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CBAI Continues to Urge the FDIC to Halt ILC Deposit Insurance Approvals

CBAI has consistently opposed the mixing of banking and commerce, which industrial loan companies represent, because of the risks they pose to the financial system, our economy and American taxpayers. In March of 2020, and again at the end of June, CBAI expressed concerns about the risks posed by ILCs and the regulatory loophole which permits their parent holding companies to evade consolidated supervision.

In a July 22nd letter to the FDIC, CBAI highlighted the similarity of regulatory issues between the recent filing for liquidation of Germany's Wirecard AG (the parent of Wirecard Bank) and the supervision of parent companies of ILCs in the United States. Of particular importance was the admission by the German financial regulator that it was unable to act because the parent of Wirecard Bank was classified as a technology company rather than a financial services provider, and so was not fully under the German regulator's purview. This is precisely the situation that exists today with the Federal Reserve's inability to supervise the parent holding companies of ILCs. It is the reason why a moratorium must be imposed by the FDIC on new ILC applications for deposit insurance, and the ILC regulatory loophole must be closed by Congress.

[Read CBAI Comment Letter to the FDIC »](#)

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