

News Release 2020-170 | December 15, 2020

New Brokered Deposits Rule Promotes Bank-Fintech Partnerships

WASHINGTON—Acting Comptroller of the Currency Brian P. Brooks today issued the following statement with his vote to support the Federal Deposit Insurance Corporation’s (FDIC) new brokered deposits rule.

The rule regarding brokered deposits approved today by the FDIC Board helps modernize the concept of brokered deposits in ways that give consumers more choices and control over their financial decisions and promote innovation between commercial banks and the financial technology industry.

Under the previous status quo, the broad definition of brokered deposits discouraged bank and fintech partnerships by imposing unnecessary burden and costs—specifically, by deeming app-based fintech services that facilitate consumer savings accounts potential deposit-brokering activity. This rule recognizes that fintech partnerships help banks reach new customers and extend their services to previously unbanked and underserved populations without triggering onerous regulatory requirements.

The new rule makes three basic improvements over the previous status quo. First, fintechs that partner exclusively with a single bank deposit platform are not considered brokered-deposit arrangements under the rule; only arrangements where a broker has discretion to place deposits at any of multiple banks would trigger deposit-broker regulation. Second, companies that simply facilitate consumers’ deposits into a bank via a more convenient interface and never take possession of the consumers’ funds will no longer be deemed brokered-deposit arrangements. Third, companies that accept deposits as part of a suite of services focused on consumer lending will not

be considered deposit brokers under the new rule's "primary purpose" exception.

These improvements to the brokered-deposit rule help promote greater access to financial services by supporting fintech and bank partnerships and allowing a wider array of services to be available in the market, especially for unbanked and underbanked Americans for whom the easier user interface of fintech apps is a gateway to the mainstream financial system.

Rules such as these take an extraordinary amount of work by staff. I congratulate them on their good work and I am proud to support the rule today.