

# Public and Community Affairs

Fed Exchange Presentation

December 5, 2007

Marques Benton

Assistant Vice President

# Agenda

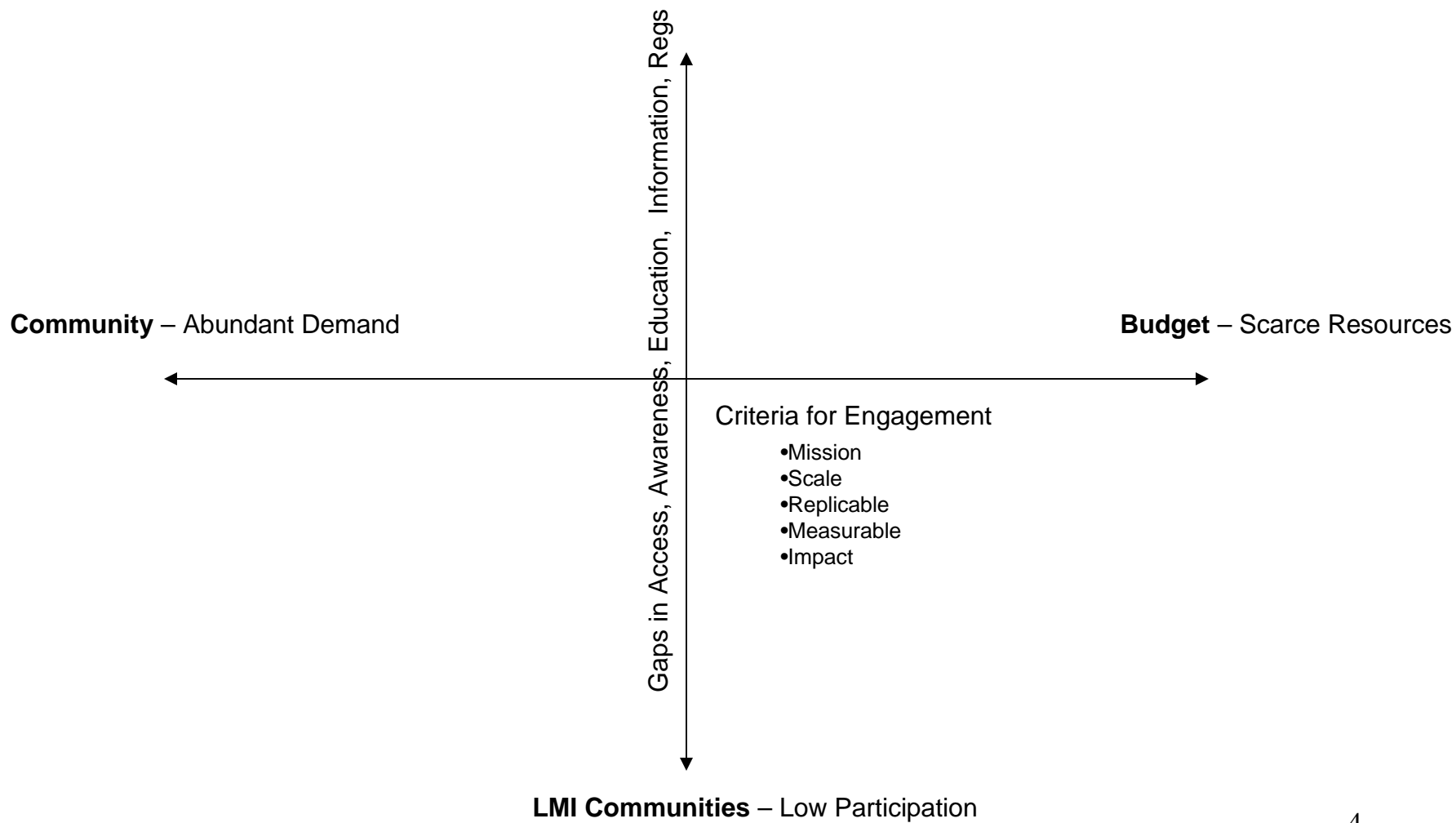
- Mission
- Direction
- Savings and Borrowing Challenge
- Unbanked and Asset Building Activities
- Measure of Our Work
- Outreach Statistics
- A Collaborative Picture
- Going Forward

