CSBS Complaint Concerning OCC Fintech Charter

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The Conference of State Bank Supervisors (CSBS) filed a complaint in the U.S. District Court for the District of Columbia against the Office of the Comptroller of the Currency (OCC). The complaint seeks to prevent the agency from granting national bank charters to entities that operate as nonbanks, arguing that such charters exceed the authority granted by Congress.

CSBS previously filed suit against the OCC in 2017. After that suit was filed, the OCC announced that it had not yet determined whether it would move forward with the new charter, and the court decided that the issue was not ready for consideration. CSBS is now seeking court action based on the OCC's announcement this past July that it is accepting applications for the new bank charter for fintechs as well as the OCC's publication of a Licensing Manual Supplement.

Key points:

- The National Bank Act and other federal banking laws authorize the OCC to charter only institutions that engage in the "business of banking," which requires an institution to receive deposits.
- The OCC has said the new charter is for fintechs that do not take deposits. Many such companies operate as nonbanks licensed at the state level.
- Congress has not granted the OCC authority to award bank charters to nonbanks.

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