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

February 5, 2009 - 8:30 A.M.

The meeting of the FDIC Advisory Committee on Economic Inclusion ("ComE-IN" or "Committee") was called to order by ComE-IN Chairman Diana L. Taylor.

The members of ComE-IN present at the meeting were: Diana L. Taylor, ComE-IN Chairman and immediate past New York State Superintendent of Banks; Ted Beck, President and Chief Executive Officer, National Endowment for Financial Education; Kelvin Boston, President, Boston Media, LLC; Martin Eakes, Chief Executive Officer, Self-Help Credit Union, Durham, North Carolina; Lawrence K. Fish, Chairman , Citizens Financial Group, Inc.; Rev. Dr. Floyd H. Flake, Senior Pastor, Greater Allen AME Cathedral of New York; Ester R. Fuchs, Professor, School of International and Public Affairs, Columbia University; Ronald Grzywinski, Chairman, ShoreBank Corporation of Chicago; Wade Henderson, Executive Director, Leadership Conference on Civil Rights; Alden J. McDonald, Jr., President and Chief Executive Officer, Liberty Bank and Trust, New Orleans, Louisiana; John W. Ryan, Executive Vice President, Conference of State Bank Supervisors; Peter Tufano, Sylvan C. Coleman Professor of Financial Management, Harvard Business School, and Senior Associate Dean and Director of Faculty Development; Elizabeth Warren, Leo Gottlieb Professor of Law, Harvard Law School; and Deborah C. Wright, Chairman and Chief Executive Officer, Carver Federal Savings Bank, New York, New York. Roberta K. McInerney, Designated Federal Officer for the Committee and Federal Deposit Insurance Corporation ("Corporation or FDIC") Acting General Counsel, was also present at the meeting. Committee members Manuel Orozco, Senior Associate at the Inter-American Dialogue, and Senior Researcher, Institute for the Study of International Migration, Georgetown University; and Maria Otero, President and Chief Executive Officer, ACCION International, were absent from the meeting.

Members of the Corporation's Board of Directors present at the meeting were Sheila C. Bair, Chairman, and Martin J. Gruenberg, Vice Chairman. Corporation staff who attended the meeting included Ruth R. Amberg, Valerie J. Best, Lee Bowman, Susan E. Burhouse, Christine M. Davis, M. Alise DeLeon, Diane L. Ellis, Robert E. Feldman, Tiffany K. Froman, Leneta G. Gregorie, Angelisa M. Harris, William F. Harral, Alan W. Levy, Rae-Ann Miller, Skip Miller, Tariq A. Mirza, Robert W. Mooney, Pamela C. Nelson, Janet V. Norcom, Debra L. Novak, Sylvia H. Plunkett, Luke W. Reynolds, Claude A. Rollin, Barbara A. Ryan, Katherine A. Samolyk, Jesse O. Villarreal, Cathy Wright, and Nann E. Wright.

Ed Bachelder, Director of Research, BlueFlame Consulting, LLC; Michael Barr, Professor, University of Michigan Law School; Dora I. Brown, Senior Vice President, International Bank of Commerce, Laredo, Texas; Mary Dupont, Executive Director, Nehemiah Gateway CDC; Bruce Gotschall, Executive Director, Neighborhood Housing Services of Chicago; James P. Maloney, Chairman, Mitchell Bank, Milwaukee, Wisconsin; Charles Martin, CRA Officer, M&T Bank, Oakfield, New York; Peter Mosbacher, Senior Vice President, Amalgamated Bank, New York, New York; Victor Ramirez, Community Relations Officer, Citibank, National Association, Las Vegas, Nevada; Mary Jane Town, Senior Vice President & Director of Marketing, Monroe Bank and Trust, Monroe, Michigan; and James E. Young, President & CEO, Citizens Trust Bank, Atlanta, Georgia, were also present at the meeting.

