FEDERAL DEPOSIT INSURANCE CORPORATION

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ADVISORY COMMITTEE ON ECONOMIC INCLUSION

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PUBLIC MEETING

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THURSDAY, OCTOBER 7, 2021

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The Committee met at 1:00 p.m. EDT via Video Teleconference, Jelena McWilliams, Chairman, presiding.

BOARD MEMBERS PRESENT:

JELENA MCWILLIAMS, Chairman
MARTIN J. GRUENBERG, Director, Federal Deposit Insurance Corporation
MICHAEL HSU, Acting Comptroller of the Currency

COMMITTEE MEMBERS PRESENT:

RAPHAEL BOSTIC, President and CEO, Federal Reserve Bank of Atlanta
NAOMI CAMPER, Chief Policy Officer, American Bankers Association
MARGARET LIBBY, President, MyPath
LISA MENSAH, President and CEO, Opportunity Finance Network
JONATHAN MINTZ, President and CEO, Cities for Financial Empowerment Fund
JENNIFER TESCHER, President and CEO, Financial Health Network
CHRISTINA TETREAULT, Deputy Commissioner, Office of Financial Technology Innovation, California Department of Financial Protection and Innovation

FDIC STAFF PRESENT:

JUSTIN COLE, Presidential Innovation Fellow, Office of Innovation
CHELSEA CRUZ, Senior Community Affairs Specialist
KEITH ERNST, Associate Director, Division of Depositor and Consumer Protection
VICTOR GALLOWAY, Community Affairs Specialist
RYAN GOODSTEIN, Senior Economist, Center for Financial Research
SULTAN MEGHJI, Chief Innovation Officer
ELIZABETH ORTIZ, Deputy Director, Consumer and Community Affairs
MARK PEARCE, Director, Division of Depositor and Consumer Protection
NICK PODSIADLY, General Counsel
MIA SOWELL, Senior Community Affairs Specialist, Division of Depositor and Consumer Protection

ALSO PRESENT:

FAITH BAUTISTA, CEO, National Asian American Coalition - Team NAAC-Talino Finance
WINSTON DAMARILLO, CEO, Talino Venture Labs
DANIEL DODD-RAMIREZ, Associate Director, Office of Community Affairs, CFPB
FONTA GILLIAM, CEO, Wellthi - Team Discover /Wellthi
KATE GOLDMAN, FinTech Program Lead, Milken Institute - Team iLluMInate
SONIA JOYNER, Director of Home Ownership Programs, NCATS Housing Finance Agency
PRASANT SAR, Supervisory Policy Analyst, Federal Housing Finance Agency
TONYA TYLER, Vice President, National Operations, NeighborWorks America
TANYA VAN COURT, CEO, Goalsetter - Team Goalsetter
JENNY VONGXAY, VITA Program Coordinator, Connecticut Association of Human Services

A-G-E-N-D-A

P-R-O-C-E-E-D-I-N-G-S

1:05 p.m.

MS. ORTIZ: Good afternoon and good morning and welcome to the October meeting of the FDIC's Advisory Committee on Economic Inclusion, better known as the ComE-IN. My name is Elizabeth Ortiz and I am the deputy director for consumer and community affairs, and I am going to kick off today's meeting with a brief statement, and then turn the meeting over to our chairman Jelena McWilliams.

Under the Government in the Sunshine Act whenever a quorum of the FDIC's board of directors deliberates on agency business such as a regulation or a matter of policy the board's meeting generally is required to be open to the public and is subject to certain notice requirements.

This meeting is not a board meeting called for such purposes. Accordingly, general discussions which may occur among board members at this meeting on subjects relevant to the FDIC's responsibilities but which do not pose specific issues for official board resolution either now or reasonably anticipated in the future do not constitute a meeting that is required to be open to the public and subject to the notification requirements in accordance with Sunshine Act.

Similarly, informal or exploratory discussions among board members do not constitute a meeting that is required to be open to the public and subject to the notification requirements provided that any such discussions are preliminary in nature, that there are no relevant proposals for action pending before the FDIC, and that the merits of any proposed agency action would be open to full consideration by the board at a later time.

If during the course of this meeting staff identify matters that should be discussed by board members at a subsequent board meeting in order to comply with the Sunshine Act staff will advise the board members that those matters should be deferred and presented to the board in a meeting at a later date at which time board members can engage in full deliberation on the proposals.

And now it is my pleasure and my honor to introduce the chairman of the FDIC Jelena McWilliams.

CHAIRMAN MCWILLIAMS: Thank you so much, Liz, and everybody welcome to this fall's meeting of the Advisory Committee on Economic Inclusion. This is actually our third advisory committee meeting that we're holding virtually. Personally and professionally we have been working through the unique challenges presented to us by the unprecedented global pandemic for over 550 days now. And we actually had somebody on staff count.

And of course the pandemic has exacerbated the challenges facing families living in low and moderate income communities across the country and highlighted the importance of our work to advance financial inclusion. And from that perspective I have to tell you that these meetings in particular provide such a wonderful platform for us to expand our views, to hear from you and to understand what's going on in the communities that you're all working with that I cannot tell you enough what a value we gain from these meetings.

The issue of financial inclusion in particular is broader than the rate of unbanked households. And so I have tasked the FDIC to think of financial inclusion not solely through the lens of whether a person has a checking account or a credit card, but whether the financial system is working for them. And that's a much more comprehensive view of what does it mean is the financial system working for you.

This is why we're taking a multifaceted approach to the issue. As you know we all do our biennial survey on how America banks, but in addition to that we're engaged in several campaigns to promote banking relationship creation. One of them is our hashtag #GetBanked public awareness campaign that we have launched in Houston and Atlanta this past year to we believe create success. We're now considering platforms in other cities as well.

We're also making our website a

resource for consumers looking for safe ways to receive their economic impact payments and advance child tax credits.

Our Office of Innovation FDITECH also conducted a tech sprint aimed at helping community banks identify data, tools, and other resources to help meet the needs of unbanked Americans in a cost effective manner.

Teams from around the country gathered in September to demonstrate their solutions and we're excited to unveil our findings from that.

And after more than two years of intense planning and development, and this goes to how slow everything in government moves, we were thrilled to announce in September the launch of a new investment fund, the so-called Mission-Driven Bank Fund to support minority depository institutions and community development financial institutions.

Mission-driven banks as many of you know serve predominantly lower income inner city neighborhoods, tribal areas, or rural income where mainstream banking and financial services are often lacking.

Collectively our initial investors in the fund are pledging $120 million and we would love to see other companies and philanthropic organizations investing in the fund. One of the things that I am mostly excited about the fund is that the leverage is going to be up to 1 to 10, so for every dollar of the investment in the fund we can get up to $10 of lending in the communities that require the most. So $120 million could easily translate in over $1 billion worth of lending in communities that need it.

Now, we remain vigilant as ever for other ways the agency can help our banks and our communities support financial inclusion. And before I turn to the substance of the meeting I would like to pause and say thank you to the FDIC staff and the ComE-IN Advisory Committee.

You have been diligent in your efforts to continue inclusion opportunities, especially through the challenges of the pandemic, and you have heavily informed our thinking in this area.

So again as I mentioned at the very beginning I look very forward to our discussion today.

Now, some housekeeping. We're going to turn to our meeting this afternoon and we will start with a member roundtable as Liz mentioned. I think, Liz, we usually give five minutes, but we're going to be generous this time. I think you said eight minutes per person. And frankly I love the roundtable discussion because it really informs our thinking and helps us streamline a lot of issues that we are working on.

I look forward to hearing from each of you about not just the successes you have had in these areas, but also the challenges and how the FDIC can help solve and address these challenges, or how can we work together. If you have any questions we will be glad to answer them. I'm not as kind as Liz. If you have technical issues don't email me. And before I turn this to Mark Pearce to moderate the first panel I would like to recognize my fellow board members for any remarks they may have. So Director Gruenberg, do you have any remarks you'd like to share?

DIRECTOR GRUENBERG: Yes, thank you, Jelena. First let me welcome all the members of the committee who are sharing their time with us today. We really value your engagement and very much look forward to the roundtable discussion.

It seems to me we have a lot to talk about today. The extraordinary uncertainty of the moment really raises questions for what the next few months are going to look like, and particularly the impact on low and moderate income communities, communities of color across the country. So getting your feedback on what you're seeing and your take on the situation I think would be extraordinarily helpful to us.

I will say I think this whole episode with the pandemic has if anything underscored the importance of access to the banking system for everybody who lives in the United States. And having an account on responsible and affordable terms has really become a necessity for functioning in our economy. So the basic mission of this committee if anything is as or more relevant than it's ever been.

And I guess I would just as a final point, it does seem to me that the issue of housing affordability in the United States is really reaching a point of extraordinary severity and would really welcome any feedback from any of you. And I think this applies to both the rental market and home ownership. So any feedback from the committee members in regard to that would be of interest. So thanks again for taking the time and very much look forward to the discussion today.

CHAIRMAN MCWILLIAMS: Thank you, Marty. And we're so excited to have both of our outside directors with us here today. So you really actually get the full board right here for this committee meeting today. So I would like to ask if Acting Comptroller Hsu has any comments he would like to share with the group.

MR. HSU: Thank you, Chairman McWilliams. I'm probably going to echo some things that both you and Marty have highlighted. I want to welcome the members of the committee and thank everyone for taking the time today. I'm really looking forward to today's discussion.

As Acting Comptroller for the Currency I've made reducing inequality one of my top priorities. And it's really kind of following on some of the things that Director Gruenberg and Chairman McWilliams have highlighted, that the disparate impacts of the pandemic have really just brought into sharp relief how important this topic is.

Banking -- we've heard this phrase before, it's expensive to be poor. Banking has a role in that in various ways, in both exacerbating that and alleviating that. And I think that now we're in a period where there's some opportunities to really tackle those things on head first. I think the more we have forums like this to discuss the ideas, the innovations of movement in that direction is really, really positive.

I've spoken recently about safeguarding trust in banking. Banking rests on trust, we all know that. Trust rests on our values and how we manifest that through our actions. And I think this focus on the unbanked, the underbanked is really important.

I really like what Chairman McWilliams said earlier. It's not just about getting the account, it's about making things work for them and that folks know that the banking system has their back. I think that that's an important element both of serving them and of building that trust which I think we're all headed towards.

In addition to the things that Director Gruenberg raised to talk about affordable housing and access I would be interested in hearing folks' thought on cryptocurrencies because I think what I'm hearing is that there are some underserved populations which are very interested in that space and have actually moved into that space in a higher proportion than some other populations. And I think that reflects a lot of different things.

I know in some quarters it's being billed as a way to increase inclusion. And I think the jury's still out on whether that actually is the case or not, but it would be interesting to hear members' thoughts on that, if that's something that folks can talk about.

So with that I'm excited about the agenda and look forward to the discussion.

CHAIRMAN MCWILLIAMS: Thank you so much, Mike, and thank you for being here. And we also have the acting CFPB Director Dave Uejio. Director Uejio, do you have any comments or remarks you would like to share with us today? Maybe he can't dial in. All right, I'll say this. He probably shares all of our prior remarks and sentiments.

So let's get this started, Mark. I will turn it over to you, Mark Pearce, our head of Division of Consumer Protection. We're all excited to see what we can learn today. Thank you all.

MR. PEARCE: Great. Thank you, Chairman McWilliams. It's good to be with members of the committee today. I just wanted to make sure the camera was actually on. It seems to be.

So I'm excited to have the opportunity to moderate this part of the program. This is really where we get to hear from members of the committee and the key challenges and opportunities for inclusion from your perspective. And this is often one of my personal favorite parts of the meetings because it's an opportunity for us as an agency, for me personally to step back a little bit and hear what's top of mind for this talented, dedicated and expert group of members.

And I always find something new, some new insight, or new dimension, or something that's just said in a way that makes me think a little bit differently about opportunities to enhance inclusion in the banking system.

So, no pressure on you for these remarks because I know they're always great. So to gain your insights what we'll do is we'll just go around the room, the virtual room that we have, and hear from each member. And to manage the conversation we'll be going in alphabetical order, and after each member concludes we'll just turn it over to the next member on the list. Hopefully at the end we'll have a few minutes for open discussion or follow-up questions on some of the items that members raise, or items that members of the FDIC board have already raised this morning, or this afternoon depending on where you live.

And so with that I will turn it over to Raphael Bostic to start us off. It looks like he's managed to get the technology pieces working so let's keep our fingers crossed. Raphael.

MR. BOSTIC: Hey Mark, thank you very much and good afternoon everyone, or good morning for those of you on the west coast. It's really good to be here, it's a pleasure. Technology usually doesn't work for me so I've become more skilled in finding workarounds. I was confident I'd eventually be able to get on so it's good to actually see you.

I'm going to start with some reactions to some of the opening comments. First, I do want to echo exactly what Marty said in that the pandemic has exacerbated every weak spot in our economy and in our society. It has exposed just how important it is that we acknowledge those and address them because those cracks got bigger, not smaller over the last year and a half, and precariousness has gone up in a significant way.

For Acting Comptroller Hsu I actually really like the way you said the banking system has their back. At our bank we have a tagline an economy works for all. And if an economy is going to work for everyone banking has got to work for everyone. So I may steal that line and that approach moving forward because I think it really does speak to a philosophy and a strategy that people have got to trust in our system, and trust that the system is going to help them do good things and not take advantage of them. That's really important.

Which then pivots to the cryptocurrency issue. Now, I'll just say I'm a Luddite in general, but this issue I think particularly for people that don't have a lot of resources is particularly important.

In short I think cryptocurrency is a high-risk proposition. And because there's so much volatility in valuation it's very hard to have any certainty that the wealth of the amount of money you have now will be the same amount two days from now, or five days from now, or a week from now.

And because of that if you need those funds and it is very important you're playing a much riskier game than I think many people might appreciate. Or maybe they do appreciate it and they're just sort of desperate because they don't think they have any options that they're going to do that anyway. But however you put it there is some precariousness that is introduced and adding risk on top of that makes me nervous. So that's my view on the crypto space.

For my update I just wanted to highlight three things. Actually it's four. One is I just wanted to acknowledge that the work that we are doing with the OCC, with the FDIC, and with the NCUA and others on CRA, I think this is incredibly important. This is a regulation that can really shape how capital is deployed into communities and into families. And I'm really excited by that. I'm hopeful that we can come together and really have this be a muscular regulation that drives a lot of change in this space.

I've mentioned before that my bank has convened a special committee on payments inclusion which is really designed to make sure that as innovation happens in payments it doesn't exclude those that are most precarious. So it needs to embrace everyone.

That committee continues to meet. We are focusing on three areas. One is really to be much clearer on why people use cash and what they see as the barriers to using some of the more modern and digital tools.

What bank actions might be available to advance progress on this, and then just research to better, more deeply understand what barriers there are. And I do want to acknowledge Mark Pearce. Mark, thank you for agreeing to serve on this committee. You've been very helpful to us and look forward to continued engagement on that.

The second -- the third thing I wanted to mention is just some updates on work that we've been doing regarding our bank strategic priority of increasing mobility and resilience. Our folks call that IMAR, so that's an easy acronym. I don't really like to use acronyms so I'm not going to say that anymore, but you'll hear us talk about that on staff so that's what that is.

And I wanted to in particular talk about one initiative that we're doing called Advancing Careers for Low-income Families. And this isn't about financial inclusion per se, but it's about financial stability and the trajectory of a family's finances which has a direct implication for the use of tools and the like.

One of the things that we've identified through this is we really focus on something called the benefits cliff. We know that in many means tested programs as you get more income if you're above a threshold you lose dollar for dollar in terms of your benefits.

If you're a multiple social programs you can lose -- for every dollar you earn you may lose three or four dollars depending on what programs you're in. And that's a disincentive for people trying to better themselves and get to a higher trajectory on their career ladder.

So we've actually built a tool called the Career Ladder Identifier and Financial Forecaster, or the CLIFF tool, which is used to help people map out income trajectories if you make certain choices in your careers. And it also incorporates these benefits cliffs explicitly so you can see exactly what it means to make some choices in terms of self-sufficiency. And our hope is that this will help families and workers develop plans that can get them more clearly to self-sufficiency.

I will say that this has been wildly popular, far beyond my imagination. We've got partnerships with Buffalo, New York City, Utah, Wisconsin, Connecticut, Missouri, Kansas, Arizona, and states throughout my district. All of them where people are really excited because they're understanding that by mapping this out it makes the choices clearer, and it also makes the dysfunction of the incentive structure clearer.

We're getting a lot of policymakers who are coming to us and saying this is making it easier for us to have conversations about ways we might rethink the incentive structure around these benefits programs and really try to address the longstanding and intergenerational dependence that we've seen.

One of the things I try to emphasize in this is that this is an us problem. This is not the people who are on these programs. They're responding to the incentives that we've set up. We've got to do better.

I know I'm running short on time, Mark, so I'm going to just quickly just say I would encourage you to all go to the website and look, to our website. We have a lot of information on this.

Three initiatives I would just ask you to look at. One is in the state of Alabama which is not typically seen as a leader in workforce and these sort of issues. They have an interesting tool called DAVID. DAVID is their acronym. And they're working with their workforce development to help Alabamians plan and make plans.

In south Florida we're working in Broward County with Broward College on a program they have called Broward Up which is designed to help students who are on assistance programs plan for their education and their career ladder.

