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Thomas J. Curry
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, SW, #3E
Washington, D.C. 20024

Via electronic submission to *innovation@occ.treas.gov*

Re: Request for Comments: OCC White Paper *"Supporting Responsible Innovation in the Federal Banking System: An OCC Perspective"*

Dear Comptroller Curry:

Oracle appreciates this opportunity to respond to the Office of the Comptroller of the Currency ("OCC") request for feedback on the OCC White Paper *"Supporting Responsible Innovation in the Federal Banking System: An OCC Perspective."* We applaud OCC's timely interest on the important issue of innovation in financial services industry.

Oracle is the world's largest enterprise software company. We provide a comprehensive and fully integrated stack of enterprise cloud applications, platform services, and engineered systems. With more than 400,000 customers — including all of the Fortune 100 — and with deployments across a vast array of financial services providers and other industries in more than 145 countries, Oracle offers an optimized and fully integrated stack of business hardware and software systems.

We are witnessing significant change across-the-board in the financial services - and banking sector in particular - with a digital revolution, driven in large part by the millennial customer. Simply put, the financial services providers that adopt new ways of connecting and engaging with their customers, will survive. Those that do not will inevitably lose market share to forward-thinking competitors. No longer is a branch providing purely transactional services enough – customers want new products and services and all available at their digital convenience. Banks of all sizes in the U.S. and overseas are moving away from branch-centric models. Instead, new banks of the future will include with omni-channel, client-centric and self-directed, digital-centric models taking center-stage.

Our comments to questions in the white paper are below. There is no doubt that regulation is a large factor driving how financial technology ("FinTech") is developing. Financial services firms have traditionally been highly regulated and continue to be. It is not surprising that financial technology would potentially find itself more highly regulated, earlier in its lifecycle, than other technological fields. However, this does not mean that the current regulatory environment is optimal. In fact, given the numerous federal, state and international regulators with the responsibility and control over the financial services industry or activity, coordination and issue prioritization can have a major impact.

We believe regulation should provide a level playing field that allows for faster development of technology including cloud centric solutions and services while ensuring consumer protection, privacy, data security and regulatory compliance.

1. What challenges do community banks face with regard to emerging technology and financial innovation?

One of the key challenges is how can community banks take advantage of the cost savings, innovative customer disintermediation and economies of scale represented by the FinTech transformation while complying with increasingly complex regulations and compliance requirements.

Many community banks rely on third-parties for their banking systems and information technology (IT). Often these are legacy systems that constrain the introduction of modern new customer-centric capabilities and offerings. Adoption of open industry standards within the Banking System will enable community banks to take advantage of innovation from a broader range of suppliers. Further, Oracle believes that adoption of cloud-based solutions will lower IT costs and drive a faster innovation cycle.

3. How can the OCC enhance its process for monitoring and assessing innovation within the federal banking system?

Many transactions enabled by FinTech cut across multiple jurisdictions, often with different organizational responsibilities. This can lead to uncertainty in the marketplace and potentially creates significant risk for market participants. Likewise, multiple regulators can hinder efforts at positive regulatory and policy compliance and reform.

Assessment of innovation should be a function of the adoption of ideas in the market. If the OCC is to monitor and report on such innovation, it should be linked to the value provided which helps reduce inefficiencies, reduces risk, reduces expense, provides for increased inclusion in the financial system, and enables broader choice for consumers and corporations. In other words, should regulations serve as checklists laying out in detail how an activity should be conducted, or should regulators simply provide guiding principles to market participants, and allow them to determine how to achieve them? The most viable approach is to concentrate on performance metrics and intervene in cases where market participants fail to meet them.

4. How would establishing a centralized office of innovation within the OCC facilitate more open, timely, and ongoing dialogue regarding opportunities for responsible innovation?

We would welcome further details on the proposal for a centralized office of innovation within the OCC. This centralized office of innovation would serve to address friction created in the monitoring and regulatory framework that impacts adoption of innovative offerings. The purpose of any such office should be to enable answers to questions with respect to monitoring and regulatory issues – where they exist, or help the industry to understand where such do not exist.

9. What should the OCC consider with respect to innovation?

Innovation has been the hallmark of financial services for decades, but with the increasing burden of reporting and reduction of fee structures , it has been reduced over time. Policymakers should be willing to evaluate whether innovation has changed the nature of a transaction such that traditional regulators' role is changed or no longer appropriate (e.g., a traditionally state level transaction is now predominantly interstate commerce). Regulators should prioritize agency coordination to minimize inter-regulatory friction and maximize consistency. An example could include coordination on no-action letter requests to allow a market participant to address all relevant regulators at one time.

In summary, there are no easy answers to the questions above, and they can represent pressures or trade-offs among important drivers such as financial innovation, consumer protection and capital access. While the status quo may create certain problems, inadequately vetted changes run the risk of introducing new challenges to established financial services providers as well as to fintech entities.

We appreciate the opportunity to submit our comments, and are looking forward to collaborating with policy makers and other stakeholders on the issues addressed above. For any questions or comments please contact Dejan Pavlovic at dejan.pavlovic@oracle.com, or (202)721-4809.

Sincerely,

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Mark Smedley
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