

January 14, 2017

*Via Email ([specialpurposecharter@occ.treas.gov](mailto:specialpurposecharter@occ.treas.gov))*

Bryan Hubbard  
Office of the Comptroller of the Currency  
400 7<sup>th</sup> Street, S.W.  
Washington, DC 20219

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

Dear Mr. Hubbard:

Payoneer Inc. (“Payoneer”) submits this comment letter to the Office of the Comptroller of the Currency (the “OCC”) in response to the OCC’s request for public comment on its publication of a white paper discussing the conditions under which the OCC would consider exercising its authority to grant special purpose national bank charters to financial technology (“FinTech”) companies (the “White Paper”).<sup>1</sup>

Payoneer supports the OCC’s determination to accept applications from FinTech companies for special purpose national bank charters and appreciates the opportunity to provide input on the White Paper. Before offering further comments, however, we would like to provide some background on our company and the industry in which we operate.

***Background on Payoneer***

Payoneer is an established FinTech company and operates a cross-border payments platform that enables business customers to receive or make cross-border business-to-business payments in connection with the online sale of goods and services. It primarily assists small- and medium-sized businesses within the freelance, E-commerce, digital media, travel/vacation rental industries and marketplaces, as well as large corporate payers and companies that run marketplace business models, seeking to receive or send payments from and to other countries. Payoneer facilitates payments between these parties and acts as a payment processor for those transactions. The payments relate to commercial/business transactions only and are not

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<sup>1</sup> Office of the Comptroller of the Currency, *Exploring Special Purpose National Bank Charters for Fintech Companies* (Dec. 2, 2016), available at: <https://occ.gov/topics/bank-operations/innovation/special-purpose-national-bank-charters-for-fintech.pdf>.

for consumer or person-to-person purposes. In order to settle payment transactions globally, the company has established a network of bank accounts and regulated payment providers all over the world.

It is essential to our mission at Payoneer that we protect our clients' funds and prevent the use of our services for money laundering or terrorist financing. We achieve these important objectives through a fully compliant, secure and tightly audited payments platform that is recognized and overseen by financial regulators all around the world. In the U.S., Payoneer is a registered Money Service Business and prepaid access provider with the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) and is a licensed money transmitter in 48 states. The company also has regulated subsidiaries in Europe and Asia.

### ***Background on the FinTech Industry***

We have seen remarkable changes in the financial sector over the past several years brought about by changes in demographics and advances in technology. Businesses and consumers are moving away from the traditional brick-and-mortar of bank branches and seeking new financial products and services that are efficient, user-friendly and customized to meet their needs. FinTech companies have exploited this shift in the market with innovative new solutions to meet the ever-changing demand.

The FinTech industry has also enabled entry into the financial system for billions of unbanked and underbanked individuals within the United States and globally as well as hundreds of millions of small businesses globally that now have opportunities to sell globally. Geography has always been a challenge to reaching customers who have been unable to reach physical bank locations. However, with the advancement of mobile and cloud technology, FinTech companies are often able to reach new segments of the population and more cost-effectively offer products and services that meet the needs of niche customer segments. Increases in financial inclusion and empowerment are beneficial to everyone, most importantly the individuals and small businesses that are brought into the modern economy and the governments that witness reduced poverty and increased quality of life for their citizens.

### ***Comments on the White Paper***

Payoneer is supportive of the White Paper and encouraged by the OCC's determination to accept applications for special purpose national bank from FinTech companies. We recognize the important role that the OCC and other regulatory agencies play in protecting consumers, businesses and the financial system as a whole. However, we also recognize that the United States boasts one of the strongest financial systems in the world because financial services providers have been allowed to innovate over time. Statutes set the overall framework within which the regulatory agencies must operate. But, statutes are not forward-looking, so the industry must look to the OCC and other regulatory agencies to exercise interpretive flexibility that will foster growth and advancement in financial services with new developments in technology.

The OCC has a strong history of adapting to technological developments. We can remember when automated teller machines and online banking, which are ubiquitous, were novel technological developments. The OCC recognized at an early point that these technologies would become the future of the industry and acted accordingly to determine that they were permissible offerings of national banks. The decision to accept special purpose national bank applications from FinTech companies is consistent with the OCC's pattern of thoughtfully interpreting banking regulations to promote innovation. Indeed, the OCC has been at the forefront with respect to FinTech. Early in 2016, the OCC published a white paper to provide its perspective on innovation in the financial services industry. In October 2016, the OCC announced its decision to establish an Office of Innovation and implement a framework supporting responsible innovation. The decision to accept charter applications from FinTech companies is the logical next step in the OCC's measured approach to the FinTech industry.

Payoneer applauds the OCC for its early recognition of the important role that FinTech companies play within the overall financial sector. We believe, in particular, that the decision to accept applications from FinTech companies for special purpose national bank charters will enhance the industry's ability to safely and prudently meet market demand for innovative financial products and services and will present a valuable opportunity for FinTech companies, such as Payoneer, that have strong management and compliance records, have extensive experience as regulated companies and are well-situated to meet the rigors of federal banking regulation and supervision.

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Again, we appreciate the opportunity to provide comments on the White Paper. If there are any questions regarding our comments, please do not hesitate to contact the undersigned at (605) 310-7595 or [scott@payoneer.com](mailto:scott@payoneer.com).

Sincerely,

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Scott Galit  
CEO