FEDERAL DEPOSIT INSURANCE CORPORATION
ADVISORY COMMITTEE ON ECONOMIC INCLUSION

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MEETING

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TUESDAY,
JUNE 4, 2024

The Advisory Committee convened at 9:00 a.m. EDT in the Federal Deposit Insurance Corporation Board Room at 550 17th Street NW, Washington, DC, Martin J. Gruenberg, Chairman, presiding.

PRESENT:
STEVEN ANTONAKES, Executive Vice President for Enterprise Risk Management, Eastern Bank
MARLA BILONICK, President and CEO, National Association for Latino Community Asset Builders
MICHAEL CALHOUN, President, Center for Responsible Lending
NAOMI CAMPER, Chief Policy Officer, American Bankers Association
EDWARD DeMARCO, President, Housing Policy Council
THOMAS FOLEY, Executive Director, National Disability Institute
KENNETH KELLY, Chairman and CEO, First Independence Corp and First Independence Bank
JONATHAN MINTZ, President and CEO, Cities for Financial Empowerment Fund
LEIGH PHILLIPS, President and CEO, SaverLife
IDA RADEMACHER, Vice President, Aspen Institute, Co-Executive Director, Aspen Financial Security Program
MARIETTA RODRIGUEZ, President and CEO, NeighborWorks America
SUSAN WEINSTOCK, President and CEO, Consumer Federation of America

ALSO PRESENT:

MARTIN J. GRUENBERG, Director, Federal Deposit Insurance Corporation, Chairman
ELIZABETH ORTIZ, Deputy Director, Division of Depositor and Consumer Protection, FDIC
JULIANNE BREITBEIL, Senior Media Relations Specialist, Office of Communications, FDIC
LUKE BROWN, Associate Director, Division of Depositor and Consumer Protection, FDIC
CHRYSTEL CORNELIUS, CEO and President, Oweesta Corporation
MARY S. DURÓN, Senior Community Affairs Specialist, Division of Depositor and Consumer Protection, FDIC
KEITH ERNST, Associate Director, Division of Depositor and Consumer Protection, FDIC
PHIL GOVER, Policy Fellow, Federal Reserve Bank of Minneapolis, Center for Indian Country Development
DAWSON HER MANY HORSES, Managing Director of Native American Banking, Wells Fargo
CHANTAL HERNANDEZ, Counsel, Legal Division, FDIC
EDWARD HOF, Senior Policy Analyst, Division of Depositor and Consumer Protection, FDIC
MINDY MAUPIN, Wealth Building Programs Specialist, Southern Bancorp Community Partners
MIA SOWELL, Acting Project Manager, Division of Depositor and Consumer Protection, FDIC
JACQUELINE R. STELLER, Special Assistant to the Deputy Director, Division of Depositor and Consumer Protection, FDIC
ANDREW VANSINGEL, Territory Manager, Stakeholder Partnerships, Education and Communication (SPEC), Internal Revenue Service
SHARON VOGEL, Executive Director, Cheyenne River Housing Authority
MERON WONDWOSEN, Assistant Director, Division of Depositor and Consumer Protection, FDIC
MARY ZAKI, Financial Economist, Division of Depositor and Consumer Protection, FDIC

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(9:03 a.m.)

CHAIRMAN GRUENBERG: Well good morning, everybody.

And I'd like to welcome you all to this meeting of the FDIC's Advisory Committee on Economic Inclusion. From my experience this is sort of the happiest group that we have in the FDIC.

(Laughter.)

CHAIRMAN GRUENBERG: I enjoy seeing you all every time we get together. As you know, the FDIC established this Committee back in 2006 to provide our Board with advice and recommendations on initiatives focused on expanding access to the banking system in the United States.

So it's wonderful to see you all. We deeply appreciate your willingness to serve on this Committee, giving us your time and expertise and your commitment to this important issue.

If I may, before walking through the agenda for today's meeting, I'd like to welcome

our two newest members to the Committee. Ed Demarco and Leigh Phillips.

