



Gaining Momentum

Bank Charter Activity



March 2026

KPMG Regulatory Insights

- **Ripple Effect:** Mainstream adoption of digital assets/cryptocurrencies has prompted an increase in new entrants to the banking sector and related de novo charter applications.
- **Rising Alternatives:** Focus on innovation and “open-mindedness” may give rise to expanded use and types of novel charters to meet strategic objectives (e.g., managing cost of funds, offering new product lines).
- **Reality Check:** Federal Reserve consideration of “skinny” master account signals an effort to adapt to market shifts associated with non-traditional charter types and/or business models.
- **“Revolutionary Road”:** Forthcoming regulations for payment stablecoins will introduce changes that may reshape traditional banking, including disruption to deposits, payment processes (including cross-border), lending activity, and fee income, along with potential for legal challenge.

Throughout 2025 regulatory agency leadership has championed competition and innovation within the banking industry with particular interest in new entrants. In public statements they encourage new charter applications with discussions of/plans for faster reviews, streamlined processes, and an “open-minded” approach.

Momentum is building, driven in part by the proliferation of fintechs and the greater acceptance of digital assets, as well as operational strategies (e.g., lower cost of funds, decoupling from partner banks, access to payment rails, transition from state to national charter). Activity will likely be pushed further by rulemakings facilitating payment stablecoins and potential legislation to establish a federal framework for cryptocurrencies.

Bank charters give license to depository institutions and certain other financial institutions to provide bank-

like products and services, such as accepting deposits, making loans, and safeguarding assets. Such charters may be obtained at the federal or state level and cover “full service” banking activities or be limited in purpose to allow only a subset of financial services. The type of charter obtained determines the regulatory framework under which a financial depository institution operates (see Appendix).

The number and types of companies seeking bank charters is increasing with a non-trivial number seeking access to more limited/special purpose activities. As discussed on the following pages, recent activity at the federal level includes:

- OCC Chartering Activity
- FDIC Insurance Application Activity (ILCs)
- Related Developments (including the GENIUS Act, FRB Master Accounts, NCUA Charters)



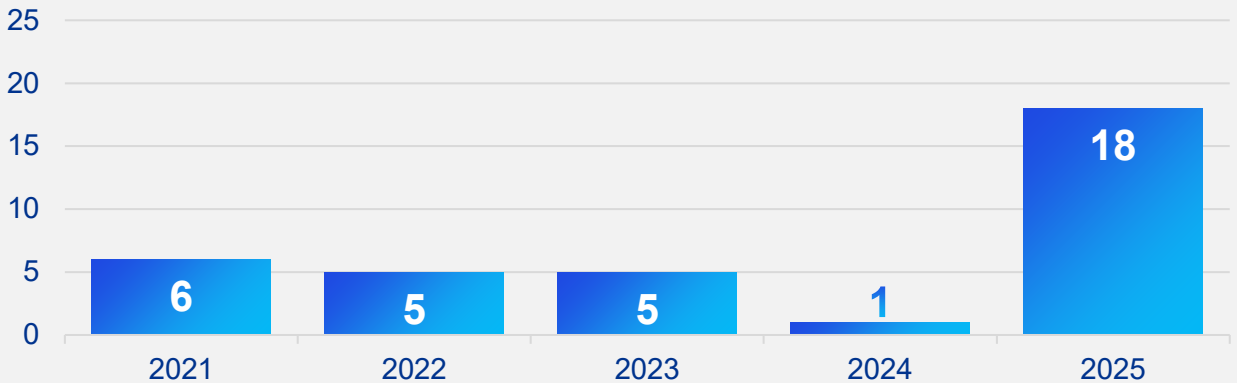
OCC Chartering Activity

Function: Soon after taking office, Comptroller Gould “elevated and renamed” the OCC’s chartering and licensing function to a separate line of business managed by a new Senior Deputy Comptroller. The Comptroller stated the move “affirms the OCC’s support for the formation of de novo banks, signals its openness to considering business combinations that foster competition...and recognizes [its] new remit to license payment stablecoin issuers” as provided by the GENIUS Act.

