October 11, 2024

James P. Sheesley
Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: RIN 3064-AF88 - Parent Companies of Industrial Banks and Industrial Loan Companies

The Alliance for Automotive Innovation and National Automobile Dealers Association represent a significant portion of the American vehicle industry and encourage the Federal Deposit Insurance Corporation (FDIC) to reconsider the proposed Parent Companies of Industrial Banks and Industrial Loan Companies (ILC) rule ("proposed rule") as it will adversely impact the vehicle industry by effectively prohibiting the creation of new industrial banks.

Today, there are several vehicle finance companies operating with ILC charters. These financial institutions help support a range of functions within the auto industry, including vehicle finance providers and their affiliates, auto dealerships, and the customers they serve nationwide. ILC charters uniquely benefit niche industries and their customers like the vehicle sector by providing credit products and services not generally offered by traditional financial institutions. For example, at the beginning of the pandemic amidst great economic uncertainty, vehicle companies with ILC charters were qualified by the Small Business Administration to lend funds from the Paycheck Protection Program allowing these ILCs to quickly provide critical economic assistance to local dealerships, supporting small businesses and keeping thousands of workers employed during a public health crisis.

Like other insured financial institutions, ILCs are supervised by the Federal Deposit Insurance Corporation (FDIC) and chartered under state banking authorities. The Congressional Research Service has noted, "ILCs are subject to the same laws and regulations as all state banks." Additionally, they are subject to safety and soundness requirements and must comply with federal consumer protection, community reinvestment, and anti-money laundering laws.

When Congress passed the Competitive Equality Banking Act of 1987 (CEBA), it intentionally separated ILCs (and other types of financial institutions) from the Bank Holding Company Act (BHCA) and required ILCs to be FDIC-insured. In addition, Congress has requested the Government Accountability Office to study the safety and soundness of ILCs several times and has not recommended a significant change or repeal of this unique regulatory structure.

We encourage the FDIC to reconsider the proposed rule which would curtail transformative financial innovation. ILCs help vehicle businesses further differentiate their products and services, facilitating greater market competition and reducing potential corporate consolidation, especially during various economic cycles. As the American vehicle industry moves through the 21st century with a renewed focus on prioritizing investments in a clean energy economy and expanding domestic mobility, we hope the FDIC will work with stakeholders and avoid hampering resources within a rapidly changing landscape and highly competitive global marketplace.

Sincerely,

Alliance for Automotive Innovation
National Automobile Dealers Association