

## Macro Roundup Article

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**Tweet:** [@FedGuy12](#) notes that there are several trillion in uninsured dollar deposits abroad that aren't FDIC insured. If these depositors shift their money to the American banking system, it could create contagion risk.

**Summary:** Dollar deposits in U.S. banks are now de facto fully protected by the U.S. government, but that protection does not extend to the trillions of dollar deposits in foreign banks. The dollar is unique in that there is an extensive network of foreign banks that offer dollar banking services throughout the world. These banks take dollar deposits and make dollar loans but are outside the purview and protection of U.S. regulators. They are supervised by their home country regulators, who usually do not and cannot offer insurance on dollar deposits. Note that even the U.S. branches of foreign banks tend to be uninsured by the FDIC. Concerns over large foreign banks could easily spark a realization that dollars can only be safe within the U.S. That would be a crisis that could not be easily papered over.

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