Recommendations and Decisions for Implementing a Responsible Innovation Framework
Executive Summary

As the prudential regulator of the federal banking system, the Office of the Comptroller of the Currency (OCC) supports the ability of national banks and federal savings associations (collectively, banks) to fulfill their role of providing financial services to consumers, businesses, and their communities through responsible innovation that is safe and sound, consistent with applicable law, and protective of consumer rights.

Building on the OCC’s innovation initiatives over the last year, the agency’s Innovation Framework Development Team developed a comprehensive set of recommendations that the Comptroller of the Currency and Executive Committee accepted in early October 2016. The recommendations cover the following areas:

- Create an Office of Innovation to Implement the Framework
- Establish an Outreach and Technical Assistance Program
- Conduct Awareness and Training Activities
- Encourage Coordination and Facilitation
- Establish an Innovation Research Function
- Promote Interagency Collaboration

This paper contains a summary of the financial services landscape and the OCC’s innovation initiatives, followed by a discussion of the approved recommendations for the OCC’s Framework for Responsible Innovation, including the Office of Innovation and other key elements.

Background

Financial Services Landscape

Technological advances, together with evolving consumer preferences, are reshaping the financial services industry at an accelerated pace. Over the last several years, a large and growing number of nonbank financial technology companies (fintechs) have emerged to provide financial products and services through alternative platforms and delivery channels. Venture capital investment in these companies has increased dramatically. Today, fintechs engage in the traditional banking functions of consumer lending, payments, wealth management, and settlements. Fintechs also are leveraging new technologies and processes, such as cloud computing, application programming interfaces, distributed ledgers, artificial intelligence, and big data analytics.

Consumer preferences for financial products and services are also changing rapidly. Emerging innovations give consumers increased access and product options, control over choices, and the ability to tailor products to meet their individual needs. In addition, nonbanks have raised consumer expectations by expediting decisions and offering real-time, cross-channel capabilities and a more seamless experience. As a result, consumers are more willing to use multiple channels and providers to meet their needs. New entrants into the market must not engage in unfair and deceptive practices or discriminatory activities.

Key Takeaways From the OCC’s Decisions

-- Provide value to stakeholders
-- Support responsible innovation
-- Align to guiding principles
-- Leverage existing practices and expertise
-- Be responsive to feedback
-- Preserve existing decision-making functions
-- Integrate activities across the agency
These changes challenge traditional banking business models. Although banks have a long history of adapting to new technology and introducing innovative products and services, it is imperative for them to understand the impact of the evolving landscape on their business strategies and leverage their unique advantages so they can continue to meet the needs of their customers, businesses, and communities.

OCC-supervised institutions are currently in various stages of developing and implementing innovation strategies. For example, some banks have proactively launched their own innovation labs. Many larger banks have also provided venture capital funding and completed acquisitions of fintech firms. Other institutions are taking more of a watch and follow approach. Banks of all sizes are increasingly partnering with fintechs, as both banks and fintechs recognize the benefits of collaboration. Some community banks, however, have not developed an innovation strategy.

**OCC Innovation Initiatives**

In 2015, the OCC launched an initiative focused on innovation to better understand the evolving financial services landscape and determine what actions the OCC might take in response. OCC working group members conducted extensive research of the financial innovators, the evolving needs of consumers and small businesses, and the innovation-related activities of OCC-supervised banks. Team members met with community, midsize, and large banks; fintechs; consultants; academics; community and consumer groups; and other regulators. In addition, they conducted a series of focus groups to gain the perspective of OCC staff and established an internal staff advisory group to serve as an ongoing sounding board.

The group’s research informed agency executives’ decision to develop a framework to support responsible innovation. The OCC summarized the themes that emerged from the research in a white paper published in March 2016. The white paper defined responsible innovation and detailed eight principles to guide the OCC’s development of its framework.

- **Responsible Innovation:** The use of new or improved financial products, services, and processes to meet the evolving needs of consumers, businesses, and communities in a manner consistent with sound risk management and aligned with the bank’s overall business strategy.

- **Guiding Principles:**
  - Support responsible innovation;
  - Foster an internal culture receptive to responsible innovation;
  - Leverage agency experience and expertise;
  - Encourage responsible innovation that provides fair access to financial services and fair treatment of consumers;
  - Further safe and sound operations through effective risk management;
  - Encourage banks of all sizes to integrate responsible innovation into their strategic planning;
  - Promote ongoing dialogue through formal outreach; and
  - Collaborate with other regulators.

