



Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street N.W.
Washington, D.C. 20439

April 7, 2020

Re: Unsafe and Unsound Banking Practices: Brokered Deposit Restrictions – RIN 3064-AE94

Dear Mr. Feldman,

I am Operations Officer at Central Bank Illinois and I am writing to respond to the proposed rule the FDIC published in the Federal Register on February 10, 2020 regarding brokered deposits.

Central Bank Illinois is a high performing community bank with nearly \$1 billion in total assets. Central Bank was founded in 1907 and is headquartered in Geneseo, IL. We have full service locations in 8 small towns including the communities of Andover, Ashton, Fulton, Geneseo, Peru, Princeton, Oregon and Rochelle. We provide personal service and local decisions for our customers ranging from commercial to agricultural, real estate and consumer lending as well as trust and asset management services for every generation. Within our demand deposits alone, over 35% of deposits reside in a rewards based or automated cash management accounts, which will be affected by this change.

I would like to reference a public statement FDIC Chairman Jelena McWilliams made in her October 1, 2019 speech at the Federal Reserve Bank of St. Louis, as I believe her comments are an informative backdrop to my suggestions.

“Why are more community banks not developing new technologies? For two principal reasons: cost and regulatory uncertainty. The cost to innovate is in many cases prohibitively high for community banks. They often lack the expertise, the information technology, and research and development budgets to independently develop and deploy their own technology. That is why partnering with a fintech that has already developed, tested, and rolled out new technology is often a critical mechanism for a community.”

Unfortunately, the currently written proposed rule does not echo the Chairman’s request to foster innovation within community banks. I don’t mean to misinterpret the FDIC’s intentions but, per the written language, the proposed rule clearly restricts my bank’s ability to use third party providers to serve my community.

My main concerns include:

1. The proposed new “facilitating” definition that says engaging in the following would meet the “deposit broker” definition:
 - a. The person directly or indirectly shares any third-party information with the insured depository institution;
 - b. The person provides assistance or is involved in setting rates, fees, terms, or conditions for the deposit account;This would restrict my bank’s ability to receive any external information from any third party about our own customers or potential customers.
2. The proposed rule restricts banks from using consulting and/or advisory services to assist with our retail deposit offerings. With our deposits potentially being declared “brokered”, banks will no longer be able

Geneseo · 101 North State Street · PO Box 89 · Geneseo, IL 61254 · 309-944-5601

Andover 309-521-8106 **Ashton** 815-453-2662 **Fulton** 815-589-3232 **Oregon** 815-732-3282 **Peru** 815-220-1647 **Princeton** 815-875-3333 **Rochelle** 815-562-5571

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to engage companies who provide market research; product development; price elasticity studies; profitability assessments; non-interest income; retail optimization services; behavioral and activity insights; asset liability management advice, overdraft protection services; reward and customer loyalty programs and much more.

There are other issues with the proposed rule including the process by which third parties would have to apply for a primary purpose exception from the FDIC for each of its individual lines of business; and, with the Staff's authority to review, eliminate and/or grandfather current FDIC Advisory Opinions post final rule. If left unchanged, the proposed rule would severely hinder investments that have been made by community banks based upon the specific assurances of those Advisory Opinions.

With all of that as background, I request the FDIC consider the following amendments to the final rule:

1. Revise the proposed "facilitation" definition to remove the first prong of the proposed definition altogether. I fail to understand how the exchange of information has an adverse effect on the stability of an individual's deposits. Additionally, edit the third prong of the proposed definition so that it specifically addresses third parties who control the depositor relationship. The language is too broad. Clarify the language so that it captures traditional brokers that own the depositor relationship and negotiate or set the rates, fees, terms or condition of the deposit account on behalf of their depositor customer.
2. Grandfather all current FDIC Advisory Opinions so they remain in effect post final rule.
3. Streamline the proposed primary purpose exception application and determination process. As currently written, the rule is so broad that it traps a wide range of industry participants. The process effectively pauses all third-party innovation and hurts consumers, as all new deposit offerings or relationship building activities that third parties helps us with would have to be screened and approved through the FDIC's primary purpose exception process.
4. Provide apparent exceptions for:
 - Transaction account deposits and relationship-based deposits as these are a very stable source of funds as they are associated with a tangible direct relationship that has been established between the individual depositor and the bank.
 - Third party service providers who do not have any contractual relationship with any depositor to place, manage or control any of the individual's deposits. Community banks rely on third party service providers to help us develop and offer attractive products and services as we don't have the same resources, technical expertise and budgets as larger banks.

Respectfully,



Jackie Despain
Operations Officer
Central Bank Illinois