Ed is probably well known to many of you. He is currently president of the Housing Policy Council where he's worked since 2017. Since 2017. Prior to that he had a long and distinguished career in public service holding positions at the Social Security Administration, the U.S. Treasury Department, and the General, pardon me, Government Accounting Office. And from 2009 to 2014 he served as the director of the Federal Housing Finance Agency overseeing our Government sponsored enterprises, Fannie Mae, Freddie Mac and the Federal Home Loan Bank. So, Ed, welcome.

MEMBER DEMARCO: Thank you, Mr. Chairman.

CHAIRMAN GRUENBERG: Good to see you.

MEMBER DEMARCO: Nice to see you. Thank you.

CHAIRMAN GRUENBERG: And we're also very pleased to welcome Leigh Phillips to the

Committee. Leigh is the president and CEO of SaverLife, a national nonprofit and advocacy organization dedicated to improving the financial health of people with low to moderate incomes. Prior to joining SaverLife Leigh was the founding director of the San Francisco Office of Financial Empowerment where she spearheaded several first in nation programs, including Bank On of San Francisco.

Jonathan Mintz's tentacles are everywhere, here let me --

(Laughter.)

CHAIRMAN GRUENBERG: And on the national level Leigh was instrumental in the creation of the Cities for Financial Empowerment Coalition, and currently sits on the Board of Directors of the CFE Fund. So it's a question of whose tentacles we're talking about.

(Laughter.)

CHAIRMAN GRUENBERG: And then in addition, I'd like to welcome Ida Rademacher to her first meeting of the Committee. Ida is the

vice president of The Aspen Institute and co-executive director of the Aspen Financial Security Program. She also launched and leads the Aspen Partnership for an Inclusive Economy. And prior to joining Aspen Ida was the chief program officer of Prosperity Now.

So, Ida, thank you for serving on the Committee as well. And we look forward to working with all of you.

If you all have had a chance to look at the agenda for today's meeting I think it's really an outstanding one. We're going to begin with a panel discussion on insights from the FDIC survey of Volunteer Income Tax Providers Organizations, or VITA organizations.

As we've explored in prior meetings, tax time represents an important bankable moment for previously unbanked consumers the ability to get direct deposit of your tax refund has enormous value, particularly to low and moderate income individuals. And we continue to look, the FDIC continues to look for opportunities to

expand our collaboration with the IRS to maximize its potential.

On our second panel today we will focus on increasing awareness of deposit insurance coverage. And two separate efforts of the FDIC. First we'll focus on a recent rulemaking that modernizes the existing signage and advertising rules to include digital signage in regard to the FDIC on bank websites.

Everybody who still goes to bank branches is familiar with the FDIC sign at the teller window. This rule is intended to establish the virtual version of the FDIC sign at the teller window so that when customers go online to engage with the banking institution they will have clarity as to what is covered by FDIC insurance and what is not covered by FDIC insurance.

This was really an essential step for us to take given the increase reliance of the public on utilizing banking services remotely.

And then second, we would like to

share with you some of our work regarding our national campaign effort to increase public awareness of the importance of deposit insurance. This was particularly brought to light in the aftermath of the three large bank failures last year when there was some uncertainty and confusion by the public in regard to deposit insurance, deposit insurance coverage.

And I think we're going to show a couple of promotional ads that we've been utilizing. Public service announcements to enhance public understanding of deposit insurance.

This afternoon after lunch we'll have our Members roundtable during which we will ask each of you to share your perspectives on the current state of play, and what you're seeing on the marketplace in regard to economic inclusion and access to banking services. That's always a, frankly a highlight from my standpoint.

And then finally, our last panel of the day will offer us a chance to hear more about

affordable housing in Native American communities. I believe this is the first time we focused on this subject in this Committee. And we're fortunate to be joined by a panel of community development experts who will share with us their work, both research and practice in regard to this important area.