---

The white paper also requested comment on nine questions and other topics presented in the paper. The OCC received 63 comments from a broad cross section of stakeholders. The comments informed the recommendations included in this report.

Following the publication of the white paper, the OCC formed a dedicated team to develop recommendations for implementing a framework for responsible innovation. The Innovation Framework Development Team was launched in June 2016 and includes representatives from Midsize and Community Bank Supervision, Large Bank Supervision, the Office of the Chief National Bank Examiner, the Chief Counsel’s Office, and Compliance and Community Affairs. In developing the project plan, the team combined the eight guiding principles into five objectives covering outreach, awareness and education, timely and transparent processes, interagency communication, and organizational structure.

The scope of work consisted of extensive information gathering and analysis, including interviews with key internal stakeholders, a detailed analysis of the comments received on the white paper, and review of the research completed previously. The team also considered feedback from ongoing meetings with external stakeholders and the OCC Forum on Responsible Innovation held in June 2016. In addition, the team sought employee feedback on preferred delivery channels for OCC news, job-related information, and training, as well as familiarity with the fintech products and services that are currently available to consumers. The team then incorporated all of the information gathered into an assessment of relevant existing programs and processes, ultimately leading to the development of the recommendations that follow.

Create an Office of Innovation to Implement the Framework

The team recommends establishing a stand-alone Office of Innovation (office). The office would provide appropriate internal and external visibility and have the greatest likelihood of fulfilling the following core functions:

- Serve as a central point of contact and facilitate responses to inquiries and requests;
- Conduct outreach and provide technical assistance;
- Enhance awareness, culture and education;
- Monitor the evolving financial services landscape; and
- Collaborate with domestic and international regulators.

The team used the following principles to evaluate each option:

- Ensure efficient and effective execution of core functions;
- Leverage OCC expertise;
- Preserve existing decision-making functions;
- Develop resources on innovation for internal and external stakeholders; and
- Provide credible challenges to processes and decision making.

The team considered the comments received in response to the white paper and feedback from internal stakeholders. External commenters overall supported the creation of a stand-alone office. Stakeholders favored an office that facilitates discussion, promotes consistency and

---

efficiency, develops OCC expertise, and enables the OCC to provide timely guidance to examiners and the industry. However, commenters opposed an office that resulted in another regulatory hurdle or a silo. Commenters also emphasized a need to preserve interactions with local supervisory staff. OCC management and employees supported a centralized clearinghouse for innovation activities, but did not support an additional or separate decision maker.

Based on an evaluation of the principles described above and feedback received, the team determined that a stand-alone office reporting directly to the Comptroller’s Office would be the most effective option for implementing the framework. The office would be in a position to manage the core functions, promote consistent and timely decisions, and provide insight independent of other business units within the OCC, clear ownership, and accountability.

The office would rely on existing expertise, systems, and processes to achieve its mission, whenever possible.

DECISION: Approved.

**Staffing and roles**

The team recommends that the office consist of a Chief Innovation Officer (CINO), Innovation Officers, an Innovation Technician, and potentially a small number of Innovation Fellows. The CINO would be responsible for carrying out the core functions of the office and providing updates and reports to the Executive Committee and applicable business units. The team recommends that the CINO be a member of the National Risk Committee (NRC) and that Innovation Officers be members of applicable NRC subcommittees to provide perspective based on the work of the office. Similar to the Office of the Chief Accountant fellowship program, Innovation Fellows would enable the office to leverage the experience and knowledge of academics, consumer and community advocates, and the private sector and share and transfer OCC knowledge on regulation and supervision to the fellows. The team recommends using Fellows to study and research innovation trends and analyze the effects of emerging innovations on banks, consumers of financial services, and the federal banking system. Fellows could also advise OCC management and staff on innovation practices and developments. Fellows should report to the CINO or through an Innovation Officer. The OCC should also consider using secondments by other regulators, both foreign and domestic, to the office, as well as sending OCC employees to other regulators for a period to learn more about how other regulators approach innovation.

DECISION: Approved.
Locations

The team proposes that the OCC place Innovation Officers in various geographic locations. The CINO and a small staff should be located in the OCC Headquarters to ensure that the office can successfully perform its core functions, particularly the need to collaborate with other OCC business lines; serve as a resource, both internally and externally; and facilitate the proposed decision-making and pilot processes.