Applications: “Reinvigorating the chartering of new banks” is now a key priority for the OCC, seen as a means of ensuring that the banking systems keeps

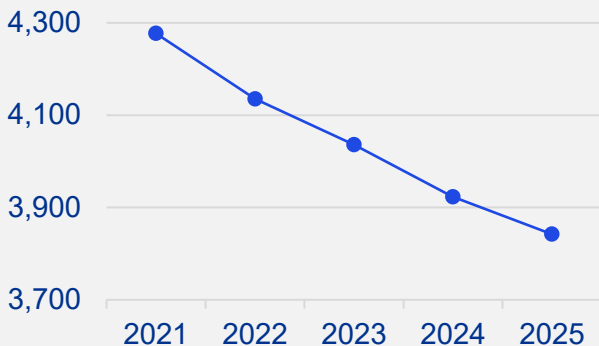
pace with the evolution of finance, including activities involving digital assets and other novel technologies. The OCC received 18 de novo and conversion charter applications in 2025, nearly the same number of applications it received in the prior four years combined. Roughly two-thirds of the 2025 applications were for national trust bank charters (i.e., providing custody and safekeeping services but no deposit taking or lending activities) including six that planned to offer digital asset products or services, including crypto assets. A perceived acceleration in approval timelines may elevate the desirability of de novo charters over market entry through acquisition.

OCC Charter Applications Received



Source: OCC Corporate Applications Search (CAS) Charters 2021-2025 (includes conversions)

FDIC-Insured Commercial Banks*

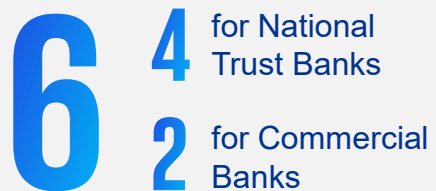


Source: FDIC Quarterly Banking Profile

*Includes both federal and state FDIC insured commercial banks

Year-to-Date 2026 OCC Charter Applications Received

as of February 28, 2026



Source: OCC Corporate Applications Search (CAS)

Approvals: At year end 2025, the OCC conditionally approved five of the pending applications for national trust charters – all were from digital asset firms. The approvals included two entities that plan to charter a new national trust bank to service their state-chartered trust company affiliates, and three entities that plan to convert their state-chartered trust company to a national trust bank. The OCC stressed that it had applied the same rigorous review and standards to each of these applications that it applies to all charter applications, consistent with applicable statutory and regulatory factors. Key approval conditions imposed on the applicants include:

2025 OCC Conditional Approvals

7

National Trust Banks

1

Commercial Bank

Source: OCC Corporate Applications Search (CAS) Charters 2025 as of Feb 28, 2026

Operational and Governance Conditions

- Minimum Tier 1 capital requirements.
- A requirement to hold a portion of the Tier 1 capital (e.g., 50 percent) in Eligible Liquid Assets (as defined in the conditional approval).
- A requirement to maintain 180 days of operating expenses in Eligible Liquid Assets for the first three years of operation (counted separately from the Eligible Liquid Assets held to comply with the Tier 1 capital requirement).

Regulatory and Compliance Conditions

- Bank activities, particularly those related to stablecoin issuance and custody, must comply with the GENIUS Act and any other future laws and regulations.
- The bank will apply for stock in a Federal Reserve Bank.
- Remediation of outstanding consent orders (e.g., BSA/AML).

Institutions may consider various application submission strategies to balance information initially provided against potential additional information requests. The selected strategy may influence the approval timeline and associated conditions.

In a separate action further indicating an “openness” to digital asset/cryptocurrency-related activities, the OCC also gave conditional approval for a de novo bank charter where the applicant intends to operate a full service insured national bank that targets technology companies and virtual currencies.

In the first two months of 2026, the OCC has conditionally approved six additional applications –

four national trust banks and two national banks.

Rulemaking & Guidance: Following the 2025 release of the five conditional approvals, the OCC:

- Issued Interpretive Letter 1188 confirming a national bank may engage in riskless principal crypto-asset transactions as part of the business of banking.
- Proposed a rule to clarify the authority of national banks limited to the operations and activities of trust companies to engage in non-fiduciary activities in addition to their fiduciary activities. The rule was finalized without change in March 2026.