Committee Chairman Taylor opened and presided at the meeting. After Committee Chairman Taylor welcomed ComE-IN members and provided an overview of the meeting agenda, Chairman Bair provided an update on the status of initiatives arising from previous meetings of the Committee, including progress on the Corporation's affordable small-dollar loan pilot; progress, in coordination with the Financial Crimes Enforcement Network, on obtaining more clarity on what constitutes a money service business ("MSB") and the regulatory requirements for financial institutions doing business with an MSB; progress, working with Peter Tufano and others, to explore the potential for leveraging state lotteries to encourage saving and the extent to which financial institutions can play a role in prize-linked savings programs; and the Corporation's issuance, on September 4, 2008, of a Financial Institution Letter on *Best Practices from the FDIC's Forum on Mortgage Lending for Low- and Moderate-Income Households*. Chairman Bair further reported that the Committee's early advocacy for wide-scale restructuring of troubled mortgages seemed to be gaining momentum, with the Corporation having pioneered a systematic loan modification protocol at IndyMac Federal Bank, F.S.B., Pasadena, California, and having developed and posted on the Corporation's web site a Loan Modification Program Guide (also known as "Mod-in-a-Box")for use by other mortgage servicers. She then concluded her update on economic inclusion initiatives by calling attention to the Corporation's recently completed survey on *Banks' Efforts to Serve the Unbanked and Underbanked* ("Bank Survey"), the results of which she indicated would be presented by members of the first meeting panel, moderated by Barbara A. Ryan, Deputy to the Vice Chairman.

After introducing her fellow panelists, Ed Bachelder, Director of Research, BlueFlame Consulting, and Michael Barr, Professor, University of Michigan Law School, Ms. Ryan provided a brief overview of the Bank Survey, noting that the survey was mandated by the Federal Deposit Insurance Reform Conforming Amendments Act of 2005 ("Reform Act"), which requires that the Corporation conduct biennial surveys on the efforts of insured depository institutions to serve the unbanked, report to Congress on survey findings, and make recommendations for appropriate legislative action; and that the survey goals were to identify the extent to which banks are serving the banking needs of the unbanked and underbanked, challenges affecting the ability of banks to serve those populations, and innovative efforts used by banks to meet the financial services needs of the unbanked and underbanked. She also noted that the Reform Act requires the Corporation to provide a fair estimate of the size and worth of the unbanked market, which she indicated was being explored in a separate study conducted jointly with the Bureau of the Census as a supplement to its January 2009 Current Population Survey, with anticipated publication of survey results in the second half of 2009. With respect to the Bank Survey, Ms. Ryan provided preliminary background on the survey design, methodology, and response rates; the case studies of 16 participating banks that highlighted innovative efforts to serve the unbanked and underbanked; and the high-level survey findings. Among the high-level findings she identified were that most banks are aware of significant populations of unbanked and underbanked in their service areas, yet relatively few have made it a priority to target those markets; that many banks offer some basic financial education materials, but fewer engage in the types of outreach efforts identified by the banking industry as most effective; and that, while most banks offer basic checking and savings accounts to all customers, few offer the types of products that are specifically tailored to the needs of unbanked and underbanked customers.

Next, Mr. Bachelder expanded on the survey methodology and the survey findings, including the most effective outreach methods, perceived challenges to serving the financial services needs of the unbanked and underbanked, services provided for non-customers who may be unbanked or underbanked, and account opening policies and practices. Regarding survey findings, he reported that participants identified effective outreach methods, in order of most effective to least effective, as providing financial education sessions, participating with other organizations to offer financial services, outreach to employers and community organizations, financial education materials, and targeted marketing; and that participants identified challenges to serving unbanked and underbanked individuals, in rank order, as profitability issues, regulatory barriers, fraud concerns, the high cost of customer acquisition, and competition from alternative service providers. Mr. Bachelder further indicated that, because of regulatory concerns about providing payment services to non-customers, most participants limited such services to cashing checks drawn on the bank itself, with only slightly more than a third offering bank checks or money orders and only 6 percent offering international remittances; that account opening requirements, including third-party check screens and acceptable forms of identification, present significant obstacles to establishment of banking relationships with the unbanked; and that, while most banks offer basic checking accounts, with free check writing and no minimum balance requirement, the overwhelming majority charge a per-item overdraft fee.

