



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

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California DFPI Announces Results from Review of the Supervision and Closure of Silicon Valley Bank

SACRAMENTO – The California Department of Financial Protection and Innovation (DFPI) today released its [Review of DFPI’s Oversight and Regulation of Silicon Valley Bank](#) (SVB).

The report summarizes DFPI’s supervision of SVB and reviews the circumstances that led to the failure of the bank.

Findings include:

- SVB was slow to remediate regulator-identified deficiencies; and regulators did not take adequate steps to ensure the bank resolved problems as fast as possible;
- Recent rising interest rates led to SVB’s startup deposits decreasing and its investments losing value, contributing to liquidity challenges;
- SVB’s unusually rapid growth was not sufficiently accounted for in risk assessments.
- SVB’s high level of uninsured deposits contributed to the bank run; and
- Digital banking technology and social media accelerated the volume and speed of the run on SVB and contributed to its ultimate collapse.

The report also outlines next steps for DFPI to improve its supervision of state-chartered banks for the future.

Through the report, the DFPI seeks to provide information for policymakers and stakeholders that may help to prevent future bank failures. In the interest of transparency, this report includes confidential supervisory information (CSI) about SVB, including summaries of examination reports, supervisory letters, and ratings downgrades, so that policymakers and the public are fully informed about the circumstances leading to the demise of SVB.

The report is available online at the [DFPI website](#).

Background

On March 10, 2023, the DFPI [took possession of SVB](#), a California state-chartered regional bank based in Santa Clara, and appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. SVB became insolvent after an unprecedented run on SVB’s deposits. Within the span of eight hours on March 9, 2023, SVB received deposit withdrawal requests of approximately \$42 billion, representing nearly 25 percent of SVB’s approximately \$166 billion in total deposits. While many internal factors

made SVB susceptible to a bank run, both social media and digital banking technology accelerated the volume and speed of the deposit outflows.

About DFPI

The Department of Financial Protection and Innovation protects consumers, regulates financial services, and fosters responsible innovation. DFPI protects consumers by establishing and enforcing financial regulations that promote transparency and accountability. We empower all Californians to access a fair and equitable financial marketplace through education and preventing potential risks, fraud, and abuse. Learn more at dfpi.ca.gov.

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