



November 13, 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 reaching out on behalf of Williamstown Bank to provide feedback and comments on the FDIC's recent notice of proposed rulemaking regarding revisions to the brokered deposit regulations. As a locally owned and operated community bank in our state, I am concerned that the lack of clear language in this rule and the potential mischaracterization of third-party service providers who receive compensation of the services they provide will have a negative impact on our ability to run our bank effectively and competitively.

Williamstown Bank has served the greater Parkersburg and Williamstown areas in West Virginia since 1919, covering a community of about 35,000 people. We pride ourselves on our ability to provide high touch, high quality customer service where we know our customers or their business by name, face, and family.

In order to retain customers and attract new ones, we must continuously provide innovative products and services, manage our balance sheet efficiently, and use every possible tool to market and compete with larger regionals or national banks. The proposed language from the FDIC regarding brokered deposits restrictions would hinder our ability to do any of the above well because of our reliance on third-party partners. Since we do not currently maintain any brokered deposits on our balance sheet today (a strategic decision we have purposefully pursued), classifying some of our critical partners as such would risk our ability to rely on them.

The proposed addition of the "compensation prong" to the deposit broker definition is inappropriately broad and could 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.

[REDACTED] but most importantly we partner with these providers to bring innovative marketing techniques, effective liquidity management, and risk monitoring. Having these partners is that we cannot do all of these things well on our own and these organizations help us establish singularly sourced, deeply connected direct depositor relationships, that we own and control, with individuals who live, work and worship in our local community.

With the addition of a handful of exceptions and clarifications, I believe the proposed brokered deposits rule could be improved while also allowing community banks like ours to flourish and compete. Specifically, those recommended changes are:



1. Create an express exemption for service providers to banks that excludes anyone who provides services to a bank where the relationship is established directly between the bank and the individual depositor. The proposed compensation prong associated with the expansion of the deposit broker definition should be removed from the proposed revisions as it is overly broad and mischaracterizes third parties who help use establish singularly sourced, direct depositor relationships, that we own and control, with individuals who live and work in our communities.
2. Remove all prohibitions on listing services provided the listing service (a) does not have the legal authority to close a deposit account or move a third party's funds from one IDI to another IDI; (b) is not involved in negotiating or setting rates, fees, terms or conditions of any deposit account offered by any participating IDI; (c) does not propose, allocate, or determine deposit distributions among participating IDIs; and (d) the listing service's platform enables consumers to research and connect with a financial institution of their own choosing and apply for and fund their deposit account directly with that institution.
3. Explicitly exclude reward-based and consumer transaction accounts deposits from being classified as "brokered deposits" when the account meets the following criteria: (a) it is fully insured; (b) it is opened and held in the name of an individual; (c) it is regularly used by the individual for payments, transactions, savings, and earning rewards linked to banking activities specified by the institution; and (d) the individual is the sole person authorized to manage withdrawals or close the account.

These relationships are evidenced by the depositor utilizing multiple financial products and services from our institution (e.g. savings accounts; loans; credit cards; online banking; debit cards; identity protection; CDs; wealth management, etc.) These deposits do not pose any risks to the safety and soundness of our institution nor do they introduce any risks to the Deposit Insurance Fund. These are "sticky" deposits that serve as a stable source of low-cost funds upon which we can prudently reinvest in our communities.

Thank you for your consideration of this letter. I am confident that the intention of the FDIC's proposal is not to put community banks at a disadvantage and hope that sharing our story will help provide clarity for the FDIC as you approach these revisions.

Thank you again,



Sharon K. Anderson
President & CEO
Williamstown Bank



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