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FDIC Advisory Committee to Highlight Results of FDIC Small-Dollar Loan Pilot, Potential Features for Safe, Low-Cost Transactional and Basic Savings Accounts
Rebecca W. Rimel, President and CEO, The Pew Charitable Trusts, joins Committee

The Federal Deposit Insurance Corporation's (FDIC's) Advisory Committee on Economic Inclusion (ComeE-IN) will meet on Thursday, June 24th, to discuss the results of the FDIC's small-dollar loan pilot program (the pilot). The pilot, launched in 2008, was a two-year case study designed to illustrate the feasibility of banks offering affordable small-dollar loans as an alternative to high-cost credit products, such as payday loans and fee-based overdraft programs. Outside sources estimate payday loan volume at more than \$40 billion a year and overdraft fees at more than \$38 billion a year.

The pilot concluded with 28 volunteer banks with total assets ranging from \$28 million to nearly \$10 billion and offices in 27 states. Banks in the pilot provided loans up to \$2,500, at annual percentage rates of less than 36 percent, with low or no fees and loan terms of at least 90 days to give consumers time to repay.

"Bankers in the pilot have found that using safe and affordable small-dollar loans to build long-term banking relationships is good for customers and the bottom line," said FDIC Chairman Sheila C. Bair. "What's more, small-dollar loans may help banks better adhere to existing regulatory guidance on monitoring excessive overdraft usage and offering consumers other options, such as affordable small-dollar loans."

The Advisory Committee will review how lessons learned from the pilot and other strategies can be used to encourage more banks to offer safe, affordable and feasible small-dollar loans.

Additionally, the Advisory Committee members will continue their discussion on the FDIC's proposed templates for safe, low-cost transactional and basic savings accounts, and will review the public comments received regarding the templates. The FDIC solicited comment on all aspects of the templates, including the potential benefits to



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.

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underserved low- and moderate-income consumers, product design features that would be attractive to these consumers and feasible for banks, and ways to minimize costs of offering these products.

Advisory Committee members also will discuss the status of other policies and projects intended to expand access to the financial mainstream and other current topics of interest.

The Advisory Committee welcomes new member Rebecca W. Rimel, President and CEO, The Pew Charitable Trusts. "I am delighted that Rebecca Rimel has agreed to serve on the Advisory Committee," said Chairman Bair. "Her expertise in economic and public policy issues, in particular, as well as the analytical rigor her organization applies to those issues will provide invaluable perspectives to the Committee."

The meeting, open to the general public and the media, will be held from 8:45 a.m. to about 4:00 p.m. in the FDIC Board Room, located on the sixth floor of the FDIC headquarters building at 550 17th Street, N.W., Washington, D.C. To view the meeting agenda, visit <http://www.fdic.gov/about/comein/agendaJune2010.html>.

The meeting can be viewed live via Webcast at <http://www.vodium.com/goto/fdic/advisorycommittee.asp>.

The Advisory Committee was created by Chairman Bair and approved by the FDIC Board in November 2006 to provide the FDIC with advice and recommendations on important initiatives focused on expanding access to banking services by underserved populations. Chairing the committee is Diana Taylor, Managing Director, Wolfensohn & Company, L.L.C., who formerly served as Superintendent of Banks for the State of New York. For the list of committee members, visit <http://www.fdic.gov/about/comein/>.