# Mission

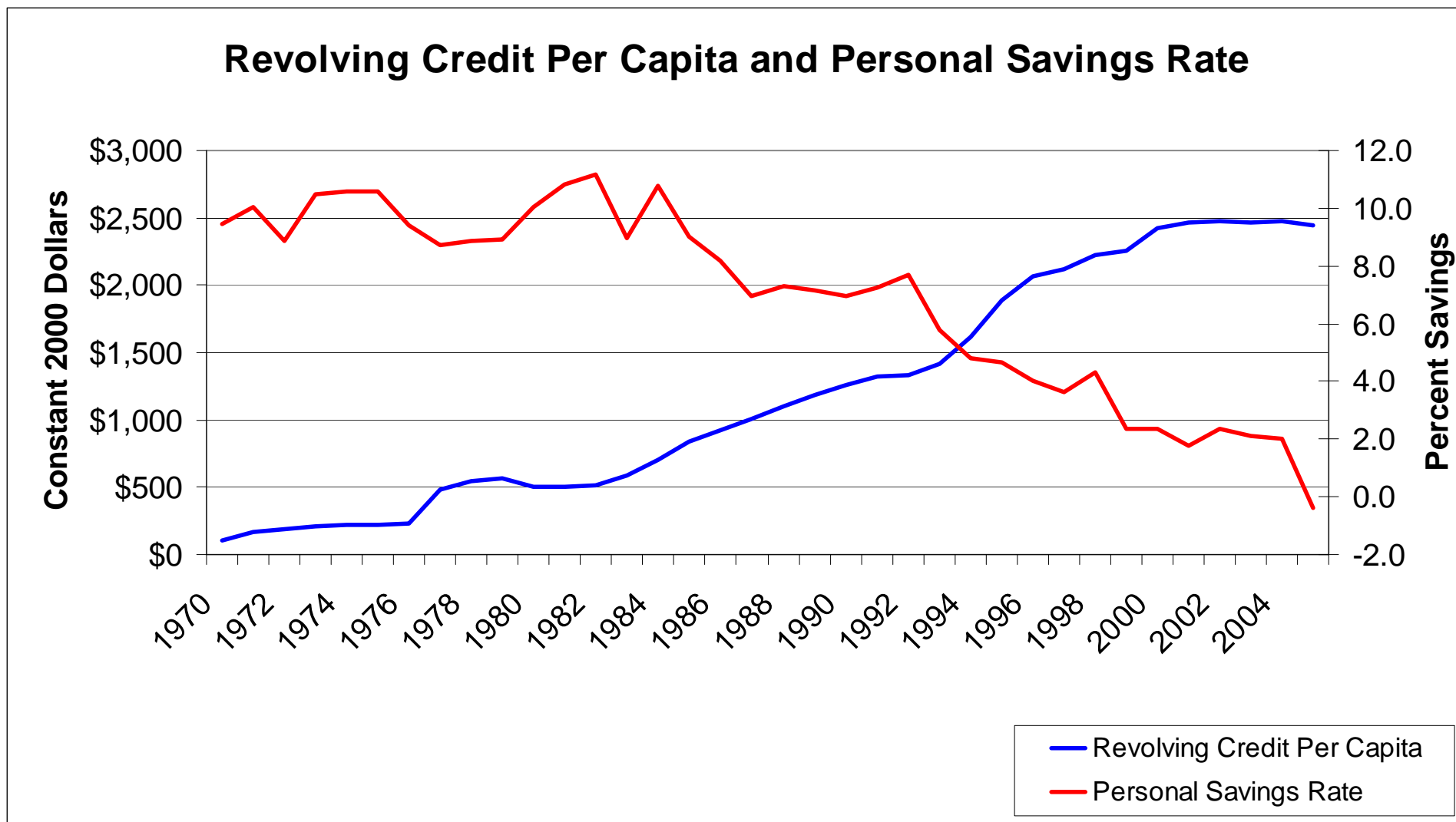
- Our primary goal is to promote fair access and wise use of credit and capital
- The rest of the Bank largely focuses on the economy, regulating banks and the payment system
- Public and Community Affairs focuses on how economic development policies, consumer regulations and the provision of financial services impact low- and moderate- income communities
- In our view, this is an important first step before delving into the more complex issues of how low- and moderate- income communities build assets and gain wealth
- To accomplish our mission, we do research, outreach and technical assistance

