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Message from the Chairman



The FDIC reached another important milestone recently when the 100,000th copy of the *Money Smart* curriculum was sent to the New Asia Bank in Chicago. The bank plans to teach *Money Smart* classes in both Korean and Chinese in the New Year.

This accomplishment fits in well with this issue of *Money Smart News*, which focuses on outreach to the unbanked or underbanked. Recently the FDIC held a conference at the National Press Club in Washington, DC, entitled: "Tapping the Unbanked Market: Helping People Enter the Financial Mainstream." This event was an important first step in helping the industry reach out to an estimated 10 million American households that are "unbanked" or "underbanked"; they do not have accounts at banks and other mainstream financial institutions. As a result, these cash consumers – many of whom are recent immigrants -- pay excessive fees for basic financial services, are susceptible to high-cost predatory lenders, or have difficulties buying a home or otherwise acquiring assets.

These unbanked and underbanked consumers are the reason the FDIC introduced the *Money Smart* curriculum two and a half years ago. They are the reason we translated *Money Smart* into Spanish, Chinese, and Korean. A Vietnamese version will be rolled out in February 2004.

A recently completed survey shows that at the end of 2002, more than 100,000 students had received instruction from the *Money Smart* curriculum. I feel certain that the 2003 end of year survey will show that *Money Smart* continued to reach the communities that need it most in 2003.

The interest and feedback we have received on the *Money Smart* curriculum has been tremendous. Thanks to the help of organizations like yours, we are seeing, and hearing from, people who have been able to enter the financial mainstream and begin to develop more secure financial futures for themselves and their families. We are hearing from bankers that offering outreach and education isn't just the right thing to do, it's also the smart thing to do for the growth of their business.

There are many ways financial institutions can attract and retain customers from the unbanked population. Presenters at our Washington conference discussed the issues and provided examples of practical solutions, which are summarized in this issue of *Money Smart News*. A full transcript from the conference and a 10-minute video produced for the conference, called "A New Opportunity: The Unbanked" will be available shortly. We will notify newsletter subscribers via e-mail with a link that will enable you to download the transcript and order the video free of charge.

Last year was a banner year for *Money Smart*, and with your help I look forward to communicating continued success of the program in 2004.

Tapping Into the Unbanked Market

The National Press Club in downtown Washington was the venue, the FDIC was the sponsor and "Tapping Into the Unbanked Market" was the topic as more than 300 bankers, bank regulators, congressmen and their staffs, and community leaders gathered to examine ways to improve bank services to the millions of Americans who do not use traditional financial institutions or services-the "unbanked."

Panels of experts examined a variety of topics, including identification of exactly who the nation's estimated 10 million unbanked are, the role of financial education, how best to attract the unbanked to banks, recent work in the Congress to address the issue and the role of community leaders in working with financial institutions, regulators and Congress to improve the delivery of financial services.

Michael Zamorski, Director, Division of Supervision and Consumer Protection, opened the symposium by introducing Chairman Powell. "A lack of financial education is one of several reasons why 10 million people in this country may be unbanked," Zamorski said. "That's why Chairman Donald Powell is leading the FDIC in efforts like Money Smart."

Chairman Powell addressed how important the question of the nation's unbanked is to the FDIC. "This issue is vital to the FDIC, to banks, to Congress, to our communities and to me," he said. The Chairman noted that the topic is a complex one. He recalled stopping in a small town in rural Texas on a recent trip. He noticed a number of people waiting in line at a check-cashing facility, a typical financial services alternative. Casually dressed, Powell chatted with the people in line without identifying himself as a bank regulator. "I pointed out that there was a bank just down the street," the Chairman recalled. "But they all had reasons for not wanting to go to that bank. Some of them didn't feel welcome, some wanted to remain anonymous, some didn't fully understand what banks do. But a lot of persons who are unbanked know more about financial institutions than we think they do. Banks need to do everything they can to meet these people on their own terms, answer their questions, address their concerns. There are many ways banks can make money working with the unbanked, but it's up to them to go out into the communities where people work and pay taxes and buy groceries and teach Sunday school-you have to be in their community to get to understand what they need."

