

### FDIC Advisory Committee on Economic Inclusion

Established to provide advice and recommendations on initiatives focused on expanding access to banking services by underserved populations

March 2007 - Inaugural Meeting on affordable small dollar loan products

Discussion focused on growth of industry and alternatives being offered by Credit Unions, employers, and social networking internet sites




## [www.FDIC.gov/small-dollar-loans/](http://www.FDIC.gov/small-dollar-loans/)

- Two year pilot project
- 31 participants
- \$26 million - \$10 billion in assets
- Headquartered in 17 states (with 560 branches in 27 states)
- Three in Texas
  - Amarillo National Bank - Amarillo, TX
  - Liberty National - Paris, TX
  - Main Street Bank - Kingwood, TX

## Program Features

- Loan amounts up to \$1,000
- Payment periods beyond a single pay cycle
- APRs below 36 percent
- No prepayment penalties
- Streamlined underwriting/Prompt loan processing
- *Automatic savings component*
- *Access to financial education*

## Data Collection


- Quarterly
  - Loan Performance
  - Benefit to Banks
  - Benefit to Customers
  - Loan data collected in 2 categories:
    - Under \$1,000 (SDL)
    - \$1,000-\$2,500 (Nearly SDL)
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## Preliminary Results – Q1/Q2 2008

3900+ loans made (\$2.5 million) under \$1,000

- Average loan amount \$627
- Average APR 16%
- Average term 9 months

3500+ loans made (\$5.9 million) \$1,000 - \$2,500

- Average loan amount \$1670
  - Average APR 14%
  - Average term 18 months
- 

## Preliminary Results – Q1/Q2 2008 - Continued

### Loans under \$1,000

- 412 Payoffs - \$250,000
- 309 Delinquencies (30+ days) - \$50,000
- 42 Charge offs - \$23,000



### Participating Texas Banks

530+ loans (\$400k) under \$1,000

- Average loan amount \$750
- Average APR 16%
- Average term 8 months
- Very low delinquencies
- High percentage paid off

The image is a rectangular graphic with a background of orange and brown tones, overlaid with a faint line graph and a US dollar bill. The text is arranged in the center and right side. The URL is in green, the name and phone number are in black, and the email address is in green. The FDIC logo is in the bottom right corner.

[www.FDIC.gov/smalldollarloans/](http://www.FDIC.gov/smalldollarloans/)

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