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Chapter 6: Bridge Banks

United States: Federal Deposit Insurance Corporation (FDIC)

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Chapter 6: Bridge Banks

FCIC

Summary

On August 10, 1987, Congress signed into law the Competitive Equality Banking Act (CEBA) of 1987, which authorized the Federal Deposit Insurance Corporation (FDIC) to establish bridge banks. A bridge bank is a temporary national bank chartered by the Office of the Comptroller of the Currency (OCC) and organized by the FDIC to take over and maintain banking services for the customers of a failed bank. It is designed to “bridge” the gap between the failure of a bank and the time when the FDIC can implement a satisfactory acquisition by a third party. An important part of the FDIC’s bank resolution process for large or complex failing bank situations, a bridge bank provides the time the FDIC needs to take control of a failed bank’s business, stabilize the situation, effectively market the bank’s franchise, and determine an appropriate resolution. See chart I.6-1, which shows the FDIC’s use of bridge banks

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