AMERICA'S MUTUAL BANKS

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Mutual Alert

FDIC Cites Human Capital as Top Management Challenge in New Report

The FDIC Office of the Inspector General identified human capital management as the agency's top struggle in a new **report** released in February. Employee attrition and workplace discrimination and harassment were among key areas of concern.

In the report, the OIG found that the FDIC has seen increasing rates of staff attrition since 2018. The agency's two largest divisions responsible for bank examinations – the Division of Risk Management Supervision (RMS) and the Division of Depositor and Consumer Protection (DCP) – had net employee losses of 9% and 14%, over a five-year period spanning from January 2018 to January 2023.

Turnover rate among new examiners was 15.4% compared to 4.3% of non-examiner employees. Frequent examiner turnover, specifically at the agency's New York regional office, was cited as a contributing factor to the failure of Signature Bank New York. The report claimed that the shortage of qualified examiners prevented the FDIC from performing its supervisory activities in a timely manner.

Coupled with a pending wave of retirements and workplace misconduct allegations, the FDIC's efforts to close its attrition gap have been greatly outpaced. The agency has been slow to hire despite budget increases for staffing and is on track to surpass the federal government in workplace attrition.

The full report can be read **here**.

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