



# Nelnet Files Application for Industrial Bank Charter

## Congressional Fact Sheet

### Summary

On June 28, 2018, Nelnet filed an application with the Federal Deposit Insurance Corporation (FDIC) and Utah Department of Financial Institutions (UDFI) to establish Nelnet Bank, a Utah-chartered industrial bank. If the charter is granted, the bank would operate as an internet banking franchise with a home office in Salt Lake City. As a subsidiary of Nelnet, the industrial bank charter would not impact the company's other business offerings, including the servicing of its federal student loan portfolio.

The cost of financing college education continues to rise; though federal higher education policy has worked to keep pace with this trend, families sometimes face limited options. Nelnet Bank would be committed to providing loan products with competitive terms and consumer-centered repayment options. When borrowers and their families exhaust their federal student loan options, Nelnet Bank would be a place where they can turn to further fund their education. Nelnet Bank would also offer refinance options to help borrowers obtain better interest rates.

Additionally, lenders' ability to finance higher education deteriorates during periods of economic recession. There is a growing need for financially stable lenders that can offer reliable funding sources throughout all credit markets. This is another reason Nelnet believes it is imperative to pursue a banking charter.

Nelnet has been built on helping families plan and pay for their education, including more than 30 years of experience originating private student loans. Nelnet Bank would offer a financially secure, experienced, and FDIC-insured lender to the private student loan marketplace. With diversified sources of funding that include deposits in addition to securitizations, the bank would be equipped to maintain steady lending through all economic cycles. Private education borrowers would also benefit from the competition another lender would add to the industry.

With Nelnet's experience and the need for education funding in mind, Nelnet Bank would specialize in private education lending. Through this limited scope, the bank's primary objective would be to provide reliable, private education loans to creditworthy students. Nelnet Bank would be education and consumer loan focused and would not compete with community banks. Similarly, Nelnet Bank is prohibited from marketing products and services to its Direct Loan servicing borrowers.

### Quick Facts

- ) Nelnet filed an application with the FDIC to establish Nelnet Bank, a Utah-chartered industrial bank.
- ) Nelnet Bank would operate as an internet banking franchise with a home office in Salt Lake City.
- ) Nelnet Bank would not impact the company's other businesses or its servicing of the federal portfolio.
- ) Nelnet Bank would provide education loan products with competitive terms and repayment options to help families who have exhausted federal options and/or borrowers looking for better interest rates
- ) Lenders' ability to fund education during economic recession deteriorates, bringing a need for stable lenders that offer reliable funding through all credit cycles.
- ) Nelnet is widely experienced in education, finance, and lending, with 30 years of experience in private education lending specifically.
- ) Nelnet Bank would use deposits in addition to securitizations as funding, giving it stability through all credit cycles.
- ) Private education borrowers would benefit from another competitor in the market.
- ) Nelnet Bank would specialize in private education lending and operate to offer reliable loans to creditworthy students.
- ) Nelnet Bank would be an education and consumer focused lender and would not compete with community banks.
- ) Nelnet Bank would be prohibited from marketing products and services to its Direct Loan borrowers.