

Minutes
of
The Meeting of the FDIC Advisory Committee on Economic Inclusion
of the
Federal Deposit Insurance Corporation
Held in the Board Room
Federal Deposit Insurance Corporation Building
Washington, D.C.
Open to Public Observation
October 18, 2017 – 9:07 A.M.

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

The members of ComE-IN present at the meeting were Robert A. Annibale, Global Director, Citi Microfinance and Community Development; Michael S. Barr, Professor of Law, University of Michigan Law School; Janie Barrera, Founding President and CEO of LiftFund, Inc.; Ted Beck, President and Chief Executive Officer (“CEO”), National Endowment for Financial Education; Kelvin Boston, Executive Producer and Host of PBS’ *Moneywise with Kelvin Boston*; José Cisneros, Treasurer, City and County of San Francisco, California; Martin Eakes, CEO, Self-Help/Center for Responsible Lending; Wade Henderson, President and CEO, Leadership Conference on Civil Rights, and Counselor to the Leadership Conference on Civil Rights Education Fund; Andrea Levere, President, Prosperity Now; Patricia A. McCoy, Liberty Mutual Professor of Law, Boston College Law School; Alden J. McDonald, Jr., President and CEO, Liberty Bank and Trust Company; Bruce D. Murphy, Executive Vice President and President, Community Development Banking, KeyBank National Association; Phillip L. Swagel, Professor in International Economic Policy, University of Maryland; and John C. Weicher, Director, Center for Housing and Financial Markets, Hudson Institute.

Nandita Bakhshi, President and CEO, Bank of the West; Ester R. Fuchs, Professor, School of International and Public Affairs, Columbia University; Mark W. Olson, Chairman,

Treliant Risk Advisors; Manuel Orozco, Senior Associate at the Inter-American Dialogue and Senior Researcher, Institute for the Study of International Migration, Georgetown University; and John W. Ryan, Executive Vice President, Conference of State Bank Supervisors, were absent from the meeting.

The sole member of the Corporation's Board of Directors present at the meeting was Martin J. Gruenberg, Chairman. Jonathan Miller, Designated Federal Officer for the Committee and Deputy Director, Division of Depositor and Consumer Protection, also was present at the meeting.

Corporation staff who attended the meeting included Michelle Adams, Lee Ann Antol, Valerie J. Best, Rebecca Bittle, Michael W. Briggs, Karyen Chu, Christine M. Davis, Stephanie M. Downing, Keith S. Ernst, Lessie P. Evans, Richard Foley, Janet R. Gordon, Shamara L. Humbles, Nicholas S. Kazmerski, Laura Lawrence, Joan M. Lok, Christopher Lucas, Jonathan Miller, Janet V. Norcom, Joyce M. Northwood, Gerard S. Parnacott, Mark Pearce, Lavonne R. Pherson, Kristopher Rengert, Floyd Robinson, Casey Snyder, Patience R. Singleton, Kimberly Stock, Thomas E. Stokes, and Lori Thompson.

Chairman Gruenberg opened and presided at the meeting. He began by observing that today's program captured in many ways the work the Committee has done over the past several years. He stated that the focus of the morning session was on the FDIC's continuing effort to expand access to the mainstream financial system for everyone who lives in the United States. Chairman Gruenberg reminded Committee members that much of the focus in previous Committee presentations had been on large institutions that offered accounts known as Safe Accounts, and that the FDIC also wanted to include in its outreach efforts for the smaller institutions to offer Safe Accounts, as well. He observed that, in many ways, community banks and smaller banks are vehicles for access to the financial system.

Next, Chairman Gruenberg provided an overview of the meeting agenda, identifying the following four major topics: Safe Accounts offered by smaller institutions, FDIC bank survey results, financial inclusion for persons with disabilities, and research updates on neighborhood access to bank branches. Regarding the presentation on research updates regarding neighborhood access to bank branches, Chairman Gruenberg advised that the research was focused particularly on populations in the United States that continue to rely on access to bank branches for their banking services. He observed that much of the focus in today's discussion will be on technology and online access, but noted that large numbers of people, particularly lower income and elderly populations, continue to rely heavily on bank branches for access to financial services, and that fact was something the FDIC wanted to understand better. Chairman Gruenberg then turned the discussion over to Jonathan Miller, Deputy Director, Division of Depositor and Consumer Protection ("DCP"), moderator of the first panel, "Safe Accounts Update."

