



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D.C. 20551

DIVISION OF SUPERVISION
AND REGULATION

DIVISION OF CONSUMER AND
COMMUNITY AFFAIRS

SR 21-16

CA 21-13

September 9, 2021

TO THE OFFICER IN CHARGE OF SUPERVISION AT EACH FEDERAL RESERVE BANK

SUBJECT: Community Bank Access to Innovation through Partnerships

Applicability: Banking organizations with \$10 billion or less in consolidated assets supervised by the Federal Reserve.

The purpose of this letter is to distribute the attached paper, “Community Bank Access to Innovation through Partnerships.”¹ Community banks in the United States are increasingly partnering with third-party financial technology (or “fintech”) companies to access innovation.² The paper provides an overview of the evolving landscape of community bank partnerships with fintech companies and describes types of partnerships and considerations for engaging in them.

The paper is intended to serve as a resource for community banks seeking to access innovation through partnerships with fintech companies. The content of the paper was informed by a series of meetings held by Federal Reserve staff with community banks, fintech companies, and other industry stakeholders. The information in the paper was obtained through conversations held outside of the supervisory process for exploratory purposes and does not contain information that could be used to uniquely identify individual community banks or partnerships. The paper does not establish new or interpret existing guidance.

¹ See <https://www.federalreserve.gov/publications/files/community-bank-access-to-innovation-through-partnerships-202109.pdf>.

² For purposes of the paper, community banks are defined as banking organizations with less than \$10 billion in assets. Community banks serve businesses and consumers throughout the country, in both rural and urban areas, and are leading providers of credit to small businesses.

Reserve Banks are asked to distribute this letter to community banks in their districts and to appropriate supervisory staff. Questions regarding this letter may be sent via the Board's public website.³

signed by
Michael S. Gibson
Director
Division of Supervision
and Regulation

signed by
Eric S. Belsky
Director
Division of Consumer and
Community Affairs

Attachments:

- [Community Bank Access to Innovation Through Partnerships](#)

Cross References:

- SR letter 13-19 / CA letter 13-21, "Guidance on Managing Outsourcing Risk"

³ See, <http://www.federalreserve.gov/apps/contactus/feedback.aspx>