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September 19, 2025

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

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

Dear Ms. Jones:

Intuit Inc. ("Intuit") appreciates the opportunity to submit these comments in response to the Federal Deposit Insurance Corporation's ("FDIC") request for information related to industrial banks and industrial bank parent companies (the "RFI").[1] We commend the FDIC for conducting this comprehensive review of the industrial bank charter and the regulatory framework governing industrial banks and their parent companies.

While Intuit has not applied to charter an industrial bank, it is continuously evaluating strategic options to best serve its customers, including the possibility of establishing an industrial bank. We submit these comments to supplement those offered by financial technology trade associations in order to offer insights from the perspective of a specific type of firm: an established and profitable financial technology company that (1) engages, on behalf of and through its banking partners, predominantly in "financial activities" that are permissible for bank holding companies and (2) operates a diversified financial services business that includes deposit, payment, and lending services.

About Intuit

Intuit is a global financial technology platform that believes everyone should have the opportunity to prosper. We never stop working to find innovative ways to make that possible. Serving approximately 100 million customers worldwide with small business productivity tools such as QuickBooks and Mailchimp, and personal finance products like TurboTax and Credit Karma, Intuit helps put more money in consumers' and small

[1] 90 Fed. Reg. 34271 (July 21, 2025).

businesses' pockets, saving them time by eliminating work, and ensuring they have confidence in every financial decision they make.

Intuit's diversified financial services and Banking-as-a-Service (BaaS) partnerships provide deposit, payment, and lending services to hundreds of thousands of small business customers nationwide. Through partnerships with FDIC-insured banks, we offer integrated financial solutions including QuickBooks Checking accounts with competitive yields, payment processing services that enable rapid funds availability, and automated payroll services for 1.5 million small businesses. Our established ecosystem combines banking services with accounting and financial management tools, enabling customers to leverage their own financial data to obtain faster, more efficient financial services.

The Value of an Established BaaS Franchise Should Be Recognized in the Statutory Factor Analysis

Intuit believes that the FDIC's evaluation of statutory factors for industrial bank applications should account for the unique characteristics and demonstrated capabilities of established financial technology companies. In particular, the FDIC should give significant weight to an applicant's proven track record in BaaS operations, risk management, and customer growth when assessing the statutory factors set forth in Section 6 of the Federal Deposit Insurance ("FDI") Act.

When applying the statutory factors to predominantly financial technology companies with established BaaS operations, the FDIC should recognize the relevance of a demonstrated track-record of BaaS success to the earnings, management, and convenience and needs factors. While the typical proposed de novo institution must rely on market studies and surveys to support their applications, an established fintech company can point to concrete evidence of its ability to meet customer needs, manage regulatory requirements, and operate safely and soundly.

The existence of an established BaaS business provides compelling evidence supporting favorable findings on future earnings prospects. Where an affiliate already successfully provides the same deposit, payment, and lending services proposed for an industrial bank, the FDIC should view this as strong evidence supporting the assumptions in the proposed business plan. The existing revenue streams, proven customer acquisition channels, and demonstrated ability to operate these services profitably reduce the uncertainty typically associated with de novo projections.

The successful operation of complex BaaS partnerships requiring coordination with multiple FDIC-insured institutions, compliance with applicable federal consumer protection regulations and various state-specific regulations related to money services, consumer protection, loan brokering, lending, servicing, and collections as well as management of millions of customer relationships demonstrates management capability far beyond what can be inferred from resumes and interviews alone. Operating as a Payment Facilitator while maintaining PCI-compliant payment processing systems and providing enhanced FDIC coverage through sweep programs requires sophisticated risk management and operational expertise that directly translates to industrial bank operations.

For the convenience and needs factor, an established fintech's existing customer relationships can provide prima facie evidence of meeting community needs by demonstrating fulfillment of customer needs through existing services, which could be enhanced further through the proposed institution. Data from these relationships are useful even in the traditional convenience and needs analysis focused on defined geographic communities. They could also provide a basis for innovative approaches that take into account the digital nature of modern banking and the existence of communities of interest beyond geographic boundaries.

Intuit's experience illustrates these points. Through our QuickBooks platform, we currently serve hundreds of thousands of customers with integrated financial services delivered through partnerships with FDIC-insured institutions. This established franchise demonstrates success in acquiring and maintaining stable deposit relationships while complying with the regulatory frameworks of both money transmitter regulators and our partner banks. This is particularly relevant for small and medium-sized business (SMB) customers. Our diversified portfolio of SMB checking relationships integrated with operational transactional services—including payments processing and payroll—creates stable, mutually beneficial relationships that enhance both depositor stability and community benefit.

