

Opening Statement of Jim Ryan, CEO, Old National Bank House Financial Services Committee

Tuesday, November 18, 2025

Chairman Hill, Ranking Member Waters, and Members of the Committee: thank you for the opportunity to testify. I'm Jim Ryan, CEO of Evansville, Indiana-based Old National Bank. I'm also proud to serve as a Board member for the Mid-Size Bank Coalition of America, and as the recently appointed Vice Chair for the American Bankers Association.

Old National is a \$71 billion bank that has been focused on serving clients and strengthening communities since 1834. Today, we have 350 banking centers across nine states.

There are more than 100 mid-size institutions with profiles similar to Old National across the nation, all of whom are dedicated to serving the consumers, businesses, and communities that larger banks may not be serving.

The term "small business" is a commonly used classification. But for the owners we partner with every day, and for the communities that depend on these businesses for jobs and economic growth, small business is far more than a definition on a chart. It's Friday's payroll, Monday's supplier payment, and a family's future flowing through a single operating account. Because those balances routinely exceed today's \$250,000 cap, our rules send the wrong signal during times of uncertainty. Namely, to move money to the few institutions presumed safest. That choice concentrates risk and drains funding from the banks that finance Main Street.

The fix is targeted FDIC insurance for business operating accounts— or non-interest-bearing transaction accounts — Our customers often tell us that they prefer keeping operating cash at the relationship bank that knows them and their businesses' needs. And these relationship banks are more often than not small and mid-size institutions.

Put more simply, increasing the FDIC insurance cap for transaction accounts is a permanent solution that builds confidence before rumors start and which keeps credit flowing locally.

We saw why this matters in 2023. When stress hit, deposits **flew to the largest banks** even though those banks did **not** raise deposit rates in the stress weeks—depositors moved for perceived safety, not price. The flows were wholesale, driven by a small number of very large depositors, and outflows persisted into the following Monday even after public announcements and regulator assurances. The banks that lost deposits subsequently

showed weaker loan growth—evidence that deposit flight translates into less credit for the real economy.

What was the common thread? Uninsured business operating accounts. These are ordinary business checking accounts for payroll and expenses that routinely exceed \$250,000. Your average Main Street company's biweekly payroll can blow past the cap. Under current policy, a business with, say, \$5 million in its operating account faces an awful choice: break that money into dozens of separate accounts across multiple banks to keep each under the limit, or leave most of it uninsured and at risk. In practice, many businesses upstream deposits to Wall Street giants on the theory that those balances won't be allowed to fail due to implicit guarantees. Others try workarounds. One MBCA bank helped a client spread a \$10 million payroll deposit across more than 30 banks through a reciprocal network just to simulate coverage—fees, legal complexity, and a stack of monthly statements. That CFO was forced into a costly shell game simply to keep employees paid. That is not sustainable or fair. Businesses should not have to rely on financial engineering to keep payroll safe.

Let me anticipate four questions you'll rightly ask:

1. **"How much will this cost—and what are the trade-offs?"**

This reform is **industry-funded** via modest, risk-based assessments—**no taxpayer dollars**. A simple lens: for a \$10B bank with ~\$2B in eligible operating deposits, a **5–10 BPS** assessment is **\$1–2 million/year**. Replacing the same \$2B with wholesale funding that's **25–50 bps** more expensive costs **\$5–10 million/year—every year—**plus the lost value of an anchor relationship if it walks. Paying **basis points** for standing confidence beats paying **multiples** for replacement and workarounds. Also in 2023, affected banks plugged outflows with Federal Home Loan Bank and **discount window** borrowing—underscoring how replacement funding is the real, recurring cost of inaction.

2. **"What about moral hazard?"**

The protection is **narrow by design: non-interest-bearing operating accounts only**—payroll and payables, not yield-seeking or investment balances—paired with existing capital, liquidity, and supervisory standards and **risk-based** premiums. This protects **paychecks and payment rails**, not risk-taking and only applies if an institution fails. Increased deposit insurance coverage limits do not encourage riskier behavior by banks. Further, by removing the incentive to "run to size," it **reduces** system wide hazard. And we should be candid: moral hazard already exists. "Too big to fail" has morphed from a pejorative into becoming a routine rule for uninsured funds; the **top 1% of banks hold roughly three-quarters of all**

uninsured deposits, concentrating risk. Doing nothing entrenches that advantage; targeted coverage **narrows the perceived safety gap**.

3. **“Why not just rely on emergency powers?”**

Emergency tools are **after-the-fact** and **discretionary**; they work only if invoked immediately, uniformly, and without limiting conditions—yet modern runs unfold at **digital speed**. A **permanent, targeted statute** provides day-in, day-out clarity for employers, reducing the odds that emergency powers are ever needed.

4. **“Why not just use reciprocal sweep programs?”**

Sweeps and reciprocal networks simulate coverage by slicing balances into many sub-\$250,000 pieces across institutions. They add fees, contracts, and operational complexity—and can fail at stress-time cutoffs. It’s like handing a business 30 umbrellas in a storm versus building a roof. **Statutory coverage is the roof**—balances stay on the bank’s books, **cleanly insured**, simpler for customers, and more reliable when the weather turns.

Why do our businesses **deserve** this confidence, and why do our communities **rely** on us? Because mid-size and community banks are the **critical middle**—the connective tissue between local deposits and local lending. When operating cash feels safe at a hometown bank, that bank can keep doing what it does best: turning deposits into loans for equipment, working capital, and expansion. Mid-size banks convert roughly **three-quarters** of deposits into loans; the largest banks, closer to **one-half**. Every dollar kept local means more credit for Main Street.

This is not “cost vs. no cost.” It’s choosing a **modest, predictable** premium that buys depositor confidence, fair competition, and local lending capacity—over the **compounding** costs of doing nothing: flight to a few megabanks, higher wholesale reliance, confusing workarounds, lost relationships, and a more concentrated, fragile system.

I urge Congress to enact **targeted deposit insurance for business operating accounts**. No bailouts. No special favors. A precise fix so paychecks clear, confidence holds, and Main Street dollars keep working locally. On operating deposits, customers should be agnostic to bank size—GSIB or not. Modernizing insurance for these accounts is the clearest way to cut run risk, keep capital in communities, and fortify America’s diversified banking middle. Mid-size banks deserve the same protection, and Main Street deserves the same confidence