



# PRESS RELEASE

Federal Deposit Insurance Corporation

FOR IMMEDIATE RELEASE  
June 19, 2007

**Media Contact:**  
David Barr (202) 898-6992  
dbarr@fdic.gov

## **FDIC Issues Final Guidelines on Affordable Small-Dollar Loans**

The Federal Deposit Insurance Corporation (FDIC) today issued final guidelines to state nonmember banks encouraging them to offer affordable small-dollar loan products and to promote these products to their customers. FDIC-supervised institutions that offer products which comply with consumer protection laws, and are structured in a responsible, safe and sound manner, may receive favorable consideration under the Community Reinvestment Act (CRA).

"Despite the tremendous demand for small-dollar, unsecured loans, most products available in the market come at a high cost to consumers," said FDIC Chairman Sheila C. Bair. "Banks have the tools and infrastructure to create products meeting this need that are beneficial to both the banks and their customers."

A growing number of institutions have found ways to offer these types of loans in a safe and sound manner that is also cost-effective and responsive to customer needs. The guidelines issued today explore several aspects of product development, including affordability and streamlined underwriting. They also discuss tools, such as financial education and linked savings accounts that may address long-term financial issues that concern borrowers.

The goal of a small-dollar loan program is to enable insured institutions to better serve an underserved and potentially profitable market while helping consumers avoid, or transition away from, reliance on high-cost debt. To accomplish this goal, the FDIC encourages banks to offer products with reasonable interest rates, no or low fees, and payments that reduce the principal balance of the loan.

The guidelines are attached.

###

### **Attachment:**

[Affordable Small-Dollar Loan Guidelines](#)



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at [www.fdic.gov](http://www.fdic.gov), by subscription electronically (go to [www.fdic.gov/about/subscriptions/index.html](http://www.fdic.gov/about/subscriptions/index.html)) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-52-2007