Mr. Miller advised that the panel would update the Committee on work being done by the FDIC to expand economic inclusion and the reach of Safe Accounts, including those accounts that meet the Cities for Financial Empowerment's National Account Standards. He then introduced Melissa "Missy" Burba, Senior Vice President for First Commonwealth Bank; Victoria Goins, Program Manager for Bank On Greater Pittsburgh; and Ben Joergens, Director of Financial Empowerment for Old National Bancorp.

Ms. Burba began by noting that every community bank she speaks with acknowledges the importance of educating customers on financial health and how to improve customers' financial lives. She explained that First Commonwealth Bank's financial education program coordinator provides financial education for adults, children, and bank employees. She said that the bank's community lending manager is also an advocate for unbanked and underbanked populations, and partners with Bank On Greater Pittsburgh in those efforts. Ms. Burba then provided an overview of the bank's personal checking account options, including Hometown Checking, SmartPay Card, and health savings accounts. Ms. Burba recalled that the SmartPay Card was initially marketed by the bank as a banking solution for teens and college students, and it is now being considered by the bank as a product for unbanked and underbanked populations. Ms. Burba reported that First Commonwealth Bank's SmartPay Card met criteria for Bank On certification in May 2017, and was the ninth bank in the nation to get Bank On certification for that product. Ms. Burba said the bank is in the process of positioning the SmartPay Card with its sales team as a good option for unbanked and underbanked populations. Ms. Burba observed that, even though the bank has been marketing credit cards for only a year, the consumer credit card and secure credit card were more successful than the bank had anticipated, with 11 percent of account openings in the past year coming from credit card products.

Concluding her presentation, Ms. Burba briefly addressed the Fund My Future Program that originated in Western Pennsylvania to support students of Allegheny County's network of 11 Propel public charter schools, providing incentives to underserved parents to start saving for their children's college. Ms. Burba reported that children are three times more likely to go to college, and four times more likely to graduate from college, if they have a savings account. Ms. Burba stated that the program expanded September 1, 2017, to all of Allegheny County, and the goal is to expand it to all of Western Pennsylvania.

Ms. Goins then briefed the Committee on Bank On Greater Pittsburgh's focus on serving the unbanked and underbanked, and pointed out that Bank On Greater Pittsburgh is a program supported by the Urban League of Greater Pittsburgh. Ms. Goins discussed the program and the needs assessments that were conducted in order to determine what was needed for Bank On Greater Pittsburgh to be effective in Allegheny County. Reiterating the fact that the mission of Bank On Greater Pittsburgh was to begin to address the needs of the unbanked and underbanked by providing them an affordable, sustainable account platform that was not predatory, Ms. Goins pointed out that meant providing financial education to program clients that were accustomed to the immediate gratification provided by payday loans and quick cash outlets. Ms. Goins also

noted that financial literacy partners included First Commonwealth and the Community College of Allegheny County. Next, Ms. Goins expressed concern over the difficulty individuals in this market experience sustaining livelihoods through emergency situations. Ms. Goins noted that Bank On Greater Pittsburgh received a Bank On capacity grant from the Cities for Financial Empowerment. She explained that the grant is being used to provide financial education, provide technical platforms that will possibly eliminate the aversion some individuals have to entering bank branches, and technically advance the Bank On website in order to attract millennials. In closing, Ms. Goins announced that Bank On Greater Pittsburgh is partnering with the Cities for Financial Empowerment, the FDIC, the Office of the Comptroller of the Currency, and Neighborhood Allies to host an event that will be held in Pittsburgh on October 30, 2017, and will showcase the National Account Standards. Ms. Goins added that event information is available at: www.joinbankon.org.

