

**Remarks by FDIC Chairman Martin J. Gruenberg for Bank On/Cities for Financial Empowerment National Launch of Account Standards; San Francisco, CA
October 27, 2015**

Thank you very much for including me in your event today.

First, I'd like to thank Mayor (Ed) Lee for his leadership, and for recognizing that some of the most important tools for people in San Francisco and around the country to achieve their financial goals are safe, accessible, and affordable banking services.

I also want to thank Jonathan Mintz and Jose Cisneros for their leadership in organizing a national response to the needs of the unbanked. The Cities for Financial Empowerment Fund, through the Bank On initiative, opens pathways to link safe bank products with the people who need them.

This morning we have the opportunity to highlight that access to banking services is an important challenge for many U.S. communities. The account standards being announced today are consistent with the principles successfully demonstrated in the FDIC's Safe Account Pilot completed in 2012.

As local coalitions work to connect households with accounts that meet these standards, they open up opportunities for families to benefit from our banking system.

Why is access to banking important?

Increasing households' access to safe, secure, and affordable banking services improves their ability to build assets and create wealth, makes them less susceptible to discriminatory or predatory lending practices, and can provide a financial safety net against unforeseen

circumstances. In addition, confidence in the banking system grows when more consumers benefit from a banking relationship.

While economic inclusion often begins with a safe and affordable bank account, 7.7 percent of households in this country and 8 percent in California do not have a checking or a savings account. An additional 20 percent of households in the United States and 17 percent in California are underbanked, meaning that they use non-bank transaction or credit products that in many cases are more costly, according to the FDIC's National Survey of Unbanked and Underbanked Households, a periodic study that explores households' uses of financial services.

For Black, Hispanic, or low-income households, and for the disabled, the unbanked percentages are substantially higher—in fact, in some cases, nearly double these averages.

Why is developing a safe, affordable transaction account a meaningful response?

The FDIC National Survey of Unbanked and Underbanked Households, which the FDIC has undertaken in partnership with the Census Bureau since 2009, has found consistently that households were unbanked for three primary reasons.

First, consumers said they believed that they did not have enough money to open an account, second that they were concerned about unexpected fees and charges, and third that they did not trust banks.

Working with our Advisory Committee on Economic Inclusion (of which Jose Cisneros is a member) we developed a Model SAFE account template that addressed these and other barriers to opening an account. Often they provide another chance for people who, while previously

banked, had become disconnected from a financial institution due to factors such as job transition or income loss.

The Model SAFE account can be accessed through a convenient card, with no overdraft or insufficient funds fees for consumers who have no margin for error in judging the timing of checks clearing.

Model SAFE accounts also include low initial and monthly maintenance costs and provide transparent disclosures.

We piloted the Model SAFE account with nine banks. They found that these accounts had costs and risks that are no greater than other transaction account products.

Since the pilot was completed in 2012, we have seen safe, checkless transaction accounts introduced by a number of regional and national institutions (including several here today).

The national standards being announced today by the Cities for Financial Empowerment, and now ready for implementation in San Francisco, are consistent with the goals and core features of our Model SAFE Account.

Bringing accounts that meet these standards into more communities, including to low- and moderate-income people, will benefit families, communities, and financial institutions.

Families will benefit as they use the accounts, combined with financial education tools and responsible credit products, to successfully save and borrow.

Communities will benefit as the economic activity of households increases, with greater access to efficient and effective financial services.

And financial institutions will benefit as they meet the convenience and needs of a broader range of consumers in a way that expands each institution's ability to grow in a more diverse and dynamic environment.

Using the Strength of Bank On Coalitions

Effective engagement between financial institutions and community leaders is another critical component of economic inclusion.

Bank On coalitions, for example, have been effective in connecting diverse groups of consumers to safe accounts.

Bank On coalitions are supported by municipal leaders from city government and from community-based organizations that offer a wide range of services to the broadest range of local communities.

And the community members of these coalitions engage financial institutions in problem solving to improve community access to financial information and services.

Over the years, the FDIC has encouraged this kind of collaboration by providing technical assistance to many of Bank On's bank and community leaders. And we certainly intend to continue in that role.

City and community leaders also have an important role to play by including activities that help the unbanked strengthen financial well-being and open accounts in local programs.

These include, for example, summer youth employment programs that include financial education requirements and provide account access. Or workforce development and disability services that include financial coaching along with account opening support.

By working together to integrate financial services into important local initiatives, we expand opportunities for people to achieve education, income, housing, and community goals. I look forward to continuing our work at the FDIC in partnership with Cities for Financial Empowerment, the Bank On program, local governments and other organizations to bring more people into the banking system.

Thank you very much.