ FDIC's Staff Study titled "[Dissecting Depositor Flight: An Analysis of the Spring 2023 Bank Failures](#)", issued on May 14, 2026

The FDIC's conclusion is straightforward: **deposit insurance is stabilizing.**

- ▶ **Of all the variables the researchers tested, including tenure, number of accounts, deposit type, depositor size, and sector, the share of uninsured deposits was the strongest predictor of run propensity.** Depositors with more than 75 percent of their balances uninsured were dramatically more likely to run than any other category. The effect was larger than almost every other factor in the model.
- ▶ **The second major driver of a run was depositor size. The top 0.5 percent of depositors held 62 percent of Signature's deposits, 50 percent of First Republic's, and 39 percent of SVB's.** Those depositors ran at rates that the study describes as statistically distinct from those of every other cohort. At SVB and Signature, more than 65 percent of top depositors ran. Being a top depositor substantially increased run propensity even after researchers controlled for insurance coverage. Concentration amplified uninsured risk, but it did not replace it.
- ▶ **Speed amplified that concentration risk. Within three business days of the beginning of the runs, SVB and Signature had each lost more than half their deposits.** The study describes the pace of outflows as unprecedented, and compared with Continental Illinois, Washington Mutual, and Wachovia, the difference is stark. A bank cannot recapitalize, find a buyer, or stabilize communications quickly enough when half its funding base can disappear over a long weekend.

The Policy Implication

The study does not make policy recommendations, but the findings clearly frame which types of solutions address the problem identified.

If the 2023 failures had been driven primarily by a deposit insurance coverage gap, that is, retail depositors fleeing because \$250,000 was insufficient protection, the logical response would be to raise the insurance limit. But that is not what the data shows. Retail depositors who were fully insured largely stayed. The core issue was a structural characteristic shared by all three banks: dependence on large, concentrated, uninsured depositors who could move billions of dollars by wire within hours.

The more targeted policy response is one that gives banks and their customers a practical way to convert large uninsured balances into insured balances without forcing customers to fragment their banking relationships across multiple institutions. That is exactly what reciprocal deposit networks are designed to do.

Where Reciprocal Deposits Networks Fit

A business with \$2 million on deposit at a community bank is, under current rules, holding \$1.75 million uninsured. The FDIC study identifies depositors in that position as among the highest-risk cohorts for running during periods of stress. The answer is not to push those deposits toward larger banks. The answer is to bring those balances within full insurance coverage while preserving the existing banking relationship.

Through a reciprocal deposit network, that \$2 million can be distributed across multiple FDIC-member institutions in \$250,000 increments. Every dollar remains insured. The customer maintains a single banking relationship, and the community bank retains the full deposit relationship. The uninsured exposure, which the FDIC identified as the single largest predictor of a bank run, effectively disappears.

Converting uninsured balances into insured balances removes the rational economic incentive that drove much of the 2023 outflows. The FDIC tested this dynamic against real transaction-level data from three failed banks, and the result was unambiguous.

What Community Banks Should Do

The study also suggests the examination environment is likely to evolve in response to these findings.

- ▶ **Researchers identified concentration among large uninsured depositors as a systemic risk factor.** Banks that rely heavily on a small number of large uninsured relationships should expect increased scrutiny around contingency funding plans and deposit stability assumptions.
- ▶ **Top depositor concentration is the logical place to begin.** The study used the top 0.5 percent of depositors as its threshold. How much of a bank's deposit base sits within its largest five or ten relationships, and what percentage of those balances is uninsured? The FDIC has now identified those metrics as measurable risk factors.
- ▶ **The study also found that business depositors who ran generally withdrew all or nearly all funds from their operating accounts, leaving little or nothing behind.** These were payroll and receivables accounts, not excess liquidity parked on the sidelines. The implication for liquidity stress testing is important: concentrated uninsured depositors are unlikely to leave a residual buffer when they exit. Contingency funding plans should reflect full-runoff assumptions rather than partial-runoff expectations.

Specifically, regarding reciprocal deposits, the current statutory safe harbor established before the 2023 crisis demonstrated how quickly uninsured concentration can become a systemic vulnerability. Legislation expanding that safe harbor passed the House by a 396-13 vote. Whether or not it advances in the Senate this cycle, the operational and examination case for using reciprocal deposits to reduce uninsured concentration is already strongly supported by the FDIC's findings. Banks already using these tools are ahead of the curve.

The FDIC study ultimately describes what a resilient deposit base looks like and the measurable characteristics of a vulnerable one. Community banks have long understood from experience that insured deposits are stickier. The FDIC's transaction-level data now reinforces that conclusion.

To learn more about reciprocal deposit options,
[visit Depository Institutions - R&T Deposit Solutions](#) or [Contact Us](#) today.

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