



February 9, 2026

The Honorable Mike Johnson
Speaker
United States House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Hakeem Jeffries
Democratic Leader
United States House of Representatives
H-204, The Capitol
Washington, DC 20515

Re: Support for Title VI of the Housing for the 21st Century Act (H.R. 6644) and
Recommended Amendments to Modernize Deposit Frameworks

Dear Speaker Johnson and Leader Jeffries,

On behalf of the American Fintech Council (AFC),¹ I write to express our support for Title VI, Strengthening Community Banks' Role in Housing, of the Housing for the 21st Century Act (H.R. 6644), as well as respectfully recommending amendment to a section of the text. Title VI incorporates several of the bipartisan community banking reforms previously considered by the Committee on Financial Services, and AFC applauds Congress' pragmatic approach to this important issue.

A standards-based organization, the American Fintech Council (AFC) is the largest and most diverse trade association representing financial technology (fintech) companies and innovative banks. On behalf of over 150 member companies and partners, AFC promotes 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.

AFC commends Chairman Hill, Ranking Member Waters, and the honorable members of the Committee on Financial Services for their continued focus on strengthening the community banking system in the United States, and for an unwavering push for policy solutions that prioritize the American consumer. Title VI of the Housing for the 21st Century Act aligns with

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

the Committee’s objective of empowering community banks to serve families, small businesses, and local economies while promoting housing affordability and access to credit. As AFC wrote in our letter to the Committee in March 2025,² we support this approach because community banks and their role in responsible partnerships with innovative fintech companies play a critical role in meeting modern consumer demand for digital-first services, expanding access to credit and banking products, and ensuring that regulated financial institutions remain competitive in a rapidly evolving market. Title VI advances these objectives in several important ways.

I. AFC Supports Modernizing Deposit Frameworks while Recognizing the Need for Key Amendments to Fully Facilitate Responsible Innovation

AFC supports reforms that strengthen local bank funding and deposit stability by ensuring regulatory classifications reflect the actual risk and behavior of modern deposit accounts.³ Clear, risk-based treatment of deposits is particularly important for community banks that use responsible bank-fintech partnerships to expand access to safe, digital-first deposit products for consumers. 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 and ensure that these deposits are not construed under an antiquated and overly expansive definition of “brokered deposits”.

AFC generally supports the Community Bank Deposit Access Act concept reflected in Section 601 of the Housing for the 21st Century Act because it recognizes that many custodial deposits facilitated through responsible bank-fintech partnerships are exceptionally stable, transparent, and well-documented. Consumers engage with these accounts in the same manner as traditional demand deposit accounts, such as depositing paychecks, using debit cards for everyday transactions, and relying on these accounts for routine household financial management. Importantly, while these deposits use a third-party to facilitate the activity, they do not share the “hot money” characteristics that the Congress originally sought to curtail in the wake of the Savings and Loan crisis of the 1980s. Again, the deposits that come to innovative banks via their fintech partners are safe, stable deposits. Clarifying that these deposits should not be treated as brokered deposits, but rather as custodial deposits, and subjected to appropriate guardrails, promotes competition and helps community banks expand access to modern deposit products for consumers who increasingly demand secure, digital-first banking services.

At the same time, AFC is concerned that the 20 percent limitation in Section 601, restricting the amount of qualifying custodial deposits facilitated through a third party to 20 percent of total liabilities, creates an artificial barrier for institutions seeking to responsibly scale deposit account access through bank-fintech partnerships. Instead of allowing innovative banks to leverage their partnership with fintech companies in the fullest manner to offer consumers—often from

² American Fintech Council, “Request for Feedback on ‘Make Community Banking Great Again’ Principles and Slate of Bills” (Mar. 31, 2025), available at <https://www.fintechcouncil.org/advocacy/federal-afc-letter-to-house-financial-services-committee-on-principles-to-make-community-banking-great-again>.

³ American Fintech Council, “Letter in Support of the Community Bank Deposit Access Act” (Sept. 16, 2025), available at <https://fintechcouncil.org/advocacy/federal-afc-letter-in-support-of-the-community-bank-deposit-access-act>.

historically underserved communities—access to deposit accounts, the limitation in Section 601 would artificially cap this important activity.

Further, this cap does not meaningfully advance safety and soundness, particularly given that these deposits are stable and do not present the flight risk that would necessitate such a restrictive framework. This point is further evidenced by independent reports from the Federal Reserve Board of Governors, FDIC’s Office of Inspector General (OIG) and the U.S. Government Accountability Office (GAO) covering the causes of the 2023 bank failures.⁴ These reports all showed that deposits facilitated through a third party were not a precipitating factor in the failures of the banks. Accordingly, AFC respectfully requests that Congress amend Section 601 by removing artificial barriers to innovation of the 20 percent limitation, while preserving appropriate eligibility and prudential guardrails to ensure the provision continues to support a safe and sound banking system.

II. AFC Supports Advancing Fair and Transparent Supervision

Fair and transparent supervision is a foundational component of a resilient financial system, particularly for community banks and the responsible partners that help them meet consumer demand for secure, digital-first services. AFC supports a supervisory framework that is clear, consistent, and risk-based, where expectations are communicated predictably, examination findings are tied to objective criteria, and institutions have meaningful procedural recourse when good-faith disagreements arise.

