



June 6, 2010

Re: Comment on Safe Transactional and Savings Accounts

To Whom It May Concern at the FDIC:

I am writing on behalf of Heartland Alliance for Human Needs and Human Rights to provide comment on the FDIC templates for safe, low-cost transactional and savings account for low- and moderate-income (LMI) consumers. We are pleased with the direction of the FDIC in this regard and offer our support and suggestions to the proposed templates.

Heartland Alliance is a service-based, human rights organization devoted to investing in and finding solutions for Illinois families living in poverty through the provision of effective services and public policy strategies. We believe that individuals of all income levels have the potential to benefit from mainstream financial services. These comments provide insight into the knowledge we have gained from working with low-income consumers in their efforts to save and improve their experiences with banking services.

Transactional Account Features:

Safe, low-cost transactional accounts for individuals and families with limited income should be structured to allow consumers to control their finances. Accounts should guarantee transparency regarding account features and fee structures to provide positive banking experiences.

Eligibility of such accounts should be tailored to meet consumers at their comfort level and experience with banking services. Alternative forms of identification should be accepted, such as the Individual Taxpayer Identification Number (ITIN) or consular identification cards, to allow for those without traditional identification cards to participate in mainstream banking. Social Security numbers should not be required.

Consumers with negative histories on Chex Systems or other such information repositories should be offered more streamlined “second chance” accounts that allow for the ability to deposit checks, access money orders, and withdrawal cash at an ATM to provide a banking experience that protects customer and financial institutions from repeated negative experiences.

Consumers should be provided with a verbal description of the transactional account and how to use all associated features in a manner that will avoid fees; consumers should be given the opportunity to ask questions about the account. This description should be provided in a language the consumer is most comfortable. Associated documents with information about the account features and associated fees should be provided to the consumer in a language the consumer is most comfortable.

Opening balance deposit requirements should be between \$10-\$25; minimum balance requirements should be at \$1, as suggested in the sample template. Ideally, there would be no minimum monthly maintenance fees. If monthly maintenance fees are assessed, they should be no greater than \$5. The fee should be withdrawn from the account on the same calendar date each month (i.e. 1st of the month). Customers should be notified 5 to 10 days before the fee is charged by text message, email, or other appropriate means to provide the consumer an opportunity to assure the account has sufficient funds.

Consumers should be allowed to write at least six checks to guarantee check-writing for common monthly bills such as rent/mortgage, gas, electricity, telephone, water, and mobile phone service. Electronic use of ATMs should be provided at no fee when using in-network bank machines. Consumers should be given a clear explanation of their electronic access card to understand the difference between an ATM card and a debit card; bank staff should assure that consumers know which card they have, if offered, and how it can be used to avoid fees. Additionally, consumers should be offered the option of teller-based transactions instead of an ATM card and check writing services.

Transactional accounts should not allow overdraft, nor should NSF fees be assessed; consumers should have the option to link their checking account to a savings account or line of credit only if the consumer expresses affirmative consent and is giving clear guidance of fees that could be associated with this service. All lines of credit associated with this service should be provided at a calculated interest of less than 36% APR and provide options to pay back the line of credit in amortized monthly installments.

Additionally, transactional accounts should have the option for direct deposit. Consumers should be provided the option to establish automatic transfer of funds from a transactional account to a low-cost savings account, either through determining a fixed amount or percentage of each deposit. Check cashing services should be offered to consumers at a cost no greater than 1% of the check amount. There should be multiple methods of bill payment for consumers, including bill payment online, at bank branches, or at off-site kiosks.

International remittance services should be provided, where available, to consumers in a transparent manner. A receipt should be provided to each customer to assure they understand the amount of money the recipient of the remittance will receive. This receipt should provide the service fee, exchange rate, and any other associated fees.

Saving Account Features:

Providing low-cost savings accounts to low- and moderate-income (LMI) consumers provides the opportunity to build savings. The behavioral patterns that can be developed through offering savings accounts and automatic deposits lays the foundation for financial stability and long-term financial success.

Basic Characteristics:

- Opening balance deposit requirements should be as low as possible, if required at all.
- Monthly minimum balance requirements should be as low as possible, if required at all.
- There should be no monthly minimum maintenance fee. Individuals who attempt to save a portion of their already limited income should not have their savings be subject to monthly fees. Any monthly fee is a disincentive to using savings.
- Consumers should be provided with a verbal explanation how best to use their savings account. Low-cost savings accounts should not be offered in place of transactional accounts to consumers who may have a negative history on Chex Systems.

Thank you for your consideration of these comments. If you have any questions or require additional information, please do not hesitate to contact me.

Sincerely,

Chris Giangreco, PhD Heartland Alliance for Human Needs & Human Rights