



## **What's in a Name? A discussion of the meaning and impact of an FBO Account**

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### **Discussion Summary**

The roundtable discussion first examined the definitional and practical aspects of the “For Benefit Of” (FBO) accounts. Participants emphasized that although the company using an FBO account is not the beneficial owner of the underlying funds, the legal realities of title, custody, and deposit insurance coverage are not always clear. This means banks and fintechs need to understand the terms of the account agreement when establishing an FBO account.

The discussion explored the different structures that FBO accounts may take, including omnibus and custodial models, and how these structures influence beneficial ownership and regulatory treatment. The group also highlighted significant reconciliation, ledgering, and record-keeping challenges, particularly where banks outsource these functions while retaining supervisory responsibility. Discussion included concerns about the failure of a fintech partner or the bank itself, and the allocation of responsibilities across entities, along with the operational pressures faced by fintech firms and the need for precise documentation of roles and risks in bank–fintech agreements. The roundtable discussion closed by noting that although there is broad agreement on the general meaning of an FBO account, the real-world use cases remain varied and are often misunderstood by industry participants.

### **Key Takeaways**

- Understanding the distinction between legal and beneficial ownership is essential to understanding FBO accounts, particularly as fintech company and consumer expectations often diverge from the legal and operational realities of these arrangements.
- Reconciliation, ledgering, and record-keeping responsibilities are central considerations in FBO structures, especially when banks outsource these functions but remain accountable for the accuracy and oversight of the records.
- Although industry participants generally share an understanding of the intended purpose of FBO accounts, practical use cases differ significantly, emphasizing the need for clear contractual definitions, precise allocation of responsibilities, and a thorough understanding of associated risks.