- Panel 1: Financial Education and Reaching the Unbanked - Perspectives from Congress
- Panel 2: Laying Out the Welcome Mat: How to Attract (and Retain) the Unbanked"
- Panel Three: Beyond Toasters: Account Incentives That Really Work, and Why"
- Luncheon Speakers: Congressman Michael G. Oxley and Kelvin Boston
- Panel Four: Thinking Outside the Bank: How Groups in Your Community Can Help You Reach the Unbanked
- And the Survey Says?: A Case Study of Financial Education in Chicago
- Concluding Remarks

Photo Essay: Tapping the Unbanked Market: November 5 Symposium

- Opening
- Congressional Panel
- Conference Materials and Attendees
- Panel 1: Laying out the Welcome Mat
- Question-and-Answer Session
- Panel 2: Beyond Toasters
- Conference Audience
- Lunch Speaker: Honorable Michael G. Oxley
- Lunch Speaker: Kelvin Boston
- Panel 3: Thinking Outside The Bank
- Conference Wrap-Up

Opening



The first FDIC conference on TAPPING THE UNBANKED MARKET was held November 5, 2003 at the National Press Club in Washington, DC. (Photo: James Kegley)



Michael J. Zamorski, Director of the FDIC's Division of Supervision and Consumer Protection (DSC), welcomed the standing-room-only crowd. (Photo: James Kegley)



FDIC Chairman Don Powell told the audience about his recent visit to a check-cashing outlet in Texas, and his conversations with customers there about the benefits of using an insured financial institution instead of a fringe business. (Photo: James Kegley)

Congressional Panel



The Congressional Panel began with remarks by the Hon. Spencer Bachus (R-AL), Chairman of the Subcommittee on Financial Institutions and Consumer Credit. (Photo: James Kegley)



The Hon. Rubén Hinojosa (D-TX), the son of immigrants, talked about the need for providing services to all citizens. (Photo: James Kegley)



The Hon. David Scott (D-GA), makes a point about the benefits of financial education. (Photo: James Kegley)

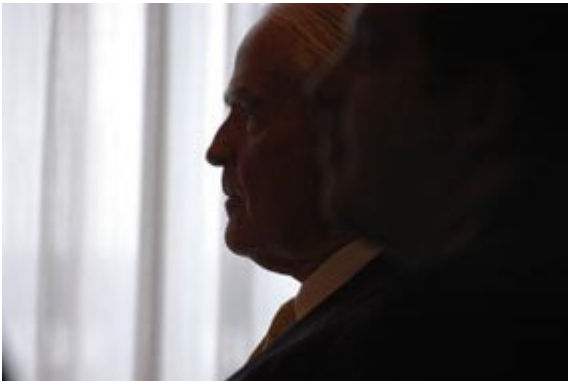
Conference Materials and Attendees



The conference binder given to each attendee was full of background and supplemental information.(Photo: James Kegley)



Attendees busy taking notes.(Photo: James Kegley)



FDIC Chairman Don Powell listening intently.
(Photo: James Kegley)



Panel 2 Presenter Michael Barr studies his conference binder.(Photo: James Kegley)

Panel 1: Laying out the Welcome Mat



The first panel discussed some of the ways bankers and community organizations have attracted and retained previously unbanked customers. On the panel were Ms. Yman Vien, Chairman of the Board and President and CEO of American Metro Bank in Chicago; Joseph A. Smith, Jr., North Carolina Commissioner of Banks, and Ms. Chiquita D. Board, First Accounts Program Manager with the DeKalb County Cooperative Extension Service in Decatur, GA. (Photo: James Kegley)



Panel One was moderated by Sheila C. Bair (right), a Member of the FDIC's Advisory Committee and Dean's Professor of Financial Regulatory Policy at the University of Massachusetts/Amherst. (Photo: James Kegley)



Chiquita D. Board (left) answers a question from a symposium participant at the conclusion of Panel I. (Photo: James Kegley)



Joseph A. Smith (left) and a symposium participant. (Photo: James Kegley)

Question-and-Answer Session



The symposium was facilitated by Dr. J. Otis Smith, professor of psychology at Cheyney University and an expert on low-income populations. Here Dr. Smith invites the audience to address questions to the panelists. (Photo: James Kegley)

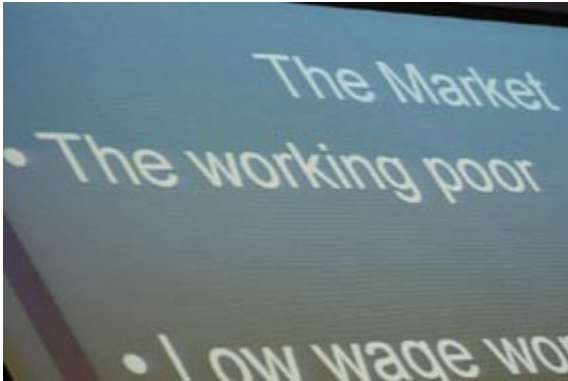


The proprietor of a check cashing outlet makes a point about providing a needed service. (Photo: James Kegley)