OCC Chartered Financial Institutions

as of February 28, 2026

Source: OCC Financial Institutions Lists

65

Trust Banks

221

Savings Associations

728

Commercial Banks

FDIC Insurance Application Activity (ILCs)

Function: Though the FDIC does not have direct bank chartering authority, it is responsible for approving applications for deposit insurance associated with certain federal and state bank charter applications. In public statements, FDIC Chair Hill has indicated the FDIC is actively working on ways to improve and encourage the formation of more de novo banks. In particular, the FDIC is considering:

- Identifying scenarios in which certain types of applicants may be subject to adjusted standards, including with respect to up-front and ongoing capital expectations (e.g., where certain requirements may “overly restrict” formation of traditional, noncomplex community banks.)
- Modifying the processing of deposit insurance applications from organizers proposing banks with new or innovative business models (i.e., “adopting a more open-minded approach.”)
- Reevaluating the nature and structure of companies applying for deposit insurance to form a state-chartered industrial loan company (ILC) or industrial bank (IB – together ILC), including clarifying how the statutory factors required by the Federal Deposit Insurance Act (FDI Act) to be considered when reviewing a deposit insurance application are interpreted for ILCs.

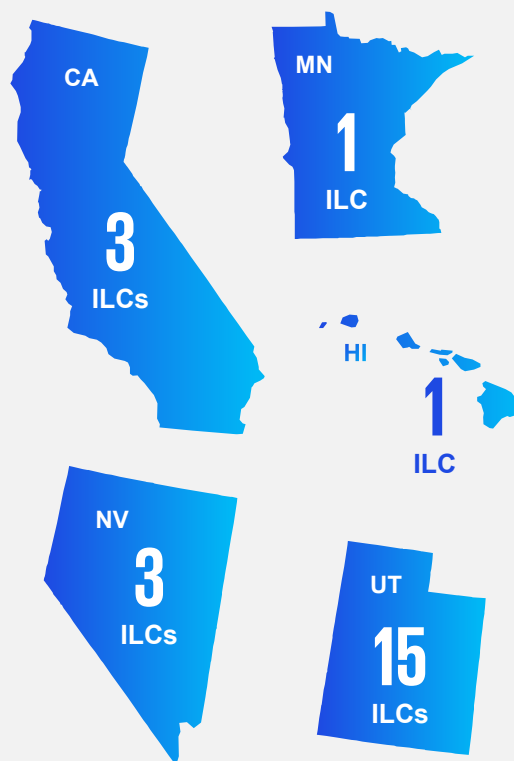
Applications: Working in collaboration with the federal and state chartering authorities, the FDIC requires applicants for deposit insurance to satisfy the full suite of statutory and regulatory requirements of being a bank (based on federal and state-specific requirements, as appropriate).

Interest in ILCs has been widespread, including:

- Retailers
- Nonbank financial services companies
- Manufacturers
- Technology companies

ILCs are considered state banks under the FDI Act. Only a small number of states (California, Hawaii, Minnesota, Nevada, Utah) allow for ILC charters, which generally permit the ILCs to make a wide array of loan types, offer most types of deposit accounts, and open branches across state lines.

Active State-Held ILC Charters



Applications: There are seven additional applications for ILC charters pending in the State of Utah with parent companies operating in the auto and financial services (including asset management, insurance, and fintech) industries; three of these have been conditionally approved. One additional application from a financial services fintech company was submitted in Nevada in January 2026.

Source: Utah Department of Financial Institutions, General Information, Applications Status

Source: “BNPL Giant Applies to Establish Industrial Loan Company” Finextra.com, January 23, 2026

Source: 90 FR 34271, FDIC RFI on Industrial Banks and Industrial Loan Companies and their Parent Companies

Approvals: Although there has been recent industry pushback on ILCs, including concerns about potential risk to the Deposit Insurance Fund (DIF), and uncertainties regarding large parent companies, the FDIC recently granted conditional approval to two automakers and one investment company that applied for deposit insurance in conjunction with their ILC applications in Utah.

The approvals are based on the FDIC’s evaluation of the statutory factors: financial history and condition of the institution, capital adequacy, future earnings prospects, management fitness, risk to the DIF,

community needs, and consistency with the FDI Act.

