

Bank Partnership Agreements, Demystified

March 22, 2023

A DWT Financial Services Team Webinar

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Panelists – Bank Partnership Agreements, Demystified



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Bank Partnership Agreements, Demystified

Agenda

- Respect the “Regulatory Perimeter”
- Partnership Lifecycle
- Product and Servicing Lifecycle
- Risk Allocation and Indemnification

Respect the “Regulatory Perimeter”

Or, “Who does what and why?”

- Roles and needs of banks and fintech companies
- Risk and complexity of partnerships
- BaaS approaches

Rationale for bank control varies by products

- Deposits, loans, and payments each carry special considerations

Respect the “Regulatory Perimeter” (cont’d)

Templates too often obscure the perimeter

Compliance with law - not so simple

Partnership Lifecycle



Getting to market

- Choice of bank/choice of fintech
- Relationship considerations
- Operational challenges
- Fail points



Technical integrations

Partnership Lifecycle (cont'd)



Relationship governance

Technology

People



Deconversion / transition assistance

Product Lifecycle and Servicing



Third Party Service Provider Due Diligence

- Due diligence prior to contractual negotiations
- Considerations for fintech companies new to regulatory supervision



Product Change Management

Product Lifecycle and Servicing (cont'd)



Ongoing Due Diligence and Escalation Rights



Subcontractor Risk Management



Recordkeeping



SLAs

- When are they helpful?
- When are they not?

Risk Allocation and Indemnification



Indemnity for direct liability – yes or no?



Consider the sources of third-party risk



When should banks consider sharing financial risk with fintechs?



Should end-users be liable to the bank?

Questions or Comments?



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