With respect to recommendations arising from the survey, Ms. Ryan advised that the Corporation's recommendations in its report to Congress would include defining as a shared government-industry goal a reduction in the number of unbanked and underbanked individuals and households in the United States, with possible creation of a national task force to provide oversight and guidance and reliable and regular reporting of statistics on the number of unbanked and underbanked households.

Professor Barr then offered more specific recommendations for industry and government action. On the industry side, he suggested that the banking sector focus on developing and offering products uniquely tailored to the financial services needs of low-income households based on a deeper understanding of what works for that population, with emphasis on efficient mechanisms for receipt of income, and systems that facilitate saving, particularly building a cushion for emergencies, and safer, lower-cost credit products. On the government side, he suggested a re-evaluation of the funds availability policy; encouraging smaller insured financial institutions to offer direct deposit for firms with which they do business and encouraging smaller firms to offer it to their employees; expansion of the work already accomplished by states in the area of electronic benefits transfers, with more emphasis on development of automatic savings plans and provision of other services needed by low-income individuals and households; modification of the service test under the Community Reinvestment Act ("CRA") to recognize innovation in development of products and services that meet the financial services needs of low-income individuals and households; establishment by the Internal Revenue Service, through a consortium of participating banks, of accounts for direct deposit of tax refunds for low-income individuals without bank accounts receiving the earned income tax credit; and establishment of a tax credit for insured financial institutions offering safe and affordable accounts to low- and moderate-income ("LMI") consumers to offset the profitability issues associated with such accounts.

Concluding the presentation, Ms. Ryan identified and thanked the members of the team of Corporation employees who worked on the survey. Vice Chairman Gruenberg also thanked Mr. Bachelder, Professor Barr, and members of the Corporation team for their outstanding work and underscored the opportunity presented for the Corporation to expand available information on the unbanked and underbanked populations and to facilitate development of meaningful responses that have a positive impact on their access to financial services.

During the discussion that followed, Committee and panel members explored, among other things, the extent to which early financial education, at the elementary, middle, and high school levels would serve to decrease the numbers of unbanked and underbanked; the irony of the Check Clearing for the 21st Century Act ("Check 21") having exacerbated the issue of funds availability; the tension between a national goal of reducing the number of unbanked and underbanked and the prevalence of overdraft fees; and possible features of a safe and affordable bank account for the unbanked and underbanked. Regarding features of a safe and affordable account, Professor Barr suggested that, rather than a checking account with an overdraft facility, such an account would be debit-card based; have an electronic direct deposit mechanism for receipt of income, including state and federal benefits; include an automatic savings feature that is harder to access than other funds; and, perhaps, provide access to a small-dollar loan product. With respect to Professor Barr's earlier recommendation for tax incentives to encourage bank-provided financial services to meet the needs of the unbanked and underbanked, Alden J. McDonald, Jr., President and Chief Executive Officer, Liberty Bank and

Trust, New Orleans, Louisiana, suggested an alternative might be a credit against deposit insurance assessment fees.

Ms. Ryan, continuing to act as moderator, next provided an overview of the second panel, which she indicated would highlight some of the successes of case study banks in working with their communities to open deposit accounts, provide small-dollar loans, and deliver financial education. She introduced as members of the panel James P. Maloney, Chairman, Mitchell Bank, Milwaukee, Wisconsin; Peter Mosbacher, Senior Vice President, Amalgamated Bank, New York, New York; Victor Ramirez, Community Relations Officer, Citibank, National Association, Las Vegas, Nevada; and Mary Jane Town, Senior Vice President & Director of Marketing, Monroe Bank and Trust, Monroe, Michigan.

