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June 5, 2010

Re: Comment on Transactional Accounts

To Whom It May Concern at FDIC:

I am writing on behalf of the Sargent Shriver National Center on Poverty Law to comment on the FDIC's templates describing potential features for safe, low-cost transactional and basic savings account products for low- and moderate-income (LMI) consumers. The Shriver Center provides national leadership in identifying, developing, and supporting creative and collaborative approaches to achieve social and economic justice for low-income people and communities. The Shriver Center's Community Investment Unit (CIU) takes action to end poverty by advocating policies that expand asset-building opportunities to complement traditional income-support programs. Through national, state, and local advocacy and model programs, CIU strengthens families and communities by expanding opportunities to build, own, and protect personal and financial assets.

We agree with FDIC Chairman Sheila C. Bair that, "The need for safe, affordable transactional and savings products among [] consumers currently using alternative non-bank products is great," and we believe that the proposed templates are an important first step in filling this gap. The Shriver Center also agrees with the FDIC that the transactional accounts aimed at LMI customers must have low and transparent fees; be FDIC-insured and subject to consumer protection laws, regulations, and guidelines; be simple to use; include easily understandable terms and conditions; and represent sustainable product offerings for financial institutions. Below we offer our comments to the proposed templates.

Unbanked consumers may view safe, low cost transactional and basic savings accounts as an on-ramp to the banking industry, where they will hopefully have access to other affordable

financial products that will help them build wealth. Both unbanked and underbanked consumers will benefit from the proposed low cost savings account by building a savings habit, which in turn, will make it more likely that they have a financial cushion in times of economic difficulty and will help reduce reliance on predatory high-cost lenders. In general, we support checking and savings accounts for low- and moderate-income (LMI) customers that have the following design features:

- Accounts must be easy to understand and thoroughly explained to the LMI customer
- Accounts must offer features that support asset building so that the account is a pathway to security and sustainability for the LMI customer
- Use of ChexSystems or a credit check must not disqualify a LMI customer from opening a savings account without clear evidence of fraud or other criminal activity
- Accounts should conform closely or exceeds the following standards:
 - Minimum balance requirement for savings accounts should be low, such as the \$1 suggested in the FDIC's templates
 - No minimum balance requirements or monthly fees for checking accounts
 - No daily overdraft fees, ATM or point of sale fees for checking accounts

The FDIC should promote banks' offering low cost money orders, bill payment options and wire transfers. Additionally, the FDIC should support banks allowing matricula consular cards and Individual Tax Identification Number (ITIN) numbers to open accounts; no social security number should be required. Many LMI individuals have been issued an in order to comply with the Internal Revenue Code and file income tax returns; federal law permits financial institutions to accept an ITIN. We suggest that the FDIC state in their guidance to banks that they accept ITIN numbers or consular identification cards and do not require a Social Security number to open transactional accounts. In this way, the bank will truly be reaching out to the unbanked and underbanked communities to provide an on ramp to those without traditional identification cards to participate in mainstream banking.

Regarding the fees for a transactional account and for other financial services, it is imperative that there be no fees where possible or that fees be kept very low. For instance, Figure 1 states that "Checking account can be linked to a savings account or line of credit to cover overdrafts " for a low fee. For the proposed linked savings account, we suggest that there be no fees in order to facilitate a savings habit and help the LMI customer build assets.

For non-traditional financial services that have typically been served by check cashers, we suggest that the FDIC provide more guidance than just "competitive market rates" to ensure

that the products are responsibly and affordably offered to LMI customers. For instance, for wire transfers that are received next day, we support a transfer fees of \$4 or less for bank customers, and slightly higher fees for non-customers. International transfers typically have enormous fees that account for a significant portion of the amount being transferred and thereby deplete LMI customers' wealth.

Regarding, types of transactional accounts that would be attractive to both LMI underserved consumers and insured financial institutions, we suggest an International Transfer Account, such as the one offered at Mitchell Bank located in Milwaukee, Wisconsin. With this type of account, the bank customer funds an account with the bank, and whomever they designate can access the funds at ATMs around the world. This account should include an electronic access card as well. The International Transfer Account saves LMI customers' fees and is safer than many of the other methods available.

Thank you for the opportunity to submit these comments. If you have any questions or require additional information, please do not hesitate to contact me.

Sincerely,

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Sargent Shriver National Center on Poverty Law