



September 16, 2025

The Honorable French Hill
Chairman
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

Re: Letter in Support of the Community Bank Deposit Access Act

Dear Chairman Hill and Ranking Member Waters:

On behalf of the American Fintech Council (AFC),¹ I am writing to express our strong support for H.R. 5317, the Community Bank Deposit Access Act of 2025 (the Act).

AFC is the premier trade association representing the largest financial technology (Fintech) companies and innovative banks who power them. Our mission is to promote a transparent, inclusive, and customer-centric financial system by supporting responsible innovation in financial services and encouraging sound public policy. AFC members foster competition in consumer finance and pioneer products to better serve underserved consumer segments and geographies. Our members are lowering the cost of financial transactions, allowing them to help meet demand for high-quality, affordable products.

AFC has been deeply engaged on the issue of custodial deposits and their importance in the offerings from innovative banks and their responsible fintech partners. Misclassifying these deposits as “brokered deposits” as the Federal Deposit Insurance Corporation (FDIC) sought to do in the previous administration was ill-conceived and incongruent with the facts of how the deposits functioned. As we noted in our letter to the FDIC, the deposits taken by a financial institution through their partnership with a fintech company are exceptionally stable and well-documented. AFC has also consistently emphasized that deposits originating from bank-fintech partnerships function similarly to core deposits at traditional financial institutions, offering no

¹ AFC’s membership spans technology platforms, non-bank lenders, banks, payments providers, loan servicers, credit bureaus, and personal financial management companies.

increased risk to the resilience of the financial institution or the Deposit Insurance Fund.² Thankfully, the FDIC, under the leadership of Acting Chairman Travis Hill, recognized the ill-suited quality of the proposed rule on brokered deposits and promptly withdrew it from consideration.³ Following the withdrawal of the misguided, outstanding proposed rules on brokered deposits in March 2025, the 2020 final rule remains the official policy of the FDIC and allows the beneficial practices of innovative banks and fintech companies who facilitate deposit taking and other types of bank-fintech partnerships to continue their work unimpeded.⁴ However, given the concerns raised by the FDIC's actions in the previous administration, AFC recognizes and appreciates the importance of codifying custodial deposits of the type offered through bank-fintech partnerships as distinct from brokered deposits.

To that end, the Community Bank Deposit Access Act would build on the progress made by FDIC's Acting Chairman Travis Hill and codify a thoughtful and evidence-based update to the treatment of custodial deposits under the Federal Deposit Insurance Act. Overbroad definitions of brokered deposits that do not properly reflect how deposits flow between innovative community banks and their fintech partners, nor reflect the actual risk profile of these deposits can cause significant disruption for innovative community banks that responsibly accept deposits more accurately understood as custodial deposits. Thus, the need for the Congress to pursue legislation in this area is clear.

Financial institutions have developed business models around serving their customers through fiduciary and custodial arrangements and sweeping these deposits into a brokered category imposes unwarranted burdens. By creating a limited exception for custodial deposits up to 20 percent of liabilities at well-capitalized institutions under \$10 billion in assets, the legislation preserves safety and soundness through sensible guardrails. The 20 percent cap, combined with the requirement that institutions remain well capitalized, ensures custodial deposits are not used in a manner that could pose systemic risk.

By clarifying the treatment of custodial deposits, the Act promotes competition and preserves the inclusive financial partnerships that help community banks serve consumers who have historically been underserved. It avoids the arbitrary and harmful effects of treating all such deposits as brokered and instead reflects the evidence of their stability. The Act will allow community banks to meet the needs of their customers more effectively, promote responsible innovation, and enhance financial inclusion, all while maintaining a safe and sound banking system. Simply put, the Community Bank Deposit Access Act of 2025 will help improve the financial services industry for both consumers and the community banks who serve them.

² American Fintech Council. *Notice of Proposed Rulemaking on Unsafe and Unsound Banking Practices: Brokered Deposits Restrictions—RIN 3064-AF99* (Nov. 2024), available at <https://www.fintechcouncil.org/advocacy/federal-american-fintech-council-comment-letter-to-fdic-brokered-deposits-proposed-rule>.

³ Federal Deposit Insurance Corporation. "FIL-6-2025:FDIC Withdraws Proposed Rules Related to Brokered Deposits, Corporate Governance, the Change in Bank Control Act, and Incentive-Based Compensation Arrangements," Financial Institution Letter, Mar. 3, 2025), available at <https://www.fdic.gov/news/financial-institution-letters/2025/fdic-withdraws-proposed-rules-related-brokered-deposits>.

⁴ Federal Deposit Insurance Corporation. "FIL-113-2020: Combined Final Rule on Brokered Deposits and Interest Rate Restrictions," Financial Institution Letter, Dec. 15, 2020, available at <https://www.fdic.gov/news/financial-institution-letters/2020/fil20113.html>.

The American Fintech Council applauds the Chairman's leadership on this important issue, and the continued focus on innovative community banks and their fintech partners by the Committee. We strongly support this legislation and urge its swift passage.

Sincerely,

A handwritten signature in black ink, appearing to read "Ian P. Moloney", with a stylized flourish at the end.

Ian P. Moloney
SVP, Head of Policy and Regulatory Affairs
American Fintech Council