So it's a full day. I think it will be an interesting and hopefully thought provoking one. And now if I may I'm going to turn the program over to Liz Ortiz, our Deputy Director in Our Division of Depositor and Consumer Protection who will serve as our gracious monitor for today's proceedings. Liz.

MS. ORTIZ: I'll do my very best. All right, good morning everyone. And it is indeed my pleasure to be the moderator of today's program and to serve as the Designated Federal Officer for this Advisory Committee.

Without any further delay I'm going to turn the microphone over to my esteemed colleague Keith Ernst, who is going to be the leader of

today's first panel. Keith.

MR. ERNST: Thank you, Liz. Good morning, Mr. Chairman, Members of the Committee. We're pleased this morning to have the opportunity to share with you new research that we're releasing today.

This research has its roots in the 2021 FDIC National Survey of unbanked and underbanked households. As you may remember, one of the key findings from that survey demonstrated that receipt of income from a job or public benefits was a powerful motivator for households in opening bank accounts.

We started as thinking about what we could learn about the economic inclusion potential of similar settings and volunteer income tax assistance for VITA providers quickly moved to the top of our interests. The work you'll hear about this morning was made possible by the efforts of Mary Zaki, Jeffrey Weinstein, Jonathan Presler, Elissa Cohen and Noah Shult under the direction of Yan Lee in our consumer

research program.

We enjoyed tremendous support from external partners, including the IRS, Prosperity Now, the community of VITA providers. And also from internal partners, Mia Sowell and Maisha Goss Johns in our community affairs program.

Mary Zaki will present the findings and implications from the survey. Andrew VanSingel from the IRS, Mindy Maupin with Southern Bancorp Community Partners, and Mary Durón, a Senior Community Affairs Specialist from our San Francisco program will follow.

You have their full bios in your packet, but I will just tell you, together these three have decades of experience working with VITA providers. We feel very fortunate to have their perspectives at the table today to place the findings from their report in some context.

After the presentation we'll have time for your questions. And we hope observations about how the FDIC can best proceed in light of what we're learning from the research today.

And so with that, I'd like to invite Mary to start her presentation.

MS. ZAKI: Thank you. I'm very happy to be presenting to you the findings of the FDIC survey of VITA providers.

The purpose of the survey is to explore opportunities for economic inclusion at VITA sites and volunteer income tax assistance sites provide low-income households with free tax preparation services. And they're overseen by the IRS.

Now why are we looking at VITA sites. Well we found that in our 2021 FDIC National Survey of unbanked and underbanked households that a third of newly banked households opened up those accounts in part to receive their government payments. That is, receiving a lump sum of income may motivate on bank households to open up a banking account.

From that finding we thought that it would be potential for economic inclusion of VITA sites. Why? Because at tax time an unbanked

household who's receiving a refund or credit may want to open up a bank account to direct deposit into it. And VITA sites help people get their refunds.

In 2018 VITA sites processes about 1.3 million tax returns totaling $1.85 billion in refunds. Also, VITA sites serve populations that are lower income in order to receive those services.

And we know, also from our FDIC survey of unbanked and underbanked households, that lower income households have a higher unbanked rank. Finally, the IRS tells us that receiving a refund via direct deposit as opposed to a paper check is safer, faster and cheaper.

So why did we do a survey? Well there is almost no public information, whether it be reports or data on opening bank accounts. So if wanted to learn about the opportunities for economic exclusion of VITA sites we have to conduct this survey.

So what's in this survey? Well we

asked site-specific questions so that we can get a picture of site level operations. And we also asked a different set of questions to sites that had a partnership with a bank or credit union that would help them help their unbanked clients open up bank accounts for depositing those refunds. And for sites that didn't have such a partnership.

For the sites that did have a partnership with a bank or credit union, we asked them how they helped their clients open up accounts. And for sites that didn't, we asked them what was preventing them from having a partnership. So the survey was fielded from May 15th to June 30th of 2023 after the completion of the 2023 tax filing season.

