

Office of
INNOVATION

At the Office of the Comptroller of the Currency, we are making certain that institutions with federal charters have a regulatory framework that is receptive to responsible innovation along with the supervision that supports it.

"Supporting Responsible Innovation in the Federal Banking System: An OCC Perspective"



FINANCIAL TECHNOLOGY AND OTHER NONBANK INSTITUTIONS

INTRODUCING FINTECH AND OTHER NONBANK COMPANIES TO THE OCC OFFICE OF INNOVATION

The Office of the Comptroller of the Currency's (OCC) Office of Innovation is the central contact and clearinghouse for requests and information relating to innovation in the federal banking system. The Office of Innovation is headed by Chief Innovation Officer Beth Knickerbocker, who leads OCC specialists located in Washington, D.C., New York, N.Y., and San Francisco, Calif. The Office of Innovation is responsible for implementing the OCC's framework for responsible innovation.

The Office of Innovation staff looks forward to hearing from you and assisting you.

OCC INNOVATION FRAMEWORK

The Office of Innovation is responsible for implementing the OCC's framework for responsible innovation, which includes the following:

- Establishing an outreach and technical assistance program for banks and financial technology (fintech) and other nonbank companies;
- Conducting awareness and training activities for OCC examiners and other staff;
- Encouraging coordination and facilitation within the OCC;

- Managing the OCC's innovation research function; and
- Promoting interagency collaboration.

QUESTIONS AND ANSWERS

How does the OCC define responsible innovation?

Responsible innovation is the use of new or improved financial products, services, and processes to meet the evolving needs of consumers, businesses, and communities in a manner that is consistent with sound risk management and is aligned with a bank's overall business strategy.

How does the Office of Innovation interact with fintech and other nonbank companies?

The Office of Innovation is your primary contact and resource at the OCC to assist you in understanding the OCC's expectations and the overall regulatory landscape. OCC staff frequently meet and speak with fintech and other nonbank companies as well as banks to promote open and ongoing communication.

What information can the Office of Innovation provide to fintech and other nonbank companies?

The Office of Innovation provides information on regulatory policy, the supervisory process, and

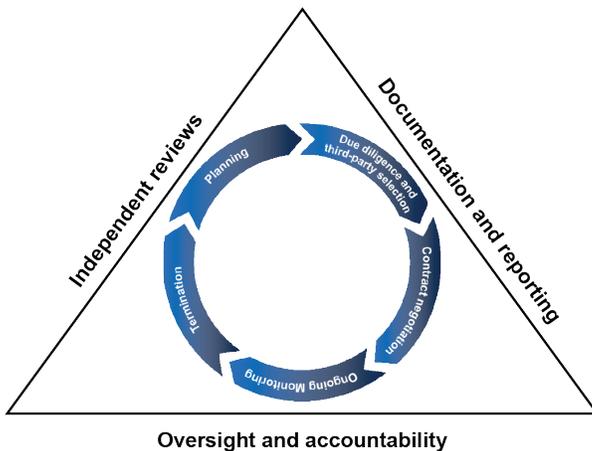
expectations. In addition, the Office of Innovation assists fintech and other nonbank companies interested in partnerships with banks by sharing success stories and lessons learned.

What should a fintech company consider when partnering with a bank?

A fintech company should consider that a bank needs to understand how the business model and the product, service, or technology the fintech company offers can assist a bank in meeting its strategic objectives. If a bank is partnering with a fintech company offering products and services, those products and services should align with the bank's risk appetite. In addition, a fintech company should be prepared to describe its internal controls and ongoing capacity to provide contracted services.

What third-party risk management principles are applicable to partnerships with banks?

When a fintech company provides products or services to a bank, the bank is engaging in a third-party relationship. A fintech company should review the principles described in OCC Bulletin 2013-29, "Third Party Relationships: Risk Management Guidance," regarding the third-party risk management life cycle, which is illustrated here. A fintech company that a bank engages as a third party should understand this life cycle thoroughly and respond, as appropriate, to all due diligence requests from a bank.



What should a fintech company know about the special purpose national bank (SPNB) charter?

A fintech company granted an SPNB charter would be subject to the same rigorous supervision that the OCC applies to all national banks. The OCC's expectations for business plan development, governance, capital, liquidity, compliance risk management, financial inclusion, and recovery and resolution planning are applicable to SPNBs. The following documents provide additional information on the OCC's chartering process:

- "Charters," *Comptroller's Licensing Manual*
- "Exploring Special Purpose National Bank Charters for Fintech Companies" (December 2016)

CONNECT WITH THE OFFICE OF INNOVATION

The Office of Innovation is available to discuss and provide candid information on financial services innovation and on a variety of topics including partnerships with banks and the regulatory landscape. You can connect with the Office of Innovation through e-mail, phone, or our responsible

innovation web page. In addition, the Office of Innovation participates in a number of outreach activities, including the following:

- **Office Hours:** You can request a one-on-one meeting with OCC staff during an established Office Hours session. These individualized meetings are designed to facilitate interactions between OCC staff and banks, fintech and other nonbank companies, and other interested parties.
- **Listening sessions:** The OCC periodically conducts single-topic listening sessions to invite discussion of emerging issues, trends, current events, and questions with groups of interested parties.
- **Forums:** The OCC hosts symposiums to bring together a large and diverse group of interested parties for discussion on a broad variety of topics with an emphasis on responsible innovation in financial services.
- **Conferences:** OCC staff attend and participate in financial industry and banking conferences to stay abreast of current topics and trends to develop and maintain relationships with those pursuing responsible innovation.
- **Other outreach:** The Comptroller and OCC staff will continue to show leadership by leveraging all opportunities, including panel discussions, speeches, and reports, to promote responsible innovation in the financial services industry.

GUIDANCE FOR FINTECH AND OTHER NONBANK COMPANIES

OCC RESOURCES (www.occ.gov)

- "An Opportunity for Community Banks: Working Together Collaboratively"
- "The Director's Book: Role of Directors for National Banks and Federal Savings Associations"
- "Compliance Management System," *Comptroller's Handbook*
- "Corporate and Risk Governance," *Comptroller's Handbook*
- "Internal and External Audits," *Comptroller's Handbook*
- OCC Bulletin 2004-20, "Risk Management of New, Expanded or Modified Bank Products and Services"
- OCC Bulletin, 2011-12, "Supervisory Guidance on Model Risk Management"
- OCC Bulletin 2012-16, "Guidance for Evaluating Capital Planning and Adequacy"
- OCC Bulletin 2013-29, "Third Party Relationships: Risk Management Guidance"
- OCC Bulletin 2017-21, "Third-Party Relationships: Frequently Asked Questions to Supplement OCC Bulletin 2013-29"

Federal Financial Institutions Examination Council Resources (www.ffiec.gov)

- Federal Financial Institutions Examination Council Information Technology Examination Handbook*
- Federal Financial Institutions Examination Council Bank Secrecy Act/Anti-Money Laundering Examination Manual*

Contact the Office of Innovation

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