The team recommends that Innovation Officers initially be located in San Francisco and New York City, as well as Headquarters. A number of commenters suggested that the OCC consider positioning staff in financial technology hubs, such as Silicon Valley and New York. While many cities are experiencing significant growth in financial technology startups, New York and San Francisco stand out, as they are already home to OCC offices. Additionally, the local presence in technology hubs will facilitate “office hours”\(^3\) and face-to-face interactions among OCC staff, banks, and nonbanks, allowing the office to stay attuned to local trends, recruit fellows and skilled staff, and participate in local outreach events.

The OCC should also consider conducting outreach events and “office hours” in other technology hubs (e.g., Austin, Texas; Boulder, Colorado; Raleigh-Durham, North Carolina; and Seattle, Washington), but the team does not recommend locating permanent staff in these locations at this time.

DECISION: Approved.

Create a Responsible Innovation Committee to Advise the Office

The team recommends establishing a committee of OCC staff from across the agency to advise the office and promote collaboration across agency business units. The Responsible Innovation Committee would include Deputy Comptrollers or Directors from OCC business units. It would provide cross-functional advice and facilitate two-way communication. The creation of the committee also would help build support for the framework and related activities throughout the agency and enable the office to disseminate information regarding innovation throughout the agency. The committee would assist the CINO in determining which stakeholders should be consulted on particular matters and ensure that responses from business lines, when required, are timely and complete.

DECISION: Approved.

---

\(^3\) “Office hours” are listening sessions with a single party (e.g., fintech, bank, or community group) held at an OCC office or other location, advertised in advance, and booked by appointment. Office hours are used by other regulators including the Consumer Financial Protection Bureau.
Framework for Responsible Innovation

In addition to recommending the establishment of a stand-alone Office of Innovation, the team recommends actions in the following five areas: Outreach and Technical Assistance; Awareness and Training; Coordination and Facilitation; Research; and Interagency Collaboration. Recommendations in these areas comprise the core components of the agency’s Framework for Responsible Innovation.

Establish an Outreach and Technical Assistance Program

The team recommends establishing a robust program of outreach and technical assistance to maintain agency awareness of innovation trends and activities and support banks and fintechs in their pursuit of responsible innovation affecting the federal banking system.

Ongoing dialogue with all stakeholders, including banks, nonbanks, and community and consumer groups, enables the OCC to stay abreast of current trends and developments, better understand the evolving needs of consumers of financial products and services, and solicit stakeholder feedback. Outreach also enables the agency to serve as a more effective resource and promote awareness and understanding of OCC expectations.

Commenters widely supported the development of an outreach program focused on innovation. External and internal feedback indicated that the OCC’s willingness to engage in a dialogue was a key step to changing the perception that the agency is not always receptive to innovation.

The team acknowledges that the OCC’s lines of business already conduct extensive outreach to banks and community and consumer groups. Staff throughout the agency organize meetings, present at conferences, organize and participate in banker roundtables and workshops, and participate in interagency, industry, and consumer and community group events. However, currently there is no formal channel to reach nonbank companies providing financial services, seeking to partner with banks, or seeking to become banks.

Research also indicated that many banks, particularly smaller institutions, seek to understand how the OCC views the application of existing rules and guidance regarding innovation. For example, many banks are partnering with fintechs to provide cost-effective solutions to meet customer needs. As a result, banks seek assistance to understand how OCC expectations for third-party risk management apply to such relationships. Nonbank fintechs also seek ways to learn directly from the regulators how to operate effectively in a highly regulated environment.

Based on its review, the team recommends the following to build an effective outreach and technical assistance program for responsible innovation:

Develop and implement a formal innovation outreach strategy

The team recommends that the OCC develop a formal outreach strategy related to innovation. The office, working with Public Affairs, should develop a strategy that includes all stakeholders and uses a wide variety of channels. A wide-reaching outreach program would enable the OCC to maintain a broad understanding of industry trends as well as the needs of consumers of financial services from all stakeholder perspectives. While the innovation outreach strategy can leverage existing agency avenues for outreach with banks and community and consumer groups, a formal outreach program for nonbanks would need to be developed.
The team recommends that the office serve as the focal point for fintech outreach.

The outreach strategy should use a wide variety of channels, including

- holding “office hours”;
- organizing innovation workshops and roundtables on specific topics;
- leveraging existing OCC-sponsored outreach events, such as banker roundtables and consumer and community events, when appropriate;
- sponsoring a periodic Responsible Innovation Forum; and
- participating, when appropriate, in non-OCC-sponsored events.

Additionally, the team recommends that the OCC develop targeted communication tools, including a dedicated external-facing web page. The web page should be designed as a “one-stop shop” and contain resource materials and technical information. In addition, the web page should provide links to relevant OCC speeches, papers, and other materials. Finally, the web page could be used to solicit feedback on issues related to innovation, as needed.

