Security Measures

The U.S. government has various protections in place to keep our money safe and secure. One of these safety measures is the Federal Deposit Insurance Corporation, or the FDIC. The FDIC examines and supervises approximately 4,000 banks and savings banks to make sure they are following the established rules and regulations.

The FDIC is an independent agency of the federal government and was created back in 1933. During the 1920s, there were a lot of banks that failed, and the government wanted to take action to ensure that no one in the United States who made a deposit in a bank would lose their money. Deposits are insured up to $250,000 per depositor, per bank. A deposit that is “insured” means that it it’s guaranteed to be there, no matter what may happen to the economy or the bank. For example, if a bank is robbed, your money is still guaranteed. It’s important to understand that the FDIC insures deposits only. It does not insure any type of investment or mutual funds that individuals purchase.

In addition, the FDIC ensures banks comply with consumer protection laws and meets the needs of their communities. These efforts include:

- **Fair Credit Billing Act** – federal law to protect consumers from unfair billing practices or errors.
- **Fair Credit Reporting Act** – it regulates the collection of credit information and access to credit reports.
- **Truth-in-Lending Act** – requires that consumers are made aware of a company’s terms and conditions when it comes to loans, credit cards, and billing practices.
- **Fair Debt Collection Practices Act** – the law limits the behavior and action of third-party debt collectors who attempt to collect debts for another company.
- **Community Reinvestment Act (CRA**) – financial institutions are encouraged to help meet the credit needs of communities in which they do business, especially low- and moderate-income neighborhoods.

The FDIC, along with other security measures, helps keep the U.S. banking system strong.

Source: Federal Deposit Insurance Corporation www.fdic.gov, Investopedia, www.investopedia.com