

October 27, 2025

The Honorable Travis Hill
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Acting Chairman Hill:

In light of recent questions raised regarding industrial banks, we are writing to reaffirm the strength, safety, and essential role these regulated financial institutions play in serving consumers and communities nationwide. Industrial banks are the best-performing sector of the banking industry. They have higher profitability, stronger capitalization, and a better record of safety and soundness than their peers. Without industrial banks, America would lose one of its most reliable engines of capital, jobs, and community investment.

Independent research¹ confirms that industrial banks maintain capital ratios averaging 17% compared with 11.2% for other FDIC-insured institutions. They have outperformed across multiple metrics—profitability, capitalization, and asset quality—over more than two decades of data. Since 1980, only one industrial bank has failed with any cost to the FDIC, and none owned by a commercial parent has failed in the past century.

Industrial banks foster economic growth that support thousands of jobs, generate billions in GDP, and have invested more than \$1 billion in affordable housing and community development. They expand access to credit, especially for underserved borrowers, and foster innovation in lending and payments.

Industrial banks operate under comprehensive FDIC supervision pursuant to 12 CFR Part 354, which provides the FDIC direct authority over parent-company capital, liquidity, and governance—an oversight framework as strong or stronger than that applied under the Bank Holding Company Act. Congress deliberately preserved the industrial bank exemption in 1987,

¹ Kim, Hanjun and Ling, Chenhui and Ling, Chenhui and Seegert, Nathan and Seegert, Nathan, *Reassessing the Strength of Industrial Banks: Evidence, Trends, and Policy Implications* (September 15, 2025). Available at SSRN: <https://ssrn.com/abstract=5499798> or <http://dx.doi.org/10.2139/ssrn.5499798>. Prior studies with similar results include: <https://stena.utah.edu/wordpress/wp-content/uploads/2023/07/2021-Barth-Analysis-Final-071521.pdf>

recognizing that diversification—not concentration—has strengthened the financial system for more than a century.

We urge the FDIC to remain confident in its established framework and continue supporting the fair, timely, and transparent review of industrial bank applications that meet state and federal requirements.

Sincerely,

A solid black rectangular box used to redact the signature of Frank Pignanelli.

Frank Pignanelli
Executive Director
National Association of Industrial Bankers