Mr. Joergens then briefed the Committee on the EZ Access Account offered to underserved markets by Old National Bancorp and pointed out that Old National Bancorp implemented the first Bank On program in the Midwest. He explained that when the program was first developed, Old National Bancorp conducted community needs assessments, and surveyed nonprofit organizations, recovery centers, and correctional facilities to determine the most beneficial product to offer. Mr. Joergens then listed the features of the EZ Access Account that was developed for this market. He pointed out that the bank's President and CEO, Bob Jones, was a member of the Bank On National Advisory Board, and committed the program to providing financial education to underserved populations. To that end, the bank partnered with the National Financial Educators Council to develop the Old National Real Life Finance curriculum, with 68 employees trained to teach the program's wide variety of financial education workshops that include financial psychology, account management, credit, budgeting, insurance, retirement, and investments. Turning to the importance of helping the next generation, Mr. Joergens detailed the curriculum expansion that was implemented to reach anyone from pre-K to adult. Mr. Joergens concluded by providing information on a twelve-week financial success program Old National Bancorp developed to empower at-risk adults who had been incarcerated for non-violent offenses.

In the discussion that followed, Committee members offered a number of comments and suggestions. Member Annibale began by noting that underserved segments are composed of large numbers that have not been intentionally targeted by most large financial institutions and congratulated the speakers on their work with those underserved segments. Member Levere observed how data actually changes policy and behavior. She noted that the liquid asset poverty number of \$400 that had been cited from the Federal Reserve Board was used to bring in people from Pittsburgh who had not previously considered themselves as being in one of those targeted populations. Ms. Goins, in response to Member Levere's inquiry about the history of racial discrimination and racism in Pittsburgh, then reflected on how racial discrimination and disparities impact the work being done, and discussed the focus on homeownership. Discussion followed regarding Member Swagel's concerns regarding the availability of for fee or no fee

overdrafts in products designed for underserved segments of the population and the impact of the payment system on such availability. Member Henderson suggested that existing disparities are created by structural inequality. He expressed his concern that student loans are non-dischargeable in bankruptcy, resulting in financial burden for the rest of that individual's life. Discussion followed regarding financial education that addresses student loan debt. Member Henderson observed that financial institutions are precluded by the FDIC from hiring individuals who may have been previously incarcerated for even minor offenses, and proposed the question of whether the FDIC should consider fair hiring policies as a question that should be on the table.

Member Cisneros commented on the importance of guiding customers to safe places to have their accounts, particularly in the aftermath of the Wells Fargo account scandal. Discussion followed to address Member Cisneros' additional concerns regarding negative balances and waivable monthly fees. In response to a question posed by Member McCoy, the panel then described factors impeding utilization of these products by underserved populations, and efforts made to address those challenges. Member Eakes then asked about advice the panel had regarding expanding the certification process to other products. In response, the panel identified the need for collaboration of all banks to use the same national certification standards, the importance of customer financial education, and challenges presented during the certification process. Member Murphy pointed out that the Bank On product could be a mass market product and its application could extend beyond the underserved market. The panel then addressed Member Murphy's concern regarding branding the product as Bank On, and explained education efforts made to minimize any branding confusion.

Mr. Miller then announced that the meeting would briefly recess. Accordingly, at 10:33 a.m., the meeting stood in recess.

The meeting reconvened at 10:50 a.m. that same day, with Mr. Miller providing context for the Committee's next presentation. Mr. Miller noted that this was the first time the Committee had heard from some smaller institutions offering Safe Accounts and acknowledged that previous presentations had been by the very large banks. He reminded the Committee of the progress seen in the area of Safe Accounts, noting that 87 percent of Americans live in a county with a full service branch of one of the institutions offering a Safe Account. Mr. Miller acknowledged that there had been no recent survey data to explore the question of Safe Accounts, other than the dated FDIC 2011 survey of banks' efforts to serve unbanked and underbanked populations. To fill that knowledge gap, Mr. Miller indicated that the next panel would provide results from a survey of banks done in partnership with the FDIC's Division of Insurance and Research and the U.S. Census Bureau. Mr. Miller expressed the hope that the survey would provide a basis for the Committee to reflect on what more can be done to help smaller institutions consider whether Safe Accounts could work for them, as they have proven to work so effectively for larger institutions. Mr. Miller then introduced Karyen Chu, Chief,

Consumer Research and Examination Support Branch, DCP, to moderate the next panel, “2016 FDIC Bank Survey Results.”

