Voluntary Certification Standard – Tabletop 6

Background
The FDIC recently issued a request for information (RFI) on a possible policy that would ease community bank burden when conducting third party due diligence, particularly when partnering with a fintech. The RFI contemplates the creation of a standard-setting organization (SSO) that would be able to certify fintech models and services. By utilizing these services, a fintech would only have to undergo one due-diligence review by the SSO, and in turn, the community bank would be able to partially rely upon the review performed by the SSO.

Discussion Questions
1. Would the voluntary certification standards streamline the due process and monitoring responsibilities?
2. What are the advantages and disadvantages of establishing standard-setting and voluntary certification processes for either models or third-party providers?
3. Would an SSO be an additional barrier to entry for fintechs?
4. What assurances would need to be provided for all stakeholders (fintechs, banks and agencies) to rely on SSOs?
5. What are the advantages and disadvantages to providers of models of participating in the standard-setting and voluntary certification process?
6. What is your response to AFR’s opposition to the contemplated idea, that FDIC should not “provide more flexibility for insured depository institutions (IDIs) to engage in novel partnerships using technology banking regulators have not sufficiently studied” and “should not irresponsibly delegate core regulatory functions”?
7. How could FDIC protect against concerns raised by AFR while still enabling fintech-community bank partnerships?

Reading Material
- FDIC floats certification program for fintechs working with banks
- Can Standards and Voluntary Certification Help Community Banks and Fintechs Grow, Together?
- Americans for Financial Reform Comment in re FDIC’s SSO Proposal