Remarks by
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Before the Annual Conference of the
National Community Reinvestment Coalition
Arlington, Virginia
March 19, 1999

I am so proud to be with you today. So proud because the FDIC has taken the unprecedented step of co-sponsoring this conference on community development with the National Community Reinvestment Coalition. No other bank regulatory agency has co-sponsored this Conference. And our doing so makes a statement: We're here to serve the public - the entire public - fairly and equally. And we're here because we have a role to play - just as lenders and community organizations have roles to play - in community development.

If we are to rebuild neighborhoods - and if the people who live in them are to have the opportunity to build wealth - lenders and community representatives must join hands and work together in good faith toward a common goal. We want to bring you together. We are an honest broker everyone can trust. Whether we are insured depositors, FDIC-insured institutions, community groups that deal with FDIC, or regulators, we have the FDIC symbol of confidence in common. From Maine to Hawaii, it is the first thing that people see when they walk into a bank. This guarantee offers people peace of mind. It tells them that the FDIC is there for them.

Our primary mission is to maintain public confidence in the banking system. You probably know that the FDIC insures deposits for up to $100,000 at the nation's 10,000 banks and savings institutions. We also supervise about 6,000 of those banks, and we manage bank failures to limit the damage they can have on business and local economies.

Today I want to talk with you about something else that we do: Taking an active role in forging partnerships that foster community development.

In 1990, we established a Community Affairs Program. It had three objectives: One, to promote compliance with the Community Reinvestment Act and the fair lending laws. Two, to support our examiners by advising on complex fair lending issues and giving them information on the credit needs of individual communities. And, three, to educate community and consumer organizations on bank responsibilities under the CRA and fair lending laws.

When the program was first launched in 1990, there was some reservation about having a regulator play a role in community development. For the first few years, the program focused primarily on providing training for the industry and our own examiners.

However, we soon got bolder. We started to participate in - and then to speak at -- functions that were organized by community organizations and financial institutions. Then we started doing something we had never done before: sponsoring such meetings ourselves.

At first, we wanted to get bankers and community organizations together and talking to one another. We quickly moved into promoting partnerships among financial institutions, government organizations and community organizations. The goal of these partnerships is to help increase credit to low- and moderate-income individuals, and to small businesses.

Let's look at three examples where we've made a difference.

The first deals with small loans. In 1996, we brought ten members of various community groups and organizations in Humboldt Park, Illinois, together with 13 representatives from FDIC-regulated banks. The group sought to increase lending, investments, and services throughout the Humboldt Park Hispanic Community. The result is the Greater Humboldt Park Micro-Loan Partnership -- which includes banks, community organizations and ACCION - a micro-lender. The partnership has formed a loan pool to lend to small businesses in the community. ACCION serves as the intermediary, receiving funding from the other partners and making the loans directly.

I also want to note that we are pleased to partner with the Small Business Administration in a series of workshops on the SBA's Small Business Investment Company Program. Over the past 40 years, SBICs have provided more than $20 billion worth of financing to small businesses, creating hundreds of thousands of new manufacturing, retail and service jobs. These workshops present an excellent opportunity for financial institutions to acquire ideas for new lines of business and for community development groups to expand their network of funding sources.

The second example deals with mortgage lending. We are sponsoring a series of meetings involving financial institutions, community-based organizations, growers and migrant farmworkers to discuss the barriers to providing affordable housing and homeownership opportunities to migrant and seasonal farm laborers in Marion, Indiana and Grand Haven, Michigan. We expect these meetings will lead to partnerships delivering mortgage credit and counseling to farm workers. This type of grass-roots initiative will be duplicated in other parts of the country.

The third example deals with financial literacy. Last year, we were pleased to join the Financial Services Education Coalition -- along with NCRC -- in the development of the guide Helping People in Your Community Understand Basic Financial Services. The Coalition sent out copies of the guide to more than 13,000 community-based organizations, consumer groups and financial trade associations. And the FDIC sent it to more than 6,000 banks - every bank we supervise.

This year, our community affairs staff will launch a major financial literacy initiative using this guide as our handbook. Throughout the country, the FDIC will conduct financial literacy education in a variety of forums, many designed to foster relationships between financial institutions and the community.

For example, in our Kansas City Region, there are a number of relatively small rural communities with relatively large populations of Spanish speaking households. We will bring the players - banks and community leaders - together. We have initially focused on Iowa Beef Processors, Inc., a large meatpacking operation throughout the Midwest. We are working to generate interest among bankers and large employers, help the interested parties put financial education programs together, and help with the initial rollout of the program.

The program is built around classroom instruction in why to save, how to save, how to write a check, starting a checking account, balancing a checkbook, how to use ATM cards, why financial institutions are a safe place to put money, how to work with your banker - in short the basic skills that everyone needs to begin building wealth.

Speaking of financial literacy and education, I would be remiss as a regulator if I did not talk briefly about the Year 2000. The Year 2000 issue, or Y2K as it is commonly known, involves reprogramming computers to make sure they don't mistake the date 2000 for the year 1900. If computers aren't fixed by January 1, there may be problems. I want to make three points:

One, bank examiners have visited - and will revisit - each bank and thrift institution across the country to make sure that banks are on track in preparing for the date change. Two, banks have been aggressive in dealing with the issue. We are confident that the overwhelming majority of FDIC-insured institutions are thoroughly and carefully preparing for January 1 and beyond. And, three, should the worst happen - should a bank fail - insured deposits are safe - no ifs, ands, or buts. If someone should ask you, "With Year 2000 coming, is my money safe?" You have the answer - an answer that our community affairs officers will be carrying into communities around the country in the coming months.

When people see our symbol of confidence, they know that we stand behind it. In the 66 years since we were created, we've never let them down. They see an absolute guarantee. When you see the FDIC emblem, I want it also to remind you that we have a commitment to community development. A commitment to promoting rebirth and renewal in our communities. A commitment to working with you - in partnership - to build stronger, more vibrant communities.

Last Updated 06/25/1999