Now there is no comprehensive central database of VITA sites nor of the populations that they serve, nor of the auxiliary services that they provided. So that prevented us from creating a survey they could be nationally representative.

However, our survey is still valuable because it brings us new insights on the operation of sites that provide banking, that having banking partnerships and sites that don't. We constructed our survey pool from multiple sources of sites operating in the 2023 tax season.

This includes 3,700, around 3,700 sites that posted their operations on IRS public search tool, sites that have won IRS grants, sites that serve Indian Country, and also sites that historically have had banking partnership according to the prosperity analysis, according to the responses to a Prosperity Now end of season, end of tax season service.

We also put in a lot of effort to include sites that are more likely to serve unbanked populations. Those include sites that were located in majority Black, majority Hispanic and relatively high Native American census tracks, and those located in non-MSA counties.

Overall we invited 486 sites to

respond to the survey. And 351 of them did. That's a 72 percent response rate from sites that span 49 out of 50 states.

Along with the survey itself we also obtain stakeholder feedback prior to the survey. Stakeholders gave us feedback on the survey instrument itself and how to optimally field the survey. And after the survey we also interviewed some of our respondents in order to get some real world insight on the findings.

Here's the composition of our respondents. Twenty-eight percent of our responding sites had a banking partnership. And we were also able to obtain a diverse set of sites in terms of the demographics of their locations. Twenty-one percent of the sites were located in majority Hispanic census tracks, and 19 percent were located in majority Black census tracks. And a quarter of them were located in non-MSA counties.

I'm now going to present to you the findings of our survey. And please note I'll be

making a decision between the findings that relate to sites that have banking partnerships and sites that don't have banking partnerships.

So the first thing we want to look at is, is there demand for banking services at VITA sites. I'll first focus on sites that have a banking partnership. They provided assistance to our unbanked clients to open up bank accounts in the tax season that they were serving.

But what are they planning on doing in the following tax season? Well 94 percent of them are planning to either continue their efforts or even increase their efforts in the following tax season. And specifically, 65 percent are planning to increase their efforts in the following tax season.

When we asked them why they're planning to increase those efforts, 78 percent of them cited greater demand for those banking services. So among our partnered respondent sites they expect demand for banking services to persist or even increase in the following tax

season.

Now what about the sites that don't have a banking partnership? Maybe the reason they don't have a banking partnership is because their clients don't demand that service. Well we asked them why they didn't have a banking partnership and only 38 percent cited lack of demand. Instead they cited a mix of other barriers that I'll be going into more details momentarily.

Now potentially, even if they don't have a partnership with a bank, they could still help their clients direct deposit their refunds using some alternative methods, such as a prepaid debit card. In that case maybe they wouldn't want or feel that they don't need to have a partnership with a bank.

When we asked them if they use those alternative methods, and 41 percent of them did not offer their unbanked clients any other options for direct deposit. Meaning, those unbanked clients would have to receive their

refunds as a paper check unless they did something on their own initiative.

Less than 12 percent of those sites offered their clients prepaid debit cards. And others offered assistants to their clients to direct deposit their refunds into savings bond or provided them information about banks and credit unions or links to government or other trusted websites.

What is preventing our non-partner sites from forming a partnership with a bank? Well 75 percent of them identified at least one knowledge, comfort or resource barrier.

Thirty-three percent cited a knowledge gap. For example, they weren't aware of a banking partnership was even a possibility, or they didn't know how to execute one or didn't know how to find a banking partner.

Thirty-four percent cited a comfort gap. For example, volunteers or staff felt uncomfortable providing banking services to their clients, or they worried how they were going to

keep client privacy by providing banking services.

Or they didn't know how to remain neutral if they were going to be guiding their client to a specific financial institution. Or they worried that the accounts that their clients might open will charge them high fees.