The two automaker ILCs state they intend to fund their operations primarily through retail deposits. The ability to hold deposits allows the ILCs to lower their cost of funds, which is perceived to be a benefit of the ILC charter. The core business models of the two ILCs will focus on providing nationwide automotive financing by purchasing retail installment sales contracts from their affiliated and independent dealerships. Key conditions imposed on the approvals include:*

Key Condition	Description
High capitalization	A requirement to maintain a minimum tier 1 capital to assets leverage ratio of 15% with specifically identified initial capital investment amounts.
Parent company support	Requirements to: <ul style="list-style-type: none"> Formally commit to supporting the bank’s capital and liquidity through a "Capital and Liquidity Maintenance Agreement" in order to act as a source of financial strength for their banking subsidiaries. Execute a “Parent Company Agreement,” including conditions and requirements related to reporting and examination of the parent company, and FDIC ability to monitor compliance with laws and regulations governing transactions with affiliates.
Operational independence and oversight	Requirements to: <ul style="list-style-type: none"> Maintain separate accounting records from the parent company Undergo annual independent audits Appoint key oversight executives Obtain FDIC approval before entering into certain contracts with affiliates Maintain a board with a majority of directors independent from the parent company Refrain from declaring or paying dividends for the first three years of operation without prior written approval from the FDIC Execute a Community Reinvestment Act Strategic Plan

**Similar conditions were imposed on the investment company’s approval, tailored for its facts and circumstances.*

Rulemakings: In July 2025, the FDIC published a Request for Information (RFI) seeking comment on the FDIC’s evaluation of the statutory factors in the context of ILC applications, including any potential need to differentiate conditions for approval based on the nature of the parent company and its affiliates (e.g., financial, nonfinancial, size). Key questions address:

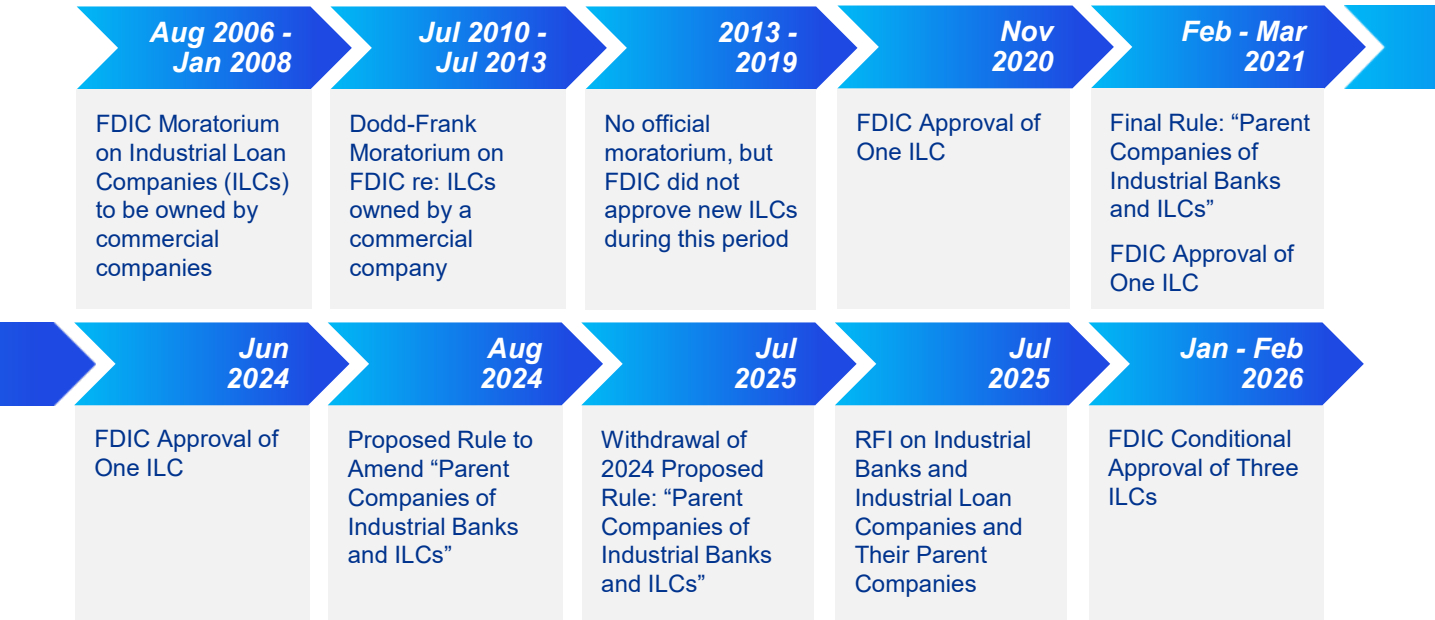
- The parent company’s ability to serve as a source of strength to the ILC
- Whether conditions should be tailored to the size and complexity of the parent and affiliates and the

