

April 21, 2009

Vt. banks to receive 'millions' to boost lending power

MONTPELIER — The Vermont Treasurer's Office plans to make millions of dollars in short-term deposits available to area banks as a source of working capital, treasurer's office officials said today.

The treasurer's office will use the FDIC's Transaction Account Guarantee Program, which is set up to allow financial institutions to provide customers with full coverage on certain types of transaction accounts, state officials said.

The deposits by the state will be fully guaranteed by the Federal Deposit Insurance Corporation or FDIC. The FDIC hopes the guarantees will encourage more deposits and help increase the amount of funds available for lending to consumers and businesses.

"The money available for deposit is from the State of Vermont's short-term operating fund—funds that vary depending on the financial needs of the State," said state Treasurer Jeb Spaulding. "By utilizing the FDIC program, we can provide area banks with the opportunity to put this money to work for their customers and at the same time allow us to earn interest on the funds in a secure environment."

In April, the Treasurer's Office made available more than \$13 million in deposits. Those deposits will be withdrawn by the end of the month. The FDIC program offering full coverage is in effect through December 31.

Banks eligible to accept the deposits must certify they are participating in the program, and be based in or have branch operations located in Vermont. To date, three banks have expressed interest in the program. They are Citizens Bank, Connecticut River Bank N.A., and KeyBank.

Banks interested in participating in the program should contact the Treasury Operations Division of the State Treasurer's Office at (802) 828-2301 or toll-free in Vermont at (800) 642-3191.