Then a third one is also in Florida, in Martin and St. Lucie Counties with the Florida Children's Council. And there we're helping to run a pilot that's exploring whether integrating workforce development and childcare support programs can mitigate some of the benefits (inaudible) program effects that we see in those areas.

The last thing I'll just say is I mentioned in a previous one of our meetings that we are running a Racism and the Economy series, we the Federal Reserve System. The next one is on October 20, it's actually the ninth in our series and it's on wealth and the wealth divide. And then the next one after that is on November 16 and our tenth one is on access to credit. So both of those are of considerable relevance for this committee.

And I would just say those have been really tremendous webinars. I hope all of you have had the chance to see them. They've been extremely solutions oriented which I think is particularly important and it really shares the spirit of this committee.

So I'll just close there and just say it's a pleasure to see you guys. It's really nice to come back together and I'm looking forward to when we can do this in person. And I guess we'll go to Naomi Camper. So Naomi, you're C.

MS. CAMPER: Thank you very much. I don't know if I'm on yet.

MR. PEARCE: You're on, Naomi.

MS. CAMPER: Okay, great, thank you. So good afternoon to everyone and thanks so much for convening this committee. It's really, really important work and I'm honored to be a part of it.

Let me start with a couple of responses to the questions that were posed at the beginning and then I'll see how much time I have left for other items.

So first of all let me echo the remarks about the importance of the unified rulemaking on CRA. And on behalf of -- I represent the American Bankers Association and banks really value predictability and clear rules of the road. So we are very much looking forward to getting clear guidance so that we can make sure that we are fulfilling our obligations to the communities we serve.

To Acting Comptroller Hsu's questions on crypto and the promise of crypto in terms of economic inclusion I guess I would echo President Bostic's caution about whether it's a magic bullet. A couple of other -- this would be a whole roundtable on its own, but a couple of just things that we tend to think about.

Crypto, while it was originally contemplated maybe as a peer to peer exchange, to the extent that someone might be thinking of using it as a way to pay the world more generally that does involve a lot of transactions cost. So that's something that we would want to keep an eye on.

But even more important would be questions that we would have about consumer protections, consumer expectations about the protections, and then this will be a theme that I now launch into about the importance of a full banking relationship. And as I talk about the progress that we've seen with our Bank On initiative in collaboration with the CFE Fund we are keenly aware that a basic transaction account is the beginning and not the full end of our initiative.

So on Bank On, as we mentioned I guess at the May meeting ABA last October launched a really aggressive campaign to encourage all of our members to offer Bank On accounts. And again, hats off to the FDIC for all the work that they did in creating the rubric for it.

We've seen incredible momentum that I know that Jonathan Mintz will also touch on. We are up to I believe more than 150 certified accounts. We're seeing a lot of progress both from large and midsize banks offering them, but incredible momentum from the community banking sector.

This is all the result of really intentional engagement. We've had a steady stream of webinars, big main stage pushes from all of our events, lots of communication, and we think one of the really secret sauces is peer to peer discussions. We are really excited later this month for the ABA convention which is our first live event in a very long time. We not only have a main stage discussion about Bank On but we also have a lot of peer engagement lined up to try to get FOMO going and get even more sense of excitement.

We also continue our work with the core

service providers to help to get their assistance in really encouraging banks to start their accounts.

We are also looking at what we'll call for our own efforts 2.0 and that involves increased marketing around the Bank On brand, participation in coalitions, and also making sure that banks are aware of the benefits (telephonic interference) all of us from data reporting.

I will say we're still very focused on the Child Tax Credit moment as a way of encouraging people to get banked, and looking forward to the tax time opportunity discussion later today.

I do want to reiterate that we continue to have really escalated concern about policy proposals that would essentially de-link deposit taking and lending, and in some sense encourage people who are outside the system not to come in, but to find alternatives. So that's not our favorite direction for policymaking. So that would include credit accounts, postal banking, public banks, special purpose charters.

We believe that those alternative proposals are based on a premise that affordable banking services are not universally available, and we will continue our push to make sure that they are.

We also do worry about uneven regulation and consumer protection with some of these alternatives and so really would encourage a consumer oriented discussion around what is the best way to make sure that people really feel included in the banking system, and back to the other point that you mentioned, to make sure that the banking system has customers' backs even once they come into the system.

And then just a quick note that we are aware that transaction banking is just a first step. We are really encouraged flowing from some of the recent regulatory changes to see some member banks offering small dollar lending. We know that's an area of real need in low/moderate income communities, and we look forward to seeing more products being offered in a responsible way.

Really excited about the fintech discussion later today. Fintech partnerships, especially where the technologies can help banks reach LMI communities is a big priority and we thank FDIC and others for their innovations and leadership in that area.

A couple of things. I know I'm coming to the end of my time also. We remain very concerned about an increase in fraud that we've seen throughout the pandemic. We are re-launching our Banks Never Ask That campaign to raise awareness among consumers about really horrible schemes that are there trying to steal their money.

Our ABA Foundation has a couple of areas just to alert you to. We plan to re-launch our Older Americans Benchmarking Survey that really shines a spotlight on the terrible scourge of elder financial fraud.

And we also have some new work to be released in about a month about financial inclusion for justice involved (inaudible) populations.

I am again really interested in the

housing discussion later today. We continue to work really hard on forbearance and offering our customers solutions to problems. But on the issue of affordability banks come at it from a couple of angles, both in terms of providing financing, but also as employers. And just the other day we got some incoming email from a bank CEO raising the concern that they have a real problem with affordability in the area where they are, and it's exacerbating their staffing situations as they seek to hire and retain staff.

So, there's so much else I could talk about but I don't want to go beyond my time so with that I will turn it over to the next speaker. Thanks so much.

MR. PEARCE: I think Margaret, it's your turn.

MS. LIBBY: Great. Thank you, Mark. So good morning to my fellow west coasters and good afternoon to those of you in other places around the country. It's great to be here. I'm always invigorated by hearing the reports this part of the meeting, and just wanted to touch on -- I had some things that I wanted to share, but I wanted to touch on some of the questions that were raised.

But maybe first I'll say I'm with MyPath and we're based out here on the west coast but focused nationally on supporting low-income BIPOC youth and young adults to bank, and save, and build credit, really position them to be on a path to wealth-building.

And so sort of in that context we have been hearing questions and interest on the part of young people from in our partner organizations around cryptocurrency. And I think without going too much into detail I would just echo the concerns that I think Raphael and Naomi already mentioned.

And I think the other thing that I wanted to touch on is just we've been really encouraged by the interest on the part of the OCC, the NCUA, and the FDIC around this issue that we've been focused on for a number of years, non-custodial accounts for minors who are old enough to work which in many cases means support their families through the income they're earning, but also begin to have some money to start saving for their own life goals, but who are not old enough to bank on their own, and that that's a real missed opportunity from a banking perspective and from a youth development perspective. And certainly for youth who don't have parents it positions them to really be at risk to getting on a path where they're using check cashers, moving to payday lenders, rent to own, and that.

So we've been encouraged by conversations and opportunities to share this work and some of the data that we've gathered over the years in partnership with financial institutions that have adopted our banking standards and provided these kinds of accounts, and seen them really work, seen young people continue as members and customers. So that's one thing, I just wanted to acknowledge that that has been happening and we're really encouraged by that.

I think the other thing that has been happening that I wanted to share with the group is that we're seeing a lot of interest in this idea of youth access to banking, so financial inclusion for young people, and financial capability in general on the part of larger sort of networks that support different subpopulations of BIPOC youth.

So we're seeing a new initiative with opportunity youth, so youth who are disconnected from school and from work. Large network of organizations supporting opportunity youth around the country who are launching an initiative around how to think about financial capability and its integration into a variety of kinds of programs that support opportunity youth.

So systems involved youth, foster youth, young parents and so forth. And so I think that's an opportunity for connecting some of the Get Banked lessons and that strategy in that kind of work.

There's also an initiative really looking at -- it's a handful of foster youth support organizations really looking at how do you integrate financial capability but with a racial equity lens to support emancipating foster youth.

So I think it's been encouraging to see this kind of interest just in the last couple of years, and even stretching back I think with groups like Jonathan's taking on the Summer Jobs Connect and making sure that youth who are working in the summer are getting connected to banking.

I'll touch on I think one of the lessons that we've learned and seen through our partners in other parts of the country is that it's powerful, and I think this has been mentioned by others. It's powerful to get the bank account, but there's so much more that needs to happen to really activate that and to really start to position young people to get an economic footing that will make a difference in their lives.

And so one of the things we've been really looking at and seeing others across the country look at and start to stand up pilots around is guaranteed income. And we see a particular promise with that approach with young people as they're moving through this inflection point of a transition into adulthood and seeing the power of boosting their income during that period, in particular with vulnerable youth populations.

So there's a pilot that's publicly funded in Santa Clara County in California that was so -- and that was focused on emancipating foster youth. The outcomes were so strong that the state has now -- there's new legislation to do this, to establish a pot of money for a number of counties to apply to replicate what's happened in Santa Clara County.

MyPath has been providing with a partner, with a credit union partner a financial mentoring, sort of financial coaching layer to the program. And one of the things that I'll say is that the connections around banking first and then supporting folks to file taxes, and then seeing the foster youth not only be seeing this $1,000 monthly payment, but the Child Tax Credit, the Golden State Stimulus. I think there's so much potential when you're combining multiple interventions like that. The coaching, the guaranteed income sort of leverages a number of other benefits for youth.

So I think I've got about maybe a minute. So I'll say that, so that's happening in the state. We're hoping that more of these kinds of pilots will surface, and it seems like with some of the interest we're seeing they may.

Focusing in on a couple of the things that we're focused on organizationally in addition to that guaranteed income and coaching is building out the next iteration of our technology platform to really support this idea that banking isn't enough. You need the information, you need the relationships, the trusted relationships for youth to really get on that path.

We've also supported a team of youth to build a youth economic bill of rights which we've shared with a number of groups and also the CFPB and are moving on some of those initiatives.

The final thing that I will say that we're seeing a lot of is scams. And so that's something -- I'll just touch on that briefly because

I think I'm at time. But just a number of scams that are targeting young people. And so we're looking at ways to combat that and would love to talk to others who are interested in those kinds of efforts.

So thank you so much and looking forward to the remainder of the meeting and conversation.

MR. PEARCE: Great. Thanks, Margaret. I think, Lisa, you're up next. Looks like, Lisa, you may still be on mute. Maybe while we work through --

MS. MENSAH: Can you hear me now?

MR. PEARCE: Oh, there you are. Great.

MS. MENSAH: All right. Thank you. I think this is my third meeting. I only know the group in the pandemic, and I appreciate deeply this deep dive on economic inclusion at Federal Deposit Insurance.

I think our members, we have 350 of the 1,200 CDFIs in the country. And I think that the issues that are most in front of us right now come out of this time of pandemic.

And one of the issues is an important one. There have been new resources. I feel like this has been a field of institutions committed to economic inclusion, whether they are financing small businesses, financing housing, financing facilities, providing essential financial services whether those are mortgages, or consumer accounts in a credit union or a CDFI bank.

All these CDFIs wake up on economic inclusion. What's been missing in recent years are resources, is critical (inaudible), is partnerships. And frankly, the silver lining of this pandemic has been that we can begin to see some partners.

So I'm -- am I getting a message that I'm not on camera? I'll keep going. At least I'm talking. But I would say a couple of things.

First of all, we have seen the first movement of $12 billion toward the CDFI industry. Eight hundred and sixty-three rapid response grants were made in June to CDFIs, banks, credit unions, and loan funds. And those have been essential funds. And every dollar of that will be leveraged. And so I can speak to a little good news, that the resources have reached our CDFIs and are starting to be deployed.

I think that's also clear there was a second round, something called ECIP, the Emergency Community Investment Program. We just learned this week that the $9 billion of availability, that there was over $13 billion of interest. So well over subscribed. So I'm very pleased that some of those resources have come.

I think if you asked most CDFIs what this moment has felt like, what is sitting in front of them there is a sense of opportunity, but feels like a chase to move fast. And I think this is where resources are so critical, and we are watching very carefully the bills that are now in Congress, both infrastructure and reconciliation. And so many critical pieces of those vehicles will have big impacts on how economic inclusion is financed through our members and through this field.

So, I would say that is heavy on the minds. There are just huge portions of housing resources and the way we have thought about expanding our work, making permanent some of the work that's been done in small business. So this is really critical. We're really watching this and it becomes extremely important.

I will echo that for most of the last few years CRA was a big worry for our field. It's been called the jet fuel of why banks have partnered with CDFIs. And without CRA resources or imagining a big constriction in those caused great consternation in our field. So we are glad that there's been a step back and an attempt to pull all three regulators together. That is a sigh of relief. That's all I need to say about that.

I would say, I'm going to be a little brief, but I want to talk about where we see opportunities. The country is talking now about economic inclusion in a way that embraces the wealth gap, and that embraces historical challenges of inequality and racial inequality. And this national conversation gives space for the work of CDFIs to lean in on economic inclusion. So this to us is a huge opportunity to make clear that what we do every day, whether it's in housing, or financing small businesses, or providing critical facilities, or financing healthcare, daycare, is very, very vital.

And I think this is a new opportunity for us to frame economic inclusion as the work that has been left out and left behind, and gives us a new way to advance resources.

Finally, I would also say that we started to have some conversations with FDIC on things like the Mission-driven Bank Fund. New partnerships with the private sector are very, very important, but we call it the money inside is vital, but the money outside. How do we underwrite and make sure those funds reach very deep to do the work that needs to be done, all the assets that need to be financed.

This is a bumpier side, it's harder. It's harder to go deep. Our members are on Native reservations, and in deep rural areas, and serving deeply in urban areas. And those kind of loan demand may not recover as quickly as other hot markets. So the timing of those funds, very, very important. So I just look forward to other opportunities to work on questions like -- and issues like the Mission-driven Bank Fund.

I would just say this remains -- it is always better to have the attention than not. So very thankful for this time and I will move to the next person.

MR. PEARCE: Great. Thank you, Lisa. Jonathan, you're up.

MR. MINTZ: Great. Hello, everyone. I'm happy to be with you all, and I've been looking forward to this conversation and like everyone else has said it's been so nice to be able to hear where everybody is thinking.

I could talk for a long time about many of the wonderful issues that have been brought up here. I do just want to quickly echo everybody's excitement about CRA clarity. It is as Lisa said real jet fuel for such important work. So the clearer and the more inspiring the better.

And I would also share absolutely concerns about cryptocurrency and other approaches to sort of luring people out of the mainstream banking system. I don't think that's the right direction, but maybe we can talk a little bit about that later.

This is an exciting time for us to be stepping back and taking stock. Not only was I thinking in preparation of today's meeting, but we have our Bank On biennial national conference coming November 15 and 16. And so I've been really thinking in particular around advances in banking access.

As a Bloomberg administration alum I always start with the data. The FDIC has always laid out the scope and the direction of the challenge plus other experiential research. And then for us there's the Bank On equation which is that we increase supply, we stoke demand, and then we invest in the connectors of the two.

So let's start with the scope of the challenge and where we are. We are happily making progress but there are still some $36 million people outside of the system to one degree or another. And that's not just a data point, it matters. We've all heard forever that it can cost up to $40,000 over the course of a worker's lifetime. We know at the CFE Fund through some of our other programs like the financial empowerment centers that our city partners have across the country that being unbanked also has a significant handicapping effect on other efforts to advance stability.

Being unbanked, even working directly repeatedly with a professional financial counselor makes a person half as likely to be able to increase his or her savings, and one-third less likely to be able to increase their credit score. But if they get banked those numbers turn around at an astonishing rate.

There's also the pandemic safety factor that we've all sadly witnessed. And what it means to not have been able to transact at home, both in terms of receiving critical dollars and paying bills.

And then there's the racial overlay, as if this isn't important enough in comparison to 13 percent of the White population being outside of the system I think the numbers are 44 percent for the Black population, 37 percent for the Hispanic population. That kind of overlay says everything. The only good news is that those numbers really matter these days and I think have gone a long way to advance all of our collective efforts.

So as I say we think about the supply at Bank On. We have our national account standards. Purely coincidentally I happen to have some previous swag. Those of you who don't have a Bank On pen and can't pull out this very handy, impossibly small font demonstration of the national account standards please give me a call after this meeting and I will have a drone drop one at your house immediately.

But when we -- let's see, back in

January of this year we had 60 financial institutions who were offering accounts that we certified as meeting Bank On standards. There are now between 145 and 150 with dozens still in the works working with us. That is hugely thanks to the work of the FDIC and also you heard from Naomi at the American Bankers Association. These partnerships have been extraordinary and another plug to CRA makes a big difference.

The number 145 as exciting as it is, and as much blood, sweat and tears as has gone into that number, the number 145 doesn't really tell the story anymore. What I think is more interesting is at this point about half of every bank branch in this country now offers a Bank On certified account. Over 55 percent of the national deposit market share providers, banks in this country have accounts that are certified. So I think that this is no longer a boutique idea. I think it is increasingly becoming a mainstream approach to what safe banking looks like.

Naomi talked earlier about how useful

it is for large organizations to have clarity. I think that one of the real advantages of the standard is not just that it is a good account that addresses people's needs and concerns, but that it's an account that works for financial institutions as well.