types of products and services they provide

- Whether an ILC with a parent of a certain size and/or market share would have a greater ability to scale, and what potential impacts this might have for the banking industry.

While the RFI is seeking clarity, driven largely by concerns about very large companies seeking ILC charters, it is notable the recent FDIC approvals were for ILCs where the FDIC is familiar with the industry as well as the corporate purposes behind establishing the ILC.

Key FDIC ILC Activity



Related Developments

Other developments tied to the rising engagement with digital assets/cryptocurrencies and related charter activity, include:

GENIUS Act & Payment Stablecoin Issuers: The GENIUS Act (the Guiding and Establishing National Innovation for U.S. Stablecoins Act) was enacted in July 2025 and establishes a regulatory framework for "payment stablecoins". The OCC, FDIC, FRB, NCUA and state regulators are identified as "payment stablecoin regulators" and tasked with implementing regulations by July 2026 to license, regulate, examine and supervise "payment stablecoin issuers" under their respective jurisdictions (FDIC, NCUA, and OCC have each issued their proposals). Federal and state regulators anticipate an influx of stablecoin related applications.

**Notably,
4 of the 7**

National Trust Bank Charter applicants conditionally approved in 2025 have issued USD payment stablecoins.

Requirements to be imposed on payment stablecoin issuers include maintaining reserves and complying with capital, liquidity, risk management, and Bank Secrecy Act laws and regulations. Further, the

activities of payment stablecoin issuers would be limited to issuing and redeeming payment stablecoins, managing reserves, and providing custodial or safekeeping services for payment stablecoins and reserves.

FRB Member Access to Accounts & Services: Depository institutions - including insured commercial banks, savings banks and savings associations, and credit unions - may apply to become members of the Federal Reserve System. Benefits of membership include a Master Account that provides direct access to the Federal Reserve payment systems and access to the discount window.

Citing an uptick in novel charters (e.g. cryptocurrency custody banks and others authorized or considered by federal and state banking authorities), the FRB issued final guidelines in 2022 outlining a tiered review framework for requests to become members of the Federal Reserve. Under the framework, access requests from certain types of entities (e.g., non-federally insured institutions, institutions with no holding company subject to FRB supervision, novel charters) are subject to greater due diligence and scrutiny than access requests from other types of entities (e.g., federally insured institutions).

Guidelines for Evaluating Fed Member Account & Services Requests

○	○○	○○○
<p>Definition: Eligible institutions that are federally insured</p> <p>Review Level: Less intensive; more streamlined</p> <p>Rationale: Already subject to standard and comprehensive federal banking regulations, and detailed regulatory and, in most cases, financial information is readily available</p>	<p>Definition: Eligible institutions that are not federally insured, but:</p> <ul style="list-style-type: none"> • Are subject to prudential supervision by a federal banking regulator, or • Have a holding company that is subject to FRB oversight <p>Review Level: Intermediate</p> <p>Rationale: Subject to similar, but not identical, regulations as Tier 1 institutions, and can therefore present greater risks. However, Reserve Banks will have supervisory information and some regulatory authority over Tier 2 institutions</p>	<p>Definition: Eligible institutions that are not federally insured, and not considered Tier 2, such as:</p> <ul style="list-style-type: none"> • Federal- and state-chartered institutions without holding companies subject to FRB oversight, or • Institutions subject to a regulatory framework substantially different than federally insured institutions (“novel” charters) <p>Review Level: Strictest</p> <p>Rationale: May be subject to substantially different regulatory frameworks, presenting greater risks than Tier 1 and 2 institutions, and detailed regulatory and financial information may not exist or be available</p>
<h2>Tier 1 Institutions</h2>	<h2>Tier 2 Institutions</h2>	<h2>Tier 3 Institutions</h2>

