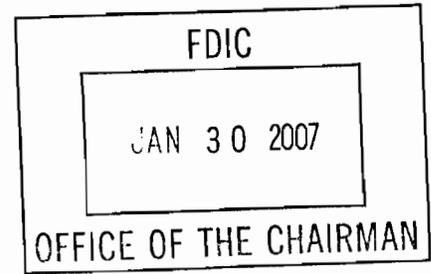


0007-035



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The Market Funded Lending Industry



January 25, 2007

Ms. Sheila C. Bair
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429-9990

Mr. John C. Dugan
Comptroller of the Currency
Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219

Mr. Martin J. Gruenberg
Vice Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429-9990

Mr. John M. Reich
Director
Office of Thrift Supervision
700 G Street, NW
Washington, DC 20552

Mr. Thomas J. Curry
Director
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429-9990

Dear Chairman Bair:

As the January 31st expiration date nears for FDIC's six-month moratorium on applications for deposit insurance by industrial banks, the American Financial Services Association (AFSA) urges you to lift the moratorium for all of these applications. We recommend this action for three reasons:

Industrial banks represent a safe, sound and appropriate means to deliver financial services to the public. Congress appropriately established a strict legal framework within which commercial companies, such as those that are members of AFSA, can provide deposit, loan and other banking products. This framework is highlighted by stringent and appropriate supervision, by strong enforcement powers and by a structure of laws and regulations that provides the FDIC with all the tools it may need to address any hypothetical – and unproven – dangers cited by opponents of industrial banks. The FDIC has a well-tested process of thoroughly evaluating the merits of each industrial bank application in accordance with federal law and without discrimination against legitimate institutions.

What's more, any industrial bank's risk to the deposit insurance fund is minimal, given that these banks combined account for less than 2% of all deposits. There is no evidence whatsoever that an industrial bank owned by a "commercial" company poses any greater risk to the banking system and insurance fund than does any other type of depository institution. Should concerns about an industrial bank ever develop, the FDIC has the authority from Congress to expand its supervisory power to protect the insurance fund.

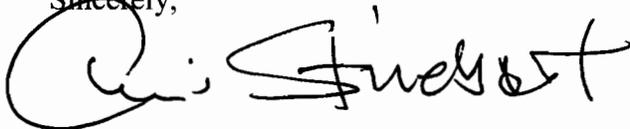
The argument that industrial banks violate a separation between banking and commerce is unfounded. Judging by the comments of those opposed to industrial banks, one would think that the United States has, and has always had, a general prohibition with respect to commercial entities owning banks. This is incorrect. Not only have commercial firms always been able to operate a banking entity, but it has always been the case that an individual could own a bank and any other type of business, including commercial businesses. Furthermore, Congress reviewed this issue during the drafting of the Gramm-Leach-Bliley Act and concluded that industrial banks do not violate an arbitrary separation of banking and commerce.

Industrial banks provide consumer choice and competition. Many consumer credit products are provided through industrial banks, such as auto loans, credit cards, mortgages, and other consumer loan products. Industrial banks compete with other consumer lenders in providing these products, resulting in significant competition among financial institutions for consumers.

AFSA appreciates that it has been an enormous challenge for your agency to sort through the many points of view that have been expressed about industrial banks. However, what's ultimately important is that public policy encourage — rather than discourage — new companies to enter the financial services marketplace, which will result in increased competition, lower prices and improved product offerings for consumers.

Accordingly, we respectfully ask the FDIC to end its moratorium on January 31st and resume reviewing all applications for deposit insurance by industrial banks, regardless of whether they are financially or commercially owned.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Stinebert". The signature is written in a cursive, flowing style with a large initial "C".

Chris Stinebert
President/CEO