About a minute ago I got an email from one of our banking partners that said we don't charge off anything on this account. This account works on its own for us. And I think that that's really important and the standards offer that kind of clarity.

So the supply side of the equation for banking access from our perspective is turbocharged, and we expect that pace to continue.

Then I think about demand. As many of you know we have a partnership with Federal Reserve System in St. Louis. They have opened for us the Bank On National Data Hub or the BOND Hub and banks that offer certified accounts can submit confidential data that the Federal Reserve Bank then aggregates and reports on.

In 2019 alone, and I wish I had more up to date data but I don't, but in 2019 alone 1.9 million certified accounts were opened, and of those accounts 85 percent of the people who opened those accounts were new to that financial institution which is the best proxy we have for whether or not they are coming in from outside of the system.

Overall some 5.8 million accounts have been opened that are Bank On certified and that's just back to 2019 data so that's pretty exciting.

The other thing that's really important to us and I really want to thank the Bank Policy Institute for doing some real crunching of some of the numbers from the Federal Reserve's BOND Hub. We know that 60 percent of the accounts that were opened were opened in communities that were over 50 percent minority residents. That also represents double the percentage of bank branches in those communities. So these accounts are not only speaking to financial institutions, and not only speaking to the public in general, they are in particular speaking to minority communities and that's very gratifying and encouraging.

So I talked about supply, talked about demand, and I think at the end of the day where we really work hardest is on the question of the connectors between the two. We support -- at this point there are about 90 coalitions around the country, most of them local. Increasingly there are some regional coalitions. We have an oncoming slew of state coalitions that are starting, and those coalitions each within their own communities are working on identifying payment streams, particularly large payment streams in order to integrate banking access into the receipt of those payment streams.

Our friend Margaret mentioned one of our programs that we've had for several years called Summer Jobs Connect where we've been doing that work. I think we're in a couple of dozen cities now connecting Safe Accounts for young adults that are getting their first pay. So just in time.

There are two connectors that we are

over the moon about that have developed since we last saw each other here at the ComE-IN group. The first I want to say and thanks to our partners in Maryland and the Maryland area Bank On coalition is an incredible program with the Maryland Department of Labor. The Maryland Department of Labor was pushing out unfortunately more and more payments to people who are on unemployment. Those payments were in the form of checks or pay cards.

Thanks to their dedication to this issue and some real hard work on the Bank On side of the equation, particularly in Maryland and our friends at Maryland CASH for those of you who know them that has changed. The Maryland Department of Labor now is not using checks and pay cards but in fact has set up a way for people to submit account data to be able to get their unemployment checks quickly, freely, safely, directly deposited. And of course what's most exciting from our perspective is that the Maryland Department of Labor is encouraging people who don't yet have a bank account to specifically open up an account that is certified as meeting national Bank On standards and that's very exciting.

One state down, 49 to go, but we're thrilled about what's happening in Maryland and really grateful for that kind of proof of concept that if we all gather around a single standard and certify against it that not only does that provide clarity to potential customers and potential providers, but it also gives government bodies the comfort level to be able to encourage people in a specific rather than a generic way about where to open an account.

That leads me to the thing I am most excited about, and something we started talking about at our last meeting which is the advanced child care tax credit payments. At our last meeting we said I think by my count 37 times that that payment represented the single greatest opportunity as far as I could tell ever to integrate banking access into recurring large-scale payment streams.

Thanks in particular to the FDIC's

efforts the IRS agreed. They opened a portal into which people could put account information so that they could get this money directly deposited. And again, super excitingly encouraged people who needed an account to open a Bank On certified account, and then to give them that account number in order to get the direct deposit.

We are talking about 36 to 39 million people. I think they estimated maybe one-third of them they had no banking information for so we are talking about a huge number of people. In just our landing site alone the traffic that has been generated by these efforts, we've had over 200,000 visits and nearly half of those visits have led people to click through to one or more of our certified account providers.

One more quick thing if I've got a minute left. Mark can wave his hand furiously if I'm not. Mark, stop. I will just say also that Bank On has been experimenting as the FDIC has with their incredible Get Banked campaign.

We've really been experimenting with

something we've never done before at the CAB Fund which is reaching out directly to consumers, not just supporting our partners. We have had ads that have generated over 8 million views with a pretty small investment in just a few months.

The engagement rate with those ads has been 25 percent higher than industry averages which tells us that people are hungry for this information and will act upon it. Seventy-seven percent of the people who come to our site click through from these ads to a site where they can open a certified account from one of our provider partners which is really just thrilling.

So I'll just say in conclusion obviously a lot is going on. The focus on the unbanked is a golden opportunity for us to really drive forward. The kinds of successes that we are seeing through these partnerships are incredibly encouraging.

And when I think about some of the efforts that you see out there to lure people away from banking with other approaches to transacting, my takeaway is why would we lure people away from a system when the system can meet those needs with all of the protections that among other things the FDIC and others brings to the table. So with that I'll say thank you for listening. I'm excited to hear the rest of the afternoon and I'll turn it over to Pamela.

MR. PEARCE: So Pamela is unavailable today. She was unable to join us due to a minute issue that came up and so fortunately we can now turn it over to Jennifer.

MS. TESCHER: Hi, everybody. Can you hear me okay? Yes, okay. I was waiting for the thumbs up. I really hate following Jonathan. He is a tough act to follow and as I say at every meeting I am just absolutely blown away at the success that they are having, and the difference that they are making. So kudos to everyone who's been involved.

I want to take the conversation in a slightly different direction. Actually, I'm going to take it back to the beginning to the opening remarks by Chairman McWilliams. I'll come back to crypto at the end. I agree that I think it could be a whole session in and of itself and I would welcome that opportunity. I probably have a slightly different perspective than the others on the phone, but I ultimately probably land in the same place. But I'll come back to that at the end.

At the beginning the chairman said that financial inclusion is really not just about having an account, but it's about the financial system working for people. And the acting comptroller agreed with that. Raphael talked a little bit about that. I think everyone really likes that idea.

And particularly given the information and the data that Jonathan shared it's right to be thinking that way because we keep whittling away at the number of people who are truly outside the banking system. And I want to submit that as we think about what else, or what more beyond account ownership, that what we really are talking about is financial health. Maybe you want to call it financial wellness. Maybe you want to call it well-being. I'm a little less concerned about the semantics, but I think it's really important that we not only recognize as the Chairman did the need for a holistic approach and an approach that focuses on the outcome we actually want which is not just an account. Having an account is the beginning.

And we actually then need to start using frameworks that help us define and measure financial health. Because if we don't we will find ourselves stuck on the same hamster wheel. And so I want to just spend a minute talking about some really exciting work that's been going on globally. Queen Maxima of the Netherlands as many of you know is the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development. That is a huge mouthful. But essentially she has used her platform for the last many years in working with the UN to really represent financial inclusion globally.

And late last year she convened a working group on the topic of financial health because in the same way that I just said that we're nearing the point of everyone being included as financial inclusion globally has made strides thanks in large part to technology. I mean there are still 1.7 billion people who don't have an account, but that's a dramatic reduction from years passed.

And so the financial inclusion community globally has for the last five or more years really been wrestling with okay, well what does that mean for us. What's next for us. And we, because of our focus on financial health even though we work in the United States have done some work with other organizations that are focused globally, and in particular in developing countries to understand how financial health as a framework, as a methodology, as a measurement system would apply in other places around the world.

And so the queen really took this on and they just put out three different work products as a result of these working groups. One is aimed at policymakers, financial sector policymakers around the world, making the case for why financial health matters and what the implications are on the well-being of the population.

They also put out a similar document really focused on the business case for financial services providers.

And then the third publication they put out was really about measuring financial health, concepts, considerations, how to think about doing that. And the work is done. The queen and her staff are really looking now to take the next step in each of those three areas, right, public sector, private sector, and measurement.

And in a funny way the United States which I think has been far ahead on this issue. I mean, both we and the CFPB over the last five to seven years have done significant research and work on this concept. We are at risk of falling behind.

I just learned yesterday that over the next two years something like 30 countries around the world will have engaged in regular and ongoing financial health measurement of their populations.

That's astounding to me actually as someone who's been working in this space for a long time and has been following along closely.

And so I think what I'm raising today is the need for the FDIC and frankly for all of our other financial regulators, for our friends and colleagues in Congress to really start to dig in on financial health.

So for instance, this Fantastic research that the FDIC does every couple of years on people who don't have accounts, or for whom the system isn't fully working for them. What else could we be doing with that survey to start to explore not just account ownership, or patterns of transactions, or different usage of products, but about what outcome are we seeing as a result of their engagement with those products and services.

This is something that we spend a lot of time on with providers themselves, and we're working with dozens and dozens of financial institutions who are themselves measuring the financial health of their customers and in some places their own employees. In fact, earlier this year we launched an entirely new software platform that enables firms to do that extremely easily without the need for integration with their core, and to enable them to not only measure but to benchmark against national and regional averages, to get guidance and advice about what the data is telling them about what steps as an institution they might want to take, and we're really excited about enabling firms to do more. And now we think there's really a need for government to do more, whether that's gathering the data and analyzing it, whether that's thinking about policymaking and rule-writing in the context of the outcomes that are happening as a result of product usage. I think there's many opportunities and I look forward to talking about those more in the future.

To that end I want to put in a little plug. We have been measuring financial health in this country longitudinally now for a large sample for the last four years. On October 19 we'll be releasing our latest Financial Health Pulse.

Since this is not an open conversation and there are no reporters on the call I'll just read you the headline of the press release that will go out. Financial Health Pulse shows government aid improves financial health, but gains are at risk as relief programs subside and pandemic lingers.

We actually saw overall financial health improve over the last year which is in a way shocking, but in a way not given the incredible response of government. It's the -- we're seeing financial health at the highest level since we started measuring in 2018 which is super interesting. But as you would expect we still have two-thirds of Americans who are not financially healthy, and there are stark racial inequalities. So I'll let you wait for the full results to come out, but if you're interested in learning more our financial health insights event which is a free and virtual event is scheduled for November 3 from 11 to 1 Central.

You'll have an opportunity to learn more about the results, to hear conversation about the role of government, and government data in driving action in financial health, the importance of community-based research, and other subjects like that.

I want to just end with a slightly different topic here. And it's an oldie but a goodie. And it's probably not one that anyone is expecting me to raise, but I think we've got to talk about overdraft. Again, not a new subject but I think the pandemic and the relief that many banks provided during this time really helped to underscore just what a drag overdraft can be, and the cost that it continues to exact, and the fact that it is -- has such a huge racially disparate effect.

We're also seeing lots of banks make changes. And so we just put out some research earlier this year around overdraft and overdraft's usage. And none of it will be surprising to you except the one statistic that I think has been hard to pin down. It's been very hard to identify the racial dynamics in overdraft usage and our work demonstrated that Black and LatinX households with accounts were far more likely to report having overdrafted, 1.9 times as likely for Blacks and 1.4 times as likely for LatinX households compared to their White counterparts.

And whether an individual overdrafts once a year or 20 times a year the inequity of who's bearing the brunt of that remains. And ultimately overdrafters are really subsidizing the cost of delivering banking services to more financially secure customers. In fact, we found that -- if I could find the statistic -- nearly three times -- people who overdraft are nearly three times as likely to report being charged a maintenance fee for their checking accounts versus non-overdrafters which underscores the point of who's paying for whom.

We also put out a guide just a few weeks ago, a guide for financial institutions about what they can do, how they can be thinking about reexamining their overdraft programs. And we talked about things like evaluating their existing policies and practices, helping customers manage their monthly expenses, positioning customers to avoid overdraft. So I would put PNC's low cash mode in this category. Or offering alternative forms of credit. Naomi mentioned more small dollar products being offered by banks. So Huntington's Standby Cash, Bank of America's Balance Assist, there are many others. And then of course we talked about providing safe checking accounts that comply with national Bank On standards including no overdraft fees.

So I think my ask here is while there is positive momentum a lot of that positive momentum is coming from statements that some people on this call and others have made publicly about overdraft. And whether or not any rulemaking might ensue, just the idea that regulators are paying attention and think it's a priority I think can't be overstated right now to continue this momentum, and to really to the degree possible to call out good practice when we are able to do so.

So with that I -- oh and Raphael, I just wanted to say we can talk offline, but on the benefits cliff side of things (telephonic interference) financial solutions lab we actually are funding an organization called the Leap Fund in New York. And they also have a calculator and have been working with employers on an interesting model to enable employers to kind of hold in escrow the additional money from a raise that might take them over the benefits cliff. So we should connect offline. I'm happy to make that connection if you're not already connected with them.

MR. PEARCE: Great, Jennifer, thank you. And then I'll turn it over to the last member of the committee, Christina.

MS. TETREAULT: Great to be here. I had a little technical difficulty so apologies for not joining the video part, but I've been listening in. And it's always such a thrill to be here because I always learn so much and I appreciate everyone for sharing their insights.

One of the benefits of going last is I can throughout the other remarks of folks cross things off my list for sharing. So there are a handful of things I want to talk about.

The first is the last time we were together I mentioned that I was going to a new organization and I have landed. I am the deputy commissioner for the Office of Financial Technology Innovation for the California Department of Financial Protection and Innovation.

And why am I talking about that here? Well first of all, we've got the other session, but as the chair said in her opening remarks we take a very broad view of what financial inclusion means. And really the mission of my office is to support responsible innovation and job creation in California.

And we know so many innovations are really focused on folks who may not currently or may not traditionally have been well served in the financial services marketplace. So very interested in that. And so I want to spend just a few more seconds talking about the functions of my office.

So the first is engagement. We meet with a broad range of stakeholders. The second is research. And then the third is what I like to call synthesis. So putting the insights learned from engagement and from research to work to improve the financial services ecosystem.

So we are doing that. I am here. I've got a small but mighty staff and we're building that, and more to come on that.

I want to echo something that Jennifer just talked about. The department put out a report fairly recently that showed a sharp dropoff in consumer lending. And so it was interesting to have the little piece that Jennifer highlighted there about the relationship with relief that folks have received. Our report by the way did not talk about that. It really just documented the dropoff that we've seen.

On the housing front because this is obviously critical especially given the current circumstances and the pandemic impacts the state is making a full court press to keep everyone in their homes. There's more information at housing is key. And I'd be happy to connect folks to the experts here who are working on those initiatives.

Last but not least is the cryptocurrency question. So I would echo that the research shows but not our department's research, but insights gleaned that consumer interest has risen and it has risen a great deal among folks who maybe weren't the traditional crypto investor at first.

So for example, Jim and I did some research earlier this year that showed that it was men, predominantly White men, predominantly White men with incomes over $100,000, and predominantly middle aged or not quite middle aged White men.

And recently Robin Hood has revealed about their users that they tend to be younger, they tend to be people of color. So it does seem like there is a great deal of interest in younger consumers, lower and moderate income consumers although that is merely a guess on my part. It's based on anec data from tracking all of this stuff because I am extremely interested.

What I can say from the department is that we have also seen with a corresponding rise in consumer complaints as consumer interest in cryptocurrency has increased and I sat down and did a review of all of those complaints. And I will say that most -- the thing that stood out the most to me was something that again others on this call have mentioned which is the ways in which people were losing money and complaining to the department about it had to do with falling victim to scams.

So actions that are already illegal under any approach to cryptocurrency are the ways that people were reporting to us most often that they are losing money. So very interested in developments in this area as well as others. And that's kind of where I want to end off.

I mentioned that there is the research function of the office that I'm working with others to stand up. And am very interested in continuing conversations with folks in this ecosystem because we think that there's a lot of great insights for us to glean working with others. So I will end there and say thank you very much.

MR. PEARCE: Great. Thank you, Christina. So, we're running a few minutes over time, but as expected I'm a terrible moderator for the panel with this much talent and expertise. I could keep going for like another hour and just do a second round through everyone but I do think that would get me in hot water eventually.

So I'll just say a couple of words and then if there are any questions see if I have time, or if people start waving at me to cut it off.

One of the things that was really interesting, sort of the themes were consistent across so many of the different numbers. I'll start with trust. The notion as the acting comptroller raised of banks having your back really was thematic. I heard that from multiple members.

And the bank account is not the -- is

the beginning. It's the beginning, not the end of the relationship, and that there is a lot of really exciting and interesting work going on to integrate and to leverage not just products and services that banks are offering. Naomi talked about small dollar loans. But also trying to think about ways to leverage that banking relationship to also supercharge, I'll use that term, or activate as Margaret said earlier other connections with either government programs, or non-profit organizations that are supporting consumers.

We heard everything from summer jobs, to workforce development. Financial health and wellness, and guaranteed income pilots and coaching. So lots of richness in how do you extend or use that moment of a banking relationship and then build upon that which I thought was really, really interesting.

Safety was a sort of third thing that really resonated across different committee members during the presentation. Naomi talked about fraud. We talked about scams, both targeting elderly, targeting youth and other populations. Crypto and things related to consumer protections around crypto I sort of would put into that bucket of just making sure people are understanding, especially as the market for that seems to be shifting as Christina pointed out at the end, and understanding what's going on in that space.

And then fourth, pandemic. Lots of discussion around how the pandemic has -- I think the acting comptroller talked about -- brought some of the inequalities or differences in stark relief. Raphael talked about widening the cracks which I thought was a really vivid metaphor.