Source: Federal Reserve Board Final Guideline for Evaluating Account and Service Requests, 87 FR 51099; KPMG Regulatory Alert

“Skinny” Master Account: In the fall of 2025, FRB Governor Waller suggested the payment system is experiencing a “technology-driven revolution,” where the latest advances in computing power, data processing, and distributed networks have fueled growth in innovative new payment services, including “24/7 instant payments, user-friendly digital wallets and mobile payment apps, and stablecoins and other digital assets.” This, he suggested, along with the types of payment providers, argued that a new type of limited account – what he referred to as a “Skinny” Master Account, could “better reflect this new reality.”

At the end of December, the FRB sought comment on a “special purpose Reserve Bank account prototype (a Payment Account, commonly referred to as a “Skinny” Master Account) tailored to the risks and needs of institutions focused on payments innovation.” Any institution that is legally eligible for Federal Reserve accounts or services under the

Federal Reserve Act (i.e., a Master Account) would be eligible to request a Payment Account. The Payment Account holder would be expected to use the account for the express purpose of clearing and settling the institution’s payment activity. As envisioned, a Payment Account would be a separate and distinct type of account from a Master Account and institutions would generally be limited to maintaining only one account.

**FRB “Skinny”
Master Accounts
RFI received:**

72 Public
Comments

Source: Federal Reserve Board Proposals for Comment as of 2/28/26

Notably, subsequent to the RFI, the Federal Reserve approved a limited purpose account for an uninsured state-chartered depository institution with a special purpose charter that includes restrictions tailored to the institution’s business model and risk profile.

Key Features of Federal Reserve Member Account & Services

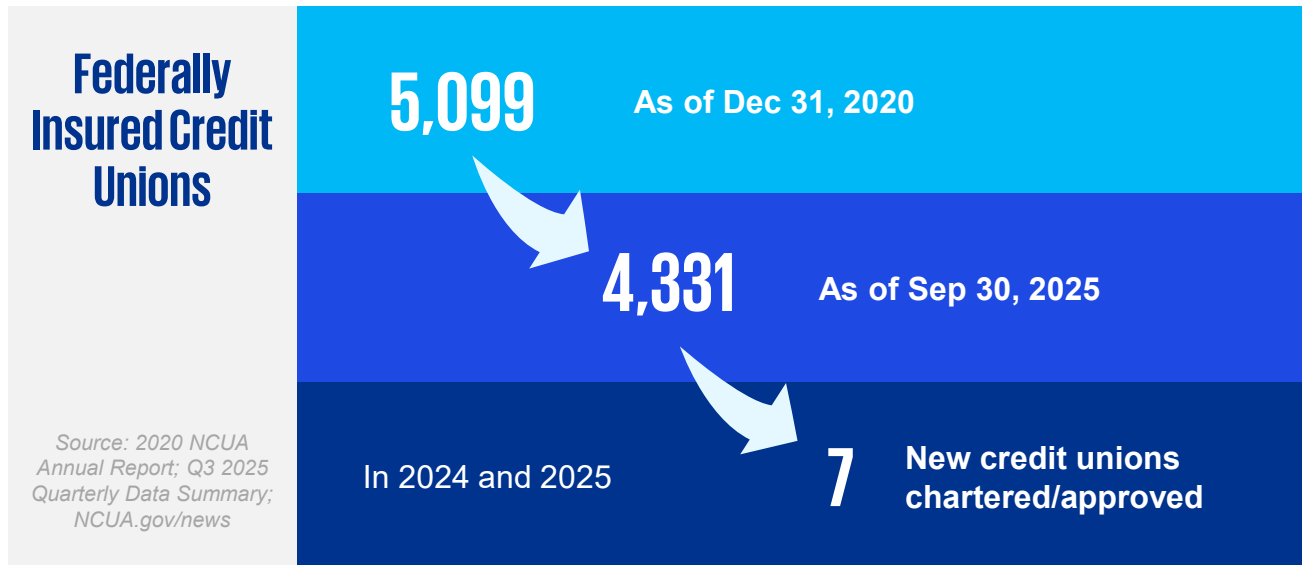
Account Feature or Service	Master Account	“Skinny” Master Payment Account
FedACH® Services	✓	✗
Check Services	✓	✗
FedCash®	✓	✗
Fedwire® Securities	✓	✗
Service for Transfer Against Payment	✓	✗
Fedwire® Funds Service	✓	✓
National Settlement Service	✓	✓
FedNow® Service	✓	✓
Fedwire® Securities Service for Free Transfers only	✓	✓
Overdraft capacity	✓	✗
Access to intraday credit and discount window	✓	✗
Earn interest on reserves	✓	✗
Overnight caps	✗	✓
Act as a correspondent bank	✓	✗

