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FDIC announces new review process for deposit insurance applications

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The FDIC's change seeks to improve transparency and predictability for new bank applicants.

On August 10, 2026, the Federal Deposit Insurance Corporation (FDIC) announced a new two-phase review process for deposit insurance applications. Under the new approach, the FDIC will provide new bank applicants who satisfy the relevant statutory requirements: (1) a **contingent authorization within 120 days** of receiving the application; and (2) approval within the next **12 months** following the receipt of additional information and completion of key organizational steps. The procedures are intended to accelerate and improve the efficiency of the application process and thereby encourage new bank formation. The procedures will be used for applications received after August 15, 2026.

The key elements of the new procedures are the following:

- Phase 1 seeks to result in a contingent authorization determination within 120 calendar days of the FDIC's receipt of an application. Applicants should submit a substantially complete application and fully address any additional information request letters from the FDIC to receive contingent authorization within this time frame.
- Similar to the Office of the Comptroller of the Currency's (OCC) conditional approval of a charter application, contingent authorization is **not** final approval of a deposit insurance application. Contingent authorization is intended to give applicants visibility into the FDIC's review of their application. Even if contingent authorization is granted, final approval is not guaranteed.
- Phase 2 aligns partially with the OCC's organization phase and lasts up to 12 months after a contingent authorization. During this time, the organizing group should work expeditiously to complete the FDIC's pre-opening conditions and remain in frequent contact with the FDIC.

In addition, the FDIC stated that it will coordinate with the chartering authority throughout the application process to promote efficiency, avoid duplication and ensure timely action. In an August 11, 2026 statement, Comptroller of the Currency Jonathan V. Gould said, "The FDIC's new process to review deposit insurance applications aligns with the OCC's efforts to reverse the decline in de novo chartering by providing a clear and transparent application process that encourages new entrants to the banking system – which drive innovation and expand consumer choice."

The remainder of this client update describes the FDIC's new procedures for deposit insurance applications and the FDIC's procedures in the context of the OCC's charter application review process.

Phase 1: Contingent authorization phase

Phase 1 begins when the FDIC receives the deposit insurance application. Although the process creates a defined early review period, applicants should not view Phase 1 as a preliminary or abbreviated filing. The FDIC expects the initial application package to include the principal materials needed to evaluate the proposed bank.

During this phase, the FDIC's review aims to proceed according to four milestones:

1. **Within three business days**, the FDIC will send an acknowledgment letter to the applicant confirming receipt of the application.
2. **Within 30 calendar days**,
   a. FDIC staff will review the application form and supporting exhibits, including, among other things, information provided about the business plan, financial projections, ownership structure, management team, any planned capital raise, business relationships with affiliates and outsourced services.
   b. In coordination with the chartering authority, the FDIC will communicate with the applicant regarding the completeness of the application and, if necessary, issue an additional information request letter.
   c. The FDIC will initiate background checks on senior executive officers and directors.
3. **Within 90 calendar days**, FDIC staff will meet with the organizers to conduct initial management and topical interviews. These meetings will be coordinated with the chartering authority and, where applicable, the appropriate Federal Reserve Board office, to the extent possible.
4. **Within 120 calendar days**, the FDIC will issue a contingent authorization letter if warranted, detailing the pre-opening conditions that must be satisfied before final approval.

Phase 2: Organizational phase

Within **12 months** of receiving contingent authorization, the FDIC will issue a transmittal letter communicating the final disposition of the application.

During the **12 months or less** between contingent authorization and final disposition, the FDIC will review supplemental materials from the applicant, including information about board members, senior executive officers and principal shareholders; employment agreements; any capital raise; organizational documents; contracts for business relationships with affiliates and key third-party vendors; location and leases; risk management and compliance policies, procedures and internal operating controls; Community Reinvestment Act compliance; and, if needed, updated financial projections. If necessary, the FDIC will issue further additional information requests and conduct follow-up investigations or reviews for specific target areas or functions.

Before final disposition of an application, FDIC staff will meet with the organizers to discuss any remaining pre-opening conditions, including advance notice of the planned opening date. FDIC staff will also seek the applicant's written agreement to all proposed conditions that will be included in the federal deposit insurance order.