But also the flip side of the positives that folks have seen, the silver linings in the pandemic around partnerships that have developed that may not otherwise have been involved in financial and economic inclusion, whether this be government agencies or others, and additional resources coming into the sector, and the recognition of this as elevating in profile and people's awareness and understanding as Lisa pointed out.

And as part of that particular attention on racial equity. You heard as a lens or an overlay, and focusing on the challenges in particular people of color. So that's sort of my two-ish minute summary. And I will pause for a second to see if we have time for any burning questions before we take a break.

All right. Great. I don't see any questions and so Liz, I will turn it back over to you.

MS. ORTIZ: Thank you, Mark, and thank you, members. Now we are going to take a very short break so we can set up for our first panel. We'll be back in five minutes. So 2:35 Eastern time. Take a break but do come back. We'll see you soon.

(Whereupon, the above-entitled matter went off the record at 2:31 p.m. and resumed at 2:36 p.m.)

MS. ORTIZ: All right, welcome back, everyone. Let's move to our first panel which will share highlights from FDITECH's very first tech sprint brought to you by the FDIC's first ever chief innovation officer, Sultan Meghji. Sultan, over to you.

MR. MEGHJI: Thank you, Liz. And I just wanted to say hello to everyone. This has been a Fantastic program and Mark Pearce has done a good job so I feel like I've got a high bar here moderating my first panel for this amazing committee.

And it's exciting to be back here. I think I was here in May last time and I talked about two major themes that were top of mind for me coming into this role.

The first was around how important external engagement is bidirectionally, both to bring great ideas into the FDIC, but also to make sure that the great work that we're doing here is available outside as well to help to make sure that our research is out there and share our expertise.

The second was around how we can think through building a more inclusive, diverse, and equitable banking system for all Americans. And

I just have to say just a few more months into this role I am almost on a daily basis still constantly amazed at the expertise and talent that we have here at the FDIC, and the staff that have committed so much of their lives to building all of these amazing programs. Building products that bring more people into the banking system including innovations like the Safe Account pilot in 2011 and MoneySmart which just launched a new suite of online financial games all in support of our shared mission here.

It's this mission that has helped us sustain our team over the last five months, and a lot of great stuff has happened. But I'm very excited to moderate this first panel talking about how we built and launched our first tech sprint on inclusion titled Breaking Down Barriers: Reaching the Last Mile of the Unbanked which ran from the 6th of August to the 10th of September.

And we're going to be hearing from a few FDIC team members who were part of this tech sprint design and execution as well as from four of the participating teams. I'll introduce the panel now.

So first I'm going to introduce Justin Cole. Justin is a Presidential Innovation Fellow within the tech lab here at the FDIC and has helped lead a number of FDIC initiatives including this tech sprint and our rapid phased prototyping program.

Secondly is Chelsea Cruz. Chelsea is a senior community affairs specialist with the strategic partnership and program development team within the Division of Depositor and Consumer Protection here at the FDIC.

Fonta Gilliam. Fonta is the CEO and founder of Wellthi, a fintech company based here in Washington, D.C. that partners with financial institutions to strengthen customer relationships to offer their social banking services to members.

Kate Goldman. Kate leads the FinTech program within the Center for Financial Markets at the Milken Institute. Work at the institute is focused on the evolving policy framework surrounding fintech nationally and internationally with an emphasis on increasing access to capital and financial inclusion.

Tanya Van Court. Tanya is the founder and CEO of Goalsetter. Goalsetter is a family savings, financial literacy and smart spending app that makes it easier for the whole family to go cashless and learn how to be money smart.

Faith Bautista. Faith is the president and CEO of the National Asian American Coalition, a non-profit that provides housing counseling, small business lending and technical assistance services to minority and low-income populations for over 17 years.

And Winston Damarillo. Winston is the CEO of Talino Venture Labs, a global venture studio for inclusive fintech.

And with that I'm going to turn it over to the panelists. And just a reminder to the panelists you've got five minutes. We'll be watching the clock. It's 2:40. And I'm going to turn it over to Justin first and we'll just go right down the list. Each panelist please jump down to the next one. So Justin, over to you.

MR. COLE: Great. Thanks so much, Sultan. So as Sultan mentioned we've been busy over the last five months or so, not only executing on some of the programs that you'll hear about today, but really thinking about establishing what we're calling an innovation pipeline. Really how to transform inputs in the form of raw ideas either from external facing places or internal, and really transforming those into outputs in the form of products that support FDIC's mission.

This tech sprint was really an opportunity for us to test this out for the first time, and happy to share kind of our findings today. You can proceed to the next slide, please.

So we began with a problem definition phase. And really during this problem definition phase we asked ourselves what are some of the existing approaches to the problem. That problem as the Chairman and Acting Comptroller Hsu had mentioned was really thinking more broadly than just simply how do we get people bank accounts, or get them banked, but really thinking more broadly about what are the financial goals of those who are currently unbanked, and how can we meet those goals and be outcomes driven in our approach.

We ended up selecting an open innovation competition in the form of a tech sprint here as we felt there is not an ideal single solution or ideal single provider. So we thought that this kind of forum would help us really bring out the best ideas.

The tech sprint did exactly that. It brought in eight teams from the tech industry, non-profits, and even some financial institutions. They submitted promising ideas, and then they spent five weeks actually incubating those ideas to, one, ensure that they fit within the problem statement, two, to rapidly design a prototype of that solution, and then three, to test it.

And I know you might be thinking how possibly -- what could possibly be accomplished in five weeks. It's a short period of time. But the answer as we found out is a lot.

One is we talked to each team after the sprint and learned that they spent on average over 100 hours each on their solution. That's a lot of time. That's a lot of person hours really dedicated to this topic.

We also established a number of connections that will last far past this tech sprint. And while of course additional work will be required to launch some of these products we felt that a lot of real great energy and enthusiasm was made. We'll be hearing about many of those solutions later in the panel. Next slide, please.

So I've teased that we worked to define a problem statement, but what was it. So we've talked -- we've mentioned the How America Banks report today that the FDIC puts out on a biennial basis.

There are a number of barriers to households getting banked. Minimum balance requirements, trust in banks, and privacy are among the top cited reasons. As we've heard the Safe

Account pilot which led to Bank On has been instrumental in addressing that first barrier around minimum balance requirements. And so we sought to really complement those efforts and specifically focused on the trust and privacy with really the hypothesis that community banks may face barriers actually reaching the unbanked as I think Naomi and others from the advisory committee have mentioned today.

We did hear some feedback from the teams that this problem statement was well defined and aligned well with their mission, and offered them an opportunity for them to kind of come together in a new way which excited us. Next slide, please.

So what were the impacts and what are the next steps. I think that there are three major ones that I'd like to highlight today for the advisory committee. Number one we heard from participants. So we conducted feedback sessions with each of the teams.

And we heard that the FDIC subject matter experts and the engagements that they had with those experts that Chelsea will be covering today were extremely helpful to them to both identify opportunities for new products as well as pivot maybe existing ideas that they had.

Also as participants roll out new solutions over the next 12 months or so we plan to keep in touch and really measure the impact that they have over that time period.

Second, we had over 200 FDIC employees attend the demo day on September 10, and since that time we've gotten a lot of feedback, a lot of ideas and opportunities for us as the FDIC to fine-tune our approach in terms of how we think about this problem.

We also learned a lot along the way on how to successfully execute tech sprints that we look forward to incorporating.

And then finally in my last 30 seconds we will be making recordings of the demo day publicly available soon on the FDIC tech website so I encourage you all to check it out there. We hope that those recordings will spur future ideas and contributions.

Now as I wrap up my time I'd like to introduce Chelsea Cruz to talk more about some of the key themes that surfaced during the course of the tech sprint.

MS. CRUZ: Thank you so much, Justin. So my name is Chelsea Amelia Cruz. I'm a senior community affairs specialist with the FDIC and I had the pleasure of working with the FDITECH team throughout the development of this tech sprint beginning with informing the problem statement and ultimately serving on the evaluation panel.

And from start to finish a key component of this tech sprint was collaboration. As previously mentioned an important benefit of the tech sprint is that it offers a safe environment where there can be a fluid exchange of ideas, and there are many different areas as we know that may affect a consumer's decision to be banked, or their access to banking.

And therefore there's not one solution to this issue, thus bringing together a variety of subject matter experts from across the FDIC was critical to ensuring that participating teams had access to critical resources and insights across different topics, whether that be existing research, clarification on risk assessment, or financial education.

And in this teams (inaudible) environment that we created for participating teams and select SMEs allowed us to bring together experts from the Division of Risk Management Supervision, Insurance and Research, Depositor and Consumer Protection, and the Office of Minority and Women Inclusion. Select subject matter experts were available for one on one discussions with participating teams and optional office hours were held each Friday for the five weeks of the tech sprint.

We also offered tech sprint teams the opportunity to participate in three deep dive sessions which provided a detailed overview of the FDIC's latest How America Banks report, the FDIC's economic inclusion strategy, the Get Banked initiative, and an overview from the Division of Risk Management Supervision on consumer identification programs. Next slide, please.

And then to Justin's point creating that collaborative environment really allowed teams to have that fluid exchange not just with the select SMEs from the FDIC but with each other and identifying common themes and challenges.

The first was certainly the availability and utilization of data which was both a common theme and challenge. Tech sprint teams were interested in understanding more about the various kinds of research and data available on this topic. And of course the FDIC's semi-annual report on the unbanked was referenced. But participating teams were also interested in the availability of data on unbanked populations at a really granular level or down to the zip code. And the socioeconomic characteristics of those specific populations of unbanked populations within those local geographies.

And this of course is an acknowledgment

that the unbanked population is not a monolith. We know as Justin referenced from research that unbanked rates remain consistently higher for BIPOC populations and that issues like financial stability, and trust, and fees are common barriers. But these factors influence different market segments in unique ways which brings us to the second common theme or challenge, insights on specific market segments.

A fascinating component of the solution that many tech sprints devised were the development of very specific user profiles. Teams were not only just interested in understanding the challenges and needs of specific ethnic groups, but the challenges and needs of individuals within those groups.

The development of solutions that are hyper personalized reflect a growing trend in the banking industry, particularly on the retail side, and we'll hear next from two teams that made user-centric design a key component of their solution.

Finally, the collaborative environment allowed participating teams to form a shared language around key concepts, and again learn from each other's approaches ahead of the official demo day.

And with that said I'd like to introduce Fonta Gilliam, CEO and founder of Wellthi who's going to bring our next segment of the discussion. Fonta?

MS. GILLIAM: Hi, good afternoon everyone. Thank you so much for having me today. We had such a great expertise during the tech sprint and I'm very eager to share some of the solutions that were developed from our team, the Discover Wellthi team. Next slide.

So one of our main goals was to look at how we could leverage the power of cutting edge fintech, hyper customization and UX/UI to really meet people where they are, and also really focus on the large subset of Americans that are using informal social banking traditions as an alternative to the formal banking system.

And one of the things that we did was really looked at the power of social banking. This concept that's really inspired by a lot of informal social banking traditions, coupling that with fintech to provide a solution that could allow many people to essentially bank formally in a way that they'd been doing for centuries. Next slide.

So a little bit about my background. Before launching Wellthi I actually worked as a Foreign Service officer, or American diplomat for about 10 years. And it was during that time that I was really exposed to a lot of the informal social banking traditions that are incredibly ubiquitous in emerging markets like Africa, Asia and the Middle East, Latin America, but also within American immigrant communities.

And the one thing that really stood out to me was how people were pooling resources and rotating them as a way to save, build wealth, and do things like build wealth and essentially leverage the power of informal social groups and peer networks to keep themselves accountable to their financial goals as a group when they might not do so as individuals. These groups had a less than 1 percent default rate and they were incredibly powerful in instilling strong financial habits amongst its users.

And at the time I remember thinking what if we could modernize these trends with cutting edge fintech. What if we could develop a social finance platform that appeals to people in a way that they're already using, leveraging these traditions, but in a safe, secure, and compliant way within the banking system.

And that's essentially what our solution focused on. We actually -- next slide, please. And so if you look at the approach that we took through the Discover Wellthi program we really focused on, one, developing a platform that allowed people to run their groups using the social networking that is so common among so many Americans that we can all relate to, coupling that with working with financial institutions to help them to address challenges that they have with onboarding customers on an online-only environment, and conducting a lot of the customer identification and verification requirements that is so key to reaching these groups.

And so Wellthi, we basically worked really hard with Discover and our partners to essentially launch a platform that would allow us to connect financial institutions to verification vendors to overcome these hurdles, automate the digital onboarding process, and then as you can see through the demo provide a social finance fluidity that allows people to formalize their groups, open accounts with local unions as well as minority development institutions, and offer a social banking platform that they can leverage.

And so in regards to next steps we're incredibly excited that we'll be working in close partnership with Discover who's been an incredible partner with us to offer technology grants through their CRA department so that we can actually roll out this pilot where one low-income NDI credit union and one NDI. We'll be launching that next month.

And then early next year we're also providing a white label solution where any financial institution can license, customize, and white label our social banking platform as a way to connect to the underbanked and underserved using these informal groups. So with that I will stop and I will pivot to the next speaker.

MR. MEGHJI: Thank you so much. Kate Goldman, this is your turn.

MS. GOLDMAN: Awesome. Thank you so much, and thank you to the entire staff at the FDIC for not only putting on the tech sprint which was such a pleasure to participate in, but also for inviting me and the other three teams to speak in this committee meeting today. So thank you all. Next slide.

So, core to the creation of user-centric design for technology and banking is a deep, principled understanding of the consumer base, what their specific granular pain points are, and what barriers or challenges they might experience when seeking to access our banking system.

So during the tech sprint my team's research was guided by an explicit consensus that the unbanked rate in the United States is a multifaceted problem that requires tailored solutions to address specific challenges.

This is not a one size fits all problem and it does not require -- or it will not be solved with a one size fits all solution.

So a 2013 FDIC survey revealed the disproportionate rate of immigrants who are unbanked relative to their native-born counterparts. This disparity is most severe among Mexican and Latin American immigrants who hover between 50 and 60 percent banked respectively.

Looking at the two maps on the right we can see this data illustrated by the clear overlap between areas with the highest concentration of unbanked populations and areas with the highest immigrant populations.

Additionally, other factors such as age, English language proficiency, and residing in an ethnic enclave all correlate with a higher likelihood of an immigrant being unbanked once they settle in the United States.

So as a few people today have mentioned distrust of banks is cited as the second most common reason that people are unbanked. Distrust is a highly individual experience with a wide range of explanations and exacerbating factors.

There's a well documented fact that migrants' banking status upon arriving in the United States is largely determined by the nature of the banking system in their home countries. Oftentimes migrants will arrive from countries where their entire life savings might have been taken by the central banks, or they're coming from places with entirely cash economies, or where banking infrastructure is entirely limited.

So understanding the experiences unique to migrant communities helped my team to craft a targeted solution to address a few of these hurdles.

For so many of us -- next slide -- for

so many of us community is a defining feature in our lives. It impacts who we interact with, who our friends are, and what resources are available to us.

For migrants, many of whom are disenfranchised or alienated from their outside communities where this can be most severe creating a banking solution that builds on the foundation of community was an imperative for my team during this tech sprint. So partnering with (telephonic interference) in areas with high migrant populations allows consumers to overcome some of their distrust for banks and the banking system by engaging with these trusted intermediaries throughout the process of themselves becoming banked.

These trusted intermediaries can range from the church that you attend on the weekends to the YMCA that you might send your children to during the summertime. Oftentimes the best solutions are not those that focus solely on improving the old guard, or building something brand new, but instead focus on meeting people where they are at in life and where they are at in their banking journey.

So taking this all into consideration my team and I created an application that can serve as a resource for these trusted non-profit intermediaries who work with migrant communities so the application can help educate users on the information that they would need to know about banking.

For example, what are examples of valid forms of photo I'D, how do banks keep our money safe, why is identification important in the process of becoming banked, and what does that relationship look like.

And then finally we created a tool that pairs users with community banks in their area that matches their preferences and needs in a bank. For example, low friction remittances, or overdraft protection, or even staff members who can help with speaking Spanish to users.

This hyper customization of banking and

banking tools helps meet individuals' specific needs and can hopefully get more people into the banking system. Thank you.

MR. MEGHJI: Thank you so much, Kate. Now it's on to Tanya.

MS. VAN COURT: Thank you so much for having me here today. I'm Tanya Van Court. I'm the CEO and founder of Goalsetter. And the reason I'm so excited to be here today is because I welcome the fact that the FDIC is seeking out non-traditional voices, non-traditional voices like mine.

I am a fintech founder and so that automatically makes me a little bit non-traditional in the FDIC world. But I'm also a person who has no previous banking experience. I'm a single mother and African-American mother of four kids. I formerly led digital products at Nickelodeon. I formerly led marketing at Discovery Education as they launched digital textbooks into classrooms across America.

I led the launch of ESPN3 at ESPN and

I'm a fan of both Jay-Z and Beyonce. I started Goalsetter because my 8-year-old daughter said to me one day, Mommy for my ninth birthday I really only want two things - enough money to save for an investment account and a bike. And I thought to myself if I can get every kid to say that I can change the world.

And that's what's critical about product innovation being inclusive. Inclusive product innovation requires that we are embracing people who are from backgrounds that have traditionally been underrepresented, and we are including them in the development of products and in the development of companies in order to target the populations that we all so desperately want to target. Next slide, please.