Affiliate Reliance and Resolvability for Fintech Parents are Comparable to Diversified BHCs

The FDIC asks several questions about material reliance on parent companies and resolvability concerns. While significant affiliate reliance can present elevated risk, the affiliate risk from a financial technology company is well within the range managed on a daily basis by insured depository institutions of all kinds—whether or not they operate as part of a bank holding company. As the FDIC has acknowledged, industrial banks "are subject to all of the same restrictions and requirements, regulatory oversight, and safety and soundness exams as any other kind of insured depository institution" and "the risks posed are substantially similar to those of all other charter types."[2]

The FDIC's examination and supervision program routinely evaluates and mitigates risk to insured depository institutions from affiliates, including examining for compliance with sections 23A and 23B of the Federal Reserve Act. As the FDIC has recognized, "most conflict situations affecting banks and their affiliates can be mitigated through the supervisory process and application of the restrictions in sections 23A and 23B of the Federal Reserve Act and need not pose excessive risk to the bank or the banking system."[3] Industrial banks with significant affiliate relationships have consistently "implemented and maintained appropriate risk management practices that, given financial condition and performance, have adequately compensated for the risks inherent in the business models."[4]

Importantly, the affiliate risk is lower where the parent company is a financial technology company. Unlike retail or manufacturing companies that may view banking primarily as an ancillary support for product sales, financial technology companies see their banking subsidiaries as critical strategic anchors that must be supported by other parts of the enterprise. The core business of such companies depends on maintaining trust, regulatory compliance, and the financial health of their banking operations.

Similarly, when it comes to resolvability, financial technology companies present the same issues as diversified bank holding companies, which commonly have bank-supporting sales, technology, and operations functions in non-bank affiliates. The FDIC's concern that "an industrial bank could have its business operations disrupted if critical support services provided by a parent company or its affiliates are lost" applies equally to any modern banking organization where technology platforms, payment processing, and operational support are routinely provided by affiliates or third-party vendors.

The FDIC has extensive tools to address these resolvability concerns that apply to industrial banks with fintech parents as they do to other banking structures. These include the authority to examine any industrial bank affiliate under section 10(b)(4) of the FDI Act,[5] the ability to require capital and liquidity maintenance agreements (CALMAs), written agreements enforceable under section 8 of the FDI Act,[6] and

[2] "Parent Companies of Industrial Banks and Industrial Loan Companies," 86 Fed. Reg. 10,703, 10,710 (Feb. 23, 2021).
[3] Id.
[4] Id. at 10,713
[5] 12 U.S.C. § 1820a(b)(4)
[6] 12 U.S.C. § 1818

contingency planning conditions that help identify interdependencies and operational risks.

Fintech Parents Present Fundamentally Different Policy Considerations Than Commercial or Industrial Parents

The FDIC's questions regarding parent company characteristics—particularly those concerning size, market share, and dominance in certain markets—appropriately recognize that different types of parent companies present different regulatory and policy considerations. We believe it is critical to distinguish between predominantly financial technology companies and commercial or industrial firms when evaluating these characteristics.

Applications from dominant commercial and industrial companies raise legitimate concerns about conflicts of interest that animate the longstanding policy of separation of banking and commerce. When a retail, manufacturing, or other commercial enterprise owns a bank, there is an inherent tension between using the bank to support non-financial activities and operating it as an independent financial institution serving depositors' best interests. By contrast, for predominantly financial technology firms, banking products are not designed to support non-banking products but rather to serve customers side-by-side with other financial services as part of an integrated financial platform.

Both Congress and the FDIC have repeatedly acknowledged that predominantly financial companies occupy a different regulatory position than commercial firms. In the Dodd-Frank Act, Congress explicitly defined a "commercial firm" as one deriving less than 15 percent of its annual gross revenues from activities that are "financial in nature" under the Bank Holding Company Act. When imposing the three-year moratorium on new industrial bank charters in Section 603 of Dodd-Frank, Congress applied this restriction only to industrial banks "directly or indirectly owned or controlled by a commercial firm," exempting predominantly financial companies from the moratorium.[7] Similarly, when the FDIC extended its own moratorium in 2007, it stated that "[t]he moratorium was not applicable to industrial banks to be owned by financial companies."

Indeed, many financial technology companies consider the industrial bank charter not to evade regulation but because the relatively inflexible terms of Section 4 of the Bank Holding Company Act cannot accommodate any non-conforming businesses, even if they do not fundamentally change the nature of the enterprise. A fintech

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[7] Pub. L. No. 111–203, § 603 (2010)

company may find that, though most of its services are also provided by bank holding companies, it is restricted to the ILC charter due to a single business line or ancillary activities that fall outside the technical definitions of permissible financial activities under the BHCA.

Existing Supervisory Framework and Tools are Adequate to Address Risks Posed by Industrial Banks with Fintech Parents

We believe that the FDIC's existing supervision of industrial banks comprehensively addresses the risks posed to the bank and the Deposit Insurance Fund ("DIF") – regardless of the size and activities of the bank's parent and other affiliates [8]. Therefore, we encourage the FDIC to proceed with processing deposit insurance applications by industrial banks and approving applications that satisfy the statutory factors in the FDI Act.[9]

Prior to the enactment of the Dodd-Frank Act in 2010, there was an active debate about the sufficiency of the FDIC's supervision of industrial banks. The Federal Reserve Board ("Board") asserted that the FDIC's approach to supervising industrial banks was not as comprehensive as the Board's supervision of bank holding companies, and that this difference created competitive disparities and placed industrial banks and the DIF at risk.[10] Similarly, in a 2005 report the General Accountability Office ("GAO") recommended that Congress consider subjecting industrial banks to consolidated supervision, even though it found that "from an operations standpoint [industrial banks] do not appear to have a greater risk of failure than other types of insured depository institutions."[11]

With the passage of the Dodd-Frank Act and the FDIC's adoption of its industrial bank rule in 2021, these concerns have been addressed and the differences between the Federal Reserve Board's consolidated supervision of bank holding companies and the FDIC's supervision of industrial banks have been eliminated.