Jean Ann Fox of the Consumer Federation of America comments on the availability of traditional versus “fringe” banking outlets in low and moderate income areas. (Photo: James Kegley)

Panel 2: Beyond Tosters



Panel Two examined the marketplace dynamics of the unbanked...(Photo: James Kegley)



...and strategies to reach them.(Photo: James Kegley)



Panel Two participants were Ms. Evelyn Edwards (right), Assistant Vice President of Community Reinvestment for Bancorp South, Jackson, MS; moderator Ellen Seidman (second from right), Senior Managing Director of ShoreBank Advisory Services, Chicago; Michael S. Barr, Professor of Law at the University of Michigan; and Dory Rand (left), Attorney at Law, National Center on Poverty Law, Chicago.(Photo: James Kegley)

Panel 2: Beyond Tosters (continued)



Michael S. Barr described successful programs for bringing the unbanked into the financial mainstream. (Photo: James Kegley)



Dory Rand discussed how to tailor incentives to meet different markets. (Photo: James Kegley)

Conference Audience



Some members of the audience.(Photo: James Kegley)



DSC Deputy Director Donna Gambrell (center) listens while others take notes.(Photo: James Kegley)



The FDIC unveiled a new educational video for bankers called "A New Opportunity: The Unbanked."(Photo: James Kegley)

Lunch
Speaker:
Honorable
Michael G.
Oxley



FDIC Chairman Don Powell describes the background and accomplishments of the luncheon speaker, The Hon. Michael G. Oxley (R-OH), Chairman of the Committee on Financial Ser-



To honor Chairman Oxley, Chairman Powell – a diehard Texas A&M; fan – dons a baseball cap from Chairman Oxley's alma mater.(Photo: James



Chairman Oxley addressed some of the most pressing issues facing the unbanked. (Photo: James Kegley)

Lunch
Speaker:
Kelvin
Boston



FDIC Senior Advisor Judy Chapa introduced a long-time friend, Kelvin Boston, host of PBS's syndicated *Money Wise* program.(Photo: James Kegley)



Kelvin Boston gave an inspirational talk about "People, Profits, and a Forgotten Promissory Note.(Photo: James Kegley)

Panel 3: Thinking Outside the Bank



Panel Three was moderated by James Ballentine, Community Development Manager, American Bankers Association. (Photo: W.W. Reid)



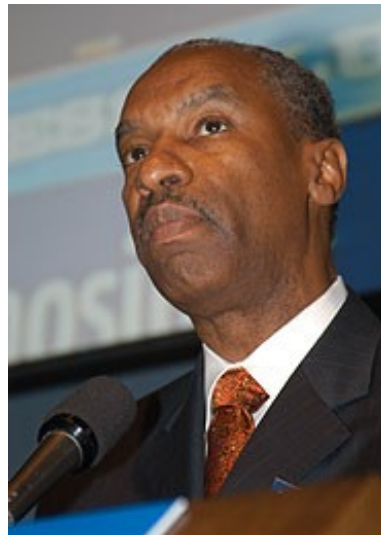
Cynthia Amador, President of Los Angeles' CHARO Community Development Corporation, talked about the network of groups that works together to make CHARO CDC a success.



Ernest Skinner, Vice President and Community Relations Director of Citibank, stressed the need to identify community partners when putting together and outreach program.



Clara Martinez, Vice President of Community Development at Wachovia Bank, described her institution's multi-faceted approach to reaching the unbanked in the eleven states where Wachovia has branches.



The Rev. Dr. Floyd H. Flake, FDIC Advisory Board Member and Senior Pastor of the Greater Allen A.M.E. Cathedral of New York, oversees a large network of community service groups con-

Conference Wrap-Up



The next to last speaker, Dr. Angela Lyons of the University of Illinois, presented the results of a case study of financial education in Chicago. (Photo: W.W. Reid)



After being introduced by FDIC Chairman Don Powell, John Bryant – the final speaker of the day – admired Powell's tie before talking about the work of Operation HOPE, where Bryant is Founder, Chairman and CEO. (Photo: W.W. Reid)



Left to right: John Bryant, Donna Gambrell, Don Powell, J. Otis Smith, and Kelvin Boston at the conclusion of the symposium. (Photo: W.W. Reid)

Money Smart: Get Involved!

