



Until It Grows On Trees, See Us!

November 1, 2024

James P. Sheesley
Assistant Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington D.C. 20429
(comments@fdic.gov)

Re: Unsafe and Unsound Banking Practices: Brokered Deposit Restrictions RIN 3064-AF99

Dear Mr. Sheesley,

I am the Compliance Officer of Wayne County Bank. Located in Waynesboro, Tennessee, we are a locally owned community bank that has been serving our region since 1914. Dedicated to providing personalized solutions and reliable financial services, we offer a full portfolio of financial products including personal and business banking, loans, and mortgages. Known for our deep commitment to our local community, we concentrate on building strong relationships with our customers and supporting the economic growth and development of the communities we serve. By augmenting traditional values of trust and integrity with modern banking technologies, we are able to deliver creative and tailored financial solutions that meet the unique needs of the individuals, families, and businesses we serve.

I ask that the FDIC consider the point comments as you evaluate public feedback on the agency's proposed revisions to the brokered deposit rule.

Key Concerns

1. Expanded Deposit Broker Definition:

The proposal's new "compensation prong" and the merger of "placing" and "facilitating" definitions create an overly broad interpretation of deposit brokers. If read literally, the proposed definition could potentially capture any third party that receives any compensation, from anyone, for any service that assists any insured depository institution gather and/or retain any deposits.

Main Office Waynesboro, TN	Collinwood Branch Collinwood, TN	Court Square Branch Waynesboro, TN	Clifton Branch Clifton, TN	64 Express Waynesboro	Citizen's Bank Lewis Co Hohenwald, TN	Citizen's Bank Lawrence Co Lawrenceburg, TN	Citizen's Bank Of Loretto Loretto, TN
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The world has become a blend of physical and digital, and community banks won't be able to survive unless we can partner with third parties to attract and keep depositors. Not only do we need to offer competitive deposit products, but we also have to provide the technology and user experience that today's consumers expect.

Without the time, resources, and technical expertise of larger institutions, smaller banks must rely on third-party partnerships to help us build, deploy and maintain digital banking platforms that make it easy for customers to open accounts, manage daily banking tasks, and oversee their finances.

For community banks to remain competitive, we need these external partnerships, and third-party providers must be fairly compensated to be able to continue offering their valuable services.

2. Remove Digital Marketing Restrictions:

We believe the FDIC should fully recognize the digital realities of today's banking environment.

Consumers now have full-service banks at their fingertips with smartphones and tablets and frequently use comparison websites and mobile apps to assess financial service providers. The FDIC should lift its restrictions on "passive activities" and "limited compensation" for digital marketing platforms (such as listing services). These platforms offer valuable information that empower consumers to make informed choices about financial products providers.

They also allow institutions like ours to build direct relationships, that we own and control, with tech-savvy individuals seeking community-based alternatives to national banks. Digital channels enable us to compete cost-effectively with larger institutions, and we should have the freedom to use these tools to promote our services and attract new customers and deposits.

Similarly, listing services and online comparison sites should not be regulated to providing only rate and participating institution information nor should their compensation to be restricted to flat fees and/or subscription services. These services are not dissimilar to any other marketing channel where such restrictions do not exist.



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Recommended Changes

1. **Exempt Specific Third-Party Services Providers:** Exempt third parties who help banks establish and maintain direct depositor relationships provided the third party (i) does not control depositor accounts or funds; (ii) plays no role in establishing account terms; (iii) does not manage or propose deposit allocations among institutions; and (iv) does not serve as the system of record for any depositor transactions or funds.
2. **Exclude Stable, Insured Deposits from the Brokered Deposit Definition:** Exempt fully insured, reward-based, and transaction accounts provided these accounts are (i) fully insured, (ii) opened by and held in the name of an individual depositor; (iii) are used regularly by that same depositor for standard banking activities and (iv) only that same depositor is authorized by the insured depository institution to authorize withdrawals for to close the account. These deposits provide stable, core funding and increase my franchise value and advance the FDIC's safety and soundness agenda.
3. **Define Middleware Provider Role:** The FDIC could refine the "deposit broker" classification to target entities that directly market or distribute deposit services to end-users, specifically when these intermediaries—not the bank's primary processor—act as the system of record for depositor transactions and funds. This approach would direct regulatory focus toward higher-risk partnerships, while maintaining the essential role of traditional third-party service providers that do not have control over depositor funds.

Legislative Alternative

We also encourage the FDIC to collaborate with Congress to replace Section 29 of the FDI Act with an asset growth restriction, The Asset Growth Restriction Act previously introduced by Senator Jerry Moran, would accomplish the original restrictions Section 20 of the FDI Act was intended to address and it would create a regulatory framework that would be easier for the FDIC to administer.



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Final Thoughts

In summary, we urge the FDIC to refine the proposed rule to enable community banks to use digital marketing channels and third-party service providers to attract new depositors, retain core deposits and support the communities we serve.

Thank you for your consideration.

Sincerely,



Randy G. Butler
Compliance Officer