



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC Selects Participants for Its Small-Dollar Loan Study

The Federal Deposit Insurance Corporation (FDIC) today announced the selection of 30 banks to participate in a two-year pilot project to help the agency identify best practices in affordable small-dollar loan programs that can be replicated by other financial institutions.

"Our goal is to identify small-dollar loan programs that are profitable for lenders and affordable alternatives to payday loans and other high-cost loans that are harming consumers and communities across America," said FDIC Chairman Sheila C. Bair.

The selected banks are headquartered in 17 states with over 550 branches located in 27 states. Their asset sizes range from \$20 million to \$10 billion. A list of participating institutions is available at www.fdic.gov/small-dollarloans/participants.html.

Key features of small dollar loan programs at these banks include loan amounts of up to \$1,000, payment periods that extend beyond a single pay cycle, interest rates below 36 percent, low or no origination fees, and no prepayment penalties. Many of the programs also include features such as automatic savings components, streamlined processing of loan applications, and access to financial education.

Participating financial institutions that offer these products in a safe and sound manner may receive favorable consideration under the Community Reinvestment Act (CRA).



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, by subscription electronically (go to 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-10-2008