

**From:** [Timothy Li](#)  
**To:** [specialpurposecharter](#)  
**Subject:** [EXTERNAL] Request for comment (FinTech Special Charter) - OCC  
**Date:** Saturday, December 24, 2016 4:08:46 PM

---

My name is Timothy Li, CEO of Kuber Inc. We are a FinTech company in lending/payments/crowdfunding/shared-risk business offering a 0% interest loan to college students in the US. Our product is called Fluid. Additional information can be found at [www.FluidFi.com](http://www.FluidFi.com)

We welcome a national banking charter and we would like to work with the OCC to shape some of the issues we face with local/state/federal regulations. Here are our comments to your publication "Exploring Special Purpose National Bank Charters for FinTech Companies"

1. What are the public policy benefits of approving fintech companies to operate under a national bank charter? What are the risks?

We think that it is only useful if the special banking charter supersedes all local and State level regulations. Today, we have to deal with state by state regulatory scheme on lending practices and it is cumbersome to manage for startups and early growth stage companies. We want a national charter that we can offer an uniform product in terms of APR, Loan Amount and Tenure. We also need a national charter to offer line of credit products which many States does not offer an Line of Credit License.

2. What elements should the OCC consider in establishing the capital and liquidity requirements for an uninsured special purpose national bank that limits the type of assets it holds?

For early stage FinTech companies, we do not have the capital to reserve against any liquidity requirements. We are constantly in the fund raising mode and these requirements will overburden our growth and could become a barrier to innovation. We do not welcome any capital or liquidity requirements.

3. What information should a special purpose national bank provide to the OCC to demonstrate its commitment to financial inclusion to individuals, businesses and communities? For instance, what new or alternative means (e.g., products, services) might a special purpose national bank establish in furtherance of its support for financial inclusion? How could an uninsured special purpose bank that uses innovative methods to develop or deliver financial products or services in a virtual or physical community demonstrate its commitment to financial inclusion?

FinTech companies should, at a minimum provide a business plan that includes their target audience. Existing experience/product which serves that audience and explain how the new product and experience could benefit their target audience. These benefits should include aspects of Speed, Pricing/Fees, Inclusion Practices, Financial Education.

4. Should the OCC seek a financial inclusion commitment from an uninsured special purpose national bank that would not engage in lending, and if so, how could such a bank demonstrate a commitment to financial inclusion?

Coins, Payments, Crowd-Investing and InsurTech companies should all present their case of inclusion and anti-discrimination practices. These firms should clearly state why transactions are being declined and investment opportunities are spread for all people and not just for the selected few. Insurance or Shared-Risk platforms should also disclose fees and rates that is not a function of protected classes.

5. How could a special purpose national bank that is not engaged in providing banking services to the public support financial inclusion?

A special purpose depository national bank should not pick and choose whom they want to do business with. If there is a special purpose lending bank that has a special mission for inner city and disenfranchised communities, that special purpose lending bank should not be discriminated by other special purposes (depositories, payments etc) to transact money.

6. Should the OCC use its chartering authority as an opportunity to address the gaps in protections afforded individuals versus small business borrowers, and if so, how?

Most of the small business owners are not being protected because SME lenders does not believe that there are ECOA, FCRA, UDAAP issues relating to a small business loan. However, these small business owners and their businesses are not large conglomerates that has the resources to find the best payment methods, cheaper working capital etc.

Lenders take advantage of this fact and charge high interest rates to small business owners because there's lack of protection for SMEs the same way an individual consumer has been protected for many years.

7. What are potential challenges in executing or adapting a fintech business model to meet regulatory expectations, and what specific conditions governing the activities of special purpose national banks should the OCC consider?

Most fintech companies are not simple a depository or a payments company or a lending company. Most fintech companies combine many aspects of depository (SEC Crowdfunding), payments and lending into a composite service to provide better products and services to consumers. Have just a charter for Lending or Deposits or Payments against will stifle innovation and create unnecessary burden to FinTech companies that often crosses many aspects of financial services.

8. What actions should the OCC take to ensure special purpose national banks operate in a safe and sound manner and in the public interest?

Most of FinTech companies work with Banks (sans Coins). We are already compliant with FCRA, ECOA, UDAAP, MLA etc. It is required by the Bank partners to process ACH, Wire etc.

9. Would a fintech special purpose national bank have any competitive advantages over full service banks the OCC should address? Are there risks to full-service banks from fintech companies that do not have bank charters?

Unfortunately, the advantages FinTech companies enjoy is because there's no undue burden levied by the regulators such as OCC. If FinTech and traditional banks are being measured the same way, it will again kill innovation. The assumption that no government oversight automatically means bad behavior is sadly not true.

10. Are there particular products or services offered by fintech companies, such as digital currencies, that may require different approaches to supervision to mitigate risk for both the institution and the broader financial system?

The fact that digital currency exists is because it doesn't want government regulation. It bypasses ACH and Wire clearing houses to increase speed and reduces counterparty fraud. Any regulation or supervision will again kill off innovation in this particular case. Often, government agencies uses the terrorism financing and geopolitics as an argument for regulation, but it puts the burden of proof on innovation. It's not their job to catch bad actors.

11. How can the OCC enhance its coordination and communication with other regulators that have jurisdiction over a proposed special purpose national bank, its parent company, or its activities?

That's between OCC/FDIC/CFPB/SEC etc. Each one of these agencies has a different definition of BitCoin or Cryptocurrency, FinTech companies can't force these agencies to agree on these topics. It appears to the FinTech community that it is more or less political and a power struggle between these regulatory bodies.

12. Certain risks may be increased in a special purpose national bank because of its concentration in a limited number of business activities. How can the OCC ensure that a special purpose national bank sufficiently mitigates these risks?

We do not understand this question.

13. What additional information, materials, and technical assistance from the OCC would a prospective fintech applicant find useful in the application process?

The application process or "Chartering Process" described in this document is burdensome and it could take years for the new charter to be granted. We also don't see any benefits of becoming a national chartered bank. The document did not describe why FinTech companies should be chartered by the OCC other than OCC has the authority to do so...

Newest Kuber Product: Check out: [www.FluidFi.com](http://www.FluidFi.com)

Timothy Li  
Founder and CEO, [Kuber Inc.](http://Kuber Inc.)  
[timothy.li@kuberfinancial.com](mailto:timothy.li@kuberfinancial.com)  
614-209-9894 [@suddenlytime](https://twitter.com/suddenlytime)

