



January 16, 2025

Via: Electronic Submission

Federal Deposit Insurance Corporation

550 17th Street NW

Washington, DC 20429

Attention: James P. Sheesley, Assistant Executive Secretary - RIN 3064–AG07

Re: Notice of Proposed Rulemaking on Recordkeeping for Custodial Accounts - RIN 3064–AG07

Ladies and Gentlemen:

Chime Financial, Inc. (“Chime”) writes in support of the Notice of Proposed Rulemaking on Recordkeeping for Custodial Accounts (“Proposal”) issued by the Federal Deposit Insurance Corporation (“FDIC”).¹ The Proposal will strengthen the bank partnership model by putting in place requirements for proper record-keeping. This will ensure that banks that are partnered with fintechs are effectively managing partnerships in a way that protects consumers and allows them to benefit from these relationships.

Chime is a fintech that has direct, longstanding partnerships with two national banks - The Bancorp Bank, N.A. and Stride Bank, N.A. Chime’s partner banks are FDIC-insured and provide banking services to consumers, Chime’s members, who access those services through technology solutions developed by Chime. Through this model, Chime works with its partner banks to enable the banks to provide banking products that provide clear benefits to Chime’s members and access low-cost, stable deposits. Chime members are predominantly everyday consumers earning less than \$100,000 per year, many working in critical sectors of the economy. Chime’s relationships with its partner banks are structured to emphasize effective risk management, robust compliance and strong consumer protection.

Responsible bank-fintech relationships have been the backbone of substantial innovation in the banking sector for nearly two decades, providing numerous benefits to consumers, banks and the financial system more generally. Chime’s partnerships with banks, for example, have led innovation in the way everyday consumers obtain FDIC-insured deposit accounts with no monthly service, minimum balance or overdraft fees, access short-term liquidity and build credit. Many everyday consumers rely on

¹ Fed. Deposit Ins. Corp., Recordkeeping for Custodial Accounts, Notice of Proposed Rulemaking, 89 Fed. Reg. 80135 (Oct. 2, 2024)



bank fintech partnerships, like ours, to safely access innovative financial products because these consumers have historically not been well served by traditional banks.

We commend the FDIC for issuing the Proposal, which we believe would prevent practices that pose unacceptable risks to consumers without discouraging bank partnerships that are innovating responsibly and providing important benefits to consumers. If finalized, the Proposal will ensure that banks that partner with fintechs reconcile their accounts daily and always know the end-user to whom funds are owed. This will protect consumers and will help to ensure that bank-fintech partnerships are consistently deploying strong ledgering and reconciliation practices. The Proposal would also promote the FDIC's ability to promptly make deposit insurance determinations, and, if necessary, promptly pay deposit insurance claims in the event of the failure of a bank holding custodial accounts with transactional features. The Proposal is an appropriate response to recent market events demonstrating that not all bank-fintech partnerships are well-structured or well-operated.

Today, Chime and its partner banks have strong ledgering and reconciliation practices designed to protect consumers and maximize transparency between Chime and the banks. Chime's partner banks have direct access to the ledger that records the respective balances at that bank attributed to each Chime member. Chime's partner banks have well-established, effective daily reconciliation processes, which ensure that customer account balances are accurate and any discrepancies are promptly resolved. Additionally, Chime has visibility into the partner banks' reconciliation process, and can assist the banks in ensuring accuracy and resolving discrepancies. As such, we believe that the recordkeeping practices used in our bank partnership model are already substantially in line with the Proposal.

Chime appreciates the FDIC's statements of support for responsible innovation and acknowledgment that well-structured bank-fintech partnerships can provide important benefits.² We also appreciate that the Proposal addresses a specific risk of the bank-partnership model without imposing sweeping new rules or expectations, given that bank-fintech relationships are already subject to supervisory oversight and regulatory requirements. The Proposal together with the joint effort by the FDIC, OCC, and Federal Reserve (the "Agencies") to gather insights through the Request for

² Bd. of Governors of the Fed. Reserve Sys., Fed. Deposit Ins. Corp., Office of the Comptroller of the Currency, Joint Statement on Banks' Arrangements with Third Parties to Deliver Bank Deposit Products and Services (July 25, 2024), available at https://www.fdic.gov/system/files/2024-07/joint-statement-on-third-party-deposit-products_0.pdf



Information on Bank-Fintech Arrangements³ will result in an appropriate supervisory and regulatory framework for the key risks of bank partnerships.

Chime is committed to working with the FDIC and other Agencies in support of bank-fintech partnership policies like these that benefit consumers, promote the soundness of the financial system, and sustain confidence in the U.S. banking system.

Sincerely,

/s/ Jeffrey L. Stoltzfoos
Vice President, Government and Public Affairs

³ Bd. of Governors of the Fed. Reserve Sys., Fed. Deposit Ins. Corp., Office of the Comptroller of the Currency, Request for Information on Bank-Fintech Arrangements Involving Banking Products and Services Distributed to Consumers and Businesses, 89 Fed. Reg. 61577 (July 31, 2024).