Forty-two percent cited a resource gap. Citing lacking funding, in-kind support, such as space, people, time, or even some times lacking the availability of a bank or credit union to actually serve their clients.

Going back to sites that have banking partnerships. What can we learn from them? Well one thing we can learn is how did they meet their banking partner.

Thirty-one percent of our partner responded sites met their banking partner through a joint event or a network like a Bank On coalition, a VITA coalition or a local FDIC alliance for economic inclusion. And 25 percent of the partnerships in our survey were actually

initiated by the bank or credit union themselves.

Another thing we can learn from our partner sites is what practices they found useful for increasing the use of direct deposit. For sites that were able to help their clients open up bank accounts onsite, 41 percent of them actually used tools that didn't require the physical presence of a bank employee on site. And for sites that use those tools, 71 percent said that those tools were very useful for increasing direct deposit.

For sites that would refer their clients offsite, some of them used warm handoffs or more personal referral methods such as an instructor email between the banking partner and the client, scheduling an appointment for the client at the banking partner or informing that they can partner ahead of time to receive the client. And for those sites that use those warm handoffs, 86 percent said that they were very useful in increasing direct deposit.

Banking partners could also use

alternative methods other than using their banking partner. And 85 percent who used, who provided their clients with the government link or a trusted website said that very useful. And 81 percent who offered a prepared debit card to their clients found that to be very useful.

Another thing we saw among partner responded sites is that there are actually opportunities to increase economic inclusion among them. For example, 41 percent of sites did not provide onsite account opening assistance even though their clients were coming onsite to get their taxes prepare. When asked why, half of them cited that bank employees were not available at the times that were needed.

For sites that were using offsite referral methods, only 20 percent of them used the warm handoff. For sites that provided virtual tax preparation services a quarter of them did not mention the availability banking services to their virtual clients.

And only 41 percent of partner

respondent sites could confirm that the accounts being offered to their clients meant Bank On national account standards.

In order to gauge the willingness of VITA sites to engage in economic inclusion efforts, we asked them what their willingness was to connect their clients with safe and affordable bank accounts. And we found that both partnered and non-partnered sites were very receptive to sharing information to their clients about safe and affordable accounts, as well as partnering with institutions that provide those accounts.

So let's first look at the partnered respondent sites. Fifty-eight percent were willing to provide Bank On website links, 65 percent were willing to provide a list of local Bank On institutions to their clients, and 40 percent were willing to partner with a Bank On institution even though they already had a banking partnership.

In fact, several sites mentioned in our survey that they were in the process of

obtaining a partnership with the bank that would provide their clients with a VITA, with a Bank On account, or were searching for partners that could better meet the needs for their VITA clients.

Now let's look at the non-partnered respondent sites. Sixty-one percent were willing to provide Bank On website links. Sixty-six percent were willing to provide a list of local Bank On institutions to their clients. And almost half were willing to partner with a Bank On institution.

Now given that the majority of our survey respondents do not have a banking partnership and that potentially may reflect the pattern in the VITA population as a whole, these results suggest that there is substantial potential for increasing economic inclusion at VITA site through the route of safe and affordable accounts.

So what did these findings imply to us?

For VITA sites that don't have a banking partnership they could benefit from efforts to connect them with a banking partner, especially a banking partner that could provide a safe and affordable bank product. This could occur through a networking event or banks could be informed of the role of VITA sites, and also to consider the benefits of initiating such partnerships.

For example, financial institution that would partner with a VITA organization may be eligible for a favorable consideration under CRA regulations for qualifying VITA related activities. And VITA sites themselves can confirm that the current or their potential partner institution is providing safe and affordable accounts their clients.

A second implication for sites that don't have a banking partnership is that they can benefit from technical assistance such as how they conform and execute a partnership or information about, that can address their

knowledge, comfort and resource gaps. For example, they could benefit from materials that share knowledge about the practices that partner sites consider useful, or they could include information about banking partnerships and how to form and implement them.