# Direction

System/Bank Objectives – Full Participation



# Savings and Borrowing Challenge



# Unbanked and Asset Building Activities

- Research
  - Cost of Being Unbanked Article
  - Immigrant Remittances Discussion Paper
  - Credit Repair - Under-saving and Over-borrowing Discussion Paper
  - Foreclosures Discussion Papers
  
- Programs and Outreach
  - Earned Income Tax Credit (EITC)
  - Banking Services Conference
  - Treasury Programs
  - Governor’s Asset Development Commission
  
- Financial Education
  - Know Before You Go To Get a Mortgage
  - You May Be Paying too Much for Your Mortgage
  - [www.TheInformedHomebuyer.com](http://www.TheInformedHomebuyer.com)
  - The Online Mortgage Resource Center

# Research

- From 10% to 20% of US Households are Unbanked
  - Americans are saving less and the unbanked save less than average
  - Implications for payments and payment system
    - RALs, check cashing, money orders, remittances
    - Check 21, Treasury ETA programs
    - Wealth transfer implications
  
- Credit Card Borrowing Reaches Record Highs
  - The average person carries \$13,000 of non-mortgage debt
  - 20% or \$2,600 is credit card debt
  - Many think the \$2,600 is due to considerable under-reporting
  - More conservative estimates put per capita credit card debt at \$7,500
  
- Foreclosure Impact on LMI Communities
  - Losses in the hundreds of billions are projected by private researchers
  - Two thirds of the average American's wealth is in their home
  - Many former owners and renters will be displaced
  - Collateral negative impact on communities and the economy are great

# Outreach

## – EITC

- Since 2004, served 27,566 people, brought back \$44MM, saved \$3.2 MM at 22 sites with 200 volunteers
- Average income is 18K
- 20% unbanked, 20% want credit repair, many don't save or invest
- Open bank accounts, credit repair, split refunds, savings bonds
- Convened Mayors from around the region
- National Community Tax Coalition

## – Treasury Unbanked Programs

- Treasury Go Direct and Debit Card Initiatives

## – Working Together to Build Wealth Conference

- Community groups, banks, credit unions, government, regulators

## – Governors Asset Development Commission

- Research and benchmarks
- Models and best practices
- Policy recommendations

# Financial Education

- Know Before You Go to Get a Mortgage
- You May be Paying too Much for Your Mortgage
- [www.TheInformedHomebuyer.com](http://www.TheInformedHomebuyer.com)
- Know Before You Go to Get a Credit Card