Meeting the evolving communication expectations of industry stakeholders, consumer and community advocates, and the public necessitates increased flexibility and agility by the OCC in adopting new communication tools. The team recommends that the OCC consider, in the longer term, adopting mobile apps and other communication methods to better reach targeted audiences.

DECISION: Approved.

**Provide technical assistance to banks and nonbanks**

Banks regularly seek information and assistance on how to manage third-party relationships, and some smaller banks with limited resources seek information on how to develop and implement an effective innovation strategy.

Fintechs are increasingly reaching out to regulators to understand regulatory expectations, and how to operate in a heavily regulated environment. Many fintechs recognize that to develop successful partnerships with banks, they must thoroughly understand applicable regulatory expectations. Well-informed fintechs also benefit the banks with which they partner. In addition, some fintechs desire these types of resources as they evaluate whether to become banks or pursue partnerships with banks.

The team recommends that the OCC provide technical assistance to banks and fintechs, when appropriate, as part of the agency’s innovation outreach strategy. Technical assistance would include

- creating resource material for banks and nonbanks on regulatory principles, processes, and expectations;
- designing “rules of the road” material for nonbanks; and
- sharing success stories and lessons learned.

Resources for community institutions should include suggestions on how to develop an innovation strategy and manage third-party risk. The team recommends that the agency leverage
its collaboration paper\textsuperscript{4} and provide examples of how community banks can collaborate on third-party due diligence and ongoing monitoring of fintech partners. In addition, “office hours” and other meetings could be used to provide banks and fintechs with meaningful information about how to effectively and responsibly engage in innovation.

DECISION: Approved.

\textit{Conduct Awareness and Training Activities}

The team recommends the following actions to build an effective awareness and training program to ensure adequate evaluation and supervision of new products, services, and processes by a well-informed staff.

\textbf{Improve staff awareness of industry innovations and developing trends}

The team identified a need for greater awareness and expertise regarding industry innovations among OCC staff. While the agency has some information on certain industry developments, more is needed. Further, when information and expertise are available, they are not always easily located and accessible to staff who need them most. To improve awareness by OCC staff, the team recommends that the agency provide additional resources that are available to all employees, expand information delivery channels, establish an Innovation Networking Group, and create other means to promote awareness of industry innovations among staff.

The team recommends that the OCC develop additional materials that describe the fundamentals of emerging products, services, processes, and technology. The OCC should create and maintain an internal web page that provides OCC staff a “one-stop shop” to access information on industry trends and innovative products, services, and processes. Examples of the types of materials that could be available on the web page include

\begin{itemize}
  \item resources on specific types of innovations and industry trends;
  \item training materials and presentations; and
  \item applicable guidance or policy statements.
\end{itemize}

As the agency continues to enhance its communication, it should incorporate new and innovative information delivery channels when appropriate. These channels could improve the agency’s ability to provide “just in time” training and appeal to a diverse workforce.

To promote awareness and information sharing within the OCC, the team also recommends the creation of an Innovation Networking Group. Similar to lead expert networking groups already in place, the group could expand the knowledge base and perspective of interested employees. The group could help

\begin{itemize}
  \item identify employees with interest or expertise in specific industry innovations;
  \item promote consistent, high-quality supervision;
  \item establish two-way communication between staff and the office;
  \item discuss trends in innovation in the federal banking system;
\end{itemize}

• consider emerging risks and opportunities; and
• share success stories and lessons learned.

The team recommends that the group be cross-functional, with representation from the field and Headquarters, and that it include examiners and non-examiners. In addition to the group, knowledge sharing among employees and managers on innovation-related topics should be included routinely in business unit calls and meetings. The office should participate in these meetings and share information that it learns through its research and outreach so that staff understands the benefits and risks of innovation.

DECISION: Approved.

Create additional training content necessary to evaluate and understand industry innovations

The financial services industry increasingly relies on technology to deliver products and services to customers in an efficient and timely manner. In addition, payments systems are undergoing rapid change. To supervise the federal banking system effectively, OCC staff members should have a foundational understanding of technology and payments systems.

The team recommends that the OCC develop a process to review and update training content continuously to address rapidly changing industry trends and new products and services.

DECISION: Approved.

Broaden and increase OCC expertise in areas related to innovation

The rapid technological and engineering developments in the financial industry also raise important questions about whether the OCC has sufficient expertise to understand and supervise some emerging developments. Skill sets such as technology and mathematics are becoming more important in bank supervision as the financial industry offers more technology-driven products and services.

