



National Association of Industrial Bankers  
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July 12, 2021

Ms. Ann E. Misback, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Ave., NW  
Washington, D.C., 20551

VIA EMAIL TO: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Re: Docket no. OP-1747

Dear Ms. Misback,

The National Association of Industrial Bankers (NAIB) appreciates the opportunity to submit comments on proposed guidelines (Account Access Guidelines) to evaluate requests for accounts and services at Federal Reserve Banks (Reserve Banks), published in the Federal Register on May 11, 2021.

NAIB is the national association for industrial banks (IBs). First chartered in 1910, industrial banks operate under several titles: industrial loan banks, industrial loan corporations, or thrift and loan companies. Today, those referred to as *industrial banks* are real banks (as distinct from *industrial loan corporations*, some which are not banks). The industrial banks are insured and regulated by the FDIC in addition to state regulators and engage in consumer and commercial lending on both a secured and unsecured basis. They do not offer demand checking accounts but accept time deposits, savings deposit money market accounts, and NOW accounts. Industrial banks provide a broad array of products and services to customers and small businesses nationwide, including in some of the most underserved segments of the U.S. economy.

Although none of our member banks are members of the Federal Reserve, they are state-chartered institutions and subject to all banking regulations. Our members believe it is essential for the regulations to be similar for all the federal banking regulators. That is needed to avoid unequal standards that might unfairly impose additional burdens and requirements on one group of banks. Equally important, consistent regulations facilitate safety, soundness, and the development of innovation in financial services.

Industrial banks were granted access to FDIC Insurance in 1982. The current structure for industrial banks was established when Congress enacted the Competitive Equality Banking Act (CEBA) in 1987. Since that time, industrial banks have consistently ranked among the safest and soundest financial institutions in the country.

Because industrial banks are regulated by the state in which they are chartered, and by the FDIC, we concur with the philosophy that only a regulated bank should have access to the payment system. This is a critical because of ongoing developments in our modern economy.

Millions of Americans access credit through various financial service organizations that are not regulated by state or federal entities. Furthermore, these financial institutions utilize highly developed technology platforms and mechanisms to provide services to consumers, and they generically referred to as “fintechs”.

Our association believes that fintechs and other similar organizations play an important role in our economy. However, we believe they should have some partnership or affiliation with a regulated depository when accessing the payment system. Such a relationship is a benefit to the consumers and protect the integrity of the nation’s financial services structure.

NAIB believes the scope and application of the proposed guidance are sufficiently clear and appropriate to achieve their intended purpose. Further, we believe that the proposed access guidelines address all the risks that would be relevant to the Federal Reserve's policy goals. The level of specificity in each principle sufficiently describes how the Reserve Banks will evaluate requests.

Whether the proposed account access guidelines support responsible financial innovation will depend on their implementation and impact upon examination of banks. The Federal Reserve must enhance all efforts to broaden opportunities for fintechs and other innovative financial service organizations to partner and otherwise affiliate with regulated banks when providing services. Only then will the Federal Reserve achieve these important goals and objectives.

On behalf of our members, we hope you find these comments helpful.

Thank you for the opportunity to respond.

Sincerely,



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