

The “templates” frame a serious discussion so as to limit feedback rather than address underlying issues. Most community banks already offer accounts that could be easily “plugged into” the templates to provide very basic services to the described community. The accounts would likely look like reloadable debit cards in order to be “sustainable” by the industry. Direct Deposits would be welcomed but unpopular with account holders for a variety of reasons. Customer identification requirements cannot be subordinated to safety and soundness or national security.

If FDIC wishes to get serious about the problem, then the following issues need to be addressed (and up-streamed to the Administration and Congress):

1. Our public schools are turning out high school graduates with little understanding of financial affairs let alone basic education in the Three R’s. The federal government doesn’t hesitate to threaten States with loss of funding for highways, Medicaid, etc. but demurs to state’s rights when it comes to enforcing real reform of the education system.
2. There are essentially three constituencies making up the LMI population:
 - a. Those who have never been in the financial mainstream and fear embarrassment or deportation if they try.
 - b. Those who have had mainstream financial relationships and got marginalized by bankruptcy, foreclosure, etc but genuinely want to get back to responsible citizenship.
 - c. Those who have learned to “game” the system and will see this effort as validation that their financial situation has nothing to do with their decisions and that society and banks “owe” them whatever they’re able to derive from these good intentions.
3. Payday loan programs fill a real need for this group and can be a tool to assist in moving them toward the mainstream. However, there is a reason that payday lenders get very high rates and that’s because default rates are very high. By proposing – and then “testing” - payday loan programs at 36% APR, FDIC has been complicit in maintaining the viability of payday lending companies that have a vested interest in keeping patrons from moving into mainstream banking. Follow this link to see a credit union program which seems to actually make sense: <http://www.wsecu.org/x405.xml> . Note that “free checking” and “next to free unsecured consumer debt” cannot coexist – even for credit unions that don’t pay taxes.

Thank you.