The team recommends that the OCC expand recruiting to reach individuals with a broader variety of skills than traditionally used by the agency. Examples of expanded skills include engineering, advanced information technology, systems development, cybersecurity, statistics, and mathematical modeling. In addition, the OCC should recruit specialists and use the office fellowship program to supplement expertise in specific areas. The OCC should enhance its specialty skills program through additional functions related to innovation and technologies (e.g., cloud-based computing, distributed ledger technology, and model risk management) and expand the current list of OCC-sponsored certifications to encourage staff to build expertise related to innovation.\(^5\) Finally, the team recommends the agency use short-term rotational assignments, on-the-job training, and additional training to increase staff knowledge.

DECISION: Approved.

---

\(^5\) Examples of such certifications include Accredited ACH Professional, Certified Third-Party Risk Professional, and Certification in Finance and Technology.
Encourage Coordination and Facilitation

Given that inquiries and requests related to innovation may be new and potentially novel, it is important that the OCC have well-coordinated, consistent, and timely responses wherever possible. In addition, inquiries and requests related to new products, services, and processes can be complex and involve the expertise of multiple OCC business lines.

Further, as the industry evolves, external stakeholders look for earlier and potentially different engagement from regulators. For example, some in the industry and in the regulatory community are seeking the creation of regulatory sandboxes or pilot programs to enable regulators to be involved in testing new products and technologies. Determining OCC engagement in such pilots requires significant coordination and facilitation.

The team recommends the following actions regarding coordination and facilitation.

Improve the timeliness and transparency of OCC decision-making

Lack of transparency and timeliness in decision-making related to innovative products, services, and processes was a consistent theme in agency research, comment letters, and internal stakeholder interviews.

External commenters stated that regulatory uncertainty, lack of transparency, and inconsistency deter innovation. The feedback further indicated that the absence of a streamlined review process for innovation, with a fixed response time, acts as a disincentive for institutions to expend requisite time and resources. Employees also identified opportunities to improve OCC decision-making processes.

To improve decision-making related to innovation, the team recommends

- establishing specific response and disposition expectations for innovation inquiries and requests, including communication standards for written and verbal inquiries and requests for technical assistance;
- using a standard workflow to manage inquiries and requests for new products, processes, and services, including process steps with specific time frames and responsible parties; and
- implementing an inquiry and request tracking process.

The team developed a proposed workflow that incorporates the above recommendations. The team recommends that the office be responsible for managing the proposed workflow, coordinating the involvement of appropriate business units, and monitoring the timeline. While the office would be responsible for managing the process, it would not have a decision-making role. Decisions would continue to reside with the responsible business unit.

Establishing clear response expectations, time frames, and workflows would provide more consistent, transparent, and timely processes and facilitate disposition of inquiries and proposals. In addition, implementing the team’s recommendations would clearly define responsibilities and establish accountability for responses and decisions related to innovative products, services, and processes. Improving the transparency and timeliness of OCC decision-making related to innovation would also align with industry expectations.

DECISION: Approved.
Develop and implement an optional program for OCC participation in bank-run pilots

Banks have historically tested new products and services before implementation, largely without the involvement of regulators. However, given the rapid pace of technological change, there is a growing demand for regulators to create a “safe place” for experimentation. The OCC received numerous external comments regarding development of a pilot program—also referred to as a “sandbox,” “safe space,” or “incubator.”

Commenters were overwhelmingly in favor of a process to test innovative products, services, and processes. They noted that a pilot program would facilitate adoption of new solutions and enhancement of risk management by permitting testing and discovery before full-scale commitment and rollout. Some commenters expressed concerns about the potential for consumer harm and suggested that a pilot framework balance flexibility with consumer protection.

OCC stakeholders expressed general support for a pilot program but emphasized that participation in a pilot program must be voluntary and would not provide a safe harbor from consumer protection requirements.

The team recommends that the OCC develop and implement an optional program for agency participation in bank-run pilots that meet at least one of the following objectives:

- Fosters responsible innovation by OCC-supervised banks;
- Furthers the OCC’s understanding of innovative products, services, processes, or technologies; or
- Facilitates OCC policy objectives.

Eligible participants for the program would include OCC-supervised banks and significant service providers, fintechs in partnership with an OCC-supervised bank or significant service provider, and other regulators as applicable.

DECISION: Approved with additional development needed.