✓ Included ✗ Not included

Source: Federal Reserve Request for Information and Comment on Reserve Bank Payment Account Prototype, 90 FR 60096

NCUA Function: The NCUA charters, regulates, and insures federal credit unions; it chartered four new credit unions in 2024 and three others in 2025. The NCUA also insures state-chartered credit unions that seek and qualify for federal insurance; a few states permit state-chartered credit unions to obtain

private insurance. News reports from The Americas Credit Unions, a trade association representing both federal and state institutions, note that modernizing the credit union charter is an element of its 2026 Advocacy Priorities.



Rulemaking: Pursuant to requirements of the GENIUS Act, the NCUA has released a proposed rulemaking to implement the statutorily required process for approval and licensure of permitted payment stablecoin issuers (PPSIs) subject to the NCUA's jurisdiction (i.e., subsidiaries of federally insured credit unions, or FICUs). It also proposes regulations limiting FICUs to investing only in NCUA-licensed PPSIs. The NCUA notes that a forthcoming proposal will propose regulations to implement the standards and restrictions imposed by the GENIUS Act on PPSIs.

Separately, in response to Executive Order 14192, Unleashing Prosperity Through Deregulation, the NCUA has sought to amend its chartering requirements as part of an ongoing "Deregulation Project." Proposed rulemakings include:

- Amendments to rules governing conversions of credit unions to mutual savings banks; the

amendments would cover eliminating certain prescriptive procedural, disclosure, and communication requirements as well as the removal of related non-regulatory guidance.

- Amendments to the rules governing conversions of credit unions into other credit unions; the amendments would cover member communications related to the voluntary termination of federal share insurance.
- Recission of Interpretive Rulings and Policy Statements (IRPS) to remove duplicative "chartering and field of membership" requirements, including IRPS 06-01, Organization and Operation of Federal Credit Unions; IRPS 08-02, Service to Underserved Areas; IRPS 10-01, Community Chartering Policies; and IRPS 11-02, Federal Corporate Credit Union Chartering.

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Appendix

Table 1

Select Financial Institution Charters: Charters by Type and Chartering Agency

Institution Type	Federal Charter	State Charter (State Agencies)
Banks	National Bank Charter - OCC	State bank charters
Credit Unions	National Credit Union Charter - NCUA	State credit union charters
Thrifts	Federal Thrift Charter - OCC	State thrift charters for state savings banks and savings associations
Industrial Loan Companies and Industrial Banks (ILCs)	N/A However, ILCs that accept insured deposits require approval by the FDIC	State charters for ILCs
Limited-Purpose Charters (e.g., trust banks and trust companies)	National Bank Charter for Trust Companies - OCC	State charters for state-chartered trust companies
Special Purpose Charters	Special Purpose National Bank Charter - OCC (intended for fintechs - no existing approved institutions)	States have developed various charters for specific institutions, such as those for Wyoming Special Purpose Depository Institutions, Georgia Merchant Acquirer Limited Purpose Banks, and New York Bitlicenses

Table 2

Regulatory Jurisdiction for State- and Federally Chartered Banks

Charter Type	State Regulator	Primary Federal Regulator
State charter, member of Federal Reserve	State banking agency	FRB
State charter, nonmember	State banking agency	FDIC
Federal charter	N/A	OCC

NOTE: ILCs are not defined as a bank under the BHCA (Bank Holding Company Act) and, as such, any company that controls the ILC would not be considered a bank holding company subject to consolidated supervision by the FRB. This provision allows ILC parent companies to be commercial enterprises. Interest in ILCs has been widespread, including retailers, manufacturers, nonbank financial services companies, and technology companies.

Source: Analysis of Bank Charters and Selected Policy Issues, Congressional Research Service



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