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Financial security as a pillar of the stability of the U.S. banking system

Ivan Bakalo
CAMBA, Inc.
https://orcid.org/0009-0007-5773-1436

Abstract. *The paper examines financial security as a core component of the U.S. banking system stability. It analyzes key indicators, regulatory frameworks, and recent challenges, including interest rate hikes, systemic risks, cyber threats, and public debt. Empirical data demonstrate the resilience of U.S. banks, while highlighting areas requiring continuous monitoring and regulatory vigilance.*
Keywords: *financial security, banking system stability, U.S. banks, systemic risk, regulatory framework.*

The issue of financial security in the U.S. banking system is highly relevant in the current context of macroeconomic instability. This topic has been studied by prominent American economists, including Frederic Mishkin, Stephen Cecchetti, and Viral Acharya, who examined the impact of banking system resilience on economic growth and development [1–3]. The practical significance of this subject is further highlighted by analyses and reports from institutions such as the Federal Reserve, FDIC, the Office of Financial Research (OFR), and the Financial Stability Oversight Council (FSOC).

According to the Federal Reserve (April 2025), the U.S. banking system remains generally stable; however, certain vulnerabilities – for example, related to asset valuation, household credit burdens, and public and corporate sector exposure – require continuous monitoring [4]. These data demonstrate the overall condition of the system and its ability to withstand risks. According to the FDIC, in 2023 only 4.2% of U.S. households (≈5.6 million) were unbanked, representing a historically low level [5]. In the first quarter of 2025, FDIC-insured banks reported a net profit of $70.6 billion, with a return on assets (ROA) of 1.16% [6].

Financial security in the U.S. banking system is defined as the protection of financial institutions from threats, ensuring operational stability, depositor confidence, and the ability to support economic growth. It is a component of financial stability, which implies the absence of systemic crises and the effective performance of banking functions [1]. Key indicators of financial security include capital adequacy, liquidity, credit portfolio quality, profitability, and the ability to counter liquidity and insolvency risks [2]. Failure to meet these standards can lead to crises, as seen during the 2008 financial crisis [3].

The U.S. financial security system is based on a multi-level regulatory framework, where the Federal Reserve conducts monetary policy, banking supervision, and stress testing; the FDIC insures deposits up to $250,000 per depositor; and the OCC and

CFPB oversee compliance and consumer protection. In 2023, the Fed tested 23 of the largest banks, all of which withstood a severe recession scenario with 10% unemployment and a 40% GDP contraction [7]. During the bankruptcies of Silicon Valley Bank and Signature Bank, the FDIC guaranteed payouts exceeding the insured limit [8], and in 2024 the CFPB recorded over 1 million consumer complaints [9].

Recent events confirm that even a resilient U.S. banking system is sensitive to shocks. In 2023, Silicon Valley Bank and Signature Bank collapsed – the largest bank failures since 2008 [8]. At the same time, profitability and ROA in 2025 indicate a recovery in the banking sector [6].

Table 1. Key Indicators of the U.S. Banking System

Year	Banks' Net Profit, $ billion	ROA, %	Share of Unbanked Households, %	Number of Bank Failures
2008	-37.8	-0.11	7.6	25
2020	147.9	0.72	5.4	4
2023	64.2	0.95	4.2	5*
2025 (Q1)	70.6	1.16	4.2	0

**Note: The 2023 bank failures include Silicon Valley Bank and Signature Bank.*
Source: [6, 5, 4].

Despite a high level of capitalization and profitability, the U.S. banking system faces a number of challenges that may undermine its financial security. In 2022–2023, the Federal Reserve sharply increased the benchmark interest rate from 0.25 % to over 5 % to curb inflation [7], which reduced consumer demand and raised the cost of credit, while simultaneously causing losses for banks due to the devaluation of long-term bonds, one of the factors contributing to the bankruptcy of Silicon Valley Bank. The systemic risk of large banks ("too big to fail") remains significant: the five largest U.S. banks – JPMorgan Chase, Bank of America, Citigroup, Wells Fargo, and Goldman Sachs – control over 45 % of the banking sector's assets [10]. Cyber threats and digitalization also create risks; in 2023, losses from cybercrime in the financial sector exceeded $3.9 billion [11]. In addition, rising debt levels (with the total U.S. federal debt exceeding $33 trillion in 2024) increase the likelihood of market turbulence in the event of abrupt changes in monetary policy [12].

Therefore, even with positive profitability trends, the U.S. banking system remains vulnerable to macroeconomic, structural, and technological risks, highlighting the need to improve financial security mechanisms. Financial security forms the foundation of the stability of the U.S. banking sector, as it ensures depositor confidence, resilience to crises, and the ability to support economic growth. Analysis shows that the U.S. has established a robust multi-level protection system, which includes the monetary policy of the Fed, deposit insurance provided by the FDIC, and supervisory mechanisms from the OCC and CFPB.

Nevertheless, current challenges – inflation, rising interest rates, cyber threats, high concentration of assets in a few large banks, and record-high federal debt – create risks capable of undermining financial security. Maintaining the stability of the U.S. banking system will depend on timely regulatory decisions, balanced monetary policy, and enhancing the resilience of financial institutions to external and internal shocks.

Thus, financial security acts not only as an indicator of the banking sector's condition but also as a determining factor of the macroeconomic stability of the United States of America.

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