Within six months of final approval and issuance of the deposit insurance order, a pre-opening examination will be scheduled and conducted in coordination with the relevant chartering authority **30 days** before the bank's proposed opening. Following a successful exam, a deposit insurance certificate will be issued. Taken together, the bank must open within **18 months** of the FDIC's issuance of contingent authorization, which is consistent with the OCC's timeline for when a de novo bank must open for business after conditional approval.

The FDIC's procedures in context

The FDIC's new procedures are part of a concerted effort by the FDIC and OCC to increase coordination on new bank charters. The FDIC stated that it expects that, with some exceptions, applicants will be able to file applications concurrently with both the FDIC and the OCC or the state chartering authority. The exceptions are designed to deal with differences among some state chartering processes.

Notwithstanding the FDIC's stated goals, there are a few considerations that applicants should keep in mind.

For example, although both the OCC and the FDIC are willing to meet with potential applicants prior to submitting their formal charter and deposit insurance applications, only the FDIC has a process for reviewing a draft deposit insurance proposal prior to submitting a formal application. The FDIC will review a draft proposal to identify potential issues, provide preliminary feedback and work with the potential applicant on their submissions before submitting a formal application. The FDIC expects to provide an update to the potential applicant within 30 days and to complete its review of the draft proposal and communicate overall feedback to a potential applicant within 60 days, though the FDIC states that the time frame may vary depending on the attributes of a specific proposal. Therefore, potential applicants who would like to take advantage of this process should ensure that they engage with the FDIC early and allow for sufficient time to incorporate the FDIC's feedback into their non-draft charter application.

Additionally, although the concept appears to be that an applicant would receive a conditional approval from the OCC and a contingent authorization from the FDIC at or near the same time, neither of the agencies' procedures or guidance require synchronization of application decisions.

For instance, in a recent statement, the OCC reiterated its commitment to making timely decisions (e.g., decisions within the agency's 120-day target timeline), stating that the OCC will return a filing without a decision if complete information is not provided and will deny applications if the OCC's standards for approval are not met. In contrast, the FDIC's new guidance does not say what the FDIC's process will be for an applicant that does not meet the standard for contingent authorization within the 120-day timeline. Therefore, as a matter of practice, it is not clear if the FDIC also plans to return or deny filings as the OCC is doing or, alternatively, if the FDIC generally will allow applications to remain pending without action for a longer period of time.

It is also unclear if the FDIC's new review process will replace its 2024 resolution to require periodic briefings to the FDIC board on any deposit insurance application that has been "outstanding" for more than nine months. Under the FDIC's new review process, the agency can take up to 16 months from the time an application is submitted to issue a final approval. If the 2024 resolution is retained, certain interpretive questions may need to be addressed, such as whether the nine-month clock starts when the application is submitted or when contingent authorization is given.

Looking ahead

The FDIC's revised procedures seek to improve transparency and predictability for new bank applicants, and the stated intent of a coordinated approach with the relevant chartering authority should decrease the burden on new bank applicants. Although the FDIC has clarified its new review process, there is no relaxation of the FDIC's evaluation of the statutory and regulatory factors for review of an application. Organizing groups should still ensure that their applications are substantially complete prior to submission.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Andrew S. Baer
+1 202 962 7027
andrew.baer@davispolk.com

Abigail Barney
+1 212 450 3048
abigail.barney@davispolk.com

Dana Seesel Bayersdorfer
+1 212 450 3423
dana.bayersdorfer@davispolk.com

Luigi L. De Ghenghi
+1 212 450 4296
luigi.deghenghi@davispolk.com

Danjie Fang
+1 212 450 4231
danjie.fang@davispolk.com

Justin Levine
+1 212 450 4703
justin.levine@davispolk.com

Eric McLaughlin
+1 212 450 4897
eric.mclaughlin@davispolk.com

David L. Portilla
+1 212 450 3116
+1 202 962 7155
david.portilla@davispolk.com

Eric Schultz
+1 212 450 3045
eric.schultz@davispolk.com

Margaret E. Tahyar
+1 212 450 4379
margaret.tahyar@davispolk.com