Any organization interested in financial education can use *Money Smart*. For information and instructions on how to obtain copies of the curriculum go to www.fdic.gov or call 1-877-275-3342.

The *Money Smart* curriculum is comprised of ten comprehensive instructor-led modules covering basic financial topics including an introduction to bank services, tips on obtaining credit and information on buying a home. It can be easily reproduced for wide dissemination and has no copyright restrictions. *Money Smart* is free to users.

Money Smart is available on CD-ROM in English, Spanish, Chinese and Korean. A Vietnamese version will be released in February 2004.

Send Us Your Success Stories

We want to hear how *Money Smart* is making a difference in peoples' lives. [Submit your stories](#) today!

Here are some recent stories submitted by our readers:

AmSouth Sponsors First-Time Homebuyer Workshops for Public Housing Residents

AmSouth Bank, a regional bank with more than 600 banking offices in the Southeast, sponsored two first-time homebuyer workshops for public housing residents of Covington, Louisiana on October 11 and October 18, 2003. The workshops, entitled "From Renter to Homeownership," were conducted by Emma Dixon, President of the non-profit Creation of Wealth for Financial Security & Asset Building group. Dixon used *Money Smart's* "Bank On It" module to introduce workshop attendees to bank services. Dixon is also the Louisiana LifeSmarts State Coordinator. LifeSmarts is a program to promote financial literacy among teenagers.

Phoenix Bankers Help Head Start Parents Become *Money Smart*

More than 20 local employees of Bank One are moonlighting as volunteer teachers in the first local launch of the FDIC's *Money Smart* financial literacy program. In partnership with Chicano Por La Causa (CPLC), the bankers are rolling out the 10-month financial literacy program to parents whose children participate in CPLC's early education and migrant family Head Start programs. Sessions are conducted in Phoenix, Surprise and Queen Creek. The sessions are conducted concurrently in both English and Spanish.

"The response from Bank One employees and the parent/students has been tremendous," said Patricia Garcia-Duarte, who spearheads the initiative. "After our first classes, parents were asking our teachers if they could accelerate the monthly programs so they can get as much information as quickly as they can." Garcia-Duarte is Bank One's Arizona Market Manager for Community Investments.

Among the first volunteer teachers were Bank One's Claudia Sanchez, Dennis Bourgeois, Patrice Bettison-Clark, and Mary Hermosillo. Support also came from the Arizona Hispanic Employee Association (AzHEA) and African American Network (AAN).

Money Smart In Iraq!

Christopher Wenner, an FDIC examiner who was called to active duty with the US Army in Iraq, has started *Money Smart* classes at his duty station in Balad, Iraq. Chris reports that so far he has given training to about 70 soldiers within his battalion. However, with about 18,000 soldiers, airmen, and Marines in Balad, Chris expects to be very busy teaching *Money Smart* in the coming months. Good luck, Chris! We're very proud of you.

Partner News

To date, the FDIC has partnered with over 24,000 financial institutions, community groups, and agencies across the country to deliver Money Smart to more than 100,000 people, and over 14,000 new banking relationships have been established.



DSC Deputy Director Donna Gambrell (left), North Carolina Bankers Association (NCBA) President Thad Woodard, and NCBA Chairman Kel Landis (far right) look on as FDIC Chairman Don Powell signs the Money Smart Alliance partnership agreement between the FDIC and the NCBA.

The FDIC has also set up the Money Smart Alliance Program for those organizations wishing to sign an agreement with the FDIC to promote Money Smart throughout their constituency. In many cases, these organizations have a presence in a number of states or nationwide.

Since the Money Smart Alliance Program was announced by Chairman Powell in June 2002, the number of [Alliance Partners](#) has grown to more than 600.

New Alliance Partners since the October 2003 issue of Money Smart News include:

- State Farm Florida
- North Carolina Bankers Association
All our partners and Alliance members are helping us meet our shared goal of helping low- and moderate-income Americans become "Money Smart" so they can establish healthy banking relationships, begin building assets, and securing a better future for themselves and their families.

We want to hear from you! Please use the form below to tell us your success stories.

[Share your Stories](#)



NCBA President Thad Woodard (left) and NCBA Chairman Kel Landis (right) hold plaque designating the NCBA a Money Smart Alliance Partner.