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April 23, 2020

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington D.C. 20429

Re: RIN 3064-AE94: Brokered Deposit Restrictions

Dear Secretary Feldman,

We would like to thank the FDIC for the opportunity to share our thoughts related to its February 10, 2020, proposed rule regarding brokered deposits. We recognize the difficulty in constructing rules designed in the best interest of a broad industry with numerous stakeholders.

Emprise Bank, with 35 locations in Kansas, was founded in 1910 as Stockyard National Bank. Today Emprise Bank is a privately held, \$1.8 billion asset bank serving more than 44,000 households, including approximately 12,600 businesses, and is under third generation family leadership. Customers choose – and stay with – Emprise Bank based on our brand, our level of personal service and the rich experience they receive through engaging with us to have their financial needs met.

Our mission is empowering people to thrive, which in banking looks vastly different today than any other time throughout history. Today's consumers demand an unprecedented level of personalization and integration of banking services into their daily lives. They expect seamless, technology-based experiences and the convenience of banking wherever they are. As financial services are woven into daily life, banks must innovate and continuously deploy new products and services to retain and attract customers.

A primary way community banks are able to compete with large national and international banks in this space is by partnering with financial services experts to provide consumer support we otherwise could not offer. We use partnerships with vendors for compliance, checking products, marketing support, data analytics and digital banking capabilities necessary to effectively meet customer needs. While we partner with external entities to enable some of these products and services, we own the engagement, communication and cost associated with our customer base.

Simply stated, leveraging partnerships helps us offer competitive products and services to effectively compete and achieve our mission. Emprise Bank must find ways to innovate, including the creation of senior leadership roles specifically designed to develop and efficiently guide our limited innovation investments and partnerships. This, coupled with our personal community touch, is what will allow us to continue to exist and serve our customers. It ensures we can provide cost-competitive products and services, including offering more personal alternatives to very large banks. If literally interpreted, this proposed rule would keep us from serving our customers, leaving only the large banks with the deepest pocketbooks to innovate.

To cite a specific example, we currently partner with a third-party to develop checking and savings products, process rewards and analyze product effectiveness to help us understand the impact of things such as rate changes. Under literal interpretation of the rule, this vendor would be considered a “deposit broker.” The types of customers we have attracted or retained over the last 14 years are a significant part of our core retail business. This is extremely stable funding and not the intended target of the proposed rule. Customers who open specific rewards checking accounts have longer average lives than traditional products. In addition, customers receive a better return on dollars they maintain in a rewards account. We have built deep relationships with these customers over the years resulting in them having purchased loans, savings and investment products – far beyond a commodity relationship established solely upon the promise of a high-rate account. These customers came to us because they recognized Emprise as a local community bank and appreciated the value and innovativeness of our products.

This is just one example of the many third party service providers that are critical to us delivering competitive products and services to our customers, therefore preserving our stable funding base and maintaining our source of liquidity.

We have reviewed the FDIC Staff Memorandum from March 2 that was provided as clarification; however, we do not feel that it fully addresses the impact on our ability to serve our customers. Therefore, we respectfully ask that the FDIC include the following proposals into the final rule:

Alter The Facilitation Definition To Address Entities That Own The Depositor Relationship: The proposed “facilitation” definition needs to be narrowed so that it addresses third parties who contractually and actively control the movement of a depositor’s funds and does NOT inappropriately include third parties who have no such agreement with a depositor and who assist, rather than restrict, a bank’s ability to establish a direct relationship with an individual depositor – a relationship that our bank owns and retains. The proposed language is overly broad and does not accomplish its objective of identifying the activities of those entities who truly are deposit brokers. As currently written, the language widens the number of industry participants who will now be considered to be deposit brokers – the large majority of which were not previously impacted by the original rules.

Recognize Stable Deposits And Direct Depositor Relationships That Are Established And Owned By Banks: By focusing on the “actions of third parties” rather than on the “direct depositor relationships” that third parties help banks establish and own with individual depositors, the proposed rule fails to recognize the stable nature of the transaction account and other deposits (i.e., savings, CDs) that are associated with the bona fide relationships banks establish directly with their customers.

The FDIC should exclude transaction account deposits and other deposits associated with directly established relationships between individual depositors and their chosen financial services provider from the definition of “brokered deposits.” The agency should also exclude all third-party service providers who have no contractual authority to control an individual’s deposits, and who help banks establish and own direct relationships with individual depositors from the “deposit broker” definition.

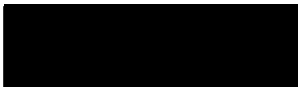
If the FDIC is unable to explicitly exclude third-party service providers who help banks build relationships with individual depositors from the definition of “deposit brokers,” the FDIC should exempt those third-parties from the proposed primary purpose exception (PPE) application and determination process.

Maintain All Current Advisory Opinions: We recommend keeping all current Advisory Opinions in place. Industry participants have come to rely upon the long-standing determinations to build, offer and support financial products and services that support our customers.

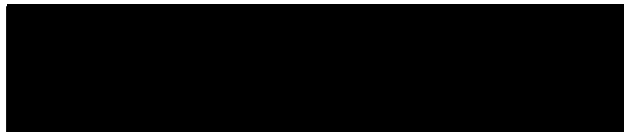
Additionally, we would like to point out that community banks are subject to the same financial pressures other small businesses experience coupled with the long-term risk of fading into irrelevance. Third parties are instrumental to helping community banks survive, compete and innovate, all in an effort to serve customers such as individuals, small businesses and restaurants in our communities.

We are focused on the neighborhoods, businesses and people in our communities. As a result, we are requesting that the changes outlined above be incorporated into the FDIC’s final rule.

Thank you,



Matt Michaelis
Chairman & CEO



Aaron Veatch
EVP | CFO



Vickie Haskell
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