



**Innovative Payments Association**

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January 26, 2026

**Submitted Online at:** <https://regulations.gov/>

U.S. Comptroller of the Currency  
Chief Counsel's Office  
Attn: Comment Processing  
400 7th St., SW, Suite 3E-218  
Washington, DC 20219

**Re: Request for Information Regarding Community Banks' Engagement with Core Service Providers and Other Essential Third-Party Service Providers (OCC – 2025-0537)**

To Whom it May Concern:

This letter is submitted to the Office of the Comptroller of the Currency (the "OCC") on behalf of the Innovative Payments Association ("IPA"),<sup>1</sup> in response to the Request for Information Regarding Community Bank's Engagement with Core Service Providers and other Third-Party Service Providers published in the federal register on November 28, 2025 (the "RFI").<sup>2</sup>

The RFI solicits input from community banks and relevant stakeholders regarding community banks' reliance on third parties to operate effectively and competitively in an increasingly online marketplace. In particular, the RFI seeks information on community banks' engagement with their core service providers and other essential third-party servicers in order to supplement the OCC's understanding of challenges facing community banks' with respect to these relationships and aid the OCC in developing a roadmap for supervisory and regulatory actions to consider these concerns.

The IPA has many members involved in bank-fintech partnerships, both as sponsoring financial institutions and as non-bank fintech partners. These relationships often include essential third-party servicer relationships for community banks involving the same or similar types of services as those provided by a bank's core service provider. They have also proven to be an effective means of allowing community banks to compete in the digital and online marketplace. With that in mind, our members wish to highlight the significant benefits such arrangements have had on the marketplace for community banks and the lives of consumers. In addition, we wish to note the many compliance and oversight requirements and existing regulatory framework that such arrangements are subject to under the current law.

We urge the OCC to consider both the benefits of these arrangements as well as the existing regulatory framework they are already subject to, before adding additional administrative and compliance

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<sup>1</sup> The IPA is a trade organization that serves as the leading voice of the electronic payments sector, including prepaid products, mobile wallets, and person-to-person (P2P) technology for consumers, businesses, and governments at all levels. The IPA's goal is to encourage efficient use of electronic payments, cultivate financial inclusion through educating and empowering consumers, represent the industry before legislative and regulatory bodies, and provide thought leadership. The comments made in this letter do not necessarily represent the position of all members of the IPA.

<sup>2</sup> 90 Fed. Reg. 54882 – 54886, Nov. 28, 2025.



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costs when there are appropriate rules already in place. Additionally, we ask that if the OCC takes any regulatory action based on the results of the RFI, that the OCC keep in mind that the payment community, like the IPA's membership, includes companies of all shapes and sizes and that ultimately the marketplace, not regulations, should determine success.

***Bank-fintech arrangements have provided an important path to the digital financial ecosystem for underserved Americans***

Bank-fintech arrangements have long provided important products and services that offer a path to the mainstream banking ecosystem to consumers across the country. For those Americans who may see traditional banking services as inconvenient or out of reach, bank-fintech sponsored products such as prepaid or fintech debit accounts, earned wage access, and buy-now-pay later have provided consumers with more options to fully participate in today's technology-driven economy.

In most cases, if a consumer has access to a computer or a smart phone, accessing a variety of financial services and accounts is as simple as downloading a fintech app. Alternatively, in the case of prepaid cards that provide a "banking" like solution (e.g. GPR (General Purpose Reloadable)), a consumer can purchase them at their local supermarket. In each case, once the account holder completes the "Know Your Customer" registration process, strong anti-fraud protections apply to the consumer, just like traditional demand deposit account holders.

Moreover, such arrangements also help to reduce the financial strain consumers experience from unexpected financial events and enhance budgeting tools and capabilities. Consumer innovations such as real-time account updates, easy checkout options, remote deposit taking, buy-now-pay-later tools, and earned wage access tools are all due to the creativity within the payments community and are a direct result of the innovations created by bank-fintech partnerships. These financial tools have brought a wide variety of people into the financial mainstream by reducing the need for more costly alternatives like check cashiers and payday lenders.

Finally, the OCC should take note of the fact that products resulting from bank-fintech arrangements have among the highest consumer satisfaction rates among consumer products in the marketplace. According to the Consumer Financial Protection Bureau ("CFPB"), of the millions of complaints received through its consumer complaint database, less than 1 percent of all the complaints relate to prepaid or fintech debit account products and services, which are usually offered through bank-fintech arrangements.<sup>3</sup>

***Bank-fintech arrangements have also been a key partner to government agencies at all levels for the disbursement of government funds***

In addition to the important role bank-fintech arrangements played in responding to the Covid-19 pandemic, for many years, such arrangements have assisted federal, state, and local governments in disbursing funds to their constituents at a lower cost than checks and providing an electronic alternative to

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<sup>3</sup> [https://www.consumerfinance.gov/data-research/consumer-complaints/search/?chartType=line&dateInterval=Month&dateRange=3y&date\\_received\\_max=2024-07-05&date\\_received\\_min=2021-07-05&lens=Product&searchField=all&subLens=sub\\_product&tab=Trends](https://www.consumerfinance.gov/data-research/consumer-complaints/search/?chartType=line&dateInterval=Month&dateRange=3y&date_received_max=2024-07-05&date_received_min=2021-07-05&lens=Product&searchField=all&subLens=sub_product&tab=Trends).



