



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## **FDIC ISSUES NEW GUIDE TO HELP PROMOTE FAIR LENDING BY FINANCIAL INSTITUTIONS**

### FOR IMMEDIATE RELEASE

The FDIC has published a 56-page guide to help bankers and others detect and prevent illegal lending discrimination. Entitled "SIDE-BY-SIDE: A Guide to Fair Lending," the FDIC publication is believed to be the first practical, step-by-step, "self-help" guide to fair lending issued by a federal regulatory agency.

Although the suggestions in the guide are intended primarily for use by lending institutions, they also can assist community groups and others active in promoting equal credit opportunity.

FDIC Chairman Andrew C. Hove, Jr., said today: "The FDIC firmly believes that the best approach to addressing potential discrimination in lending is to work closely and constructively with financial institutions and the communities they serve. We are encouraged by reports from across the country that many lenders are, indeed, implementing successful fair lending programs. However, there is room for improvement, and we hope that this guide will be an important tool used to achieve the goal of fair lending."

The new guide from the FDIC offers the following:

- Ways that a financial institution can best use "testers" or "mystery shoppers" who pose as potential loan applicants to help determine if all customers asking about a loan are given similar information and encouragement by bank personnel;
- Advice on how a financial institution can analyze the loans it has approved and denied in order to identify and correct potentially discriminatory treatment;



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-49-94

- Corrective measures an institution can take to rectify past problems with consumers and develop better policies and procedures for the future;
- Criteria used by federal regulators in deciding whether to take enforcement actions or seek remedial measures; and
- Information about other material from the federal government that can help a lender evaluate and improve fair lending performance.

"The procedures suggested in our guide are not mandatory," Chairman Hove said. "We make it clear that institutions should use whatever methods may work best for them to improve customer service and effectively administer a fair lending program."

The guide has been sent to the approximately 7,000 financial institutions supervised by the FDIC. It also is available upon request, at no charge, to other lending institutions, industry attorneys and consultants, consumer organizations, individual citizens and others who want a better understanding of how to help ensure equal credit opportunity.

Copies of "SIDE-BY-SIDE: A Guide to Fair Lending," can be obtained by writing to: FDIC Office of Consumer Affairs, Room F-130, 550 17th Street, NW, Washington, DC 20429.

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