

January 13, 2017

The Honorable Thomas J. Curry
Comptroller
Office of the Comptroller of the Currency
400 7th Street SW
Washington, D.C. 20219

Re: Exploring Special Purpose National Bank Charters for Fintech Companies

Dear Comptroller Curry:

On behalf of Commonwealth, this letter provides comments regarding the OCC's proposal to consider the granting of special purpose national bank charters to fintech companies. Commonwealth is a national mission-driven organization that builds practical solutions to make people financially secure.

We applaud the OCC for its efforts to grapple with changes that are remaking the financial services industry. New technologies and the fintech companies that are using these technologies to provide financial services in new ways are a powerful force and they will continue to influence this sector. The OCC is wise to consider how the new fintech field will and should interact with the national banking system and the regulations that need to be in place to ensure the safety and soundness of emerging financial products for individuals, businesses, and communities.

As a founding member of Nonprofit Leaders in Financial Technology (nLIFT), we believe that technology-driven platforms can advance a fairer and more inclusive financial system. Creating a framework for and a pathway to regulation for the oversight of fintech companies could help ensure that these companies are held to high standards of consumer protection while offering them a way to better serve consumers at a broader scale. At the same time, we strongly believe that a new charter should be accompanied by clear standards and regulations related to consumer protection and financial inclusion coupled with a strong ability and will to monitor companies, enforce regulations, and sanction violations that cause harm to individuals, businesses, and communities. For example, in its role to protect the interests of American consumers, a strong CFPB would be well positioned to support the OCC with monitoring and enforcement.

We also share a concern, voiced by the consumer advocacy community, state banking regulators, and legislators, that companies will use the special purpose charter primarily to circumvent various federal and state laws and regulations designed to reduce risk and protect consumers. Specifically, we are concerned that the companies most interested in pursuing a special charter would be lenders aiming to avoid state licensure and usury regulations. An OCC charter should not be a way for companies to circumvent strong state-level laws and consumer protections designed to prevent predatory lending. The OCC should consider exercising additional caution when chartering companies that primarily provide lending services as compared to "do no harm" products or services less prone to predatory practices, such as those that enable consumers to build savings or facilitate payments. More broadly, the OCC should clearly articulate the criteria that will be applied when approving these charters to

ensure companies are promoting financial inclusion and adequately protecting consumers from harm.

Commonwealth sees and acknowledges the promise of emerging technologies and new fintech companies to create a fairer and more inclusive financial system, including helping financially vulnerable people access tools and solutions to build financial security. In our own work as a mission-driven organization, we have leveraged these technologies to build solutions that make wealth possible for everyone.

In conclusion, we applaud the OCC's efforts to bring new technologies into the mainstream in a regulated environment. At the same time, we urge caution as the OCC considers a special purpose national bank charter to ensure that the right safeguards are in place to achieve a fairer and more inclusive financial system.

Thank you for the opportunity to comment on the OCC's proposal, and for all the OCC's work to support and supervise a better banking system.

Sincerely,


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Timothy Flacke
Executive Director
Commonwealth