



Community Bankers
Association of Illinois
One Mission. **Community Banks.**

CBAI Files an Objection to PayPal’s Application for FDIC Insurance

In a letter to the San Francisco Regional Office of the Federal Deposit Insurance Corporation (FDIC) dated January 15, 2026, CBAI urged the FDIC to deny PayPal Holdings, Inc’s application for deposit insurance for their proposed PayPal Bank (an industrial bank). CBAI has long opposed the very existence of industrial loan companies and industrial banks because of the longstanding and prudent prohibition on the mixing of banking and commerce. CBAI strongly supports closing the “loophole” which permits these financial institutions to escape consolidated supervision by the Federal Reserve. The closing of this this regulatory “loophole” is needed to ensure the holding companies are able to act as a *source of strength* to their subsidiary banks, it ensures the integrity and stability of the Deposit Insurance Fund (DIF), and ultimately protects the banking and financial system, and American taxpayers from bailouts and failures of these banks.

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

Community Bankers Association of Illinois (CBAI)

901 Community Drive | Springfield, Illinois 62703 ● www.cbai.com ● P: 217.529.2265 | F: 217.529.9484