Mr. Maloney began by providing a brief overview of the history and operations of Mitchell Bank, noting that the bank is one of 31 participants in the Corporation's Small-Dollar Loan Pilot program. He then identified the features of the small-dollar loan offered by Mitchell Bank, which he observed were patterned after those recommended by the Corporation, advising that initially the loans were offered only to bank customers, but have since been offered to non-customers and ITIN (income tax identification number) borrowers; that the loan amounts range from $300 to $1,000, with terms of six to 12 months; that the loans include a required savings component, with 10 percent of the loan amount placed into a designated savings account, paying a higher than normal interest rate; that loan underwriting is highly streamlined, requiring a credit report and verification of income of at least $1,000; and that applicants with credit scores below 570 are offered a loan if they complete a one-hour session with a credit counselor and establish a budget. With respect to ITIN borrowers, Mr. Maloney advised that borrowers are required to open a direct deposit account and are offered a reduced interest rate if they allow automatic loan payments from the account. He concluded by expressing his belief that the challenges associated with small-dollar loans, such as state and federal consumer protection laws, are surmountable.

Mr. Mosbacher provided a brief overview of the history and operations of Amalgamated Bank, and a discussion of the incentives provided by New York State's special banking development districts for creation of partnerships with local government agencies and community-based organizations to locate in and develop products and services to meet the needs of low-income, underbanked, and underserved areas. He then explained several of the bank's economic inclusion initiatives, including its Second Chance Account, designed to help individuals who have learned from previous mistakes, get back into the banking system, which can be opened for as little as $5 for savings and $.01 for checking, and requires no minimum balance after opening, offers no bounce protection, and provides only for issuance of an ATM card; its "Bank on California" initiative which, in partnership with various local and state offices, financial institutions, state and federal regulatory agencies, and community organizations, aims to help the unbanked in California to enter the financial mainstream by opening starter bank accounts; its Money Sense Financial Education Program, developed in partnership with the New York-based Coalition for Debtor Education, which has a strong focus on behavioral finance, is offered at community centers and churches, and which, upon completion, offers participants a $50 coupon that can be redeemed after establishing and maintaining in good standing for one year a new checking account. Mr. Mosbacher ended his presentation by discussing some of the specifics of a few of Amalgamated Bank's partnerships with unions, governments, and community based organizations, and the highlights of Amalgamated Bank's Group Advantage Banking Program, which he noted offers a variety of free and discounted banking services, made available at a customer's place of business, including direct deposit, payroll services, free checking, no-minimum balance savings and money market accounts, no-fee ATM banking, and reduced rates on various loan products.

Next, Mr. Ramirez focused on what he considers the two main areas in which banks can make a difference in increasing the national household savings rate and facilitating entry into the financial mainstream of the unbanked and underbanked. He identified those areas as working to develop products and services that foster economic inclusion and providing resources to support community organizations which are uniquely positioned to help effect the change. As examples of product development, he cited the CitiEscrow Account, developed by Citibank that provides non-profit organizations with a simplified mechanism for management and oversight of individual development accounts ("IDAs"); the Access Account, developed to provide a low-cost, flexible checkless account for entry level individuals in the banking system; and the Ramp-Up Program, developed in 2007 in collaboration with United Way of Los Angeles, to provide a low-cost, flexible, no-strings attached savings program that offers an incentive for consistent, long-term savings in the form of higher subsidized interest rates of up to 21 percent. After noting that the Ramp-Up account is intended to complement, not replace IDAs, Mr. Ramirez expanded on the account features, advising that it offers a 15-month, extendable savings cycle, requires no minimum balance or minimum monthly deposit requirement, and provides a tax-free interest subsidy. Summarizing the results of the pilot and second phase of the Ramp-Up Program, he explained that it has proved to be highly effective, with higher savings rates and lower attrition rates when compared to IDAs. As examples of providing resources to support community organizations, Mr. Ramirez noted Citibank's investment of financial resources in the form of grants and contributions to support the capacity of non-profit organizations; human resources in the form of volunteerism, conducting financial education seminars, and providing tax preparation services; and intermediary resources through provision of training and technical assistance.

