
Recession reports - Regulators shut 9 more US banks

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The economic crisis in the US has been deepened after banking regulators shut nine more banks in California, Illinois, Texas and Arizona. Despite talks of the recession bottoming out, the rate of bank failure shows no sign of abating.

The FDIC agreed on Friday to take over Los Angeles-based California National Bank along with eight other failed financial institutions controlled by First Bank of Oak Park Corp.

The Federal Deposit Insurance Corporation has closed 115 failed banks since January, the highest annual level in 17 years. The FDIC estimated the cost of bank failures to stand at USD 100 billion over the next four years amid the worsening wave of collapsing banks.

Analysts expect more bank failures next year, as increasing numbers of community banks are caving in under the weight of bad mortgages.

Last year, 25 US banks failed, compared with only three in 2007. Seattle based Washington Mutual, with about USD 307 billion in assets became the largest US bank to collapse in September of last year.

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