

January 15, 2017

Subject: Letter on the OCC's Recent FinTech Charter Announcement: Redefining Banking can advance US Financial Inclusion

Dear Thomas Curry,

I am writing in my personal capacity, sharing global insights I have observed while working as a US financial regulator for the past 5 years. In brief, I would like to commend the Office of Comptroller and Currency on announcing its intention to issue national Fintech banking charters.

As the agency takes this next step, I encourage you to keep 3 things in mind:

1. FinTech has changed what it means to be a “bank.” Embrace This.

Whereas in the past banks happened to use technology, these new Fintechs are technology companies that happen to provide banking services. In 2016, therefore, the traditional definition of a “bank” – taking in deposits to make long-term loans – no longer matches the reality. Today’s Fintech players deploy data, artificial intelligence, and mobile technologies to specialize and dominate a single area – as Venmo has done in mobile payments and Quicken in mortgages.

The OCC can do more to catalyze financial innovation that expands an inclusive American economy. Whereas in the US Fintechs are disrupters – seeking to disrupt existing banks and marketplaces – in the international world Fintechs are builders – seeking to build entirely new marketplaces to serve consumers, billions of whom have been traditionally excluded. Learning from our international peers, the OCC can encourage pro-consumer innovation in two distinct ways: by chartering new companies dedicated specifically to serving America’s most vulnerable, and requiring existing Fintechs to abide by traditional banking regulations to ensure access to safe, fair, and transparent financial products for all.

2. The OCC is not alone. It joins good, global company.

The OCC joins a global movement by financial regulators from India to Ghana to open gated banking systems to new, technology-driven entrants. Thus far, there is a track record that opening closed systems can advance inclusive innovation. In India, for example, regulators have opened a closed financial system to online retailers – bringing low-cost, micro-sized investment accounts to hundreds of millions of people with nothing more than a mobile phone. Research from the IMF indicates that so long as there is appropriate and proportional oversight, inclusive financial sectors can boost financial integrity.

As the OCC ponders its Fintech charter, international regulators have begun to take bold steps that show regulatory action can advance financial innovation that benefits consumers. England, Singapore,

Malaysia, Thailand, and Australia have established similar Innovation Offices that seek to catalyze innovations that specifically benefit consumers. In each, regulators show that the sandbox is only one of many tools available – we have seen others become regulatory consultants to start-ups and others become technology practitioners themselves through regtech accelerators. The OCC has an opportunity to be a true global leader. I advise drawing inspiration and building upon from such regulatory innovations abroad.

3. Fintech Charters are the first step. RegTech-enabled oversight should be next.

Consider the regulation life-cycle – it spans from chartering to ongoing oversight and enforcement. A sole focus on chartering without consideration of oversight approaches could be too myopic. However, the OCC faces a distinct challenge – it must realize the benefits of Fintech charters by overseeing and enforcing technology-driven companies that are starkly different than the traditional banks of the last 150 years.

Just as digital technology has transformed financial services, it can be equally transformative in improving regulatory oversight. The [Bank of England's FinTech Accelerator](#) is a good example of this. The OCC can more effectively oversee these Fintechs by encouraging public-private partnerships that encourage mutual understanding and allows the OCC to become more like these Fintech innovators.

Thank you for this opportunity to comment. As I shared, I commend the OCC for taking a leadership role in the United States to advance an inclusive financial system and economy. Though the US may boast a well-developed financial system, it does not serve the needs for all – [9 million American households are unbanked](#) and an additional 24.5 million are underbanked according to the FDIC. This summer, the Atlantic showed that [nearly half of Americans](#) would have trouble finding \$400 to pay for an emergency, and [only half of American families](#) participate in a retirement plan. There is a clear need for a new generation of products that help families overcome financial shocks and build towards long-term economic security. I hope the OCC works towards creating a Fintech charter that catalyzes such change.

Sincerely,

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