Ms. Town, after briefly explaining the history of Monroe Bank & Trust ("MBT") and providing demographics on the communities it serves, described some of the bank's programs aimed at underserved markets. Among the initiatives she discussed were the MBT Opportunity Checking Account, a second chance account for those recovering from financial difficulties; a soon-to-be launched Young Adult Checking Account, designed to graduate young adult customers into more traditional accounts on their 25^{th} birthdays; and MBT outreach and education programs, such as its Bank At School and Bank At Work programs. Noting that the features of the MBT Opportunity Checking Account are similar to those of Amalgamated Bank's Second Chance account, she listed some of the account features as a $50 minimum deposit to open the account, with no minimum balance thereafter, a low $10 monthly service fee, and availability of an ATM card with no deposit capability and a daily withdrawal limit of $300. Other initiatives discussed by Ms. Town included MBT's Employees Now Linked in Service Together ("ENLIST") Volunteer Program, which started with awards for top employees volunteering their time to help meet the manpower needs of non-profits and now has an employee participation rate of over 85 percent; the soon-to-be launched MBTeach program, a more formal extension of the ENLIST program that will train and certify MBTeachers to teach the FDIC Money Smart curriculum; and The Learning Bank, a collaborative effort between MBT, Monroe County Community College, Monroe County Opportunity Program, the Monroe County Intermediate School District, the Southeast Michigan Community Alliance, and the State of Michigan Department of Education, to utilize a former MBT branch building to offer GED preparation and testing, COMPASS testing to assist with transition into college or job training, and financial literacy courses via MBTeach for low-income, underserved individuals.

Committee Chairman Taylor then announced that the meeting would recess briefly. Accordingly, at 11:12 a.m., the meeting stood in recess.

* * * * * * *

The meeting reconvened at 11:26 a.m. that same day, whereupon Committee Chairman Taylor introduced Robert W. Mooney, Deputy Director, Consumer Protection and Community Affairs, FDIC Division of Supervision and Consumer Protection ("DSC"), the moderator of the third panel on Alliance for Economic Inclusion ("AEI") Strategies and Successes in Today's Economic Environment.

Mr. Mooney provided an overview of the progress of AEI coalitions, indicating that they currently involve more than 1,000 organizations in eleven cities around the country and have been able to establish banking relationships for almost 85,000 individuals. He then introduced panel members Dora I. Brown, Senior Vice President, International Bank of Commerce ("IBC"), Laredo, Texas; Mary Dupont, Executive Director, Nehemiah Gateway CDC; Bruce Gotschall, Executive Director, Neighborhood Housing Services of Chicago; Charles Martin, CRA Officer, M&T Bank, Oakfield, New York; and James E. Young, President & CEO, Citizens Trust Bank, Atlanta, Georgia.

Ms. Brown began with a discussion of IBC's Banking Literacy Program, offered as part of a micro-society at Sam Houston Elementary School, where students operate various businesses and government agencies, including a grocery store, a newspaper, television and radio stations, retail stores, and IBC's Houstonville Bank. She explained that IBC Bank at Houstonville is fully staffed by students, from bank president to tellers to security guards, who are trained on the daily functions of the bank by IBC; that the bank is open on a daily basis; that the program teaches students real life work skills; that school attendance has increased dramatically because of the excitement generated by the program; and that the program offers an opportunity for IBC to interact with parents at PTA meetings, offer financial counseling services, and eventually establish banking relationships with parents through the opening of checking and savings accounts. Ms. Brown indicated that, in addition to IBC's involvement with the IBC Bank at Houstonville, bank staff frequently offers financial education at the high school level, with particular emphasis on use of credit cards.

Ms. Dupont then summarized the statewide earned income tax credit ("EITC") campaign in Delaware sponsored by the Nehemiah Gateway CDC ("Gateway"), advising that it provides free preparation of tax returns bundled with an array of financial services such as savings accounts, certificates of deposit ("CDs"), savings bonds, free credit reports, and cash cards in partnership with local banks. She further advised that, in addition to having tax preparers on site, the campaign requires on-site, trained volunteer cash coordinators, whose duties include promoting the various savings products to clients.