When my daughter said that she wanted to save for an investment account I decided that it was my time to leave corporate America and start to make her dream a reality. And so I launched Goalsetter.

What is Goalsetter? It's the best

money app in the industry for kids and parents too. And the reason we say kids and parents too is because one of our core insights -- and I heard this a little bit earlier from the panel -- is that lots of different people are getting excited about investing. And people who we never expected to be excited about it before. And a number of those people include kids.

And when we get kids excited about investing, when we get kids talking about investing, their parents start talking about it too.

With Goalsetter we've launched a platform that includes a savings account, an investing platform, financial education that is mapped to national financial literacy standards but rooted in memes and gifs from hip-hop artists, and social media influencers, and YouTube personalities.

So when Beyonce says can you pay my bills, can you pay my telephone bills we use that to explain Beyonce wouldn't need anyone to pay her bills. If she would just save for an emergency fund of three to six months of her expenses Beyonce could pay for her own bills.

We have debit cards that are actually smart debit cards and provide financial education attached to the debit cards. And we have a gifting feature. Because while we know that every person in America and every kid in America doesn't have a savings account, the other thing we know is that every kid in America does have a birthday. And on that birthday Grandma and Auntie and Uncle all call and say what can I get the baby for their birthday. And the answer with Goalsetter can very well be give them money that goes into their FDIC insured savings account. Next slide, please.

It's this understanding of the kids and the families who we are talking to every day that has enabled us to create an inclusive platform that truly feels like it's a platform that they've never seen before in the history of America. We have our quizzes that are not only game-based, and kid-friendly, they're also culturally relevant.

This isn't how financial education has typically been taught in America. Typically someone from your local bank volunteers at their local school and explains the concept of the stock market to a group of kids in Detroit who are woefully in need of financial education that's not being provided in classrooms.

With Goalsetter we've said hey, we don't just want to understand how adult financial processes are working and bring that into the kid's space which is what's traditionally been done. We want to understand what kids are doing and how do we bring that into the financial education space.

And so we looked at platforms like YouTube, and Instagram, and Snapchat, and TikTok, and brought those into the kid's space, or a nod from those into the kid's space to create the most engaging and compelling financial education platform that exists. Next slide, please.

So what are two of the things that we think are so important? The first thing that we think is critically important is you've got to listen to diverse users in order to develop diverse products. That means talking to diverse audiences. It also means building solutions that meet their stated needs.

What we heard from our consumers is they just didn't want another teen and tween debit card product like everything else that was in the marketplace. They wanted something that actually prepared their kids with financial education.

And so our teen and tween debit card is groundbreaking in the industry because it comes with a rule called learn before you burn. That rule when a parent activates it means that their kid's debit card will automatically freeze if they haven't taken their financial literacy for the week yet. And the minute they take that quiz the card will unfreeze again.

Secondarily, in order to create diverse and inclusive products you have to listen to not just the consumers but the data. And we have to understand the problems that the data illuminates, and the root causes behind those problems.

We also need to innovate solutions that the market isn't thinking about, but that we're thinking about because we also have an inclusive team.

And that's the third critical piece of developing inclusive products and leading with inclusive product design, having an inclusive team that can listen to inclusive consumers, that can understand what the data is saying about those consumers and their plight in America, and develop solutions that are actually meeting their needs instead of just meeting the needs of that CEO at that fintech startup who's looking for their next exit.

So thank you so much for having us here today. We're really excited to be a part of this FDIC tech sprint and really excited about the work that you're undertaking, undergirding, and supporting.

MR. MEGHJI: Thank you so much, Tanya. Now I'll turn it over to Faith.

MR. DAMARILLO: Hi. My name is

Winston Damarillo. I'm actually going to tag team with Faith so let me just get started here. I'm CEO of Talino Venture. We're a partner of NAAC and together we've combined technology from Silicon Valley as well as the community mindset that NAAC has really been pioneering here in the United States.

We built the product called sprint. It's based on the NAAC's goal to provide a highly accessible loan to micro and small/medium size enterprise. And we wanted to answer your question how do you manage risk and ensure higher paying rates for small businesses. So next slide, please.

The solution that we have built is really built around the mindset of the Grameen Bank. When we started this endeavor about three years ago it was a mindset around partnership with the World Economic Forum to really accelerate financial inclusion in emerging markets. So we started in Southeast Asia and the Middle East and have learned quite a bit about the Grameen Bank model and have decided the technology will be a great leverage for the Grameen Bank to really make it not just scalable but sustainable.

So during the tech sprint we are really grateful about the experience and happy about our opportunity to bring this product back to the United States. The sprint solution of NAAC starts with five key components to it. We injected all throughout a mechanism for financial literacy starting with content that we have extracted from MoneySmart at the FDIC, injected it into our mobile app.

Incorporated biometric eKYC and AI to enable our borrowers to actually be able to engage the solution just from their mobile phones. Connected them to systems that provide highly simplified acquisition of their digital documents through pictures and allowing them to do e-signatures.

And then finally, incorporating and introducing the idea of savings accounts in borrowing so that our borrowers can incorporate that into their borrowing.

But the heart of this solution really is the idea of social borrowing. So the sprint solution that NAAC is building really incorporated within it the idea that people in clusters apply together, work together to get started in their borrowing journey, get themselves educated as a group, collectively borrow money. So the system actually starts with a model by individual underwriting with a group guarantee, provide a mutually reinforcing capability so that in every periodic point like monthly people connect with each other, get themselves educated financially, talk about their businesses, support each other right around the time they're about to pay their loans and actually ensure that as a team or as a group they're able to provide capabilities to support and go through this.

So we've created this platform to start with people that have zero credit scores and have been banking for the first time. We take them into multiple cycles starting with a small dollar loan and a short tenure, and we improve that cycle over time so that the goal really here is on the next slide to provide the capability where people can start small in a community setting and progress and graduate to be individually bankable through a more conventional banking service like the SBA loan and all the other banking.

A lot of these are technologies that we have added into the standard Grameen model, but what really makes this all work and powerful is the community models that NAAC is pioneering and bringing to the market, and for that I'll have (telephonic interference) more about it.

MS. BAUTISTA: Thank you. We have been a community leader since 2004 and it's always like how do we make the solution inclusive. How do we help the 46 million credit invisible. So how do we get rid of the payday lenders. We've been fighting about getting rid of the payday lenders, but at the same time there is no solution for them. So we're really hoping that this technology we can give these people a chance to be bankable, that they can get out from the payday lenders, that there's a solution for them. How do we help these businesses that don't pay so much interest on the money that they're borrowing that alone with this COVID labor is so, so expensive. The materials, the raw materials that they're buying are so expensive. And yet they're not bankable because at the end of the day they cannot get a loan, or if they get a little loan they cannot -- they're not qualified for it.

So we really want this application to make it inclusive. We should be able to decrease this 46 million invisible credit. And I really want to thank FDIC for doing this tech sprint because it actually motivated all of us. And Justin since he put all of this together so thank you so much. It gave so much energy, more motivation for non-profit.

And I think like the CDFI, in the world there's 1,100 CDFIs or MDIs who wants to help the community but it's not scalable. And the only way we can do that is a good software that we can reach those people that are not reachable, and also the last unbanked and underbanked. Thank you so much.

MR. COLE: Thank you so much Faith, and thank you Winston, and thank you to all of our teams who presented today. I think it really represented a broad section of the participants that we had across all eight and very, very exciting to hear about both the work that you've come up with and your future work as well.

So we do have about 15 minutes for questions from the advisory committee. So I will ask if any advisory committee members have any questions please use the raise hand feature here in the chat. And let me just make a quick scan. I don't see any coming in yet.

Let me just seed the discussion with one question. And I know panels have a tendency to feel obligated to answer every question. Let's maybe focus on one or two per question just so we get a good healthy representation today.

But the first question I have for any panelist who'd like to answer it is when developing your solution and delivery model how did you evaluate the need to provide complementary education to communities and consumers in order to enable them to fully benefit from your product. And how do you consider the unique need of your target market when creating that educational component.

I think financial education is one theme we've heard a lot of today, and just curious to think about from a developer, from an actual solution point of view how do you all think through that.

MS. BAUTISTA: Justin, if I can start. Being Asian, you know we're all labeled as Asian, right. But it's actually sub-ethnic groups. We all speak different languages. The only thing that binds us together, the (inaudible), is we all eat rice. But otherwise we speak different languages, the culture. And it's not a one size fits all. When we conduct workshop with the young Marines. These are 17 years old to 21 years old, I mean they are 97 percent unbanked. They have no banks at all. When we are doing a workshop in Compton, southeast L.A. 95 percent have think files, nothing.

So the financial literacy is so different, and it cannot be a one size fits all. It has to be culturally diverse and also it's a one on one. It's a change of behavior. So no amount of workshop, no amount of books sometimes can help that unless you really teach them how to change their behavior. Thank you.

MS. VAN COURT: I'll jump in on that question as well. So for us we initially had a product that included a whole suite of tools focusing on saving. Because we know that kids who have savings accounts are six times more likely to go to college, but they are also four times more likely to own stocks by the time they're young adults.

So we believed that if we could get a savings account into the hands of every kid in America then we could change their lives and change their outcomes in a meaningful way, and help to close this wealth chasm that we are all looking at.

But one of the things we did in order to inspire them to save was we started doing courses. And so we would meet with non-profits. I did personally a class for kids called Building Wealth, a four-part blueprint inspired by Jay-Z. And I would use Jay-Z lyrics and quotes all throughout the presentation to explain the four tenets of building wealth.

You have to have skills in order to make money. You have to save some of that money. You have to then invest that money, and ultimately you should be an owner.

And so we walked through that presentation and what we heard from that presentation was oh my gosh Ms. Tanya, I have a finance class at school but it's really boring. Your class in that hour just changed my life. And are you giving another one. Can you give me more.

And what we realized was these kids had never, ever had the opportunity to have culturally relevant, fun, engaging financial education. And everyone blames them for that lack of literacy, but really we as America have fallen down and not done a good job of creating educational content that anyone would want to engage in.

And so that's when we decided that my background with Nickelodeon, and gaming, and entertainment, and education could really be put to work in a financial context to bridge this gap of financial education.

MS. GOLDMAN: I can, I'll take --

(Simultaneous speaking)

MS. VAN COURT: Make it scalable. Sorry. Technology is far more scalable than me going around and doing presentations.

MS. GOLDMAN: I second that, Tanya, tech is way more scalable. So when my team and I were building our solution we think about financial education we were really thinking about it through the framing of bank education. So when you talk about distrust, and people have all different backgrounds and experiences.

Like I mentioned in my presentation

distrust is a highly individual experience. So being able to provide context, not just going to people and being like you have to be banked, but here's why you could be banked, why it might be beneficial to you.

Especially like remittances, tons of migrant populations even throughout the pandemic send billions of dollars globally to their home countries. So providing it in the context of you can send money cheaper through a bank than you would through like a Western Union. So that sort of banking education through that context I think was really helpful in my own sort of conceptualization of this product. Building out something that makes sense for migrant and immigrant communities.

MR. COLE: Great. Thank you very much. And I do ask if any advisory committee members have any questions please feel free to raise your hand or just interrupt at any point. Oh, I see we do have one raised hand. So I will ask I think Sonia to. Maybe not. Maybe that was a ghost hand there.

So I will ask another question then. I love the opportunity to engage with you all. So I'd be interested -- we talked a lot about tech sprint. Obviously it's five weeks, a very short period of time. I think we're accustomed to working obviously in months and years in terms of some of the work obviously that goes into this. The advisory committee members of course have worked in some cases decades on these issues.

And so I'm curious how did the actual tech sprint influence your product, or the way in which you thought about kind of the service that you're providing. How did you utilize any FDIC resources and/or learn from other participants. Just trying to kind of reflect on the experience as a whole and hear about anything you might want to share.

MS. BAUTISTA: Can I start again?

MR. COLE: Please.

MS. BAUTISTA: You know, I thought I know banking, I know FDIC. But that deep dive, I learned so much because there's so many in our team that joined. Like what Ms. Ortiz have described on the whole presentation. I mean, I think she put the whole tribe of FDIC in the tribe -- I mean in the panel. And it's so nice to hear about the SmartMoney, that it's actually you can -- that's why we're using it. You know, not using the (inaudible) anymore, we're using the SmartMoney because you can tweak it.

We're going to make it more interactive from the RMS, DII, or DCP, the ONWI it is great. This is something that everyone should know what really FDIC is all about. We learned a lot and thank you guys for making all the presentations. I know almost everyone participated. So to me that means a lot of commitment from FDIC.

And so when we got this, when we won it, I mean our commitment is above and beyond what we're being expected. Because we need to help the people. And for the regulator to start this and everybody to have a buy-in, it's easier for us to do the work because we are being appreciated. Thank you.

MS. VAN COURT: And I think for us, you know so many fintech companies are all about disrupting the system and going it alone. And for us we really thought about because of the FDIC's commitment to this mission that we clearly feel so passionate about, and that we are ready to undertake in a major way, how can we partner with the FDIC and FDIC institutions.

It's crazy for us to try to solve this problem alone rather than partnering with the FDIC and all of those institutions that are already reaching so many customers. Because many people who are unbanked, guess what? They've got a family member who is banked. Or many people who are unbanked, they've got a kid that is unbanked who can be the next generation of banked if we get to them first.

And we can bring them into the banking system. We can do that in partnership with so many of the FDIC institutions. So for us it was just such a tremendous opportunity for us to collectively solve this problem instead of going it alone and having entities trying to wrangle the same cow, but do it in two different fields.

MS. GILLIAM: Yes, and just to add, I would also reiterate that the information sharing. We had the opportunity to meet with FDIC officials on a weekly basis, participate in office hours, really gain from a lot of the data which for financial technologies is huge as we think about how we design our products and make them very user-centric.

Having that type of insight data and reports was really incredible. And that one on one access to the FDIC as we fleshed out our solutions, I know that the Discover Wellthi team really, really appreciated that, and it definitely went into the thinking behind how we're designing our products and our partnerships.

MS. GOLDMAN: I completely agree with that, Fonta. It's one thing to read a report, or to scour through data, but to have someone who's put this data together, who knows it through and through speak to you about what the context is, what does it mean, what are the implications for these numbers. That makes all of the difference.

And the whole tech sprint experience was incredibly positive, from working with my team and we all became really friendly at the end of this to hearing from the other teams. It felt so sort of inspiring almost to hear what other people are up to in the space. I've never met any of you before this tech sprint, so it was such a wonderful opportunity and venue to learn from the FDIC and their expertise, but also all of the other teams and sort of create a network amongst all eight of us, all eight teams, totally valuable experience.

MR. DAMARILLO: Yes, and to us the bottom line actually is that it got our go to market readiness accelerated at least two to three months because we're able to in one place get all our answers, questions. We had a fairly mature product that works in all other countries before, but trying to ensure that that complies to and is aligned with the regulatory and compliance requirements here in the United States, I think we got a lot of information all in one place and able to collaborate with all other fellow travelers in this journey, it helped us quite a bit. So both getting our products to market a lot quicker as well as ensuring that our partners also get a sense of comfort that we have been going -- have gone through this process and that what we're doing is aligned to kind of the overall goals of the FDIC.

MR. COLE: Thanks, Winston. I think we have time for just one more question and I will maybe limit it to just one or two respondents only because I think we've got about two minutes left. But Jonathan Mintz from the advisory committee asked a question that I think is a great one which is, he says first, these are all so interesting. What has been the most successful strategy in your own experience for connecting the largest numbers of people to your work, and how do you think about scale as it relates to your solution?

MS. VAN COURT: So, I'll jump in. I think the most effective strategy for connecting people to our work is to truly go to where the people are. It's one thing to be an independent company and say hey, we have this great solution, we've got to go out and find you on Facebook, or on Instagram, or all of these places where you can just pour money into these solutions that aren't -- or into this advertising and marketing that's not really solving the problem.

And so for us it really, we boil it down to partnerships. And those partnerships could be with organizations like NBA, the National Bankers Association, with non-profit organizations that are serving Black and Latino communities which is where we're focused specifically, with larger organizations in the financial services space like Fiserv who we are now partnering with to address some of the communities that they serve.

So -- and individual banks. So I really think for us it's about tapping into these networks of where people are and figuring out how to reach them with solutions that they just wouldn't be aware of otherwise.

MS. GILLIAM: I think that's exactly

right. And I would add in terms of scale, I mean you know you can definitely take a direct to consumer approach, and I think that that is so needed.

But there's also a need for a B2B approach, business to business. Developing solutions that can be integrated into the banking infrastructure that already exists so that it's not just one company trying to address an issue, but using technology to really provide the services at all banks and financial institutions, and organizations.

We do a lot with organizations and non-profits as well that can actually license, and white label, and offer to communities. So in that sense it's not one company trying to push the ball forward, but a variety of different companies, banks, and organizations leveraging similar technologies that are compatible to their systems to move the ball forward.

And so that's the approach that we're taking by taking this concept of social banking and offering a solution that can be integrated into any banking platform, into any organization's CRM or existing mobile app. And so in that way we can scale much faster.

