

THE OROGEN GROUP

May 31 2016

To: Officer of the Comptroller of the Currency
Subject: Supporting Responsible Innovation in the Federal Banking System

I would like to thank the Office of the Comptroller of the Currency for inviting comment on its framework to support responsible innovation in the federal banking system. More importantly, I want to commend your efforts to foster partnership and dialogue among the parties that play a role in, or potentially are affected by, the changes in the financial services landscape.

Technology-enabled innovation – and the market competition it inspires – can help fulfill the promise of finance for more people than ever before. This is an exciting prospect.

The financial services industry is going through a dramatic transformation, driven by changes in regulation and new technology and data-driven business services solutions. What had once been an industry dominated by conglomerate banks and unregulated non-bank financial institutions will evolve, over time, to a broader and more decentralized network of focused financial services companies.

This evolution – and the trends driving it – will invite more providers into the marketplace. The resulting competition should be good for consumers and businesses as it should lower costs and increase access to financial services. This means that more people who previously were under-banked, will be brought into the formal banking system so they can create and build a financial identity.

A free, open and transparent market that encourages innovation and competition is the best kind of market. But financial services – especially credit and savings – is a different kind of industry that requires a social contract to ensure that it is fair and accessible and that the system is sound. The need for a partnership between financial services providers and their regulators – and an ongoing and constructive dialogue between them – is critical.

Around the world, this type of constructive and consultative dialogue is having a positive impact on the way financial services are delivered and the industry is regulated. In many places, regulators have sought to create a framework that provides them with all the tools necessary to dynamically protect the public/private partnership and ensure that the needs of customers are being met in an inclusive way.

What the rest of the world is teaching us is that a consultative and iterative process, combined with macro-prudential oversight, can foster responsible innovation while encouraging competition among market participants to find better ways to serve and protect their customers. In short, this is the framework that works.

Over the past few years, my team and I have been working with financial services companies – from new market entrants and de novo platforms to legacy conglomerates – as they navigate the changing landscape. We understand the challenges and opportunities that companies of all sizes and vintages face as the expectations and needs of their customers change. And as the industry evolves, we believe it is critical that innovation is encouraged so that the progress toward a more competitive and inclusive industry is supported and not hindered.

We would be happy to discuss this with you further.

Sincerely,

A handwritten signature in black ink, appearing to read "Vikram S. Pandit", with a stylized flourish at the end.

Vikram S. Pandit
Chairman and Chief Executive Officer
The Orogen Group