DEC 10'18 AM9:42
EXECUTIVE SECRETARY

Rio BANK
Your Kind of Bank
Your Kind of Banker

A. Ford Sasser III
President and CEO

November 20, 2018

Robert E. Feldman
Executive Secretary
Attention: Comments - Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

Re: Request for Information on Small-Dollar Lending RIN 3064-ZA04

Dear Sir,

As the President of a bank in Deep South Texas along the Mexican border, I am very aware of the need for small-dollar loans. We operate in an area of the country where a large segment of its population is in a low-socioeconomic status. We also have a large segment of our population that is what we call the un-banked. Your efforts to find out how to meet the credit needs of people in this segment of our population are warranted.

Access to credit from banks is limited for low-socioeconomic households. Today, this demand for small-dollar loans is being met by pawn shops, pay-day lenders, and other non-bank lending companies. To me, the obvious question is why is the need being met by non-bank lenders and not banks? The answer is simple.

Two primary reasons that small-dollar loans are difficult for most banks to offer are the cost and the risks associated with them. In order to correct this problem, I believe that these two factors should be the focus of the Federal Deposit Insurance Corporation (FDIC) and other bank regulators.

Why are the costs and risks of lending so much higher for banks regulated by the FDIC, the Office of the Comptroller of the Currency (OCC), and the Federal Reserve Bank? If you think about the regulatory burdens placed on banks in the areas such as Fair Lending, the Community Reinvestment Act, the Bank Secrecy Act, the Home Ownership and Equity Protection Act, and the list goes on; and if you factor in the amount of overhead that banks have had to add to their operating costs with no off-set to revenues, you begin to see the problem. To comply with these additional operating costs, you can see how the regulators have expanded laws through regulations and as a result, have driven banks out of this business. The regulatory cost and the regulatory risk involved makes it very difficult for banks to make this kind of lending viable for these customers.

November 20, 2018
Robert E. Feldman
Executive Secretary
Attention: Comments,
Federal Deposit Insurance Corporation
Page 2

Your question about why banks are not taking care of what I described earlier as the low socio-economic population or the un-banked is a great question, and it is one that bankers have been fighting Washington D.C. about for years to correct. Over the years, the very people that many of these new laws, and expanding regulations by the bureaucrats, intend to help and protect are the same people being hurt by them. The cure is killing the patient.

Until the regulators are able to repeal many of the regulations that they have implemented by taking laws passed by congress and the President; and until the regulators stop continually building and expanding on these regulations; and until you stop adding to the banks' operating costs, very little, if anything, can happen to address this matter – you will never allow banks to service the very customers that they want to service. We are now operating banks with a regulatory burden that has ballooned over the last twenty to thirty years to the point where we are no longer able to help these people in our communities.

My recommendation is that you look at all the regulations imposed on banks and begin to assess whether the regulations are helping and meeting the needs of the American public.

Kindest Regards,

[redacted]

A. Ford Sasser III
President and CEO

1655 N. 23rd Street • P.O. Box 4169 • McAllen, Texas 78502 • Phone 956.631.7890 • Fax 956.630.0862 • **www.riobk.com**