

January 15, 2017

***Via Electronic Mail***

Office of the Comptroller of the Currency  
400 7<sup>th</sup> Street, SW  
Washington, DC 20024

*Re: Special Purpose National Bank Charters for FinTech Companies*

Dear Comptroller Curry:

Avant, Inc. (“Avant”) is pleased to provide comments on the Office of the Comptroller of the Currency’s (OCC) proposed framework (“framework”) for granting special purpose national bank charters for the financial technology industry. We support the OCC’s proposal and believe that it has the potential to create a framework for a stronger, more efficient financial system that will be well-suited to address the needs of all consumers.

Avant, which operates a lending platform, is unique in the online lending space in several ways. One of its most important distinguishing features is that Avant holds in loans originated through its platform on its balance sheet, thereby aligning itself with prudent risk-reducing measures applicable to all consumer lenders, online or otherwise. Avant also has an in-house operations team which services the loans originated through its platform.

Our comments below seek to convey how: (1) consumers benefit from the choices online lending provides; (2) online lending promotes financial inclusion; (3) national banking charters historically have promoted innovation in financial services; (4) national banking charters align with online lending opportunities, while maintaining important state protections; and (5) a tailored approach to the charter process will be crucial to maintaining safety and soundness in the industry generally.<sup>1</sup>

### ***Consumers Benefit from the Choices Online Lending Provides***

Technology, and online businesses in particular, have been helping to revolutionize a variety of industries, offering consumers opportunities and possibilities that were previously non-existent or economically unfeasible. The same is true in the consumer lending industry, where such developments offer better opportunities for online borrowers.

Online lending platforms offer consumers the ability to access and evaluate more credit opportunities than those that may be available in their neighborhoods. By encouraging the growth of responsible, compliant online lending platforms, such as Avant, regulatory agencies can help encourage beneficial competition in both the online and traditional lending industries generally. This will lead to more lending opportunities for borrowers and ultimately lower rates and better pricing for consumers.

### ***Online Lending Promotes Financial Inclusion***

Online lending has become a fast growing source of consumer credit in the United States and a key to financial inclusion, particularly for underserved communities. Many of these borrowers have few responsible lending alternatives<sup>2</sup> and these options have decreased since the financial crisis. Most such borrowers rely on non-bank lending alternatives. Unsecured consumer credit, similar to the type provided through the Avant platform, is often used for unforeseen emergency expenses. These extensions of credit are a critical source of funds for many Americans. By establishing a special purpose national bank charter and associated regulatory framework, the OCC can help promote greater access to credit in underserved communities and help empower consumers.

### ***Special Purpose National Bank Charters Have Promoted Innovation and Expansion of Credit***

Importantly, the OCC has previously offered special purpose bank charters in other sectors of the financial services industry (e.g., credit card and trust banks). These more focused frameworks have proven to be beneficial to both consumers and the banking system. Credit

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<sup>1</sup> Avant has also participated in the preparation of the comment letter written by Marketplace Lenders Association and supports the comments in that letter.

<sup>2</sup> The Consumer Financial Protection Bureau in its June 2016 proposed rule has identified 36% as a threshold rate for excessive installment loans.

card banks serve as an illustrative example of how special purpose charters have promoted financial services innovation and transformative product development. Everyday millions of consumers utilize credit provided through these ubiquitous financial products, which were advanced through the issuance of a special purpose national bank charter. Even though in its early stages, online lending has already changed the way that millions of borrowers, many who previously had little access to credit, are gaining lower cost and more transparent product offerings for financial empowerment, when compared to previously available alternatives.

***National Charters and Online Businesses Are Conceptually Aligned While Maintaining State Protections***

Avant and other companies that promote online lending are structured to operate across the country, without local physical retail presences. The Avant online platform removes locality-based impediments for customer access. Avant believes that its model, and those of other online lending companies, reflects the inherent intent of a national bank charter. A special purpose national bank charter would provide a single consolidated, federal supervisory agency and regulatory certainty across the country for online lending platforms. This is similar to and in parity with the current oversight available to both national and state-chartered banks.

In addition, a national bank charter will allow online lending platforms to serve consumers across differing state regulatory regimes with more consistency and certainty, while still necessitating adherence to important state-level lending requirements. If an online lending company should receive a special purpose national bank charter, its activities will continue to be subject to certain state consumer financial laws, such as fair lending and anti-discrimination protections. These state provisions complement those in place at the federal level and provide consumers with strong state-based protections.

***Differing Models Necessitate Tailored Approaches to Capital and Liquidity***

Avant believes that strong capital and liquidity is imperative to strong and stable growth and a sound consumer financial system. There are a myriad of models within the financial technology space. Among financial technology companies, there are dramatically different funding structures (including both on and off balance sheet financing), products offered, and customer demographics served. As such, the risk profiles of firms are varied, and prudential requirements for firms should be tailored to reflect individual charter applicants.

Additionally, although online lending companies typically employ fairly simple structures, and primarily are funded by institutional investors and large financial services companies, effective resolution plans are essential should a firm's wind down be necessary.

Avant appreciates the opportunity to comment on the OCC's proposal regarding special purpose national bank charters. We believe that this framework has the potential to strengthen the financial system, allow for financial innovation, and, perhaps most importantly, dramatically expand consumers' access to lower cost credit. To the extent Avant can assist the OCC through further discussions or assistance with respect to questions relating to online marketplace lending platforms, please feel free to contact the undersigned.

Sincerely,

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Albert Goldstein  
Chief Executive Officer