

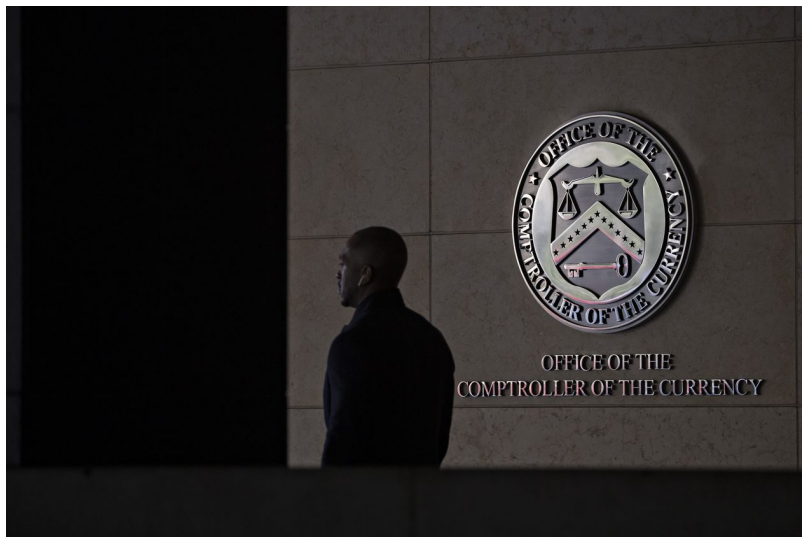
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FINANCIAL REGULATION

Fintech Varo Money Gets Rare Green Light to Become Bank

The OCC approves a bank charter for a fintech company; traditional banks have opposed such charters



After receiving the charter from the Office of the Comptroller of the Currency, Varo Money, which already has checking and savings accounts, said it plans to offer credit cards, loans and new savings products

PHOTO: ANDREW HARRER/BLOOMBERG NEWS

By [Orla McCaffrey](#)

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Financial-technology firm Varo Money Inc. said Friday it had received a national bank charter, clearing the final hurdle in its quest to become a bank.

The national charter from the Office of the Comptroller of the Currency marks one of the first granted to a fintech company. It gives the startup the ability to make loans and safeguard deposits across state lines.

Fintech companies usually partner with banks to provide banking services rather than applying for their own bank charters. Varo said it would maintain its partnership with The Bancorp Bank, a community bank, for a few months to ensure a smooth transition.

The charter represents “an evolution in banking,” Brian Brooks, acting comptroller of the currency, said in a statement released by Varo.

Varo obtained preliminary approval for a charter from the OCC in 2018. Earlier this year, Varo received approval to use federal deposit insurance.

Traditional banks and state regulators have largely opposed fintech companies’ applications for regulatory charters. A federal judge ruled last year that the OCC lacks authority to provide national charters designed for fintechs, but Varo wasn’t affected because it applied for a full-service bank charter.

Varo, which began offering banking services in July 2017, bills itself as an all-mobile firm that offers checking and savings accounts. Its investors include private-equity firm Warburg Pincus LLC and The Rise Fund, a social-impact investment firm backed by TPG and U2 lead singer Bono.

The company is scheduled to begin using its charter on Saturday. It plans to offer credit cards, loans and new savings products.

Another fintech, Social Finance Inc., filed an application with regulators in July to create SoFi Bank, a Utah-based bank of which it would be the sole owner.

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