



ICBA
Advocacy

National Trust Bank Charters

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A theme for 2026:

Everybody Wants to be a bank...

Without being regulated like a bank.

Unprecedented Recent Surge in National Trust Bank Applications

Conditional Approvals

- First National Digital Currency Bank
- Ripple National Trust Bank
- BitGo Bank & Trust, National Association
- Fidelity Digital Assets, National Association
- Paxos Trust Company, National Association
- Bridge National Trust Bank
- National Digital Trust Co.
- Foris DAX National Trust Bank
- Coinbase National Trust Company

Pending Applicants

- Lorum National Trust Bank, N.A.
- Bastion Platforms National Trust Company
- EDX Trust, N.A.
- Zerohash National Trust Bank
- PAYO Digital Bank, N.A.
- Morgan Stanley Digital Trust, N.A.
- Laser Digital National Trust Bank
- World Liberty Trust Company, N.A.
- Connectia Trust, N.A.
- Wise National Trust

What is a National Trust Bank?

- National trust banks are OCC chartered financial institutions that have historically been limited to fiduciary and trust-related activities.
- They are prohibited by statute from taking deposits, making loans, or obtaining FDIC insurance.
- Recent actions by the OCC have expanded the powers of national trust banks to include “non-fiduciary activities.”
- Non-fiduciary activities make the national trust bank charter attractive for crypto and payments companies because it enables them to mimic many of the product offerings of full-service banks without becoming subject to the same regulatory framework.

Traditional Fiduciary Powers

- Acting as a trustee
- Acting as executor
- Acting as an administrator
- Registrar of stocks and bonds
- Acting as a transfer agent
- Acting as a guardian
- Acting as an assignee
- Acting as receiver
- Acting as a custodian under a uniform gifts to minors act
- Acting as an investment advisor (if the bank accepts a fee for its investment advice)
- Acting in any capacity in which the bank possesses investment discretion on behalf of another
- Acting in a fiduciary capacity to the same extent as state banks, trust companies, and other local competitors are permitted under state law
- *Other activities authorized pursuant to application to the OCC and set forth in [Activities Permissible for a National Bank, Cumulative, 2011 Annual Edition, April 2012](#)

Anticipated Non-Fiduciary Activities: Crypto/Stablecoin Focus

- Serving as a custodian for stablecoin reserves, cryptocurrencies and private keys
- Facilitating the issuance or redemption of stablecoin
 - **Why this matters to community banks:** If national trusts control the on-ramps/off-ramps, what role will community banks have?
- Facilitating the exchange or lending of digital assets
- Acting as a principal with respect to stablecoins
- Issuing gold-backed digital assets
 - **Why this matters to community banks:** Many states have enacted, or are debating, legislation to create gold-based electronic payment systems.
- Serving as an escrow, payment agent, or exchange agent for cryptocurrencies
- Offering ancillary staking, settlement, clearing, wallet platform services and other customer-directed transactional services held in custody accounts
 - **Why this matters to community banks:** These capabilities will allow for investment-like returns (staking) and P2P/C2B payments.
- Offering **multicurrency** accounts, payment and payroll processing and fiduciary services

Anticipated Impacts of National Trust Bank Charter Approvals

- Non-fiduciary custody allows national trust banks to pool customer assets into a non-segregated omnibus account that can act as a reserve for stablecoins issued by the national trust bank itself or an affiliate.
- This will enable national trust banks to offer customers a product that mimics the functionality of a deposit account.
- Customers will potentially be able to:
 - Earn yield on stablecoin balances
 - Transfer stablecoin balances peer-to-peer digitally
 - Spend stablecoin balances at the point of sale via a credit or debit card, or through a mobile app
- **Together, all these capabilities can re-structure the banking system with larger roles for narrow banks, permitted payment stablecoin issuers, crypto exchanges, and decentralized protocols.**

ICBA Objections

Lacks statutory authority

- The OCC exceeded its statutory authority under the National Bank Act to allow national trust banks to engage in non-fiduciary activities.
- The OCC's rulemaking is not compliant with the Administrative Procedures Act.

Risks to consumers and financial stability

- Customers may think their balances held by national trust banks are protected by FDIC insurance, but they are not.
- Lack of Reg E Compliance increases the risk of fraud and money laundering.
- The OCC is not equipped to resolve a failed NTB in an orderly way.

ICBA Objections

Regulatory arbitrage

- National trust banks gain federal preemption (overriding state laws), potential Federal Reserve master account access, and credibility as "national banks."
- However, as "limited-purpose" banks, they avoid many prudential safeguards required of full-service banks—e.g., stricter capital, liquidity, risk management, and consumer protections.
- National trust banks are exempt from the Bank Holding Company Act definition of a "bank," so their parent companies are not subject to consolidated supervision or limited to activities that are financial in nature.
- Despite offering a product that is a functional substitute for deposits, national trust banks have no obligation to reinvest in the communities they serve under the CRA.

