

The Meeting of the Advisory Committee on Economic Inclusion

of the

Federal Deposit Insurance Corporation

Held in the Board Room

Federal Deposit Insurance Corporation Building

Washington, D.C.

Open to Public Observation Via Webcast

October 27, 2022 - 9:00 A.M.

The meeting of the FDIC Advisory Committee on Economic Inclusion (ComeE-IN or Committee) was called to order by Martin J. Gruenberg, Acting Chairman of the Board of Directors of the Federal Deposit Insurance Corporation (Corporation or FDIC).

The members of ComeE-IN present at the meeting were Marla Bilonick, President and CEO, National Association for Latino Community Asset Builders; Michael Calhoun, President, Center for Responsible Lending; Naomi Camper, Chief Policy Officer, American Bankers Association; Thomas Foley, Executive Director, National Disability Institute; Kenneth Kelly, Chairman and CEO, First Independence Corp and First Independence Bank; Margaret Libby, CEO and Founder, MyPath; Brandee McHale, Head of Community Investing and Development, Citi and President, Citi Foundation; Jonathan Mintz, President and CEO, Cities for Financial Empowerment Fund; and Jennifer Tescher, President and CEO, Financial Health Network.

Steven L. Antonakes, Executive Vice President for Enterprise Risk Management, Eastern Bank; Raphael Bostic, President and CEO, Federal Reserve Bank of Atlanta; and Christina Tetreault, Deputy Commissioner, Office of Financial Technology Innovation, California Department of Financial Protection and Innovation were absent from the meeting.

Members of the Corporation's Board of Directors present at the meeting were Martin J. Gruenberg, Acting Chairman, Michael J. Hsu, Director (Acting Comptroller of the Currency), and Rohit

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Chopra, Director (Director, Consumer Financial Protection Bureau).

Corporation staff who attended the meeting included Xavier Adomatis, John M. Anderlik, Tawanta L. Brinson, Luke H. Brown, Susan Burhouse, Elissa Cohen, Karyen Chu, Jermaine Cunningham, Timothy J. Davin, Angela Dean, Debra A. Decker, Paola L. Diaz, Keith S. Ernst, Michael P. Farrell, Sheila R. Finlayson, Gregory Gelzinis, Shannon N. Greco, Patricia S. Gurneau, Deva Helmand, Edward J. Hof, Nicholas S. Kazmerski, Rosilyn L. King, Mark J. Kutzback, Jonathan N. Miller, Joyce M. Northwood, Elizabeth Ortiz, Yazmin E. Osaki, Mark E. Pearce, Nikita Pearson, Harrel M. Pettway, Ariana L. Rambuyan, Betty J. Rudolph, Marguerite Sagatelian, James P. Sheesley, Jacqueline R. Steller, Jocelyn Sutton, Mona L. Thomas, Jeffrey Weinstein, Meron Wondowosen, and Montrice G. Yakimov.

Acting Chairman Gruenberg presided over the proceedings. Elizabeth Ortiz, Deputy Director, Consumer and Community Affairs, Division of Depositor and Consumer Protection (DCP), and the Committee's Designated Federal Officer, served as moderator.

Opening Remarks

Ms. Ortiz opened the meeting by stating that the Government in the Sunshine Act (Sunshine Act) imposes notice and access requirements whenever a quorum of the FDIC Board of Directors meets to conduct or determine Agency business. Ms. Ortiz noted that the meeting is not held for such purposes and does not constitute a meeting under the Sunshine Act. She explained that the Board members present at the meeting would only engage in general or preliminary discussions that do not relate to specific proposals for action pending before the FDIC, and that any specific issues for Board resolution will remain open for full consideration by the Board at a later date.

Ms. Ortiz then introduced Acting Chairman Gruenberg, who presided at the meeting.