Focusing the remainder of her discussion on lessons learned from managing the campaign, Ms. Dupont identified those lessons as follows: (1) EITC programs need not be limited in their financial services offerings by the lack of on-site bank personnel because with a secure web site, accounts can be opened on-line; (2) savings accounts have proved unsuccessful, with approximately 90 percent of such accounts ultimately closed or maintained with minimal balances and a significant number being overdrawn; (3) CDs that are labeled to reflect future potential uses for the underlying funds (e.g., Christmas, vacation, back-to-school, debt repair) help clients to visualize what they will do with the funds when the instrument matures; (4) everyone is interested in knowing their credit score and Gateway has used that interest to develop a financial education program focused exclusively on credit; and (5) although banks have a desire to serve unbanked and underbanked consumers, they really do not have the infrastructure to develop the kinds of products that meet their needs. With respect to the latter lesson, she mentioned that a newly formed company, Advent Financial Services, has created a product similar to the ideal product described by Mr. Barr during the first panel discussion, a cash card to be piloted this year that allows for direct deposit from a tax return, has a savings component and a credit line, and cannot be overdrawn.

Next, Mr. Gotschall discussed the Homeownership Preservation Initiative ("HOPI") started in 2003 by Neighborhood Services of Chicago ("NHS"), a loan pool funded by local banks to provide loans to low and moderate income borrowers and neighborhoods, and NHS's efforts to buy and rehabilitate vacant properties in targeted neighborhoods. Regarding HOPI, he advised that there has been significant growth in foreclosure prevention activities, due in part to the rise in foreclosures and in part to an increase in organizational capacity from additional funding, but that, thus far, the majority of loan modifications result in a change in terms without actually lowering the borrower's monthly payment. Regarding the loan pool, he advised that NHS, through its licensed mortgage bank, has generated approximately $150 million in loans to LMI families to purchase, refinance, or improve their homes, and has arranged a new 2009 loan pool, with 20 investors, to generate another $150 million in loans over a three-year period. In closing, he advised that NHS, through its Redevelopment Corporation has purchased 50 to 100 properties a year over the past several years to purchase, rehabilitate, and resell properties in targeted neighborhoods, but that, currently, the costs to rehabilitate remain high, while markets are soft.

Mr. Martin provided an overview of the small-dollar loan program being developed by the Baltimore AEI, stating that participating banks, non-profit organizations, and foundations had collaborated to develop a product to combat predatory loans extended by payday lenders. Describing the components of the loan, he reported that loan amounts range from $300 to $1,000, with a repayment period of 12 months and a 7.99 percent interest rate; that it includes a savings component, with a portion of the loan payment deposited into a savings account; that after the loans are fully paid, the total savings amount is matched with AEI funds; and that borrowers are required to attend two free financial literacy classes offered by NHS of Baltimore. Mr. Martin closed his remarks by identifying several issues still in need of resolution, including discussions about changes to the interest rate to make it more affordable, but still sufficient to be reinvested in the pool to help fund the program; the need to establish a maximum match to avoid quickly depleting matching funds; whether to allow biweekly versus monthly payments to accommodate the frequency of borrower income payments; and determining the timing of borrower incentives.

Concluding the panel presentations, Mr. Young briefly recounted his experience in the banking industry and the history of Citizens Trust Bank. He then explained the features of the bank's small-dollar loan program, indicating that the maximum loan amount is $1,500; that the loans have a one-year maturity, no annual fee, and a reasonable rate of interest; that although direct deposit is not required, there is a strong emphasis on automatic debit of monthly loan payments from any account of the borrower's choosing; and that the borrower's debt ratio cannot be higher than 50 percent. He reported that since the program was rolled out in November 2008, the bank has funded 90 loans, none of which has defaulted, with a total outstanding amount between $100,000 and $120,000. In closing his remarks, Mr. Young underscored the work of Citizens Trust Bank in teaching the FDIC's Money Smart Program, stressed the importance of financial literacy, and requested that those with a voice on Capitol Hill to lobby for a legislative mandate to modify school curricula to include financial education.

