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April 3, 2026

Federal Deposit Insurance Corporation
Attn: Chairman Travis Hill
550 17th Street, NW
Washington, DC 20429

Re: Concerns Regarding the FDIC's Approval of Edward Jones's Industrial Loan Company Charter

Dear Chairman Hill,

On behalf of the Independent Community Bankers of America (ICBA)¹ and the 38 affiliated state banking associations representing community banks across the nation, we write to express our profound concerns regarding the FDIC's recent decision to approve the deposit insurance application by Edward Jones to form a Utah-chartered industrial loan company (ILC) controlled by The Jones Financial Companies, L.L.P. This approval, announced on February 27, 2026, represents a significant departure from the principles of fair competition and regulatory parity that have long underpinned the stability of our nation's banking system. We urge the FDIC to reconsider this decision, and also carefully monitor the ILC and revoke this approval if conditions that have been imposed are not met, significant changes occur, or new information reveals issues, to mitigate the potential harms to community banks and the rural and underserved areas they serve.

Community Banks Serve their Local Economies Using Local Deposits

Community banks are the lifeblood of local economies, providing essential financial services to small businesses, farmers, and families in communities where larger institutions often choose not to operate. Community banks hold a disproportionate share of small business and agricultural loans, fostering economic growth and stability at the grassroots level. However, the approval of Edward Jones's ILC charter threatens to undermine this vital role by creating an uneven playing field that favors non-traditional financial entities over regulated community banks.

¹ The Independent Community Bankers of America® has one mission: to create and promote an environment where community banks flourish. We power the potential of the nation's community banks through effective advocacy, education, and innovation. As local and trusted sources of credit, America's community banks leverage their relationship-based business model and innovative offerings to channel deposits into the neighborhoods they serve, creating jobs, fostering economic prosperity, and fueling their customers' financial goals and dreams. For more information, visit ICBA's website at [icba.org](https://www.icba.org).

Our primary concern centers on Edward Jones's extensive network of over 16,000 physical locations across North America.² These offices, while not formally designated as bank branches, could function as *de facto* branches for deposit-gathering activities. Edward Jones, a major investment firm with a vast advisor network, plans to take deposits and offer CDs to existing clients in order to fund loans to clients. This model allows the firm to leverage its widespread physical presence to attract and siphon deposits away from local community banks without the regulatory requirements associated with traditional branching or holding company supervision by the Federal Reserve. In rural communities, where community banks often serve as the sole financial lifeline, this could lead to a significant outflow of deposits, destabilizing these community banks and reducing their capacity to lend locally.

Consider the implications for a small town in rural America, where the local community bank has built relationships over generations. Edward Jones's advisors, operating from nearby offices, could entice clients with integrated investment and banking services, drawing deposits into a national sweep program that funnels funds to Edward Jones ILC in Utah. Without the need to maintain local reserves or comply with branching regulations, Edward Jones gains a competitive advantage that significantly disadvantages community banks. This deposit migration could force community banks to curtail lending, increase fees, or even close branches, exacerbating financial deserts in already underserved areas.

Thousands of *de facto* Branches Will Not be Required to Satisfy CRA Obligations in the Local Communities They Attract Deposits From, Including Those That Would be Their Assessment Areas Under a Bank Charter

It is appropriate for the FDIC to consider the extent to which an ILC will siphon deposits away from existing banks and to tailor its supervision to prevent the destabilization of community banks. In *Jones v. Mullen* the West Virginia Supreme Court recognized that “Were there evidence in the record that the existence of a new industrial loan company would siphon deposits away from existing banks with outstanding loan obligations, the conclusion of the Commissioner [to reject the application of a proposed industrial loan company] ... might have been justified.”³

The FDIC should similarly recognize the important role community banks have in local deposit gathering and lending, and rigorously evaluate whether Edward Jones Bank's proposed operations, potentially through its more than 16,000 advisor locations serving as *de facto* deposit-gathering points, will siphon deposits away from community banks with outstanding loan obligations to rural and low- to moderate-income borrowers. Absent robust evidence and conditions demonstrating that such deposit diversion will not occur or will be mitigated through tailored supervision, the ILC approval may unjustifiably destabilize community banks, contrary to the public interest.

² Edward Jones, *Firm Profile*, available at: <https://www.edwardjones.com/us-en/why-edward-jones/news-media/media-kit/firm-profile>.

³ See *Jones v. Mullen*, 166 W. Va. 538, 543–44, 276 S.E.2d 214, 217 (1981).