MR. COLE: And thank you so much, Fonta. And we are at time, unfortunately, but I do want to thank all of our teams. I want to thank Chelsea, and of course Sultan for all of their hard work on the tech sprint from the very beginning, and I will hand it off now to Liz Ortiz.

MS. ORTIZ: Thank you, Justin, and thank you, panel. That was great. This is now time for another break. So we will resume in five minutes. So we'll see you back here just after 3:30. Bye bye.

(Whereupon, the above-entitled matter went off the record at 3:26 p.m. and resumed at 3:31 p.m.)

MS. ORTIZ: Welcome back, everyone. It's now my pleasure to introduce my colleague Keith Ernst. Keith will be moderating our panel on housing assistance programs including a housing market update. Keith?

MR. ERNST: Great, thank you, Liz and good afternoon Chairman McWilliams, Director Gruenberg, Acting Comptroller Hsu, and committee members. It's a privilege to be back with you again, this time to focus on the important topic of housing and the housing market.

In this panel we're going to hear from leading organizations that have been delivering really critical support to homeowners and renters throughout the pandemic.

You have the speaker's bios but I'm going to introduce them and set the stage before handing off the baton.

Ryan Goodstein is going to start out. He's a senior economist in the Division of Insurance and Research here at the FDIC. He'll provide some key data points to give us a common frame of reference for the discussion.

Prasant Sar, supervisory policy analyst from the Federal Housing Finance Agency will then help detail some of the steps his group has taken to make forbearance options and other supports available.

Tonya Tyler is the vice president of operations for NeighborWorks, and she's going to help us understand the important work being done by counselors across the nation.

Sonia Joyner is director of home ownership programs at the North Carolina Housing Finance Agency, and she brings a view from the state level where one of the big challenges has been to deliver assistance in an effective and timely manner.

I'll just note here this weekend I was reading the newspaper and actually saw that North Carolina was recognized as one of just three states to have spent a majority or have gotten a majority of their funds from their first allocation of the Federal Rental Assistance Fund deployed. So I think we'll be well served to hear from her.

And finally we'll hear from Victor Galloway, a community affairs specialist from our Atlanta region who will give us insights into the opportunities the FDIC has to support these and related efforts.

And then we're looking forward into your insights into how we can do more and better in this regard, and to what you're seeing in the communities and the constituencies that your organizations serve.

We have just 50 minute for this panel so I'll ask members to hold questions or comments until all of our guests has had a chance to share their presentation, but look forward to the engagement on the back end.

With that I'm going to pass the baton to Ryan and look forward to speaking with you all in just a little bit.

MR. GOODSTEIN: Hi. Thanks, Keith, and thanks to all of you on the panel today. I'm going to give a brief overview of current conditions in the housing market. A lot of what I'm going to share will probably be familiar to you, but hopefully having this information top of mind will be useful, give you some useful context and help set the table for the other panelists. So next slide.

I'm going to start by touching on where we are in the economic recovery, highlighting that the recovery continues to be uneven. And then with that as a backdrop I'll review current conditions in the single-family mortgage market including recent trends in mortgage performance and forbearances.

Then I'm going to wrap up by mentioning a few other issues in housing markets that are likely relevant for our discussion today. And I'm going to try and do all that in the next few minutes so let me dive right in. Next slide.

So this chart illustrates the overall path of recovery in employment. As you can see, as you know we had massive job losses at the start of the pandemic. Total amount for unemployment, that's this chart, fell by nearly 15 percent from February to April 2020.

And then things recovered relatively quickly before slowing down a bit as among other things we've gone through subsequent waves of COVID infections and other things.

So as of August of 2021 employment is down about 3.5 percent from the February 2020. Next slide.

But as I said the recovery has been uneven. So this chart is just one example of that. If you're on this call you're probably lucky enough to be in the professional services industry. That's this blue line. Employment dropped a bit, but then recovered rapidly. Total number employed is now about 2 percent above the pre-COVID level.

Meanwhile in food services, that's the red line, total employment is about 8 percent, still below pre-COVID. And of course this is just one example. I could have just as easily highlighted how the impacts of the pandemic and the subsequent recovery has differed across other dimensions, including by geography, income, race, and gender, and really has exacerbated preexisting differences in economic circumstances that exist across segments of the population. Next slide.

It's also worth noting that personal spending -- in view of what we've just seen personal spending actually now exceeds pre-pandemic levels. And we can see this in official government statistics like the personal consumption expenditure data from the BEA.

I'm going to focus here on a different chart. This was from Opportunity Insights. And I like this chart because it illustrates the impact that government policies have had, especially on lower income consumers.

So the chart shows the evolution of debit and credit card spending over the pandemic separately by income. So the blue line is all consumers, the red line is lower income consumers and the green line is higher income consumers. And then the vertical lines on the chart show sort of the milestones during the pandemic. The onset of the pandemic and then when government assistance programs went into effect.

So you can see that after the pandemic hit spending dropped sharply for all consumers, but began to increase after the CARES Act and the start of the first tranche of stimulus payments. And increased again with the second and third round of payments.

If you focus on the red line and sort of compare that to the green line you can see just how much more sensitive lower income consumers are, or their spending was in response to these assistance programs. And so while it's not necessarily surprising to see this I think this chart provides a striking illustration of the role that public policies had in maintaining or even improving the financial circumstances of some lower income households. Next slide.

Let me turn now to the single-family mortgage market, and I'll start with trends in mortgage performance. This chart shows serious delinquency rates separately by loan type. And it's worth noting when you're looking at these lines that for loans in forbearance they are treated as delinquent in this chart for loans where the payments are not being made.

So you can see that with the onset of the pandemic, that's on the right side of the chart here, delinquency rates spiked, but they've since been coming down pretty steadily. Improvements are mainly attributable to improving economic conditions and the households exiting forbearance, either by way of refinancing or by taking advantage of workout options.

There are some notable differences by loan type. In particular for FHA loans, that's the blue line in this chart, delinquencies remain substantially higher than for other types of loans, and higher than pre-pandemic levels.

As you're probably aware compared to the conventional loan market FHA loans typically go to borrowers who have lower income or have lower liquid assets. Next slide.

Turning now to loan forbearance activity we can see that after spiking up at the start of the pandemic the number of loans in forbearance has since been declining gradually. According to Black Knight's estimate about 3 percent of all active loans are still in forbearance, at least as of mid-August.

Again, differences by type are notable. About 6 percent of FHA loans and VA loans were in forbearance compared to about 2 percent of GAC loans. Next slide.

So in regards to loans that are in forbearance plans we're just now entering a critical period in that a lot of borrowers will soon see their forbearance plans expire. The chart on the left is one illustration of this. It shows Black Knight's estimates of the final expiration dates of loans in forbearance based on the current agency guidelines.

So as you can see, hopefully you can read the dates there at the bottom, but basically hundreds of thousands are expected to exit forbearance at the end of this month or the end of next month.

So what's the outlook for these borrowers? Well, on the positive side we're definitely in a different situation than we were after the financial crisis. The great majority of borrowers in forbearance plans have substantial equity in the home and are expected to be able to work with their servicers to enter workout programs. I think it's fair to say that most industry analysts don't foresee a huge wave of foreclosures or distressed sales coming down the pike.

That said, I should give a note of caution that borrowers that haven't exited forbearance yet, they tend to be lower credit score, lower income, and might be the ones that have been most adversely affected by the pandemic. So some questions remain over whether borrowers who are still in forbearance will be able to successfully meet their payment obligations even if they're in -- make it into workout programs. So this is obviously something we're going to want to keep an eye on in the coming months. Next slide.

I don't want to take up too much more time so I'll just highlight a few other issues that I think are of interest to this audience. First, home affordability has become a major issue. I know Director Gruenberg flagged this in his remarks earlier so I'm glad to expand on it a bit here.

This chart is from Harvard's Joint Center for Housing Studies. The green line shows annual house price changes and the blue line is the measure of supply of existing homes for sale.

The chart shows that house prices have increased sharply in the last year or so, at the same time as the supply of homes has reached record lows. And this reflects the national picture, but of course housing markets are local. But this pattern sort of exists widely. So across different segments of the housing market, across different geographies, and so on.

So Joint Center estimates that house price to income ratios, that's one measure of housing affordability, they're at levels last seen in the mid two thousands across many of the MSAs in our country. So while the increase in home prices is beneficial for current homeowners including those that are in forbearance as I just mentioned higher prices obviously make it more difficult to become a homeowner, particularly among lower income and lower wealth households. Next slide.

And of course the alternative to home ownership is rental housing. And I know rental housing isn't the main focus of this panel, but I think it's worth highlighting a few points that may be relevant to the discussion today.

First, affordability. Affordability in rental markets is also a major issue as well as in home purchases. After some pandemic related disruptions most indications are that rents have increased considerably over the past year. Again this seems to be a pretty wide phenomenon.

Second, I'll note that government assistance programs have been critical for renter households. As of early September estimates from the Census' Household First Pulse survey show that about 15 percent of renter households in the U.S. are currently behind on payments. This is about twice the pre-pandemic rate and almost surely would be worse if not for government assistance programs.

I think I'm running out of time so I'll just say that this is something that CFPB emphasizes in a recent study looking at financial circumstances. This chart sort of echoes the chart I showed earlier, just showing just how much the financial circumstances of renter households have been influenced by government public policy efforts.

So going forward stakeholders will need to pay close attention to how renter households are faring and ensure that they're able to take advantage of housing rental assistance programs that may be available.

So let me stop there and turn it over to the other panelists. I know that was a lot of material in a short period of time, but hopefully it provided some useful context, and of course I'm happy to answer any follow-up questions at the end of the panel. Thank you.

MR. ERNST: Great, thank you Ryan. We'll go to Prasant next.

MR. SAR: All right. So, thank you for the opportunity to address the committee today. I've been looking forward to offering our perspectives and observations about the housing market and COVID-19's impact on the enterprises.

So I just want to say at the outset that since 2008 FHFA and the enterprises have been working to develop and implement uniform loss mitigation policies that expand borrower access to meaningful solutions when they become delinquent or are in danger of falling behind on their mortgage payments.

And as the pandemic took a foothold we did promptly set out policies, and deployed policies from our toolkit that we had in place based on our natural disaster policies at the time. And we've been monitoring the evolving conditions, looking for vulnerabilities and opportunities, and then carefully modifying those tools for the COVID population particularly.

So I think I can say without reservation that this rapidly changing economic outlook has continued to test the resiliency of the business, government, and borrowers alike, and that does extend to the tools that FHFA and the government sponsored enterprises Fannie Mae and Freddie Mac have developed to meet the needs of today's struggling homeowners.

So this presentation today is going to touch on the specific actions that we've taken since March 2020 and the declaration of the national emergency to reinforce our priority of home retention for hundreds and thousands of borrowers emerging from COVID forbearance.

In the first slide, if you could go to the next slide I'm going to just try and frame up the conversation a little bit around our loss mitigation solutions, and then I'll move into some of the actions that we've taken.

So this slide depicts the solution set that we have for borrowers emerging from forbearance. And how it works is we call it the loss mitigation waterfall because it is a sequence of events when borrowers emerging from COVID forbearance and just regular forbearance in general exit.

And so about 30 days before a borrower exits forbearance servicers are required under GSE servicing policy to reach out to the borrowers and to try and understand the borrower's specific circumstances before they engage in conversations about what the exit options are.

And in principle what we're trying to figure out is whether the hardship is resolved, and if so to what degree. So if the hardship is resolved the conversation turns to the best option for the borrower which might include reinstatement, and that's if the borrower could pay off all their delinquent amounts, a possible repayment plan, and that involves making payments, an extra payment in addition to the regular payment for a short period.

And then there's an option if a borrower cannot do something of that nature to go ahead and defer the payments into the past due P&I payments, principal and insurance payments, into a non-interest bearing balloon that is only due and payable at the maturity, sale, or refinance of the property.

And then finally from a retention perspective we have something called flex modification. This is really the flagship offering of the enterprises, and this does permanently modify the terms of the mortgage. It typically reduces the interest rate and extends the term out to 40 years. There is a component of that modification that can also forbear principal.

Beyond that if borrowers are unable to successfully resolve their hardship in one of those four options we do have a mechanism for the borrower to sell their property prior to foreclosure, or to give the property back to Fannie Mae and Freddie Mac. Next slide, please.

So in March 2020 in response to the emergency declaration FHFA directed Fannie Mae and Freddie Mac to suspend foreclosures. That moratorium ended on August 31 of this year and now servicers are permitted to take further actions on those cases where there was a first filing prior to March 2020.

There's also a segment of borrowers that can have foreclosure filings taken against them if they default, and even if they were on COVID forbearance if they become delinquent and servicers followed certain rules pursuant to the CFPB servicing rules.

But I want to remind this group that these borrowers can still reach out to their servicers, and we really want to encourage them to do so. Similarly we encourage those facing possible eviction to contact the servicer to look at options that would be less disruptive to them. There are options available to those individuals.

In loss mitigation we have made three important changes in response to the COVID pandemic. And I referenced this earlier about modifying our tools. And part of that was to address the unique nature of the delinquencies that we've been experiencing as a result of the forbearance.

So those changes as they were sequenced were we changed our standard forbearance policy from 12 months to 18 months for all borrowers that were already on an active forbearance plan. That was to address a possible surge of borrowers who were going to require additional forbearance after the 12 months of forbearance had been exhausted.

We also made a change that related to our payment deferral product. That product was designed to defer only up to 12 months of payment consistent with the forbearance plan. When we changed forbearance we added an additional six months to the payment deferral product to accommodate those borrowers to the extent that these borrowers could in fact resume their normal monthly mortgage payment.

And the final change that we made was we provided an interest rate reduction to borrowers who had mark to market loan values below 80. As was mentioned in Ryan's remarks there were a lot of individuals who have substantial equity in their properties. The standard flex modification product does not provide for an interest rate reduction for such borrowers. It only provides it for people with mark to market loan values above 80.

We looked at a lot of data to figure out who these borrowers were. A very, very large percentage, 90 percent, this was their first hardship ever while they had their mortgage. And we wanted to make sure that there were tools available to capture as many borrowers as possible coming out of this crisis due to the nature of their hardship.

We also made one change on the supply side and that was in our REO disposition process. In that space we extended what's called the first look period from 20 days to 30 days nationally to support owner occupant purchases.

In the -- before this change it was only that non-profits and owner occupants had a -- they had a 20-day window to bid on properties. So we wanted to extend that time frame given to put owner occupants and non-profits on a more level playing field with investors. Next slide, please.

Finally I wanted to share some important results of the enterprise's efforts in kind of a where are we now slide starting with the successes.

So as you can see in the top part of this slide on the green we have a large number of individuals who never stopped paying their mortgage even after they took forbearance.

We also in combination in that number are those who did take a break, but then they fully reinstated. We also had a large number of people who resumed their payments after deferring missed payments. And that number is right around 500,000.

Finally, we had a large number of refinances and sales right around 32 percent. One concern on this slide naturally though is that we still have about 5 percent of the population that have exited forbearance that are delinquent. And there are still about 400,000 that are unresolved.

We think this is where housing

assistance professionals, housing counselors can help get the word out. Many of the remaining borrowers, they've been on loan forbearance plans and as I mentioned before we have a lot of people who have extended beyond 12 months. And it's going to be very critical to message that assistance is available and it's widely available.

So with that I just want to thank the FDIC for the opportunity to share these observations. Thank you, Keith.

MR. ERNST: Thank you, Prasant. You've perfectly keyed up Tonya with your reference to the important role that housing counselors play. I know she appreciates the handoff.

MS. TYLER: Absolutely. Thank you. Thank you so much for inviting NeighborWorks America to this conversation. Today I am going to focus on some of the lessons that we learned during the last foreclosure crisis and really the effectiveness of housing counselors during that crisis.

And then I'm going to talk a little bit

about our most recent program that's in response to the current crisis, housing stability counseling program. And then finally I really want to highlight some things that we know today, lessons that we've learned and that we'll carry forward into this current process.

If you're not familiar with NeighborWorks America we've been around for over 40 years. We have about 250 network organizations and they're located all across the country. And our network organizations, they're really the reason that NeighborWorks exists today.

They provide everything from affordable housing development, financial counseling and coaching, resident engagement and employment and education in their communities. Next slide.

So for over 10 years, and we really couldn't imagine that we would be administering a program that long during the last crisis, NeighborWorks administered the national foreclosure mitigation counseling program. And that was from 2008 through 2018 when the program finally wound down.

And the counselors that participated in that program were all across the country, and they served nearly 2 million households that were facing foreclosure.

Some of the things that we learned from the housing counselors and how effective they were during that crisis is that clients that received counseling through NFMC were nearly three times as likely to receive a loan modification cure compared to those who had not received counseling.

Seventy percent of NFMC clients were more likely to remain current on their mortgage so there was some sustainability. NFMC clients received an average payment reduction close to $5,000 per year if they did get a loan modification. And our clients overall received annual savings of approximately $518 million. So that clearly shows that housing counseling is effective, that they are located in their communities, that this is the place where consumers feel most comfortable getting their information. Next slide.

So today NeighborWorks is fortunate enough to receive funding through the American Rescue Plan. This is our housing stability counseling program. We recently rolled out the grant agreements for this. And during the application process we received a request of over $348 million from all of the counseling agencies across the country. And what we know is that that amount would probably have been much higher had we not placed a cap on the maximum that they could apply for which was at $10 million.