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direct deposit for those recipients without bank accounts. In 2011, then Treasurer of the United States Rosie Rios estimated the cost of issuing paper checks to be 92 cents higher than the cost of direct deposits.<sup>4</sup> Further, the U.S. Treasury Department estimated federal beneficiaries to be 125 times more likely to have difficulties with paper checks versus electronic payments.<sup>5</sup> It also said there is an added taxpayer price tag of \$120 million for paper checks, and that would increase as more baby boomers retire. For calendar year 2022, government agencies disbursed \$285.1 billion through government-administered, general-use prepaid cards across over 1,400 programs reported by issuers.<sup>6</sup>

We believe it is important to not forget that the payments community, including bank-fintech partnerships, played a key role in helping the country through the Covid-19 pandemic by making it easier for Americans to receive, move, and access funds without leaving the comfort of their homes. The innovations and investments made by the payments community allowed the U.S. economy to continue to operate and even thrive in some sectors during the pandemic. In the words of the FDIC, “the importance of quickly receiving income from Economic Impact Payments or other government relief programs created a unique bankable moment, and consumers benefited from enhanced online and mobile account opening technologies and the greater availability of safe and affordable bank accounts. This combination of factors resulted in meaningful gains in connecting households to the banking system.” We do not believe it is a stretch to say that the meaningful gains cited by the FDIC would not have been possible were it not for the payments community, including bank-fintech partnerships.

***Bank-fintech arrangements benefits to community banks***

It is worth emphasizing that bank-fintech partnerships deliver meaningful benefits to the health and stability of the U.S. financial system, particularly for community banks. Fintech-sourced deposits provide a low-cost, stable source of liquidity, are typically FDIC insured, and tend to be “sticky” and characteristically distinct from hot money. In fact, data show that the top five deposit-focused community banks partnering with fintechs saw net interest income grow by 131% from the end of 2020 to the end of 2024, compared to just 14% growth among banks with \$1B to \$10B in assets. This outperformance was mainly driven by stronger deposit growth and better margins as interest rates rose—reflected in an 85% increase in net interest margin versus 6% for peers.<sup>7</sup> In short, fintech partnerships are enabling community banks to compete more effectively by helping them retain existing customers and attract new ones with responsible, user-friendly products and services.

***Bank-fintech arrangements are subject to an existing regulatory framework and numerous oversight requirements that should already sufficiently address concerns over the risks posed by these partnerships***

Effective arrangement models exist when banks and their fintech partners develop robust risk management frameworks that are properly and directly managed. This relationship allows bank partners and fintechs to monitor performance, ensure regulatory compliance and mitigate operational risk. These risks are not new and have been the subject of numerous rulemakings and regulatory guidance. The result is an existing, complex regulatory framework that already provides regulators with significant ability

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<sup>4</sup> See <https://godirect.gov/gpw/>.

<sup>5</sup> *Id.*

<sup>6</sup> <https://www.federalreserve.gov/publications/files/government-prepaid-report-202310.pdf>.

<sup>7</sup> [https://www.klaros.com/files/ugd/95e17f\\_0bca11183b1e4111780994d8ecc48aead.pdf](https://www.klaros.com/files/ugd/95e17f_0bca11183b1e4111780994d8ecc48aead.pdf)



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to gain insights into bank-fintech arrangements directly from the banks they regulate. This existing regulatory framework includes, but is not limited to, the following:

- Interagency Guidance on Third Party Relationships.<sup>8</sup>
- Interagency Guide for Community Banks on Conducting Due Diligence on Fintech Companies.<sup>9</sup>
- The CFPB's prepaid account rule.<sup>10</sup>
- The Bank Service Company Act.<sup>11</sup>
- FDIC's General Counsel Opinion No. 8.<sup>12</sup>
- FinCEN's Prepaid Access Rule.<sup>13</sup>
- FDIC Complex Bank Supervision.<sup>14</sup>
- OCC Office of Financial Technology.<sup>15</sup>
- State Based Licensing, laws, and regulation.

While we acknowledge that some bank-fintech partnerships have resulted in enforcement actions and concerns related to insufficient oversight or risk management, we believe most, if not all, risks posed by bank-fintech arrangements can be appropriately addressed through this existing regulatory framework and guidance, without the need for additional or more prescriptive regulation.

For this reason, we urge the OCC to both consider the need for, and potential negative consequences of, new or additional rules and requirements for bank-fintech arrangements before imposing them.

The IPA appreciates your consideration of these comments. If you have any questions or wish to discuss this letter, please do not hesitate to contact me at: [btate@ipa.org](mailto:btate@ipa.org).

Sincerely,

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Brian Tate  
President and CEO  
IPA  
[btate@ipa.org](mailto:btate@ipa.org)

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<sup>8</sup> <https://www.occ.gov/news-issuances/bulletins/2023/bulletin-2023-17.html>.

<sup>9</sup> <https://www.fdic.gov/sites/default/files/2024-03/pr21075a.pdf>.

<sup>10</sup> <https://www.consumerfinance.gov/prepaid-rule/>.

<sup>11</sup> 12 U.S.C. §§ 1861 et seq.

<sup>12</sup> <https://archive.fdic.gov/view/fdic/7790>.

<sup>13</sup> <https://www.fincen.gov/resources/statutes-regulations/guidance/final-rule-definitions-and-other-regulations-relating>.

<sup>14</sup> <https://www.fdic.gov/system/files/2024-06/ii-15-1.pdf>.

<sup>15</sup> <https://www.occ.gov/topics/supervision-and-examination/financial-technology/index-financial-technology.html>.