

Engaging with Industry: Our Work in Fintech

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Financial technology (fintech) continues to change the dynamics of banking and how financial products and services are delivered to consumers. This digitization of financial services has a nexus with a wide range of our responsibilities at the Federal Reserve, including promoting financial stability, safe and sound financial institutions, and consumer protection. Given our proximity to Silicon Valley, where a number of these new innovations are occurring, the San Francisco Fed has established a small team of fintech analysts to study market developments from a financial institution supervision perspective, to engage in industry outreach and to help build technical expertise among supervisors.

In recent remarks, I touched on the fintech work underway inside the Federal Reserve where a team of supervisors are studying fintech developments to understand the range of risks and opportunities and develop recommendations for a broader Federal Reserve response.

To ensure that we have a broad-based understanding of new innovations in financial services, our team is working with colleagues throughout the Federal Reserve System and is engaging in dialogue with other U.S. and foreign banking regulatory agencies. I received a number of questions about the current OCC proposal to make a special purpose national bank charter available to fintech firms, and noted that the Federal Reserve is engaged in dialogue with the OCC in those areas where the Fed has a role.

Specifically, the OCC's proposal raises interpretive and policy issues for the Federal Reserve that include Fed membership, access to Fed accounts and services, and whether or not firms receiving these charters would meet the definition of a bank under the Bank Holding Company Act. If the OCC proposal is finalized, Federal Reserve staff will have to closely analyze these issues with respect to fintech firms that express an interest in moving forward with an application.

As part of my comments, I announced that the San Francisco fintech team is available to meet with fintech firms or other industry participants to help them understand and navigate the U.S. regulatory

system. Team members can be contacted by email at [SFFed Fintech](#). One of the first questions we are routinely asked is where start-ups and others engaging in new financial services can go for input to help understand existing regulatory requirements.

I also noted that the Fed's work in fintech is driven by the idea that appropriately designed innovation, which in our view includes strong risk management and consumer protections, holds great potential to benefit consumers and small businesses.

Our hope is that by engaging with industry participants we can help them navigate a complex regulatory system and provide the necessary education to industry participants to meet the requirements of existing financial regulation.

You may also be interested in:

- [What We've Learned...and why it matters – Watch the full interview](#)
- [Tailoring, Fintech, and Risk Culture: The Talk of the \(Community Banking\) Town](#)
- [Fintech: The Power of the Possible and Potential Pitfalls](#)

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