



United States House of Representatives
One Hundred Eighteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

October 30, 2024

The Honorable Jerome Powell
Chair
Board of Governors of the Federal Reserve
System
20th Street and Constitution Avenue NW
Washington, DC 20551

The Honorable Martin Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

The Honorable Michael J. Hsu
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20219

Re: Docket No. OCC – 2024-0014, Docket No. OP-1836, RIN 3061-ZA43: Request for Information and Comment on Bank-Fintech Arrangements Involving Banking Products and Services Distributed to Consumers and Businesses

Dear Chairman Powell, Chairman Gruenberg, and Acting Comptroller Hsu:

We write regarding the above referenced Request for Information (RFI) issued on July 31, 2024, focusing on the emerging trends in the financial technology (fintech) space. Innovation, including technological advances, in the financial system have and will continue to play an important role in the form of new products and services. Given fintech's evolving nature and promising potential to enhance our financial system, it is essential that these newer products and services are not treated with undue regulatory scrutiny, which will only lead to stifling innovation.

The potential benefits of bank-fintech arrangements hold significant promises: low-cost and more accessible financial products and services for consumers; tailored and seamless financial applications for consumers and businesses; an increased deposit base for community banks; and heightened competition in our financial system. As the RFI highlights, there are many different types of bank-fintech partnerships with varying complexities. Regulators should understand the nature of each type of partnership to avoid stifling innovation. Regulation and supervision should be appropriately scaled to address the nature of the partnership, not a one-size-fits-all approach. Consumers should be afforded the same protections they are afforded under existing law, regardless of how they access financial services.

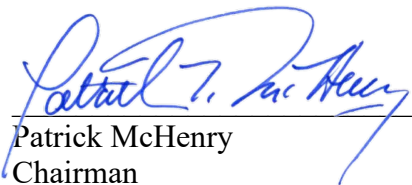
Some business models can be novel, but novelty does not in and of itself justify discouraging banks from pursuing partnerships. This includes communicating with banks during the examination process to better understand the roles and responsibilities. In regulation and supervision of bank-fintech partnerships, regulators should seek to provide clarity to ensure firms can innovate without fear. Regulators should also be cautious not to overstep statutory authority. Instead, regulators should collaborate to identify any existing gaps in authority and work with Congress.

In addition, communication with state banking regulators should be strengthened. More often than not, it is state regulators who charter many fintech partner banks. Their insights are critical during the examination process having been on the frontline of innovation. Regulators can learn from their approach to safety, soundness, and consumer protection, including through the creation of regulatory sandboxes at both the state and federal level.

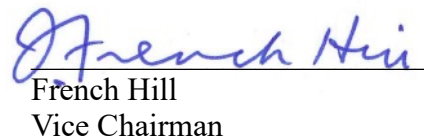
Heavy-handed and unclear examinations of fintech partner banks, ill-fitting regulatory treatment of blockchain technology used by financial institutions, and the FDIC's flawed brokered deposits proposal will not protect consumers or the financial system. Instead of stifling innovation, regulators should allow responsible innovation to better serve our constituents and the financial system more broadly.

Thank you for your attention to this important matter.