In AFC’s March 2025 letter to the Committee on community banking principles, we emphasized the importance of increasing clarity of supervisory expectations for regulated entities engaging in novel or innovative business models and avoiding a patchwork supervisory landscape that can create uncertainty and inadvertently encourage regulatory arbitrage.⁵ Consistent with that approach, Title VI advances several of these pragmatic reforms that modernize examination practices and strengthen confidence in the supervisory process for regulators and regulated entities alike.

AFC continues to support targeted, risk-based supervisory modifications found within the Supervisory Modifications for Appropriate Risk-based Testing (SMART) Act.⁶ This provision

⁴ See, Board of Governors of the Federal Reserve System, Review of the Federal Reserve's Supervision and Regulation of Silicon Valley Bank, (Apr. 28, 2023), available at <https://www.federalreserve.gov/publications/files/svb-review-20230428.pdf>; U.S. Government Accountability Office, Bank Regulation: Preliminary Review of Agency Actions Related to March 2023 Bank Failures, GAO-23-106736, (Apr. 28, 2023), available at <https://www.gao.gov/assets/gao-23-106736.pdf>; Federal Deposit Insurance Corporation Office of Inspector General, Material Loss Review of Signature Bank of New York, (Oct. 23, 2023), available at <https://www.fdicigov.gov/reports-publications/bank-failures/material-loss-review-signature-bank-new-york>; and Federal Deposit Insurance Corporation Office of Inspector General, Material Loss Review of First Republic Bank, (Nov. 28, 2023), available at <https://www.fdicigov.gov/reports-publications/bank-failures/material-loss-review-first-republic-bank>; and U.S. Government Accountability Office, Financial Services Regulations: Improvements Needed to Policies and Procedures for Regulatory Analysis, GAO-24-106206, (Jul. 18, 2024), available at <https://www.gao.gov/assets/gao-24-106206.pdf>.

⁵ Ibid., March 2025 Letter.

⁶ American Fintech Council, “Letter in Support of SMART and TRUST Acts” (Aug. 6, 2025), available at <https://fintechcouncil.org/advocacy/federal-afc-letter-in-support-of-smart-and-trust-acts>.

would provide practical regulatory relief by instituting alternating limited-scope examinations and allowing eligible institutions to opt into combining their safety and soundness, information technology, cybersecurity, and consumer compliance exams. By streamlining examination timing and scope for low-risk institutions, the inclusion of the SMART Act preserves rigorous oversight while reducing duplicative processes and unnecessary burden, enabling community banks to focus resources on risk management, compliance execution, and serving consumers and small businesses.

AFC also supports updating the thresholds for extended examination cycles for well-managed institutions to reflect changes in the banking landscape over time.⁷ When an institution is well-capitalized and well-managed, a modernized exam cadence can reduce unnecessary operational burden, allow banks to allocate more resources toward customers and compliance readiness, and help regulators focus supervisory capacity where risks are greatest. The Tailored Regulatory Updates for Supervisory Testing (TRUST) Act does just that, updating the asset threshold for community banks to qualify for an extended 18-month examination cycle from \$3 billion to \$6 billion. This commonsense change reflects how inflation and consolidation have reshaped the banking landscape over the past two decades, while maintaining safety and soundness standards and reducing unnecessary regulatory friction for low-risk institutions.

III. AFC Supports Mentor-Protégé Program

AFC also supports Title VI's inclusion of the Advancing the Mentor-Protégé Program for Small Financial Institutions provision, which would codify a Treasury-led "Financial Agent Mentor-Protégé Program" to strengthen the capacity of community institutions and expand responsible innovation, competition, and resilience across the financial services ecosystem. As drafted, the program would allow a Treasury-designated financial agent or a large financial institution to serve as a mentor to a small financial institution, including minority depository institutions and rural depository institutions, to help such institutions prepare to perform as a financial agent and improve their capacity to deliver services to customers. By pairing smaller institutions with experienced mentors, alongside required annual outreach, clear exclusion standards, and Congressional reporting, this provision provides a scalable pathway for technical assistance and institutional capacity-building, particularly for institutions serving low- and moderate-income and rural communities, consistent with Title VI's broader goal of strengthening community banking and expanding access to safe, affordable financial services. We are proud to continue our support for this legislation.⁸

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AFC applauds the Committee's continued focus on strengthening community banking and ensuring that U.S. regulatory frameworks keep pace with technology-driven change. The inclusion of these innovation-focused provisions in Title VI of the Housing for the 21st Century Act is a pragmatic step forward for community bank health, competition, and consumer

⁷ Ibid.

⁸American Fintech Council, "AFC Letter of Support for Advancing the Mentor-Protégé Program for Small Financial Institutions Act" (June 10, 2025), available at <https://fintechcouncil.org/advocacy/federal-afc-letter-of-support-for-advancing-the-mentor-protége-program-for-small-financial-institutions-act>

outcomes, while identifying specific, actionable reforms to improve clarity and consistency across the federal banking agencies. AFC greatly appreciates your leadership on these issues and stands ready to serve as a resource to Congress as it continues to develop and advance policies that make community banking stronger and more resilient by pursuing pragmatic, innovation-focused legislation.

Sincerely,

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

Ian P. Moloney
Chief Policy Officer
American Fintech Council

CC:

The Honorable French Hill, Chairman, Committee on Financial Services
The Honorable Maxine Waters, Ranking Member, Committee on Financial Services
The Honorable Andy Barr
The Honorable William Timmons
The Honorable Tim Moore