

[Banking and Finance Law Daily Wrap Up, TOP STORY—OCC grants preliminary approval of all-mobile bank's application for national charter, \(Sept. 5, 2018\)](#)

Banking and Finance Law Daily Wrap Up

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By [Colleen M. Svelnis, J.D.](#)

Banking startup Varo Money, Inc. has been granted preliminary approval of its application for a national bank charter by the Office of the Comptroller of the Currency, pending Varo's completion of standard conditions. The OCC announced in July that it will begin accepting applications for national bank charters from non-depository financial technology (fintech) companies engaged in the business of banking. Approval by the OCC to form a *de novo* national bank would make Varo the first all-mobile national bank in the history of the United States.

Colin Walsh, co-founder and CEO of Varo Money [called](#) it "an historic moment" and stated that it "marks the start of a new era in banking." According to the [release](#) by the mobile bank, Varo offers fee-free bank accounts, savings accounts, and lending products. With a national bank charter, Varo would be able to expand the types of products and services it offers directly to its customers while making loans available in 50 states. Walsh described how the bank was built "from the ground up with the goal of improving consumers' financial health through better technology and a more efficient business model."

OCC opens process. While announcing the intention to accept applications from non-depository fintech companies engaged in the business of banking, Comptroller Joseph M. Otting stated the decision was made to "provide more choices to consumers and businesses," as well as create "greater opportunity for companies that want to provide banking services in America" (see [Banking and Finance Law Daily](#), July 31, 2018). The process began in August 2015 when the OCC announced an initiative to improve the OCC's ability to identify and understand trends and innovations in the financial services industry.

As part of the chartering process, the OCC updated its [Comptroller's Licensing Manual Supplement](#) and provided a number of factors the OCC will consider when the OCC receives a charter application from a fintech company:

- each application will be evaluated on its unique facts and circumstances;
- fintech companies that receive special purpose national bank charters will be supervised like similarly situated national banks, to include capital, liquidity, and financial inclusion commitments as appropriate;
- the expectations for promoting financial inclusion will depend on the company's business model and the types of planned products, services, and activities; and
- new fintech companies that become special purpose national banks will be subject to heightened supervision initially, similar to other *de novo* banks.

Companies: Varo Money, Inc.

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