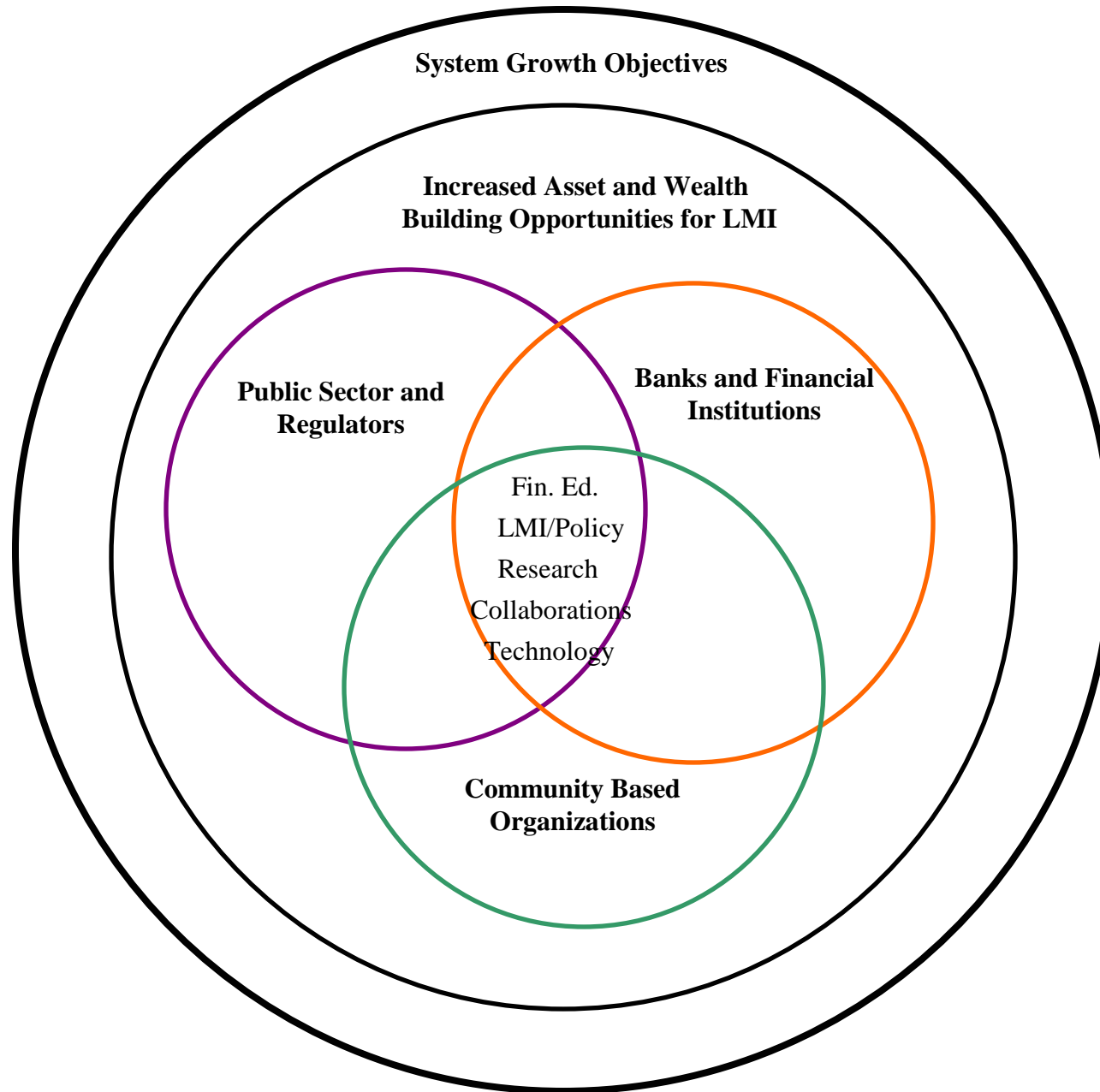
# Measure of Our Work

| <b>Activity</b>        | <b>Audience</b>                        | <b>Gap</b>   | <b>Measure</b>  | <b>Value</b>  |
|------------------------|--|--|---|---|
| Asset Building         | Unbanked and Underbanked Populations   | Access and Knowledge of Affordable Mainstream Options              | Billions in RAL Fees, Check Cashing Fees, Pay Day Loan Fees                   | <b>Savings</b><br><i>Asset Building in LMI Communities, Safety Nets</i> |
| EITC                   | Working LMI                            | Awareness of \$40 Billion Tax Credit, 15% to 25% don't participate | 9,000 LMI Served<br>\$15 Million Returned<br>\$800K Saved                     | <b>Disposable Income</b><br><i>Sustainable Employment</i>               |
| Foreclosure Prevention | Largely LMI Households and Multifamily | Credit issues, Lack of Affordable Mortgages                        | 2 Million People, Est. \$300+ Billion Direct, \$200 Billion collateral damage | <b>Investment</b><br><i>Equity and Community Loss, Reenter Impact</i>   |

## Outreach Statistics

| <b>OUTREACH STATISTICS</b>                 | <b>2006</b>      | <b>2005</b>    | <b>% Change</b> |
|--|------------------|----------------|-----------------|
| <b>Publication Distribution (Hardcopy)</b> | 113,951          | 74,865         | 52%             |
| <b>Publication Hits (online)</b>           | 1,346,988        | 255,000        | 428%            |
| <b>Publication Downloads (online)</b>      | 414,216          | 166,000        | 150%            |
| <b>Foot Traffic – Adventure</b>            | 12,811           | 11,323         | 13%             |
| <b>TOTAL OUTREACH</b>                      | <b>1,887,966</b> | <b>507,188</b> | <b>272%</b>     |

# Can't We All Just...



## Going Forward

- Continue to identify and address gaps in LMI communities
- Use research to inform decisions, programs and policy makers
- Engage in collaborative efforts to leverage resources and expand distribution channels
- Encourage policy makers and teachers to incorporate economic and financial education into school curriculum
- Add value to the region