United States Senate

September 19, 2025

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

Re: RIN 3064–ZA48

Dear Acting Chairman Hill,

We commend the Federal Deposit Insurance Corporation's (FDIC) request for information on the agency's approach to evaluating industrial loan company (ILC) charter applications.[1] As the FDIC reviews stakeholder feedback, we want to express our support for the ILC charter and emphasize the laws Congress designed that permits the existence of ILCs. We hope this process is informative and results in greater transparency and efficiency for ILC charter applicants.

There are currently 23 industrial banks, chartered across five different states, with $247.4 billion in aggregate total assets.[2] ILCs are subject to all requirements and regulatory oversight as other FDIC regulated banks, including consumer protection, fair lending, and the Community Reinvestment Act (CRA). The FDIC also has the authority to examine any affiliate of an ILC, including the parent company. Furthermore, ILCs are expressly prohibited from engaging in transactions between the industrial bank and its parent and affiliates.

ILCs' regulatory framework has proven successful as industrial banks have historically outperformed the rest of the banking industry. Specifically, ILCs have the lowest percentage of uninsured deposits, higher levels of collateral, and greater liquidity compared to uninsured deposits.[3] Due to these characteristics, ILCs have been and are less likely to experience similar failures to the March 2023 banking turmoil as these failures were partially caused by mass deposit withdrawals. Since industrial banks have demonstrated their ability to operate in a safe and sound manner, even proving to be more resilient than some traditional banks, the existence of the ILC charter should remain an option for those seeking to provide innovative financial products.

The ILC charter allows new and expanded credit opportunities in the regulated banking sector by performing niche lending in areas oftentimes ignored by the larger financial institutions. The industrial bank model first emerged in the early 1900s to provide small loans to industrial

[1] FDIC Request for Information. July 21, 2025. https://www.fdic.gov/board/request-information-industrial-banks-and-industrial-loan-companies-and-their-parent-companies
[2] 90 FR 34271
[3] National Association of Industrial Bankers, May 12, 2024. https://le.utah.gov/interim/2023/pdf/00002767.pdf

workers because commercial banks were generally unwilling to offer uncollateralized loans to factory workers and other wage earners with moderate income. Today, ILCs can continue to enhance local economies in ways traditional financial institutions do not.

We also want to emphasize the importance of *de novo* banks, including ILCs, to ensuring competition and innovation in the financial services industry. The total number of bank charters has declined from about 8,500 at the start of 2008 to approximately 4,500 today.[4] As you noted in a recent speech[5], the decline in banks is a "steep decline in new bank formation" as "the *de novo* rate has fallen off a cliff." In the same speech, you even highlighted ILCs as one example of finding "ways to encourage more bank formation."

As the FDIC considers stakeholder feedback relevant to evaluation of applicable statutory factors when reviewing industrial bank applications, we want to highlight the benefits of creating new competition under the umbrella of the regulated banking system, such as an ILC charter. The statutory factors currently governing the oversight of ILCs have proven successful, and we encourage the FDIC to take steps to increase transparency and facilitate new ILC approvals within the FDIC's statutory review framework.

Sincerely,

[redacted]
Catherine Cortez Masto
United States Senator

[redacted]
John Curtis
United States Senator

[redacted]
Pete Ricketts
United States Senator

[redacted]
Angus King
United States Senator

[4] Compare Federal Deposit Insurance Corporation, Statistics at a Glance (PDF) (Mar. 2008) with Federal Deposit Insurance Corporation, Statistics at a Glance (PDF) (Dec. 2024).
[5] Hill, Travis, "View from the FDIC: Update on Key Policy Issues," Federal Deposit Insurance Corporation, April 8, 2025. https://www.fdic.gov/news/speeches/2025/view-fdic-update-key-policy-issues#footnote2

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Gary C. Peters
United States Senator

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Michael S. Lee
United States Senator