Furthermore, the ILC charter's exemption from certain branching requirements raises serious questions about compliance with the Community Reinvestment Act (CRA). Traditional banks are required to delineate assessment areas based on their branch networks, ensuring that they meet the credit needs of low- and moderate-income (LMI) individuals and communities within those areas. Edward Jones ILC, however, will not be obligated to treat its 16,000+ locations as branches, allowing it to evade these delineations. This loophole could result in an unfair CRA examination process, where Edward Jones benefits from nationwide deposit-gathering without commensurate responsibilities to invest in the local communities in which deposits are gathered.

Under the CRA, banks are evaluated on their performance in providing loans, investments, and services to LMI populations in their assessment areas. By not requiring Edward Jones to define assessment areas tied to its physical footprint, the FDIC risks permitting a model that prioritizes high-net-worth clients and securities-based lending over community development. This is particularly troubling given Edward Jones's stated business model, which focuses on sweep deposits from affluent investors rather than broad-based retail banking.

Community banks, in contrast, are held to rigorous CRA standards, often investing significant resources in affordable housing, small business support, and financial literacy programs tailored to LMI and local community needs. Allowing Edward Jones to operate without similar obligations creates regulatory arbitrage, where non-bank entities exploit ILC charters to compete unfairly while sidestepping community reinvestment mandates.

FDIC Must Not Open Floodgates to Wave of Unchecked, Risky Non-Banks

ICBA has consistently opposed the expansion of ILC charters, as evidenced by advocacy against similar approvals for entities like Ford and General Motors. These charters, originally intended for limited purposes, have evolved into vehicles for commercial firms to enter banking without the oversight of the Bank Holding Company Act. The FDIC's own moratorium on ILC approvals from 2007 to 2010 recognized these risks, yet recent decisions suggest a troubling reversal.

The approval of Edward Jones's ILC charter sets a dangerous precedent that could open the floodgates to a wave of similar applications from non-traditional financial entities and commercial firms seeking to exploit the same regulatory advantages. Recent approvals for Ford Credit Bank and GM Financial Bank in January 2026 already signaled a shift toward greater permissiveness, and Edward Jones's approval—despite its nationwide network of over 16,000 locations functioning as de facto deposit-gathering points—further encourages others to pursue ILC charters with renewed confidence.

If left unchecked, such proliferation could lead to increased systemic risks, unfair competition for core deposits in underserved markets, and further dilution of CRA obligations, ultimately threatening the viability of community banks that remain committed to local lending and

reinvestment. In light of these issues, during Edward Jones ILC's special oversight period over the next three years, we request that the FDIC:

1. Revisit the approval and impose additional supervisory conditions, for example requiring Edward Jones to treat its locations as branches for CRA purposes including the delineation of assessment areas and targeted lending to LMI communities.
2. Carefully monitor the Edward Jones ILC and revoke approval if conditions that have been imposed are not met, significant changes occur, or new information reveals issues.
3. Conduct a comprehensive impact study on how Edward Jones ILC's operations might affect deposit stability in rural areas, with input from community banking stakeholders.

The stability of our banking system depends on maintaining a level playing field. Approving Edward Jones's ILC charter without addressing these concerns jeopardizes the community bank model and the communities they serve. ICBA hopes to work with the FDIC to establish new rules to govern the deposit insurance application review process and supervisory requirements for ILCs and their parent companies based on feedback that the FDIC received in response to its July 2025 Request for Information.⁴

Please do not hesitate to reach out to us to engage in further dialogue with ICBA, our state affiliate organizations, and the banks we collectively represent. Thank you for your attention to this critical matter.

Sincerely,

The Independent Community Bankers of America
Alabama Bankers Association
Arkansas Community Bankers
California Community Banking Network
Independent Community Bankers of Colorado
Community Bankers Association of Georgia
Idaho Bankers Association
Community Bankers Association of Illinois
Indiana Bankers Association
Community Bankers of Iowa
Bluegrass Community Bankers Association
Community Bankers Association of Kansas
Louisiana Bankers Association
Maryland Bankers Association
Community Bankers of Michigan
BankIn Minnesota

Mississippi Bankers Association
Missouri Independent Bankers Association
Montana Independent Bankers
Nebraska Independent Community Bankers
New Jersey Bankers Association
Independent Community Bankers Association of New Mexico
Independent Bankers Association of New York State
North Carolina Bankers Association
Independent Community Banks of North Dakota
Community Bankers Association of Ohio
Community Bankers Association of Oklahoma
Oregon Bankers Association
Pennsylvania Association of Community Bankers

⁴ 90 Fed. Reg. 34271.

Independent Banks of South Carolina
Independent Community Bankers of South
Dakota
Tennessee Bankers Association
Independent Bankers Association of Texas
Vermont Bankers Association

Virginia Association of Community Banks
Community Bankers of Washington
Community Bankers of West Virginia
Wisconsin Bankers Association
Wyoming Bankers Association

**CC: Department of the Treasury
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