Ms. Chu introduced the members of panel, including Kristopher Rengert, Senior Consumer Researcher, DCP, and Joyce Northwood, Senior Financial Economist, DCP. Ms. Chu noted that the FDIC’s economic inclusion research on consumers and households, in particular the biannual national survey on unbanked and underbanked households, is well known and widely used. She added that the FDIC has a parallel interest in conducting research that provides information about economic inclusion efforts and opportunities at banks, and listed 2009 and 2011 surveys, as well as 2015 qualitative research. Ms. Chu noted that the major purpose of the bank survey and research presented today was to explore the availability of accessible and sustainable basic entry-level accounts in the U.S. and the accessibility of identification and screening policies for account opening. Ms. Northwood’s presentation included an overview of the 2016 survey. She also discussed access, or the consumers’ ability to actually open basic checking accounts, which is the first component of the framework of assessing economic inclusion as it relates to the characteristics of basic checking accounts. Mr. Rengert discussed sustainability, the other key component of assessing accounts through this framework.

Following the panelists’ presentations, Member McCoy opened a discussion on the low incidence of Safe Accounts, strong regional differences, and testable hypotheses regarding both of those issues. Member Cisneros identified the challenge that has existed for years as how to steer people towards safer accounts. He also expressed an interest in obtaining a detailed geographic inventory. Member Beck observed that Safe Accounts are in everybody’s best interest, including the best interest of shareholders, and suggested that fact would result in a lot bigger institution pickup than presenting only the social aspect of the accounts. Member McDonald stated it would be helpful to have baseline data to be able to track over time. Member Boston initiated a discussion of primary reasons for being unbanked and suggested working with the American Bankers Association and state bankers’ associations to make bankers aware of the good business sense to offer this product. Member Annibale mentioned the challenge around acceptable IDs for both small and large institutions. Member Eakes observed that some of the data presented was difficult to interpret and appeared to indicate that very few people get the benefit of a Safe Account. He suggested publishing rankings of banks by name, indicating, for example, which banks offer no overdraft or NSF fees. The panel responded to Member Henderson’s question regarding data collection regarding payday lending when accessible accounts are available to the unbanked, as well as his concern regarding the disparity among African-American and Latino households. Member Henderson also expressed a desire to use the data to promote policies that achieve the Committee’s objectives, and offered to meet with the panel in advance of the next survey to discuss the type of data to be collected. Mr. Miller pointed out that the survey instruments were shared with the Committee, and are published in the *Federal Register* with a request for public comment. Mr. Miller stated that the panel would continue to share the instrument with the Committee and will arrange calls to receive Committee members’

reactions and comments. Member Barr agreed with Member Eakes that overdraft fees, both amount and incidence, are issues.

Mr. Miller announced that meeting would recess for lunch. Accordingly, at 11:57 a.m., the meeting stood in recess.

The meeting reconvened at 1:26 p.m. that same day, at which time Thomas Stokes III, Atlanta Regional Manager for Community Affairs, DCP, and moderator of the panel on “Financial Inclusion for Persons with Disabilities,” emphasized the commitment to improving economic inclusion of people with disabilities. Mr. Stokes discussed the three-part focus on collaboration with partners, to include the Consumer Financial Protection Bureau (“CFPB”) and the National Disability Institute; enhancement of the suite of educational resources; and pursuit of initiatives to identify and disseminate information about inclusive products and practices. Mr. Stokes then introduced Thomas Foley, Deputy Director for the World Institute on Disability; Anthony Poluch, Senior Vice President and CRA Officer for Bryn Mawr Trust Company; and Joseph Keefer, Executive Vice President for Bryn Mawr Trust Company.

Mr. Foley opened the presentation by noting that nearly 75 percent of the staff of the World Institute on Disability has disabilities. He discussed his own journey with financial education and the importance of taking a financial empowerment class that changed his life. Mr. Foley discussed financial education tools provided by the World Institute on Disability that target people who have disabilities, to include the *Equity* magazine and the *Equity* book. Mr. Foley shared with the Committee that nearly 50 percent of individuals with disabilities are unbanked, but observed that much progress has been made in the last ten years. Mr. Foley then discussed some of the factors that contributed to that change, to include intentionality, policy changes, and business decisions regarding inclusion. He mentioned the CFPB’s *Focus on People with Disabilities Guide*, which is the companion guide to the CFPB’s *Your Money, Your Goals* financial toolkit, and pointed out that the guide specifically focused on the unique issues often faced by people who have disabilities. Mr. Foley informed the Committee that the FDIC helped recruit 34 disability organizations to be part of this first cohort as this resource is rolled out and acknowledged the roll-out has been a great success because the disability organizations were responding very positively to this financial inclusion and technical assistance. Mr. Foley provided the Committee with information on upcoming training and webinars. He discussed the Achieving Better Life Experience (“ABLE”) Act that allows people who have disabilities to save money without losing disability benefits, thereby contributing to the rebirth of hope for an entire group of people around both employment and economic development. Mr. Foley concluded his presentation by emphasizing the importance of technology in contributing to financial independence for individuals who have disabilities.

