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November 12, 2025

United States Senate
Washington, D.C. 20510

Re: New ICBA White Paper: Closing the Industrial Loan Company Loophole: An Urgent Priority to Prevent Systemic Risk and Consumer Harm

Dear Senator:

On behalf of community banks across the country, with nearly 45,000 locations, I write to share with you ICBA's new white paper, "Closing the Industrial Loan Company Loophole: An Urgent Priority to Prevent Systemic Risk and Consumer Harm."

Our white paper urges Congress to permanently close the ILC loophole. Furthermore, Congress should urge the FDIC to use its statutory authority to deny currently pending ILC deposit insurance applications.

The white paper provides detailed background on:

- How the ILC, originally intended to be small-scale, limited-power charter, expanded unchecked over the course of decades into a full-service bank charter operating on a national scale.
- Why the separation of banking and commerce has been fundamental to American prosperity.
- The loophole in the Bank Holding Company Act that allows ILCs, unlike all other financial institutions, to be owned by nonfinancial firms, breaching the separation of banking and commerce.
- The threat to safety and soundness, to the Deposit Insurance Fund, and to American consumers created by the ILC loophole.
- The amplification of this threat in an era dominated by Big Tech, AI, and fintech.

With a troubling number of new ILC applications for deposit insurance pending before the FDIC, and the prospect of numerous additional applications, we urge your attention to the policy recommendations described in the linked white paper.

Thank you for your consideration.

Sincerely,

/s/

Rebeca Romero Rainey
President and CEO