Chairman Bair informed Committee members that, due to prescheduled engagements, she was unlikely to return for the afternoon session. She took note of increasing success in the small-dollar loan pilot and suggested that it may be an appropriate time to take the next step and look at alternatives for further incentives for insured financial institutions to begin offering such products on a broader scale. She also expressed interest in Professor Barr's ideas for a safe transaction account for underserved populations and the need to explore whether insured financial institutions already provide such accounts and, if not, whether there should be an affirmative requirement that they do so. Finally, she observed that while it is prudent for banks to perform checks on potential new customers, there remained a question whether discovery of factors that exclude potential customers from opening a conventional checking account should also exclude customers from opening a savings account and, if not, whether regulators should take affirmative steps to address the issue. Chairman Bair requested that the Committee, in the event she could not return during the afternoon session, provide input on those specific issues.

Committee Chairman Taylor then announced that the meeting would recess for lunch. Accordingly, at 12:32 p.m., the meeting stood in recess.

* * * * * * *

The meeting reconvened at 1:44 p.m. that same day, whereupon Mr. Mooney advised that the focus of the afternoon session would be for staff to hear the reactions of Committee members to the three specific issues identified by Chairman Bair as well as reactions to the earlier panel presentations.

During the discussion that followed, Committee members were uniformly appreciative of information imparted during the earlier panel presentations and particularly complimentary of the Corporation's leadership, under the direction of Chairman Bair and Vice Chairman Gruenberg, on the issue of economic inclusion as well as the Corporation's work in completing the Bank Survey. The remainder of the discussion focused on next steps for the Committee, with members addressing a number of issues, including whether the Committee's work could and should be used to inform current policy discussions on the restructuring of the financial regulatory system; whether the Committee needs to reach a consensus on any recommendations it makes; and the nature of any potential recommendations by the Committee.

There was a general consensus among Committee members that the current crisis in the financial sector and the push for regulatory reform provide a unique opportunity to ensure that whatever remedies are fashioned incorporate proposals that foster economic inclusion and that the Committee is perfectly positioned to weigh in on the debate. On the issue of consensus, Roberta K. McInerney, Designated Federal Officer for the Committee and FDIC Acting General Counsel, advised that, based on the Committee charter, the Committee's charge is to "provide advice and recommendations to the FDIC on initiatives to expand access to banking services by underserved populations" and noted that the charter contains no requirement for consensus. Regarding potential recommendations, a number of suggestions were made, including the following: a financial education mandate that would make financial literacy courses an integral part of the nation's education system; that regulatory reform include incentives for financial institutions to address the financial services needs of LMI individuals and households; that the administration create a new federal agency to protect consumers in the area of financial services and products, similar to the Consumer Products Safety Commission; that the FDIC publicize a list of insured financial institutions that have a high concentration of low fee, low transaction cost checking accounts as a means of fostering competition to offer such products; that the recently enacted 36 percent interest rate ceiling on loans to military families be extended to all loans; and that overdraft fees be included in Truth In Lending Act disclosures.

Vice Chairman Gruenberg suggested that the conversation be brought to Chairman Bair's attention before deciding how to proceed. Committee Chairman Taylor indicated that she would discuss the results of the afternoon session with Chairman Bair to determine the appropriate course of action with respect to the recommendations. In the meantime, she asked that Corporation staff compile the list of recommendations offered by the Committee. Mr. Mooney indicated that staff would follow through on the request.

There being no further business, the meeting was adjourned.

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

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

February 5, 2009 - 8:30 A.M.

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

S C Bair

Sheila C. Bair
Chairman
Board of Directors
Federal Deposit Insurance Corporation

Dated: May 29, 2009