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September 19, 2025

Federal Deposit Insurance Corporation
Jennifer Jones, Deputy Executive Secretary
550 17th St NW
Washington, DC 20429

Re: Comments RIN 3064-ZA48 - Request for Information on Industrial Banks and Industrial Loan Companies and Their Parent Companies

Ladies and Gentlemen,

Celtic Bank appreciates the opportunity to respond to the FDIC's Request for Information regarding oversight of industrial banks and their parent companies. As an operating industrial bank, we support efforts of the FDIC to provide more clarity around the approach for industrial bank charter issuance, oversight, and ensuring safety, soundness, and consumer protection while fostering innovation and responsible growth.

Celtic Bank is a Utah-chartered industrial bank headquartered in Salt Lake City, Utah, founded in 2001. We operate as a nationwide lender with strong focus on Small Business Administration loans, innovative commercial financing, and strategic lending partnerships with fintech companies. Over the years, Celtic Bank has demonstrated remarkable resilience, successfully navigated the Great Recession and other economic downturns while continuing to grow and serve communities across the country. Our ability to adapt and innovate during times of financial uncertainty has expanded opportunities for both consumers and small businesses, helping them access the capital they need to thrive. Celtic Bank has consistently ranked among the top 10 SBA lenders nationally for more than a decade, assisting thousands of small businesses each year across the United States. As an industrial bank, Celtic Bank is able to play a vital role in providing loans to a diverse range of borrowers, including those with limited access to traditional credit. Widely recognized as a leader in innovative banking, we have built strong, forward-thinking partnerships with fintechs and have consistently maintained sound and secure operations. Our commitment to financial inclusion and innovative lending solutions continues to empower entrepreneurs and strengthen local economies nationwide.

Industrial banks are, and should continue to be, regulated in the same manner as other insured depository institutions. Although industrial banks are not subject to Federal Reserve consolidated supervision, the FDIC imposes rigorous ongoing supervision over our bank and our parent

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company that is similar to the supervision of the other prudential regulators. This ensures safety and soundness, and consumer protection, while allowing more diverse ownership structures.

Industrial bank applications for deposit insurance are and should be subject to the same statutory factors that apply to any other applicants for deposit insurance. The requirements for approval should be calibrated based on the bank's proposed business model, as well as the parent's size, complexity, and operational characteristics. The business model should be evaluated to ensure that an industrial bank is not a captive structure that may pose heightened risks to safety and soundness, limit market competition, and undermine the public benefit standard required for deposit insurance. An industrial bank must demonstrate independence from their parent; this should be supported by requiring separate boards, management, and financials. Additionally, capital adequacy requirements of the industrial bank should be clearly established to ensure the bank can operate independently of their parent companies, while the parent should be capable of providing additional support if needed.

Parent companies engaging in non-bank financial services may benefit the marketplace with additional regulatory experience, strength of governance, and risk management expertise. Their affiliation with industrial banks is mutually beneficial, enabling shared customer bases and product lines. Under current regulatory requirements, services between parent and bank must comply with Regulation W and Sections 23A and 23B of the Federal Reserve Act. These relationships can reduce costs and improve access to underserved markets.

Non-financial parent companies may also benefit the banking industry by diversifying bank ownership to support broader access to financial services and economic development. Non-financial companies can aid underserved markets and introduce innovation under FDIC oversight.

The FDIC should require foreign-owned industrial banks to provide access to the same level of information from foreign parent companies as it does from U.S.-based parents. Due to the varying degrees of information, the requirements for foreign owned banks should be tailored to the parent's risk profile and agreed to prior to charter issuance.

Industrial banks continue to be among the safest and soundest banks in the country and must meet the same requirements for consumer protection as other banks. The FDIC has historically and continues to maintain robust oversight of both the industrial bank and their parent, in so much as the parent company of an industrial bank is required to enter into an extensive written supervisory agreement with the FDIC and the subsidiary industrial bank.

In conclusion, we believe that industrial banks contribute to the diversification of the banking system in a meaningful way by introducing alternative business models into the banking ecosystem while undergoing robust regulatory oversight by the FDIC and the respective state celtic bank [redacted]

departments of financial institutions. We appreciate the opportunity to share our perspective and look forward to a thoughtful and transparent policymaking process by the FDIC to foster meaningful dialogue on the role of industrial banks in expanding access to financial services, supporting communities, and driving innovation across the banking sector.

Sincerely,

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Reese S Howell, Jr.
Chairman & CEO