



January 14, 2019

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

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

Dear Mr. Feldman:

Thank you for the opportunity to present comments on behalf of the membership of the Kansas Bankers Association (KBA). The KBA is a nonprofit trade organization whose membership includes 232 of the commercially chartered banks headquartered in Kansas. Our membership also includes 19 out-of-state commercial banks and 7 savings and loans operating in Kansas. We are pleased to support 99% of the industry in the state. Our member banks employ more than 13,000 Kansans that provide financial services in more than 400 towns and cities across Kansas.

While Kansas has adopted the Uniform Consumer Credit Code (the U3C) which contains protections for consumers who seek small dollar loans, we are glad that the FDIC is looking at it from the lender's perspective in seeking information on how to encourage FDIC-supervised financial institutions to offer these loans that are responsive to customers' needs. ‘

As a bank trade organization, we hear many stories from member bankers about their experiences in the small-dollar lending arena. We hear stories about the customers who need a small loan for visits to the dentist, hearing aid repairs, new roofs and flat tires. Generally speaking, it is our conclusion that there is consumer demand for such loans in many of the communities in Kansas. Taking care of the needs of the community in which they exist is a source of pride for those bankers that live and work there. While there are many customers who just don't meet the standard credit criteria or metric, past experience reveals that these folks will pay a small dollar loan to be able to continue to function as they need.

There are competing lenders in many of these communities that also are willing to make small dollar loans, but if at all possible, banks try to take care of their customers. However, trying to create template for these types of loans is quite problematic. We recognize that there is a need to be able to show that each customer is being treated in the same manner, but each customer and his or her needs vary so greatly, that taking away all discretion to make such loans will deny them to many. Lenders need to have the ability to use their personal knowledge of each situation and know

that the banking regulators recognize that these loans benefit the bank and its stature in the community.

One solution to provide some continuity to the process of decision making would be to develop a range of acceptable rate assignments that would allow each lender to make his or her best effort to see that these loans are made. Another idea is to provide a maximum interest rate or fee above which, only those loans are scrutinized.

The irony is that while these types of loans do so much to help the needs of many in the community, they are generally not accepted for CRA credit. Perhaps with some of the guidance above, there could be a path to getting CRA credit for loans which follow those guidelines.

In conclusion, the KBA is hoping that this effort to encourage institutions to more engage in small dollar lending accomplishes its goal. A key factor in assuring that actually occurs, is to make certain the examiners in the field understand that the point is to encourage such lending – and not to discourage it. We hope the FDIC’s effort includes the trickle down of encouragement to the examiners in the field.

Again, thank you for this opportunity to present comments. Please contact us if we can be of further assistance.

Best regards,



Douglas E. Wareham

President



Kathleen A. Taylor

EVP-General Counsel