
Recession reports - Bank failures in US reach 24 in July

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It is reported that bank failures in the US are increasing by the day, with an average of ten entities going belly up every month, taking the toll to 69 so far in 2009.

As per report, with five more banks collapsing on July 31st 2009, a staggering 24 entities were shut down in July 2009, the highest for any month in 2009. Moreover, the number of failures till the end of July 2009, 69, is more than double that of last year at 25. Even as the economy is slowly showing signs of recovery, regional and small banks are bearing the brunt of the recession, primarily on account of increasing defaults due to rising unemployment.

According to Federal Deposit Insurance Corporation, the latest ones to collapse on July 31st 2009 are

1. First State of Altus
2. Integrity Bank
3. Peoples Community Bank
4. First Bankamericano
5. Mutual Bank

The failures of the five banks would cost the FDIC nearly USD 912 million. Seven banks each were closed down on July 2nd 2009 and July 24th 2009.

The FDIC recently said that the number of problem banks in the US has risen to a 15 year high of 305 in the first quarter of 2009 against 252 in the December quarter last year. However, the American economy is on the path of stabilization, with GDP contracting much less than expected at 1% in the second quarter of 2009.

(Sourced from www.zeenews.com)

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