Conduct Research

Given the rapid and dramatic advances in fintech, it is important that the OCC improve its ability to identify and understand trends and innovations in the financial services industry. This includes not only understanding the new products and services offered and processes implemented by banks, but also the evolving needs of consumers of financial products and services and demographics driving the changes in the financial industry. The pace, magnitude, and volume of change means that regulators need to learn and understand the changes as they occur, in a manner that allows them to anticipate the impact to the federal banking system.

In addition, staying attuned to changes in the industry enables the OCC to adjust and clarify expectations in a timely manner. Finally, staying abreast of technological developments and their effects on consumers may also improve the OCC’s capabilities for supervising the federal banking system and managing its internal operations. The team recommends the following to build an effective research function.
Conduct industry innovation research

Several commenters on the white paper encouraged the agency to develop real-time research and monitoring capabilities. These capabilities could benefit the OCC by improving risk identification and understanding of industry innovations and benefit banks and fintechs that seek agency views on issues and concerns as they consider engaging in certain innovations. OCC staff also expressed a need for ongoing research on emerging innovations to enable the agency to stay ahead of the curve on industry developments.

The team recommends that the OCC develop a research function within the office to

- collect information on specific innovations and industry technology trends;
- analyze how innovation affects individual banks, bank segments, and the federal banking system as a whole; and
- obtain information on customer needs, demographics, and financial inclusion.

The office would provide research to applicable business lines for use in risk identification, policy development, and supervision. A more robust research capability would enable the OCC to develop more timely background material on emerging issues to promote awareness and knowledge throughout the agency.

Use research and dialogue with industry, consumer, and community groups to inform policy and guidance

In its March paper on responsible innovation, the OCC specifically asked how the agency could revise or clarify existing guidance to promote responsible innovation and whether additional guidance was needed. In response, commenters indicated a desire for principles-based guidance that would not stifle innovation. In addition, commenters submitted more specific recommendations to update, modernize, or clarify a range of guidance documents. The most common areas related to third-party risk management, partnerships, collaboration, and the Community Reinvestment Act. The team recommends that the applicable business units prioritize and initiate updates and clarifications to existing guidance as appropriate. On an ongoing basis, the OCC should continue to use the research and outreach conducted by the office and others to identify future gaps so that OCC guidance remains current and responsive to evolution in the industry.

DECISION: Approved.

Promote Interagency Collaboration

Exchanging ideas and discussing innovation with other regulators promotes common understanding and consistency. Coordination with other agencies can be critical, for example, where agencies have overlapping jurisdiction. Comments on the white paper supported collaboration among domestic and international regulators.

The team recommends the following:

Leverage existing interagency channels

The OCC already has well-developed channels for collaborating on a variety of topics at all levels of the agency. The OCC routinely collaborates with the other federal banking agencies as well as many other agencies. For example, the OCC collaborates with the Consumer Financial
Protection Bureau on consumer-related matters, and the OCC is an active member of many of the Department of the Treasury’s working groups and committees, including one on marketplace lending. Internationally, the agency participates in committees and task forces with many international regulators. The OCC’s Director of Bank Information Technology, for instance, co-chairs the Basel Committee’s Task Force on Financial Technology (TFFT).\textsuperscript{6} Collaboration with other international regulators also occurs through policy groups, supervisory colleges, formal bilateral meetings, examinations, and secondments.

The team recommends that the OCC leverage these channels to discuss innovation in the industry. The focus of collaboration should be to share information to increase knowledge, develop consistent approaches, where appropriate, and provide a clear message to the industry. The OCC should also continue to leverage relationships it has with international regulators, such as the United Kingdom’s Prudential Regulatory Authority and Financial Conduct Authority, and continue to take a leadership role, as appropriate, in international working groups. The office could also liaise with counterparts of other agencies and international regulators.

DECISION: Approved.

**Develop an OCC-led information-sharing group**

As noted in external and internal feedback, there is a desire for the OCC to assume a leadership role in this area. Therefore, the team recommends the agency establish an OCC-led innovation information-sharing group consisting of domestic and international regulators. The group would meet periodically to share information and promote responsible innovation.

DECISION: Approved.

**Conclusion**

The approved recommendations described in this report provide a framework to improve the agency’s ability to identify, understand, and respond to innovations, emerging trends, and related risks in the financial services industry. The approved recommendations also provide a core foundation for support of responsible innovation in the federal banking system.

\textsuperscript{6} The TFFT’s mandate is to foster financial stability through the assessment of risks and supervisory challenges associated with innovation and technological changes affecting banking.