Acting Chairman Gruenberg welcomed the members of the Committee and noted that this is the first in-person meeting held since 2019. He next welcomed the newest member of the Committee, Marla Bilonick. Next, Acting Chairman Gruenberg provided an overview of the meeting Agenda and commented on the importance of the results and implications of the FDIC's 2021

National Survey of Unbanked and Underbanked Households (Survey). He also commented on the critical nature of the afternoon's presentation on maintaining public confidence in banks and deposit insurance. Following that, he invited Acting Comptroller Hsu and Director Chopra to make brief opening remarks.

Following these remarks, Acting Chairman Gruenberg invited Ms. Ortiz to introduce the first presentation.

Results of the 2021 FDIC National Survey of Unbanked and Underbanked Households

Ms. Ortiz introduced Karyen Chu, Chief, Banking and Consumer Research Section, Research and Regulatory Analysis Branch, Division of Insurance and Research (DIR), to moderate the presentation of the results of the Survey. Ms. Chu provided some background information regarding the Survey and then turned the presentation over to the panelists to discuss the Survey results: Mark Kutzbach, Senior Financial Economist, Financial Modeling and Research Section, Research and Regulatory Analysis Branch, DIR; Joyce Northwood, Senior Financial Economist, Banking and Consumer Research Section, Research and Regulatory Analysis Branch, DIR; and Jeffrey Weinstein, Senior Financial Economist, Senior Financial Economist, Banking and Consumer Research Section, Research and Regulatory Analysis Branch, DIR.

Following the presentation, several Committee members asked questions regarding the availability of specific data. Several members asked how certain terms were defined for purposes of the survey or for other clarifications, including the definitions used for mobile banking, online banking, and prepaid cards.

Committee members then discussed "other reasons" for not having a bank account, including lack of consumer trust in banks and the banking system. Committee members also suggested various ways to improve the Survey in the future to produce additional helpful data.

Acting Chairman Gruenberg then asked about the declining use of nonbank financial products by all households with members noting interesting drops in use of various nonbank financial products at different time periods.

The meeting then recessed from 10:22 a.m. to 10:35 a.m.

Implications of the 2021 FDIC National Survey of Unbanked and Underbanked Households

When the meeting resumed, Ms. Ortiz introduced Keith Ernst, Associate Director, Consumer Research and Examination Analytics, Policy and Research Branch, DCP, to moderate a panel presentation on the implications of the 2021 National Survey of Unbanked and Underbanked Households. Mr. Ernst's fellow panelists were Susan Burhouse, Senior Consumer Researcher, Consumer Research and Examination Analytics, Policy and Research Branch, DCP, and Yazmin Osaki, Senior Consumer Research Associate, Consumer Research and Examination Analytics, Policy and Research Branch, DCP.

Before beginning the formal presentation, Mr. Ernst acknowledged the outstanding contributions to the FDIC Household Survey made by Karyen Chu. Mr. Ernst noted Ms. Chu's dedication to high standards and to keeping the survey relevant as critical to its success over the last decade. Following the presentation, Mr. Ernst then opened the floor for questions and discussion.

Committee members discussed nonbank online payment services. Members made observations regarding consumers comfort with the control, speed and frequent communication provided by the apps, including how these payment apps represent a form of social engagement. Another member noted there is targeted, sophisticated marketing and messaging.

Members also discussed the bankable moment created by the COVID-19 pandemic and highlighted other bankable moments. These included receipt of public benefits and employment.

Several Committee members discussed the public-private partnerships, which emerged during the pandemic, and that improved economic inclusion.

Acting Chairman Gruenberg agreed that it would be important to look deeper into the public-private partnerships and their impact on unbanked/underbanked households. He suggested the ad hoc partnerships from the pandemic could be a basis to create more formal partnerships moving forward. He noted that online and mobile banking have the same functionality, but access is not the same. He also agreed, that we want to understand the decreased use of nonbank products across income categories. Finally, he noted that the Survey has existed since 2009, during which time the economy has had steady economic growth and noted

changes may occur in the next survey where the economic outlook is uncertain.

Committee members also discussed specific results of the survey and asked about certain components of the Survey, with some suggesting ways to improve the Survey in the future.