Also beneficial will be materials that can address their concerns. Such as, what are appropriate ways that volunteers and staff can provide banking services and how can they do so while maintaining client privacy.

Also helpful would be materials that address resource gaps. Like a tool that would allow VITA sites to easily identify local branches of Bank On institutions.

Finally, there is opportunity that exists for economic inclusion even among partnered sites. For example, sites that use offsite referrals to banking partners can mean more personal ones such as warm handoffs. And sites can provide accounting opening assistance onsite given their clients are, many of their

clients are coming onsite to get their taxes prepared. And also, they can find ways to help their virtual clients get banked.

Thank you for listening to these findings, and I look forward to your questions.

MR. VANSINGEL: Good morning everyone. I just want to give some context. This is really interesting information provided here. I don't have any slides, I'm just going to kind of talk about from a, you know, an IRS standpoint and why all this is important.

And so, filing a tax return is not just your civic duty, but also it's a point in time where many people are going to receive the largest inflow of funds to their household for the course of the year. And it's about getting the right amount of money to the right person. So having a bank account is an important part of that formula by getting the right, you know, to get those funds to the taxpayer.

There's a lot at stake. There's lots of credits, tax policy or public policy. A lot

of it's run through the tax code. We have the Affordable Care Act, we have the Home Buyer Credit, which is just kind of in the tail end of that. Earned Income Credit, Child Tax Credit, Education Credits. The list is really endless.

And the average amount of the earned income credit, for those who claim it, is around $2,500. But that credit is substantially higher. Last year it ranged from as little as $1 up to $7,400. And it's a function of a couple factors, such as your family size and how much earned income you have.

Despite how much is at stake, studies find that about one-fifth or about 20 percent of the population is eligible to claim the earned income credit yet they never claim it. And so it's kind of an ongoing battle for really everyone to promote earned income credit.

This upcoming year is actually going to be the 50th Anniversary of the legislation that enacted the earned income credit, and so we're planning to really rally around that

milestone to really push EITC awareness.

Because there's a lot of money at stake who you trust to prepare your return is a really important choice as well. And so obviously the VITA program is a great resource for people who want to get their return prepared because they can get it done accurately. Historically have a very high accuracy rate around just over, I think last year it was just over 97 percent.

VITA volunteers all have to take a certification test believe it or not. Their, I believe the only, or to say it differently, if you want to prepare returns you have to have a PTIN. And there is no competency test to do that, you just essentially need to be able to fill out the paperwork and you can go out and prepare a return. And those are the individuals that are doing it, on the book so to speak.

There is also another population of people who are filing returns for taxpayers and they don't sign the return. Or they're what we

call ghost preparers, which is usually a huge red flag when that happens because they're, you know, they're not signing the returns so in those situations it's more likely than not that they're kind of taking advantage of the taxpayer.

But the important component of getting your return prepared by anyone who is taking a fee is that they have a PTIN. But also that the taxpayer is responsible for whatever is on the return or whatever information that they don't put on the return.

And so obviously you can go to a VITA site and keep more of your hard earned income by getting it prepared for free. We sometimes are hyper focused with the large amount of refunds that are going out to taxpayers, but they say the average cost to getting your return prepared by a preparer is somewhere around $250 to $300.

You know, when I was at the VITA site, and that's the average. I've seen a lot of people pay significantly more than that. I've seen single parents, one W-2 paying $1,000 or

more. And that's just the up-front fee. That's the fee that they're being told.

There is also other types of hidden fees. Refund anticipation products. A lot of times they charge based on forms. A lot of the software it populates the forms automatically, so the amount of forms doesn't necessarily correlate to the complexity of the return.

But what I saw at the VITA sites last year was kind of eye-opening. Is that we were, I was talking to a lot of people who are senior citizens or people getting only a couple hundred dollars, and for those individuals who are getting maybe a, you know, a $180 refund, we then kind of flipped it for them where instead of having to pay somebody $200 to only get a $180 refund, and so they, you know, they got to go out of pocket $20 on the net, they're able to keep everything.