We have 131 grantees many who participated in the housing crisis during 2008 through 2018. They're made up of HUD-approved intermediaries, state housing finance agencies, and our network organizations.

They will serve all 50 states including District of Columbia, Puerto Rico, and Guam. We anticipate that we will serve over 80,000 households in this program, and that includes homeowners and renters which is new.

Based on the crisis before where we were just serving homeowners that were impacted by foreclosure today we all know that we are also -- renters are heavily impacted by the crisis of the pandemic. And so all of these households will receive no-cost housing counseling from the grantees that participate in this program.

The program is also targeting both low-income and minority people and in neighborhoods. And while our counselors can serve anywhere that they like in their communities there were 1,200 counties that were identified. Our NeighborWorks team used the CDC's vulnerability index and we came up with these counties that were considered areas of greatest need. And this was due to high cost burden or social vulnerability. Next slide.

So what we know today. At NeighborWorks it's really important for us to take a look back at all of the lessons that we learned during the last crisis. And there's two reports that I'd like to point out that were done during that time, one that was done in 2008 through 2010 by the Urban Institute that really outlines the effectiveness of housing counseling during that crisis.

And then there was a second report that was done which is called the NFMC Capstone Report. Both of those you can visit our website to get more information.

But on both of those they really outlined some of those lessons that I'm going to talk about today, but that we really utilized as we began our process of designing this most recent program.

So what we know is that when someone is in crisis, whether that be financial, or health, or both, many of the families today are not only facing challenges with saving their homes both from foreclosure or eviction, but they're also facing disasters is that it's really unreasonable for any of us to believe that they could figure out all of the resources that are available.

And I know we've seen already some of

the resources that Prasant shared. And it's difficult when you're in a crisis to go through all those and identify which one is best for me. And this is really the role that housing counselors provide every day.

Clear and consistent communication is really critical. Again, we saw that during the mortgage crisis, during the foreclosure crisis that a lot of people were going to different services and trying to identify. Some didn't even know what their loan number was. And so having that consistent information, having fair websites, being able to have a space for housing counselors to connect to so that they could share that with the consumer is really important.

Scam activities that are present. NeighborWorks America during the last crisis and we continued that. We have a great scam campaign. It's a place for consumers and also for our network agencies to go and find out more information on how they can help consumers, what to do when you're contacted on a scam. There's a lot of valuable information on our website.

But this is another piece where I'm already dealing with a crisis of trying to save my home, and now I'm being contacted by a scam.

And so finally the most important thing and something that NeighborWorks has worked really hard to do is to make sure that we're coordinating all of our efforts. All of the non-profits, servicers, and government agencies, a place where we can share information, all of the rich data that we're going to get from the American Rescue Plan and all of the information that we received from the last crisis, making sure that we all come together to share all of our strategies.

This is really important and it's a good practice in general. So with that I will stick around for questions, but I'll turn it back over to you, Keith.

MR. ERNST: Great. Thank you so much, Tonya. We are going to go to Sonia Joyner next from the North Carolina Housing Finance Agency. Sonia, take it away.

MS. JOYNER: Good afternoon and thank you all for the opportunity to share as well. I'm going to be quick with it, but North Carolina Housing Finance Agency also is -- next slide, please. Housing assistance programs.

Tell you a little bit about North Carolina Housing Finance Agency for those who may not know. The North Carolina Housing Finance Agency is a self-supporting public agency. It has financed over $24 billion in affordable homes and apartments. It was instituted in the general assembly in 1973 and the agency's sole purpose of that which is our mission as well is to create affordable housing opportunity for North Carolinians whose needs are not met by the market. Next slide, please.

And with that we're going to talk a little bit about financing in today's economic climate. And we're going to start with a talk about two of our programs which is home ownership and multifamily. And I will put my disclaimer out there as my area of expertise is in home ownership.

But I know a little bit to be dangerous.

So we're going to start with the home ownership with some challenges that we've actually seen that we've talked about. Home sales prices are extremely high. There's little or no housing stock, existing housing stock that's out there, and the housing stock that is available, the existing housing stock is in need of major repairs.

And in the rural areas there's almost non-existent housing that's available. Now that moratoriums on the forbearance have been lifted another affordable challenge is for some of those, how do I make my mortgage payment.

Those challenges, some of the opportunities that we as the housing finance agency can see the needs are the down payment assistance programs because of those sale prices being so high. We try to provide that. We've always done so, but we try to expand it a little bit more.

And with the existing housing, and the needs and repairs that are out there, we have our rehab guides who have been (telephonic interference) our program (telephonic interference) listening sessions with the non-profits and local governments throughout the state to find out what the needs are in their communities.

And what we're also trying to do is to reach those rural communities, is come up with (telephonic interference) credit unions and the USDA in rural areas to find out if there's some assistance that we can provide with down payment assistance.

And as it relates to the challenges for the actual forbearance, so people who can possibly go into foreclosure. You all know that we have 273 -- we don't have it yet, but we allotted $273.3 million through the Treasury for the ARP, but we're not the eligible entity. We're actually -- we'll administer the funds, but the eligible entity is North Carolina Pandemic Recovery Office is their lead agency.

With that we've actually submitted our plans to Treasury on August 19. Waiting for approval on that plan. While waiting on the approval for that plan we've been trying to work in the background and put things together such as a call center, that type of thing to make sure that when the plan is approved that we've actually opened up a portal where we have signup on our website for homeowners to actually sign up so when the portal is up, when the plan has been approved they're able to actually start their applications.

As it relates to emergency rental assistance the agency has no direct role with that as well. That statewide program is run by the North Carolina Office of Recovery and Resilience. And many of the larger counties and the actually (inaudible) focused organizations, they actually have their own programs set up.

As it relates to our rental production and what we're actually doing, the demand for housing credits far, far, far exceeds the resources available. We have a 5 to 1 ratio for applications to award -- have seen increases in bond funded projects in recent years with more than 30 bond projects funded each year. Over the last two years in total we funded 75 projects at 6,700 units in 2020, and 68 projects and 7,400 units in 2021.

Challenges during the pandemic include increase in the construction cost which we know the materials and the labor shortages and supply chain issues, and delays in permitting and approvals at all levels. We have been working with partners to ensure that all of these deals make it actually to completion.

And that being said -- next slide, please. I am short and quick. These are our contact information for individuals that you'd like to have any questions about home buyer programs, rehab, multifamily or supportive housing. Thank you.

MR. ERNST: Great. Thank you very much. We're going to go now to Victor Galloway, community affairs specialist from our FDIC Atlanta region to help us understand a little bit more about the opportunities the FDIC has to help recover all the type of ground we've heard about today.

MR. GALLOWAY: Thank you, Keith. You can go to the next slide. (telephonic interference) as a community affairs specialist I support the FDIC's mission to support (telephonic interference) in the nation's financial system (telephonic interference) economic inclusion and career development initiative that broaden access to safe and affordable credit, and deposit services from insured depository institutions.

Among the ways we accomplish this is being a convener. We convene stakeholders such as housing stakeholders and thought leaders to reflect on lessons learned from the past, real time issues and the impact in current economic ecosystems in order to begin, build and bridge future partnership opportunities and innovative, promising practices.

The success of the work is based on our availability to be connectors. Community affairs specialists are connectors of people, organizations, resources such as connecting housing stakeholders to FDIC affordable mortgage lending center, connecting financial institutions to affordable housing community-based organizations and practitioners to address, achieve solutions to overcome barriers to affordable capital and credit, to maximize and empower the convening and connected impact of community affairs specialists in their core roles are champions.

We're champions of promising practices, but some of these can be floored as difficult, different approaches are being tried and tested as well as being a trusted ally and technical advisor on economic and community development partnership opportunities. Community affairs specialists serve as a compass for economic inclusion navigation between financial institutions and community-based organizations and other stakeholders.

As an example, over the past year in the Atlanta region we have convened several housing events that have connected over 75 banks with 140 plus affordable housing community-based stakeholders to emote and enhance partnership opportunities.

Being champions resulted in increased investment in the expansion of programs and philanthropic dollars to assist hundreds of low to moderate income consumers in the areas of affordable housing, including rental and transitional housing, as well as thousands of dollars in mortgage and rental assistance funds for home ownership and renters impacted by COVID.

Community affairs' role is really to be the chameleon both for everything external of FDIC's partnerships and opportunities, provide the information to our internal other branches within our agency.

And so we really thrive on being that glue that helps understand all the issues that's relevant to economic opportunities as well as being the current trusted ally for those partners that we have so come close to partnering with.

And with that I just wanted to say there's a representative like myself that represents each of our states throughout this beautiful country of ours. With that, Keith, I'm excited and waiting for questions from our audience and also anyone else that might have them. Thank you.

MR. ERNST: Great. Thank you, Victor. At least on this side there were a couple of glitches in your audio but I think your essential message came through loud and clear, and certainly appreciate you helping the panelists understand this catalyzed and convening role that we play day in and day out in our community affairs program to connect lots of different perspectives and help people recognize for their shared objectives in support of consumers.

I see a question in the chat and I'm going to open the floor more generally to members of the committee for their initial comments or questions. But first let me see, Jonathan, you came in the chat. Do you want to ask your question on the floor here?

MR. MINTZ: Sure. Can you hear me

okay?

MR. ERNST: We hear you.

MR. MINTZ: Let me pull up the question so I can see how I worded it. I guess for anyone on the panel what I was wondering is what the best practices or the lessons learned were about really ensuring that mortgage servicers were engaging with homeowners who were in trouble productively this time around.

MR. ERNST: I will not call on panelists, but let's see who wants to jump in on this one.

MS. TYLER: This is Tonya. I'm happy to answer that. I did note that a bit in my presentation, but really it's about making sure that information is clear, that it's consistent, and that they're connecting with housing counselors because this is the role that they play in their communities by making sure that they know all of the information that's available for the consumer and that then they can connect the consumer with that information.

One of the big lessons that we learned during the last crisis is that we all need to connect, those of us who are giving money and those of us who are servicers. And then today coming in with that is the landlords, bringing them in the conversation. So making sure that we are all trying to connect with one another, and then also making sure that we connect with housing counselors because this is the work that they do.

MR. SAR: I would also add that one of the things we've been very focused on is clarity and communication. One of the things that FHFA along with Fannie and Freddie did early on in this pandemic was to draft a script essentially for servicers that would be a uniform way to convey information about what forbearance is and forbearance is not.

There was a message in the -- kind of the public about the end of forbearance and requiring a lump sum payment, for instance. And that is patently false. There are options for borrowers to get into repayment plan as I discussed in my short segment.

And we've been very focused on making sure those messages are clear both to servicers and to borrowers. We published kind of a homeowner's pamphlet for loss mitigation that is on the CFPB's consumer finance website. We did the script as I mentioned.

We also communicate directly through the enterprises with servicers by publishing FAQs so that they understand how to communicate with borrowers, like what are the rules of the road as it relates to dealing with homeowners, especially distressed homeowners.

MS. JOYNER: And as for North Carolina Housing Finance Agency I can say that as it relates to that we've looked at lessons learned in the past as well. But one of the things that all of the state agencies are doing is we're coming together making sure that we're speaking the same language when we're actually talking to the servicers.

Because I think the hardest hit funds, everybody doesn't have access to the funds. So now each state has access to these funds, but we want to make sure that the borrowers consistently across the country are getting the same treatment in that we as housing finance agencies in states that have the funding and the same language so all the servicers can be on one page.

MR. ERNST: Great. Thank you all for those observations. Other questions or comments from the panelists before I put mine on the table? All right. While you're thinking I'll go ahead. Just sort of a forward looking question. One of the things that came through that was sort of clear in the conversations leading up to this panel was the extent to which many of your organizations were drawing on lessons coming out of the last crisis, and building upon them and adjusting to respond to the particularities of the challenges posed by the pandemic.

I just wonder is it too early to say what you're taking away from this, or either for a going forward basis generally, or thinking about the consumers who may need some differential assistance as some of the supports continue to sort of be withdrawn over time. Whether that's changes in unemployment compensation availability, or changes in foreclosure moratoriums, or eviction moratoriums. What are the lessons that you're looking to and thinking about adjustments that may be necessary going forward?

MR. SAR: So Keith, the way I would kind of generally answer that question would be starting with kind of some of the things that we've already done. I spoke about the fact that we have -- we made changes directly to our payment deferral product as we've been looking at the data and looking at how forbearances are kind of trending at this period.

And they're down. They're down quite significantly, but as I raised we still have concern around those percentage of the population that have stayed in forbearance for a long time. And we've made other adjustments in terms of our interest rate reduction product.

I think that is a -- it's kind of an

indication of we're going to continue to follow the data and make changes quite dynamically. Just because we have to. The trend of this pandemic has been, it's very uneven and it's like you know, peaks and troughs.

And we certainly realize that this is not like the last crisis. The last crisis it was staggering unemployment. House prices declined quite significantly for an extended period of time. The hardships during that crisis were very different than the hardships families are experiencing today. And certainly we have a very different economy than we had back then.

So when you look at like the 100-year flood and you see it happen twice you always have to be ready to be able to revisit the tools that you have, and be open to changes, and be open to those changes on quite an expedited basis.

And so we at FHFA, Fannie Mae and Freddie Mac stand ready to make those changes as the data evolves.

MR. ERNST: Great. Thank you. Let me

just go ahead and see one more time, come to the committee. We're nearing the end of our allotted time. We've just got a couple of minutes left so maybe I'll give the floor back to our panelists and ask you've heard each other speak. You've had an opportunity to have some of the questions here. Is there anything you'd like to offer to the committee as a closing thought?

MS. TYLER: Sure. This is Tonya. I would say that having these types of conversations is really important through any crisis. But making sure that we all stay connected, not just on committee calls, but that we're reaching across and sharing information, sharing strategies.

For NeighborWorks it's really important for us to keep our ear to the ground through our network. And so as long as we're doing that we know that we're hearing what's happening in real time. So making sure that we save space for that.

MR. ERNST: Thank you.

MS. JOYNER: I would ditto and

piggyback on Tonya by saying as an agency it was good to see all the other panelists here, to hear what you're doing, especially being in siloed states if you will from Fannie, Freddie, those agencies, and NeighborWorks (telephonic interference). So funny that we have (inaudible) with the pandemic as well.

So we appreciate the opportunity and the FDIC, the committee putting this panel together. It is very, very helpful, and to help us get the word out that there is funding available for individuals who actually will be struggling with foreclosure and forbearance -- after coming out of forbearance.

MR. ERNST: Thank you.

MR. GALLOWAY: Keith, I'd just like to add that as I listen to the panel we have to be conscious that all who touch this ecosystem within housing, a lot of the times what we're seeing now is we have a good idea and a good message from the servicers as well as with the agencies, but we've got a borrower and a community that is just overwhelmed with information.

I think now just a source of information, we've got to make sure we push us to be the trusted advisor so they get the correct information, and they don't have this phobia about believing something that might be a myth, not true, and then they are hesitant to either contact a servicer or their banker.

And with the impact of COVID we have to remember that even the servicer's families, the lender's families, the housing developer all are impacted by this pandemic that put other stressor points that was not relevant back to the financial crisis.

So we have to be mindful and sensitive that we have to do more to reach not only the borrower, but also help them through the economic system to get to the servicer, to the lender, and that as the panelist says that we communicate the same message so that we have credibility back in the marketplace.

MR. ERNST: I think that is a great

observation and probably the perfect place to conclude this discussion. So thank you to all the panelists for your insights and for your time and talent in support of this committee's mission. Liz, I'm going to give the floor back over to you.

MS. ORTIZ: Thank you, Keith, and thank you everyone for another great panel. Now we are going to head straight into our final panel of the day. Spoiler alert - it includes a call to action focused on this year's tax time opportunity to expand account access and potentially improve financial well-being, moderated by my community affairs colleague Mia Sowell. Mia?

MS. SOWELL: Thank you, Liz. So this panel's discussion is a continuation of the last conversation we had in May when some of our community affairs specialists in our regional offices and I provided an overview of the Get Banked initiative and a public awareness advertising campaign that had recently launched.

So here we are about five months later to discuss how there are continuous opportunities to promote affordable accounts. Tax season is practically around the corner and our guests today will share some of their efforts to support low and moderate income households file their tax returns, and tax season is an opportunity to connect them with banking and financial services.

First I'll provide a few highlights from our public awareness advertising campaign, and then I'll introduce our panelists.

So our campaign ran ads in the spring and summer of this year to motivate consumers who are unbanked to join the banking system. The ads ran in the Atlanta and Houston metropolitan service areas which were our pilot cities, and the theme There's a Better Way was intended to break down misconceptions about banks and help people see how banks can help meet their financial needs, potentially for lower cost and offer other benefits.

We reached people primarily by radio or streaming audio advertising, and we used some digital display banners, streaming TV, and mobile video advertising. The ads ran in English and Spanish, and encouraged people to visit the Get Banked web page and open a bank account.

FDIC monitored certain metrics and activities. You can go to the next slide, please. During the campaign we received over 163,000 visits to our Get Banked web page, and digital media tactics succeeded in driving traffic to this web page from our pilot cities.

The pilot cities performed significantly better than all other locations in the country so the ads worked.

Our Get Banked video which is on the bottom left of your screen was used in some advertising and was viewed in its entirety at a rate significantly higher than benchmarks for government public advertising campaigns, and at a rate consistent with benchmarks for non-government campaigns.

