Federal Deposit Insurance Corporation

FACT SHEET

Fact Sheet: What the Public Needs to Know About FDIC Deposit Insurance and Crypto Companies

Over the past several months, some crypto companies have suspended withdrawals or halted operations. In some cases, these companies have represented to their customers that their products are eligible for FDIC deposit insurance coverage, which may lead customers of these companies to believe, mistakenly, that their money or investments are safe. The FDIC is concerned that some customers of crypto companies, such as crypto custodians, exchanges, brokers, wallet providers, and neobanks may be confused about whether, and if so, how, they may be covered by FDIC deposit insurance. This Fact Sheet is intended to address some common misconceptions about the scope of deposit insurance coverage and whether deposit insurance applies to funds that customers provide to these crypto companies. The FDIC is providing the information below to assist the public in understanding FDIC deposit insurance coverage in light of recent market activity and media reports.

FDIC Deposit Insurance Coverage

- By federal law, the FDIC *only* insures deposits held in insured banks and savings associations (collectively, "insured banks") and *only* in the unlikely event of an insured bank's failure. The FDIC does not insure assets issued by non-bank entities, such as crypto companies.
- Since the FDIC began insuring deposits in 1934, no depositor has lost a penny of FDIC-insured funds as a result of an insured bank's failure.
- Deposit insurance applies to products such as checking accounts, savings accounts, and certificates of deposit held at insured banks. (https://www.fdic.gov/resources/deposit-insurance/financial-products-insured/index.html)
- The FDIC only pays deposit insurance after an insured bank fails. Coverage is only available for the deposits that are held in the insured bank at the time of its failure.

Products and Risks Not Covered by Deposit Insurance

- FDIC deposit insurance does not apply to financial products such as stocks, bonds, money market mutual funds, other types of securities, commodities, or crypto assets.
- FDIC deposit insurance does not protect against losses due to theft or fraud, which are addressed by other laws.
- FDIC insurance does not protect against the default, insolvency, or bankruptcy of any non-bank entity, including crypto custodians, exchanges, brokers, wallet providers, and neobanks.

Additional Resources

- The FDIC's website provides more information to help consumers understand deposit insurance coverage (https://www.fdic.gov/resources/deposit-insurance/).

- The FDIC's "BankFind" tool can be used to determine whether an entity is an insured bank (https://banks.data.fdic.gov/bankfind-suite/bankfind).

- The FDIC maintains a portal for submission of complaints about suspected misrepresentations regarding deposit insurance (https://ask.fdic.gov/fdicinformationandsupportcenter/s/fdicdimcomplaintform/?language=en_US).

- The FDIC's regulations governing deposit insurance coverage are found at 12 C.F.R. Part 330 (https://www.ecfr.gov/current/title-12/chapter-III/subchapter-B/part-330).

- The FDIC's Advisory to FDIC-Insured Institutions Regarding Deposit Insurance and Dealings with Crypto Companies addresses risk management and governance considerations regarding misrepresentations about FDIC deposit insurance by non-bank entities, including crypto companies, and can be found at https://www.fdic.gov/news/financial-institution-letters/2022/fil22035.html.