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NEWS CONFERENCE  
SPANISH LANGUAGE MONEY SMART  
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Good morning. I'm pleased to be here in the great city of Chicago --- the gateway for millions of immigrants into America's heartland --- to talk about a topic that is not only of critical importance to both state and federal regulators, but to the American people as a whole.

I want to talk about financial education.

Abraham Lincoln, in his first public speech, called education "the most important subject which we, as a people, can be engaged in."

I couldn't agree more.

But I would add that, increasingly, financial education - particularly of those who are outside the financial mainstream - is one of the most important things which we, as Americans, can be engaged in today.

Currently, millions of Americans do not have a banking relationship with any traditional financial institution. These "unbanked" -- estimated at anywhere from 10 to 13 percent of U.S. households - are primarily low- to moderate-income, minorities, and/or recent immigrants.

Many unbanked Americans use so-called "fringe banks." The costs of using their services and products are far in excess of the costs of traditional bank services and products. These alternative outlets continue to grow.

And there is the troubling problem of predatory lenders - an abusive form of subprime lending. Two years ago, the FDIC held forums on predatory lending in seven locations nationwide. Those attending the meetings included bankers, community leaders, city and state officials, and local residents. Participants identified problems in their particular area and recommended solutions, which ranged from more legislation to better enforcement of existing regulations.

But there was one recommended solution that remained constant no matter where we went or who we talked to. That recommendation was consumer education -- equipping the consumer to help himself.

That is why the FDIC made the decision to develop a financial education product called Money Smart, which is uniquely designed to address the needs of low- and moderate-income people and bring them into a healthy banking relationship.

I see Money Smart as a tool kit to help folks begin building a more secure financial future for themselves.

Financial education can be the building block to establishing banking relationships, opening a checking account, managing and saving money, owning a home, building wealth, and increasing assets.

We rolled out the English-language version of Money Smart 12 months ago. And I am here in Chicago today to announce the next step in our program: the Spanish language version of Money Smart.

It is fitting that Chicago is the venue for our announcement.

Chicago is a city with a rich history in community development. We've had some of our greatest successes with the English-language version of Money Smart here in Chicago. In fact, the first Money Smart classes in the country were launched in this very neighborhood -- at the Pilsen One-Stop Center.

Indeed, the Money Smart initiative was based on Chicago's successful Financial Links for Low Income People (FLLIP) program, of which many of you are members.

And since Chicago also has the 3rd largest Latino population in the United States, it is even more appropriate to roll out the Spanish language version of Money Smart here.

As I said earlier, millions of American households do not have a banking relationship with any traditional financial institution. And studies show that these households are primarily low- to moderate-income, minorities, and/or recent immigrants.

Equipping those outside the financial mainstream to understand money, build assets, and achieve the American Dream is a worthy goal.

But the immigrant population is also a tremendous source of potential new customers for banks. For example, an estimated 60 percent of Latino immigrants are currently unbanked. Yet over \$18 billion is wired annually by this population to Latin, Central and South America, with \$9.5 billion alone wired to Mexico. Many pay high fees to wire transfer companies and check-cashing operators.

According to a recent Associated Press article, Latinos' disposable income is projected to be \$600 billion this year. Chicago banks that target the Latino market are well aware of the numbers.

And the ability of banks to now accept Individual Taxpayer Identification Numbers - or ITINs -- issued by the IRS and, in many places, the Matricula consular card issued by Mexican consulates when opening new accounts, means that tapping into that market is much easier than it used to be.

Exito, a major Spanish-language paper in Chicago, reports that five major banks in California took in \$50 million in deposits after using Matriculas and ITINs to open interest-bearing accounts. And a California bank opened 25,000 new accounts over a seven-month period, thanks to Matriculas and ITINs.

Figures like that spell out "good business" to me as a former banker and "good policy" to me as a regulator.

And reaching that population with a Spanish-language product designed to bring people into healthy banking relationships makes good sense, period.

Many of you here today have partnered with us in the last year, so you already know that FDIC's Money Smart curriculum combines many pluses in one easy-to-use package.

But the product is only useful if it gets where it needs to go - into the communities that need it.

No one knows better than the people here today that financial education is key to building assets and achieving long-held dreams. And it's perhaps the best way to attack the problem of predatory lending, since when people understand the financial system and their rights and responsibilities, they are less likely to be victimized by unscrupulous lenders.

I recently announced the creation of the Money Smart Alliance Program. Building on our existing partnerships, the FDIC is setting an aggressive goal of establishing partnerships with 1,000 organizations and institutions, in all 50 states, to distribute 100,000 copies of Money Smart and expose one million consumers to our financial education program over the next 5 years.

Many of you in this room are already partnering with us to get Money Smart into the communities where it is most needed. Let us continue to work together to reach into the unbanked and underserved population in ways we never dreamed of before, to help build strong communities and to equip people to achieve and sustain the American dream. That's a vision we at the FDIC share with you.

Thank you very much.

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