How Do National Trust Banks Differ From National Banks?

Characteristic	National Trust Banks	Full Service National Banks
FDIC Insurance	✗	✓
Subject to Bank Holding Company Act	✗	✓
Subject to CRA	✗	✓
Deposit Taking and Lending	✗	✓
Federal Preemption	✓	✓
Reg E	✗	✓

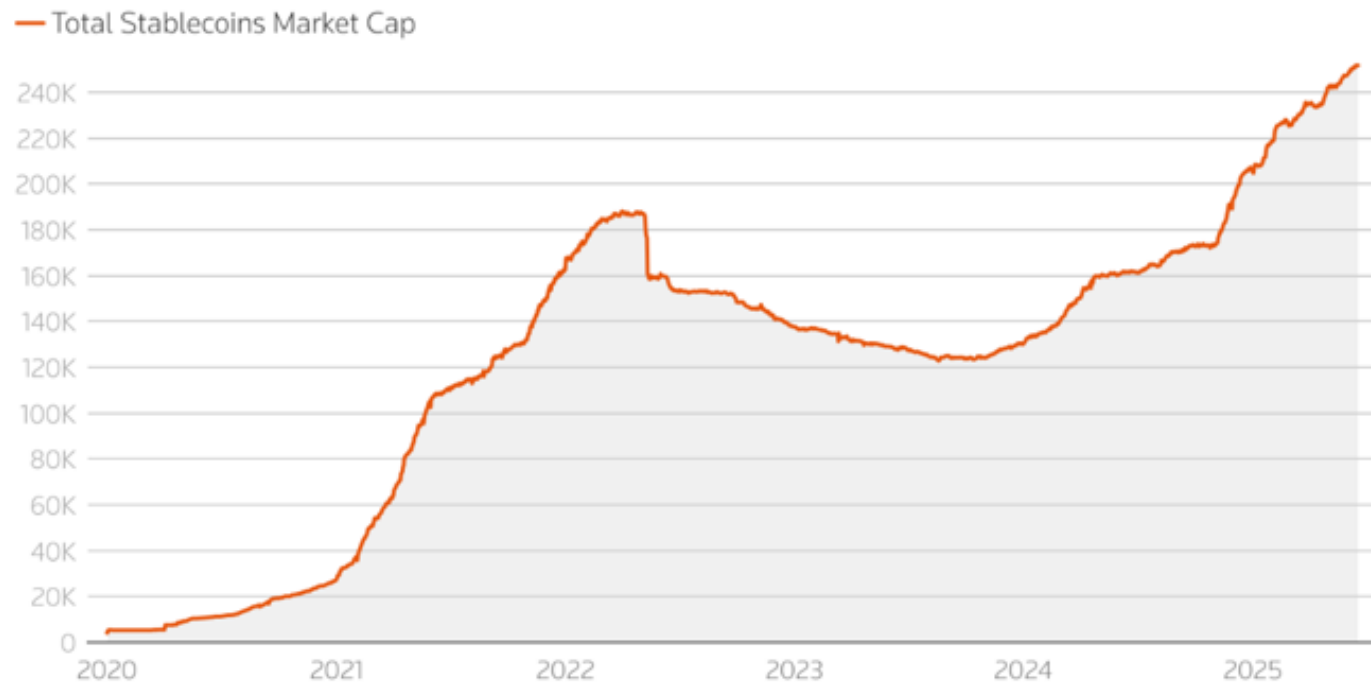
Why Community Banks Should Be Concerned About National Trust Banks

- Drastically alters the landscape for payments and banking.
- Allows stablecoin issuers to compete directly with community banks for deposits.
- Drains deposits from community banks, which reduces your ability to lend and reduces economic growth.
- Exacerbates deposit flight from community banks, which will harm lending, leaving non-banks to fill the vacuum.
- Customers may wrongly believe that balances held with national trust banks are FDIC-insured.
- Potential systemic risk if a large stablecoin experiences a run.
- Because National Trust Banks lack FDIC insurance – customers or traditional banks may be left holding the bag if a NTB fails.
- The OCC does not have experience managing the resolution of a large financial institution.

As Stablecoins Grow, Banks Risk Losing Share

- In 6 years, stablecoins have grown from almost nothing to over \$320 billion.
- Currently, there are \$19 trillion of deposits in the banking system.
- The expanded powers of the national trust bank charter have the potential to accelerate stablecoin adoption.
- Increased adoption will come at the expense of bank deposits.

Stablecoin market capitalization hits record high



Note: Amount in \$ millions