



CBAI Urges Limiting Novel Charters' Access to Federal Reserve Accounts and Services

In a July 9, 2021, comment letter to the Board of Governors of the Federal Reserve System, CBAI acknowledged the significant rise in fintechs and nonbanks (Novel Charters) applying to the Federal Reserve for accounts and direct access to its services. However, these Novel Charters do not satisfy the definition of a bank because they do not offer all the required services, so they are not subject to all the appropriate laws, rules, and regulations, and they are not supervised by all the appropriate federal regulators. CBAI urged the Federal Reserve to prohibit Novel Charters from even being legally eligible to apply for an account and direct access to the Fed's services and limit eligibility to actual, full-service, fully-regulated, legitimate banks.

CBAI urged the Federal Reserve to impose a system-wide moratorium on applications to Novel Charters until the conclusion of this regulatory process. In addition, CBAI urged the Fed to make certain that the appropriate and strict standards are not merely guidelines for application approvals but actual requirements that each of the Federal Reserve Banks must follow. Finally, CBAI urged the Fed to establish an audit process to ensure consistency throughout the System in the review, approval, and ongoing examination of Federal Reserve Banks to ensure compliance with these new requirements.

[Read CBAI's Comment Letter to the Federal Reserve »](#)