Mr. Ernst asked the group what kind of opportunities they see where they could bring people into the financial system. Several members responded that the education system, foster system, and first or new employment are good opportunities.

Acting Chairman Gruenberg thanked the panelists for their thoughts and suggestions.

The meeting then recessed from 11:54 a.m. to 1:36 p.m.

Members Roundtable

Ms. Ortiz next introduced the members' roundtable discussion. Ms. Ortiz explained that the members' roundtable provides an opportunity for the members to share information about what is happening in their organizations and in the communities that they serve. After providing this brief introduction, Ms. Ortiz then turned the meeting over to the Committee members for their individual updates. The Committee members discussed a broad range of topics, including the following: wealth gaps and disparities by race; financial health disparities across various groups, credit access challenges, and asset building issues among various segments of the population. One member discussed multiple economic challenges facing recently arrived immigrants. Another member focused his discussion on issues related to home equity stripping. Other members discussed the benefits of certain types of bank accounts including Bank On accounts, non-custodial accounts and ABLE accounts. Members also discussed a number of other topics including income and expense volatility, barriers to employment for persons with a disability, and responses to scams targeting bank customers. Additionally, each member provided an update on current happenings and work streams occurring at their organizations.

Maintaining Confidence in Banks and Deposit Insurance

Ms. Ortiz introduced Luke Brown, Associate Director, Supervisory Policy, Policy and Research Branch, DCP, to moderate

a panel presentation on maintaining confidence in banks and deposit insurance. Mr. Brown was joined by fellow panelists Meron Wondwosen, Acting Chief, Supervisory Policy Section, Policy and Research Branch, DCP; Edward Hof, Senior Policy Analyst, Supervisory Policy Section, Policy and Research Branch, DCP, and Michael Farrell, Counsel, Consumer Enforcement Unit, Enforcement Section, Supervision, Legislation, and Enforcement Branch, Legal Division.

Mr. Brown began by noting that a recurring theme throughout the meeting was the issue of trust in banking systems, which impacts the unbanked and underbanked in their financial decisions. Mr. Brown emphasized the importance of consumers being able to clearly understand when they are dealing with a bank and where funds are protected by the FDIC's deposit insurance coverage. During the presentation, Mr. Brown and the panelists described the FDIC's mission and authority and the types of potential misrepresentations the FDIC has seen. The panelists also explained how misrepresentations can confuse consumers and cause consumer harm as well as how the FDIC has responded to these risks. The panelists closed the presentation by providing an overview of some of the public information that the FDIC has made available so that consumers can better understand deposit insurance.

Following the presentation, committee members provided some comments and asked a number of questions. Topics discussed included: how the structure of a bank account impacts deposit insurance coverage; consideration of possible deposit insurance disclosure requirements for entities that are not insured by the FDIC; restrictions on who can use the logo itself versus the words indicating coverage; the number of the misrepresentation complaints that the FDIC has received; and the application of pass-through deposit insurance in relation to bank failures. Mr. Brown responded that the FDIC is significantly concerned with what language is used to communicate with consumers about deposit insurance coverage from a bank or from a third-party. He also observed that the Federal Deposit Insurance Coverage Act provides the FDIC with authority with respect to the logo, FDIC associated terms and images.

Members also provided suggestions in response to the presentation, including that the FDIC consider doing focus group work with consumers to better understand some of the misrepresentation issues; clarification regarding who is responsible when a consumer is targeted by scammers; and

improved collaboration amongst various responsible government entities to better educate and protect consumers.

Closing Remarks

Acting Chairman Gruenberg delivered closing comments on the content of the final presentation and thanked the members and the staff for their contributions to the meeting.

There being no further business, the meeting was adjourned at 3:55 p.m.

Debra A. Decker
Deputy Executive Secretary
Federal Deposit Insurance Corporation
And Committee Management Officer
FDIC Advisory Committee on Economic
Inclusion

Minutes
of
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I hereby certify that, to the best of my knowledge, the attached minutes are accurate and complete.

Martin J. Gruenberg
Chairman
Board of Directors
Federal Deposit Insurance Corporation