In the Dodd-Frank Act, Congress amended the FDI Act to require any company that controls an industrial bank to serve as a source of strength for the industrial bank.[12] This statutory directive empowers the FDIC to require the parent company of an

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[8] Through our business segments, we engage in tax preparation, credit monitoring, lending, money transmission, and financial data processing.
[9] 90 Fed. Reg. 34271 (July 21, 2025).
[10] *See* Testimony of Scott Alvarez, General Counsel, Federal Reserve Board, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, October 4, 2007.
[11] U.S. Government Accountability Office, GAO-05-021, Industrial Loan Corporations: Recent Asset Growth and Commercial Interest Highlight Differences in Regulatory Authority, September 2005. GAO made this recommendation even though
[12] 12 U.S.C. §1831o-1.

industrial bank to have sufficient resources, including capital, to support the industrial bank.

More importantly, the industrial bank regulation codified and expanded upon prior FDIC supervisory practices related to industrial banks, thereby enabling the FDIC to have a comprehensive insight into the activities of the parent of an industrial bank and any other affiliates of the bank and permits the FDIC to impose conditions and restrictions on those activities that are tailored to the risks posed by a parent company and other affiliates.[13] Pursuant to that regulation, the parent of an industrial bank must:

- Submit to the FDIC a list of all of the company's subsidiaries and update that list annually;
- Consent to FDIC examinations of the company and its subsidiaries;
- Submit an annual report to the FDIC describing its operations, financial conditions, systems for controlling financial and operational risks; transactions between the industrial bank and the parent company;
- Consent to a review of any services an affiliate may provide to an industrial bank;
- Limit the parent company's direct or indirect representation on the industrial bank's board to less than 50 percent;
- Maintain capital and liquidity of the industrial bank at a level deemed appropriate by the FDIC; and
- If required by the FDIC, establish and implement a recovery contingency plan.

In addition to these supervisory powers, industrial banks are subject to the FDI Act and other federal laws, including: (1) the FDIC's statutory authority to examine the bank; (2) the restrictions in the Federal Reserve Act that impose restrictions on transactions between a bank and its affiliates; (3) the anti-tying provisions of the Bank Holding Company Act; (4) the anti-money laundering provisions in the Bank Secrecy Act; (5) the consumer protection provisions embedded in the Truth-in-Lending Act, the Equal Credit Opportunity Act, the Community Reinvestment Act, and other federal financial consumer protection laws; and the FDIC's authority to enforcement commitments entered into by the parent of an industrial bank pursuant sections 8 and 50 of the FDI Act.

[13] 12 C.F.R. Part 354.

Collectively these supervisory powers are just as effective in addressing potential risks to the bank and the DIF as the Federal Reserve Board's approach to supervising bank holding companies, and in some instances exceed the Board's approach. For example, while the FDIC has authority to conduct regular examinations of an industrial bank, the Board may examine a banking subsidiary of a bank holding company only if the bank is a member of the Federal Reserve System. Moreover, as noted above, the industrial bank regulation gives the FDIC the authority to review any services an affiliate may provide to an industrial bank and it limits management interlocks between an industrial bank and its parent to help maintain the independence of the industrial bank. The Board does not impose either of these restrictions on bank holding companies.

In summary, through a combination existing laws and the industrial bank regulation, the FDIC has a supervisory framework in place that gives the agency clear insight into the condition of an industrial bank, its parent, and other affiliates as well as the relationships between the industrial bank, its parent, and other affiliates. This enables the FDIC to tailor restrictions and limitations on an industrial bank, its parent, and other affiliates that address any risks posed to the bank and the DIF, regardless of the size or activities of the parent or other affiliates.

Conclusion

The industrial bank charter represents a vital pathway for innovation and competition in the American banking system. As the FDIC considers the future of this charter and its regulatory framework, we respectfully urge the FDIC to recognize the unique value that established financial technology companies bring as parent companies of industrial banks.

The existing regulatory framework – including Part 354, the FDIC's examination authority over affiliates, and the comprehensive prudential standards applicable to all insured depository institutions – provides robust safeguards to ensure the safety and soundness of industrial banks owned by financial technology companies. Industrial banks owned by financial technology companies bring technological innovation, operational efficiency, and expanded access to financial services for communities across the nation.

Intuit appreciates the FDIC's thoughtful approach to reviewing the industrial bank charter and regulatory framework. We stand ready to provide additional information and to work collaboratively with the FDIC as it considers these important issues. We welcome the opportunity to continue the dialog on how established financial technology companies can contribute to a safe, sound, and innovative banking system.

Sincerely,

Michael Kennedy
Chief Corporate Affairs Officer
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