



The Voice of the Retail Banking Industry

December 18, 2018

Chairman Jelena McWilliams, Federal Deposit Insurance Corporation  
Chairman Jerome Powell, Federal Reserve Board  
Chairman Joseph Simons, Federal Trade Commission  
Comptroller Joseph Otting, Office of the Comptroller of the Currency  
Chairman Jay Clayton, Securities and Exchange Commission

Dear Madam and Sirs,

I write on behalf of the Consumer Bankers Association (CBA) and its member institutions to express concern over non-bank companies blurring the lines between the highly regulated Federal depository industry and technology providers in the financial service market ("Fintech"). Just last week, Robinhood Financial, a large non-bank financial service company, introduced its take on the traditional bank account. The new offering, Robinhood Checking & Savings, promised a 3 percent interest rate, a rate that is difficult to match by a regulated depository. Robinhood pitched the service to its roughly six million customers as being akin to a traditional checking or savings account - it would have come with a debit card that offered access to ATMs. Also, neither of the products needed to have a minimum monthly balance.

However, there are key differences between so-called "checking and savings" accounts offered by Fintechs and those offered by traditional depositories - namely, how they are insured. While bank deposits are insured by the Federal Deposit Insurance Corporation (FDIC) (up to \$250,000 per depositor), the "Robinhood Checking & Savings" could not have offered this coverage because it was offered by a non-bank broker-dealer. Instead, Robinhood erroneously claimed its accounts would be insured by the Securities Investor Protection Corporation (SIPC), which covers brokerage accounts. The SIPC was quick to rebut this claim, and we understand it has since reported the issue to the Trading and Markets Division of the Securities and Exchange Commission for potential securities violations. Even if the product did carry SIPC insurance, this would hardly equate to the coverage that consumers have come to know and expect with the FDIC, as the SIPC does not guarantee depositors will get all their money back in every circumstance. SIPC will cover \$250,000 in losses if the company fails financially and is insolvent. Also, SIPC coverage is not guaranteed by the U.S. Government.

CBA and our members have always welcomed competition as long as it is on a level playing field. Well-regulated banks have strong safeguards like FDIC insurance and consumer protections in place. Presenting an investment account as a checking account should present significant concerns for consumers. We see Robinhood as a prime example of blurring these lines, and we encourage your respective agencies to help ensure consumers are not harmed by products that are misleading and not clearly understood.

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard Hunt", written in a cursive style.

Richard Hunt  
President and CEO  
Consumer Bankers Association