There were over 350 media mentions of our campaign at both the local and national levels which complemented our advertising and led even more consumers to visit the web page.

We also obtained data from our partners whose links we provide on our website for consumers interested in opening an affordable account. There was a significant increase in consumers visiting links provided to Bank On, American Bankers Association, and the Independent Community Bankers Association to learn more about how to open a bank account.

And during the campaign the number of banks offering certified Bank On accounts increased 28 percent from 88 to 113 accounts and still growing as Jonathan Mintz indicated earlier. And that brings us closer to FDIC's vision that all Americans have access to secure and affordable insured banking services, and that every bank offers affordable transaction and savings accounts.

Other metrics such as the FDIC's How America Banks household survey and the Bank On account opening data that's analyzed by the St. Louis (inaudible) will be available in mid to late 2022, and that will provide more detail regarding the overall number of banked households in the pilot cities and nationally.

So based on the success and lessons learned of the initial public awareness campaign we are finalizing plans for a second pilot which we expect will begin before tax season is in full swing in 2022.

We are still finalizing some details, but this will position us to utilize tax season as a great opportunity to get more Americans banked. Next slide, please.

So as we prepare for tax season we will continue to collaborate with several organizations to promote the message about getting banked. The IRS has been one of our greatest partners for encouraging the general public to visit our web page to open a bank account to receive their government payments.

IRS included links to our Get Banked page on its social media posts and multiple pages of its website, particularly its Get Your Refund Faster page and its child tax credit update portal.

The IRS also offers free basic tax return preparation to qualified individuals through its voluntary income tax assistance program, or the VITA program.

For years the FDIC's community affairs program has partnered with VITA organizations to assist consumers with establishing banking relationships. With bank accounts, households can receive tax refunds via direct deposit instead of waiting to receive a check in the mail, and then paying fees to cash the checks.

So our panelists today will highlight how they participate in VITA efforts, and how you and your organization may be able to support VITA and discuss how tax season is a great opportunity for more households to get banked.

Our first panelist is Jenny Vongxay. Jenny is the VITA program coordinator with the Connecticut Association for Human Services, or CAHS. They connect individuals and families to other programs within CAHS on financial literacy and work with participants on reaching their financial goals through financial coaching.

Before transitioning into her current role as VITA program coordinator Jenny was a volunteer tax preparer through the VITA program for eight years.

Also joining us today is Daniel Dodd-Ramirez. Daniel serves as assistant director for the Office of Community Affairs of the Consumer Financial Protection Bureau, or CFPB.

The Office of Community Affairs focuses on the specific opportunities and challenges of low-income and economically vulnerable consumers as they engage in the financial marketplace.

Both of the panelists' bios are in your committee materials so I'm going to turn it over to Jenny who will share more information about CAHS and its VITA efforts. So Jenny, you'll have about seven minutes. Thank you.

MS. VONGXAY: Hello, everyone. Thank you so much for that introduction, Mia. So yes, my name is Jenny Vongxay. I am the VITA program coordinator. VITA does stand for volunteer income tax assistance here at the Connecticut Association for Human Services. Next slide, please.

So CAHS, also known as the Connecticut Association for Human Services is a division of Advancing Connecticut Together, also known as ACT, along with three other programs working together under the same umbrella.

CAHS is located in Hartford, Connecticut, but our services are statewide. We strive to change the lives of low-income children and families by advocating for policies from financial insecurity and poverty to financial capability and success.

VITA provides free tax preparation services to low to moderate income individuals and families. We are a volunteer based program and our volunteers are IRS certified and trained.

Another part of our volunteer duties is to connect taxpayers to other financial resources and programs that CAHS provides which is also the Connecticut Money School, financial coaching, Bank On Connecticut, and our new initiative the CAHS Returning Citizens Program. Next slide, please.

So, as we all know the American Rescue Plan Act of 2021 expanded the child tax credit for 2021. The child tax credit is normally $2,000 per dependent, but with the plan the credit amounts are now $3,600 for children ages 5 and under, and the credit for children ages 6 through 17 is now $3,000. Before it was normally age 16.

The credit is fully refundable, meaning taxpayers even with no income qualifies for the credit.

Under the act eligible taxpayers will receive half their credit between July through December, and the remaining half when they file their 2021 taxes in 2022. Next slide, please.

So to qualify for the advance child tax credit payments taxpayers must have filed a 2019 or a 2020 tax return and have claimed the child tax credit on the return. Their information might also be when they filed through the non-filers queue for the economic impact payment. The children would be ages 17 and under, and their main home for more than half of the year in the U.S. was more than six months, and also have a valid Social Security number. Next slide, please.

So some of the CAHS efforts for the advance child tax credit and why it's so important in Connecticut. So in Connecticut there's over 25,000 children that are unaccounted for for the child tax credit, meaning according to the IRS they have not been claimed on a 2019 or a 2020 tax return. And that's $3,000 to $3,600 per dependent. So that's a lot of money being unclaimed.

One in seven children lives in poverty according to the Census Bureau, and the child tax credit will reduce that child poverty by nearly 50 percent.

So two of the frequently asked questions regarding or surrounding the child tax credit is that receiving these payments are not considered income so it does not affect your federal benefits such as SNAP, SSI, Section 8, or public housing.

The other frequently asked question was immigrant families who have ITINs or also known as the individual taxpayer identification number were not qualified. But they do qualify if the children were born in the U.S., have a valid Social Security number, and they are of age 17 and under. Next slide, please.

So some of the efforts that we are doing with VITA are hosting child tax credit day events. So pretty much my weekends for the next four weeks is hosting these child tax credit day events.

Our online portal is also open through October 15. Our services are in person and online through the GetYourRefund.org portal. And we are also open all year round to assist taxpayers with IRS letters, questions they may have during the season, or even access to a copy of their tax returns. Next slide, please.

So, some ways that we try to get the word out there about our services. Definitely use our community organizations and employees are definitely the trusted sources to spread the word to the community about our free services.

Become a VITA site. I've been recruiting VITA sites across Connecticut. We are expanding to over probably 65 VITA sites across the state of Connecticut. And lastly, of course vital to our VITA program are our volunteers. So we've been recruiting volunteers from banks, surrounding organizations, agencies, and partner organizations such as our churches and our schools. Next slide, please.

So preparing for the upcoming tax season, we've been recruiting of course our members from our banks who are thrilled about community service and helping the community. We've done early volunteer recruitment and volunteer training.

So part of the volunteer training is connecting taxpayers to other financial programs such as Bank On to open their bank accounts and save money, or save their refunds. So our trusted sources there is teaching the volunteers on how they can go about doing that.

And then we've also been partnering up with educational institutions or financial institutions to provide the resources for families on the importance of saving, and building their credit, and budgeting their finances.

I also want to mention a great story. So we have been (telephonic interference) and a way that we have been going and connecting our clients. So what happened was our Bank On coordinator was able to assist a client in getting their taxes done for free because they did not receive the economic impact payments.

So we've done the intake and through the intake we also noticed that the client did not have a bank account. And of course we know that through a check by mail takes up to six to eight weeks, and this client really needed their economic impact payment.

So our Bank On coordinator was able to find the opportunity to help them through the affordable banks and they were able to get their refund much quicker. Next slide, please.

Awesome. So before we get into Q&A I definitely want to thank everyone for this opportunity to be on the panel today. We share a vision to give back to the community in some way, and it was successful by sharing knowledge, educating one another, and working together.

One thing that I have always touched base on, or take home with me everywhere, take everywhere with me is wise words from my director. Each of the programs at CAHS works effectively independently, but it is the art of working in tandem that makes the work we do more impactful, important and empowering. So thank you and I will turn it back to Mia.

MS. SOWELL: Thank you so much, Jenny. That was some great information about CAHS's VITA efforts and definitely showing us that link from all of the services that CAHS provides to assist your clients, the residents in Connecticut to also partner with the Bank On coalitions.

Our community affairs team in our New York region looks forward to continuing its partnership with CAHS and supporting the VITA efforts as well as the Bank On Connecticut coalition, so thank you.

So now I'll turn it over to Daniel Dodd-Ramirez who will share information with us regarding CFPB's continuous efforts to collaborate with VITA and he'll offer some suggestions regarding how other federal agencies can also engage with VITA. So Daniel, you'll also have about seven minutes.

MR. DODD-RAMIREZ: Great. Thank you so much, Mia and Liz for the opportunity to address the committee today, and thank you to all the committee members for your time and volunteering to serve on this committee.

And I just have to say I'm just thinking about -- my background was working locally in a community for quite some time. And thinking about FDIC community affairs specialists, and IRS field staff, partnering with organizations like CAHS is extremely inspiring to me. And to think about there's so many examples like this across the country that are really working to provide really critical services in communities all around the country. It's just very inspiring so I just wanted to quickly say that.

Tax time does provide a unique opportunity for many people who are receiving refunds to increase their financial stability, security, and well-being. This is especially true for many people with low incomes because their tax refund is the biggest check, especially with the earned income tax credit, it's the biggest check that they're going to receive all year.

By this coming tax season as Jenny said many people are going to be receiving even a larger refund due to the expanded child tax credits and child independent care credits.

We at the CFPB have held several webinars and done a lot of outreach to ensure that families know about this important opportunity. And I know that's the case with a lot of organizations around the country and other federal agencies, to make sure that people are able to get it safely and get it quickly.

The safest and fastest way as was already mentioned to receive your tax refund is through direct deposit. For people who don't already have an account we recommend opening an account before filing a tax return, and bring your account information with you so that you can provide it to the IRS when you file your return.

Bringing it with you would be having it available virtually if you can't find a sign in site, a site that's accepting walk-up. And we definitely appreciate that many VITA sites have had to really adapt to the virtual world, and so have banks. So have we all.

For people who are unbanked it's especially important to take advantage of safe or second chance accounts like Bank On. And if you need help filing a tax return the best way again really is to make the most of your refund to go to a volunteer income tax assistance or a tax counseling for the elderly site referred to as VITA or TCE in your community and they'll help you file your return for free. And that will probably be virtually still at this point.

We at the CFPB know that many VITA programs are expecting challenges to recruit more volunteers this year in particular which is why the acting director of the CFPB recently published a blog encouraging our staff and staff of other federal agencies, and staff of financial service providers to volunteer at the VITA program in their community.

The VITA program has been the foundation for the asset building movement for communities that have high rates of poverty and we're proud to step up here to assist with this call to action.

There's a ton of information on the IRS web page, and there's United Ways, and there's a lot of different avenues for looking at how to volunteer with VITA. We're definitely very supportive and are encouraging it as our acting director said in his blog last Friday.

The CFPB annually works with around 75

VITA programs to learn from them and provide them with best practices on protecting their finances, and on how to help tax filers save a portion of their tax refund while filing their return.

Saving while filing a tax return is easy because you can have the IRS send portions of your refund into up to three separate accounts. So you can put some of your money in a checking account to pay the bills and catch up on debt. You can also have some sent directly to your savings account to set aside for an emergency.

Obviously having money set aside in an account is always a good bet because the unexpected happens and then you're in a better position to cover the cost without having to borrow the money at a higher cost. And of course we know that more and more and even lower income families are saving for longer term, whether it be for a children's savings account, or whatever that would be. There's increasing data around that which is encouraging and increasing efforts from great organizations around the country that are helping communities to do so.

CFPB research has also shown that having money saved increases people's sense of their own financial well-being because it gives them greater confidence that they can deal with the unexpected. And that's really no surprise for all of us. We're lucky to be able to save funds. And again, there's a lot of data out there on that, including research that we've collected on this topic.

So, in conclusion we are really encouraging our own workforce and other agencies to volunteer for VITA this year. We know that because of the COVID situation that VITA programs are expecting to have -- they're already experiencing challenges in signing volunteers up for VITA. And we intend to do our part, and we also intend to spread the word about how easy it is to do and encourage other folks to do so.

I'll just stop there and give it back to Mia. Thank you.

MS. SOWELL: Thank you, Daniel. Thank

you for sharing that call to action for CFPB volunteers and federal agencies as well.

So we'll now open the floor for any questions from our committee members. You can either select the raise hand feature or come off of mute to just go ahead and ask your questions. And I do see Naomi Camper has her hand raised. Naomi.

MS. CAMPER: Hi, great. Thank you guys so much. This was a terrific panel and I love it especially because hopefully we all leave here with something to do, and an assignment.

I had one comment and then a question actually. So first of all I love hearing (inaudible) Bank On accounts. I'm a one trick pony in that regard.

One thing I would note in the data is I no longer, and I don't think our banks any longer think of them as second chance accounts. I think what we're seeing both anecdotally and through the data is that it's sort of equal, the number of people who don't have any other option besides a Bank On account and choose that.

The other half could choose a full service account and make the affirmative choice to get a Bank On account. So that's an exciting thing. It also really depends on how they're marketed, but they're no longer sort of I don't think that they have a stigma and they're a full service account. So that's exciting.

I would love to learn more from the Connecticut experience. It's fantastic to hear that you have a Bank On coordinator. Number one, I'd love to learn what you think the banking (inaudible) trade association to make sure that you have the collaboration that would be useful for tax season.

And the second thing is every account that's opened is fantastic. One sounds on the low side. Do you find that most of the people who come into your VITA site are already banked, or are there people who seem like even when you tell them about the opportunity to open an account they're somehow hesitant. And if so, how can we overcome those barriers?

MS. SOWELL: Jenny, do you want to answer that?

MS. VONGXAY: Yes. So most of our clients do already have bank accounts, but what we find during the season is how can I get in contact with the IRS because I just changed my bank, or I have a different account.

So one of the big things are people are using those Chime accounts. So we try to convince them to stray away from those third party accounts because the way it goes is that those Chime accounts, or those H&R Block advanced accounts, they go to a different account before they hit your bank account.

So for a situation just like with the economic impact payments it went to that third party account and those refunds were sent back. And then now they had to be refunded by a check which took weeks to get.

And so to convince them about that we introduced them to the Bank On Connecticut account with low fees, or to the no monthly fees, or whatever it is that they're looking for in a bank they can find with Bank On.

MS. CAMPER: Great, thanks. And please do feel free to be in touch if there are ways that coordination with the industry more generally could assist you during tax season to get more people --

MS. VONGXAY: Oh, absolutely. Thank you.

MS. SOWELL: Thank you, Naomi. Thank you, Jenny. Are there any other questions from the committee? Otherwise I'll sort of piggyback a bit on some things that Daniel mentioned.

This year's tax refund could potentially be the largest refund ever received by some families that are receiving not only the child tax credit, but also the earned income credit.

Could you describe any resources or services that CFPB may offer to families who are interested in preserving some of those funds? You talked about the tax savings program. And if there's any financial coaching guidance that's available.

MR. DODD-RAMIREZ: So we do have actually a -- as far as I'll start with the financial coaching. We do have a report that we've just put out around financial coaching programs operating in this new virtual setting that really highlights how organizations are successfully stepping up in this way.

And so -- and has a lot of tips on how to do that, and how to still apply coaching principles even though you're far away from your client in many cases. And so I would -- you could just do a search for virtual coaching guide CFPB and that should come up.

As far as the child tax credit we have put a lot of information on our COVID response page under CFPB. And there's a lot of information there that could be downloaded and used.

We've been targeting webinars specifically to organizations that have front line staff which is really where we've mostly focused with our own education and consumer protection materials is focusing on the front line staff that have relationships with clients, as clients are coming in to certify for benefits, or re-certify to get housing, or to get transportation, or to get a job. Really training front line staff.

And so as we've held public webinars we've really targeted the training around the child tax credit and how to access the child tax credit through those webinars. And so we're excited to look for more opportunities to do that with other agencies.

We held one that was quite large with HUD about a month ago, and we're definitely open to holding more of those. But you should be able to find a lot of information by just going directly to our coronavirus website within CFPB.

MS. SOWELL: Great. Thank you, Daniel. So we have reached the conclusion of our time for this session so I'm going to say thank you to both of you for participating in this panel discussion. And I'm going to turn it over to Liz.

MS. ORTIZ: Thanks, Mia. I want to add my thanks and appreciation to everyone who dedicated several hours of their valuable time to be with us this afternoon.

And now let me turn the meeting back to Chairman McWilliams to close out today's meeting. Thank you again, everyone.

CHAIRMAN MCWILLIAMS: Thank you so much, and thank you not just Liz and our staff, but I would like to thank the committee members as well for their continued partnership, thoughtful comments, and everything you give us, and you give us all of you every time. The work that you do on the ground with your communities is incredible, and that's something that we don't take lightly, and we certainly benefit as I mentioned in the opening comments from the input that you provide to us and suggestions, recommendations, and just brainstorming some of these issues that frankly have persisted for too long in the United States.

Liz, do we have the date for the next

committee meeting?

MS. ORTIZ: No, Madam Chairman, we do not.

CHAIRMAN MCWILLIAMS: All right. In my notes it says to be confirmed, the date to be confirmed, but I hope it's in person because I love seeing you and I love being able to interact with all of you in between the sessions and discussion. So let's just keep our fingers crossed that we can actually meet in person next time.

In the meantime I hope you, your families, and your staff, and your organizational staff are safe and we look forward to seeing you at our next meeting. Thank you so much and take care.

(Whereupon, the above-entitled matter went off the record at 4:52 p.m.)