Mr. Keefer introduced an additional panel member, Susan Tachau, Chief Executive Officer for Pennsylvania Assistive Technology Foundation (“PATF”). He opened his presentation by explaining how Ms. Tachau helped educate Bryn Mawr Trust Company about the unique financial needs of individuals who have disabilities and how Bryn Mawr Trust Company partnered with PATF to develop financial products in response to those unique needs. The loan program that was developed for individuals who have disabilities provided financial education during the application process, below-market loan rates, no fees, and enhanced underwriting. Mr. Poluch informed the Committee that the loan program provided loans to individuals in every county in the state of Pennsylvania. Mr. Poluch acknowledged that the program was a Community Reinvestment Act (“CRA”) opportunity for the bank, and suggested that if other banks were presented with this perspective, they would take the time to consider the program. He also recommended *Cents and Sensibility*, a guide to money management that is published by PATF.

Member Boston shared that it was not until he attended an event on the Americans with Disabilities Act that he really for the first time began to understand economic inclusion as it relates to people with disabilities, as well as the income gap and wealth gap in communities who have disabilities. He also emphasized that the FDIC, Chase, Citi, and all the banks who are working to help individuals who have disabilities should be proud of what they are accomplishing.

Discussion followed regarding financial education and financial empowerment for individuals who have disabilities.

Mr. Stokes then announced that the meeting would briefly recess. Accordingly, at 2:17 p.m., the meeting stood in recess.

The meeting reconvened at 2:29 p.m. that same day, at which time, Keith Ernst, Associate Director, DCP, and moderator of the panel on “Neighborhood Access to Bank Branches – Report Update,” stated that the next presentation addressed vulnerable residents’ population’s access to bank branches across all urban areas in the United States. Mr. Rengert opened his presentation by explaining that FDIC researchers developed the Locally-Defined Distance Threshold (“LDT”) to identify areas (or census tracts) with lower access to bank branches relative to other areas within the same metropolitan area. He pointed out that, although the number of bank branches had declined in recent years, the household survey demonstrated that consumer use of bank branches remained high, particularly among certain groups of consumers. Those consumer groups included lower income consumers, adults with lower educational attainment, older consumers, and Spanish-speaking populations. Mr. Rengert shared research findings that indicated black and Hispanic survey respondents were about as likely as all respondents to rely on bank tellers for account access; however, black and Hispanic households were substantially

more likely to report being unbanked or underbanked. He provided census data and research findings for a variety of metropolitan areas, to include New York, New York; Philadelphia, Pennsylvania; Chicago, Illinois; Detroit, Michigan; Dallas, Texas; Washington, D.C.; Los Angeles, California; and Atlanta, Georgia. Mr. Rengert closed his presentation by identifying possible next steps, such as developing a web-based application to share maps and results for all Metropolitan Statistical Areas (“MSAs”), investigating spatial clusters of lower-access areas, incorporating locally generated data and knowledge, and identifying strategies that banks are using or could use to serve vulnerable populations in lower-access tracts. A question and answer period followed and Committee members thanked the panel for the detailed level of data.

Chairman Gruenberg thanked the panelists for their presentations and thanked the Committee members for their service on this Committee. He observed that the contributions the Committee members have made to the FDIC and to the work in this area have been invaluable. Chairman Gruenberg stated this was probably his last meeting as Chairman and that it was his hope that the next FDIC Chairman continues with the Committee on Economic Inclusion. He noted that as soon as the new Chairman is announced, this will certainly be among the first issues he discusses with that person.

There being no further business, the meeting was adjourned at 3:19 p.m.

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
And Committee Management Officer
FDIC Advisory Committee on Economic Inclusion

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

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