

# Leveraging the NBID Network to Reduce Collateral Requirements for Municipal Depositors

450+ member banks signed onto the NBID network

Municipal depositors can access up to \$20mm of FDIC insurance through program banks\*

Local municipalities represent 14% of NBID network deposits

## About OceanFirst Bank

Headquartered in Toms River, New Jersey, OceanFirst has been serving communities for over 120 years and currently operates in five states. As a significant community bank with approximately \$14bn in total assets, OceanFirst has developed deep relationships with local governments, municipalities, school districts, and public entities.

OceanFirst is planning to leverage the NBID network to provide municipal depositors with access to aggregate FDIC insurance coverage through program banks\* while mitigating costly collateral requirements that have historically tied up billions in balance sheet capacity.



## The Challenge: Collateral Requirements Strain Balance Sheet Capacity

OceanFirst Bank has long been a trusted banking partner for municipalities, school districts, and local government entities. However, these valuable relationships often require the bank to provide FDIC insurance coverage or post collateral to guarantee the deposits.

- **Collateral Requirements:** Municipal depositors typically require banks to pledge collateral (often securities or FHLB advances) to protect uninsured deposits beyond the \$250,000 FDIC limit
- **FHLB Dependency:** OceanFirst works with the Federal Home Loan Bank to provide collateral to secure municipal relationships
- **Balance Sheet Constraint:** Collateral tied up in municipal deposit backing reduces lending capacity and limits strategic flexibility
- **Cost of Carry:** Maintaining collateral positions creates funding costs that compress the economics of municipal relationships
- **Operational Complexity:** Managing collateral requirements across multiple municipal relationships creates administrative burden

For a bank committed to serving local government entities, these constraints can create fundamental tension between community mission and balance sheet optimization.

## The NBID Solution

NBID's reciprocal deposit network offers OceanFirst a compelling solution: provide municipal depositors with access to aggregate FDIC insurance coverage through program banks\* at materially lower costs, allowing the bank to free up its collateral constraints.

## Key Advantages:

**Customer Value:**

*Municipalities are eligible for access to aggregate FDIC insurance through program banks\* without collateral complexity*

**Balance Sheet Liberation:**

*Free up the bank's balance sheet previously tied to FHLB collateral arrangements*

**Low Cost:**

*Member banks currently pay 5 bps or less for this service, allowing OceanFirst to expand its ability to work with more municipalities*

**Mitigate Collateral Requirements:**

*Extended FDIC insurance through NBID program banks\* mitigates the need for pledged collateral*



Chris Maher  
CEO  
OceanFirst Bank



Working with municipalities is core to our mission at OceanFirst, but collateral requirements can restrict a significant level of borrowing capacity through our FHLB relationship. NBID's network and structure changes the economics for us. We can now provide our municipal partners with access to additional security without posting any collateral at a materially lower cost. Community and regional banks can leverage the NBID network as a superior alternative to collateralization when working with municipalities.



## Looking Ahead for Banks Serving Municipal Depositors

NBID's platform enables seamless access to utilize reciprocal deposits or one-way sweeps with minimal operational lift. Banks maintain full customer relationships and control while NBID handles network placement and compliance.

For community banks serving municipalities, school districts, and public entities, NBID's deposit network solution provides the tools to:

- Mitigate collateral requirements that strain balance sheet capacity
- Provide access to aggregate FDIC insurance coverage through program banks\* that meet municipal standards
- Compete effectively for municipal relationships without balance sheet penalties
- Participate in NBID's profit sharing structure

Contact NBID at [contact@nbid.com](mailto:contact@nbid.com) to learn how NBID's network can help you serve municipal depositors and other high-value depositors that require FDIC coverage above \$250,000.

Learn more about how you can  
start growing with NBID today

[Click here to learn more](#) →