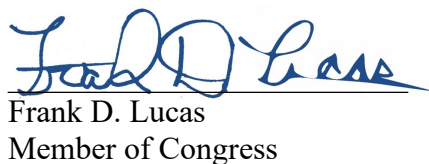
Sincerely,



Patrick McHenry
Chairman



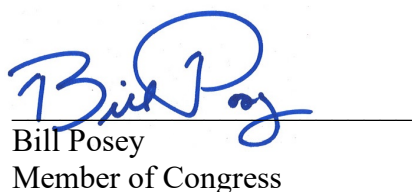
French Hill
Vice Chairman



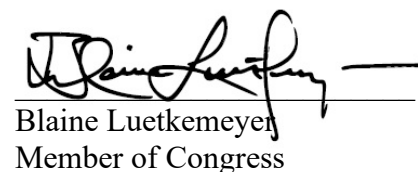
Frank D. Lucas
Member of Congress



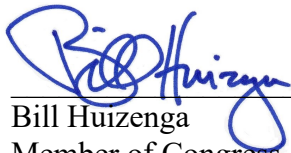
Pete Sessions
Member of Congress



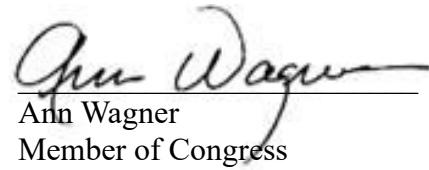
Bill Posey
Member of Congress



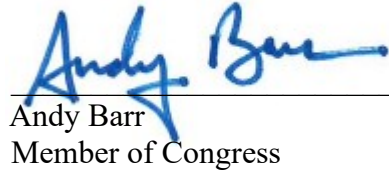
Blaine Luetkemeyer
Member of Congress



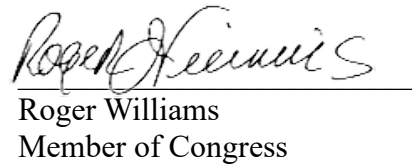
Bill Huizenga
Member of Congress



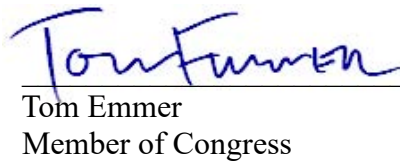
Ann Wagner
Member of Congress



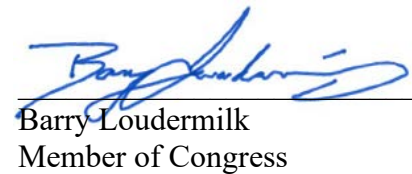
Andy Barr
Member of Congress



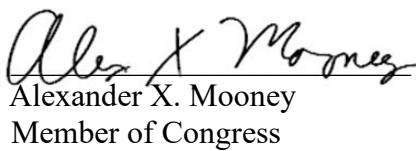
Roger Williams
Member of Congress



Tom Emmer
Member of Congress



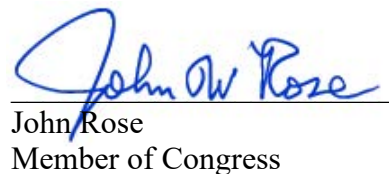
Barry Loudermilk
Member of Congress



Alexander X. Mooney
Member of Congress



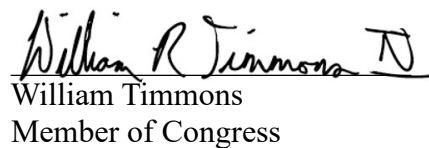
Warren Davidson
Member of Congress



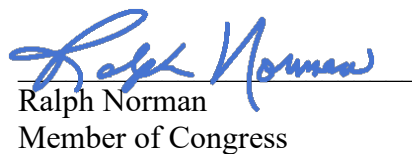
John Rose
Member of Congress



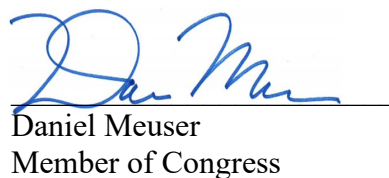
Bryan Steil
Member of Congress



William Timmons
Member of Congress



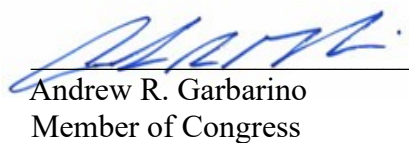
Ralph Norman
Member of Congress



Daniel Meuser
Member of Congress




Scott Fitzgerald
Member of Congress



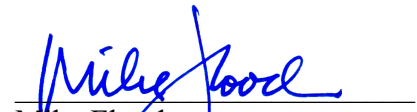
Andrew R. Garbarino
Member of Congress




Young Kim
Member of Congress




Byron Donalds
Member of Congress



Mike Flood
Member of Congress



Michael V. Lawler
Member of Congress



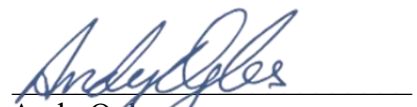
Zach Nunn
Member of Congress



Monica De La Cruz
Member of Congress



Erin Houchin
Member of Congress



Andy Ogles
Member of Congress