March 16, 2020

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: Unsafe and Unsound Banking Practices: Brokered Deposits Restrictions
RIN 3064-AE94

Dear Secretary Feldman,

As a precursor to my remarks regarding the FDIC's proposed new rule regarding brokered deposits I would like to highlight a few statements FDIC Chairman Jelena McWilliams made in her October 1, 2019 "The Future of Banking" speech at the Federal Reserve Bank in St. Louis:

- *"Data is the new capital. Financial service providers are using data and technology to develop new services for consumers. These providers often rely on data aggregators to consolidate a customer's financial information from one or more institutions. The data aggregator can then present the consolidated information in a user-friendly format to these service providers."*

- *"Through advanced data analysis, institutions can offer customers better tools to manage their financial lives. These tools can also provide banks with a better understanding of the financial products and services their customers need – a win-win for both customers and banks."*

- *"Technology is transforming the business of banking, both in the way consumers interact with their bank and the way banks do business."*

- *"The cost to innovate is in many cases prohibitively high for community banks. They often lack the expertise, the information technology, and research and development budgets to independently develop and deploy their own technology. That is why partnering with a fintech that has already developed, tested, and rolled out new technology is often a critical mechanism for a community."*

And in the CSBS "Simply Stated" podcast she participated in this past January, the Chairman stated that if community banks didn't make appropriate investments in technology, the gap between smaller institutions and larger banks and nonbanks would widen to become an "unbridgeable gorge."

The Chairman is right. Many, if not a vast majority of community banks do not have the technical expertise, in-house resources, financial budgets and innovative mindsets that fintech organizations and our country's larger regional and national banks have to design, develop and deploy the modern financial products and services that consumers desire.

Data and technology can be "great equalizers" for smaller institutions and that is why I started FI Works.

I had a vision. I knew if community banks had the same data analytics and productivity tools that the big banks had, we could fill a huge industry void and help community banks ebb the tide of consolidation by enabling them to compete against both traditional banks and the industry's rapidly expanding roster of nonbank entities. My vision was to build a technology platform that automated tedious but necessary activities, augment that platform with advanced analytic capabilities and support community banks with expertise advice and service from a team of knowledgeable and experienced professionals.

I am proud to say that, via the assistance of the ICBA's ThinkTech accelerator program, FI Works now provides an integrated, data-driven sales and marketing solution that community banks can leverage to identify, attract, engage and support both new and current customer relationships.

Implemented under the direct supervision of our client's leadership team, we provide: (a) data cleansing, augmentation and security management services to help our clients create holistic consumer and customer profiles; (b) artificial intelligence and predictive analysis services to assist financial institutions to identify the financial products, services and capabilities that align with an individual's "life stage" and financial needs and (c) marketing campaigns and relationship development programs that help our customers build deeply integrated, long-lasting relationships with individual consumers who live, work and play within their communities. Simply stated, we help level the playing field for community financial institutions so they can compete against our industry's gorillas.

Yet, upon reading the FDIC's proposed rule regarding brokered deposits it appears both my vision and my dream as well as community banks' ability to compete is being dashed by the rule's proposed "facilitating the placement of deposits" definition. I can only react to the written language contained within the proposed rule, but unless I am misinterpreting the first prong of that proposed "facilitating" definition, my clients cannot utilize my platform or services, with resulting in any deposits that may be garnered though the use of our services being deemed to be brokered, because of the data that we collect, clean, augment and provide to our clients so they can execute upon their strategic initiatives.

In a world of instant access to information, digital delivery of financial services through mobile apps and the need to compete against an ever expanding number of traditional and non-traditional providers, it surely cannot be the FDIC's intent to restrict community banks from using services like mine to lower their costs, improve their operational efficiencies, enhance their profits and responsibly grow their business by attracting, developing and maintaining direct relationships with individual depositors living, working and playing in their communities.

I refer you to the beginning of this letter and to the Chairman's comments. With her perspectives as my backdrop, I respectfully ask that the FDIC consider incorporating the following recommendations within their final rule:

- Third-party services providers like FI Works are essential to community banks. We help community financial institutions offer innovative financial products and services and assist them in serving their customers the way those customers want to be served. Companies like mine that help community banks establish direct relationships with individual depositors and as such we and our services should be expressly excluded from the definition of deposit brokers or, at minimum, there should be a bright-line standard under the primary purpose exemption within the rule to exempt third-parties who do NOT own any depositor relationships. We have no control over a depositor's banking or funding decision. Our services are provided to and are executed for the benefit of our bank clients so that they, not us, can establish long-lasting direct relationships with individual depositors living in the market areas they serve.

- The proposed definition of "facilitating the placement of deposits" focuses on the activities of third-parties. I respectfully ask that the definition be revised so that it does not inappropriately capture third-parties like FI Works who provide services to banks for the purpose of enabling the bank to establish deposit accounts directly with individual depositors. The proposed definition incorrectly focuses on activities of the third party. I respectfully suggest that the rule should focus on the strength and characteristics of the direct relationship that our services enable our bank clients to establish with individual depositors in their communities. Community banks utilize a relationship-based business model. Please don't take away that "pillar" by inappropriately categorizing third party service providers as deposit brokers.

I appreciate the opportunity to express my thoughts and I hope you take into account the adverse impact the proposed rule, as currently written, would have on community banks and third-party providers, like FI Works.

Thank you,

[redacted]

Keith Henkel,
Founder and CEO
FI Works