And so that's, and for those getting that type of refund on fixed income, it's a huge moment for them because that could pay their cell

phone for a month or that can help put food in the fridge. And so it's really important, not just for these large EITC refunds, but for all taxpayers.

And again, the VITA volunteers all go through rigorous training. We have a very high accuracy rate. Whenever they go to a VITA site there is multiple points throughout the process in which we're going to try to ensure a quality return is prepared.

We have an intake process that makes sure that their eligible, that they have all their documents. We'll have a return preparer do the actual prep work. And then a more experienced person is going to do the quality review just to make sure that everything is, you know, where it needs to be.

And filing an accurate return is critical so you don't have any refund delays. We're seeing kind of an uptick now of what we call these TPP issues, taxpayer protection program, where the return that's being filed is,

there's something wrong with it or potentially something wrong with it. There's an abnormal amount of credits being claimed.

We're seeing people claiming these fuel subsidy credits. People who are getting education credits. And with the matching system that we use it's, there is suspicion that it's not an accurate return. And so a lot of tax preparers, as we've seen out in the community, whether it's on social media, they're promoting, you know, I know the trick, I can get you more money than anyone else, and the whole industry is kind of couched on whoever can get you the most money is deemed to be the most intelligent and capable person of doing it. And we've seen that that's not always the case.

And it's kind of sophisticated on how they promote that. They even say, you know, this is a loophole, the IRS doesn't want you to know this. They'll tell you, you can't claim it, you just got to keep fighting this. And so they kind of take our talking points and use that to kind

of go against us and say, well, that's exactly what they said you would say.

But bottom line it's really important to file an accurate return. If you e-file and do direct deposit, which again, another education point, those are two separate things.

When I'm at a VITA site and I say, do you want to file your return electronically they say, I don't have a bank account. So we have to educate them to say, those are two separate things. It's going to be banked, but if you're not you can still e-file and that will at least kind of boost the process to get those funds to you quicker.

So that's just to give a little bit of context I think of why we're here today. And I did focus on the benefits of going to a VITA site for the taxpayer, but I would also encourage anyone in this room, anyone who is listening, volunteering in a VITA program is an incredibly rewarding experience.

And people who don't volunteer think,

well, I need to be a tax person in order to do that. And that's just not the case.

In fact, when I'm a VITA site tax, "tax people" are the least represented there. Tax people are usually very busy during tax time during their own return prep. And so I'm seeing teachers, I'm seeing blue collar workers, I'm seeing college students, people who have retired. It's a really inspiring place to be because you really can talk to and see people at very different points in their careers coming out and coming together to, you know, help their community.

So it's a great thing to do to volunteer if you're retired or if you're early in your career and great networking. And so I would encourage all of you who aren't involved in some capacity.

And if you're nervous about preparing returns there other roles. You can be a greater, they need translation services. You know, just basic logistics at the site. So there really is

a role for everyone.

And I don't want to take too much time so I'll shift it over to Mindy. And if you have any questions I think we're going to wait at the end and answer some questions. So thank you.

MS. MAUPIN: Okay. So what I will be speaking from the perspective of a VITA site administrator. And we are housed in a bank. So the perspective that's heard from the research, and then also what Andrew talks about, like I live this every year.

So Southern Bancorp is our partner. It is a bank that was founded in 1986. You can see the assets, that it has $2.6 billion in assets. It is a CDFI.

So the reason that they are a good partner is because mission makes a difference. If you want a higher CDFI rating, I don't know all the technical words for that, but VITA fits in very well with what the bank wants to offer communities.

Of course the bank offers like, you

know, checking, savings. We're a Bank On partner. And I say we a lot because we basically are, you know, all in this together.

There is 500 plus employees. Just remember that for a little bit later. Our sites are in Arkansas and Mississippi. There are 56 bank branches. I have 31 VITA locations. So out of 56 branches, 31 are VITA sites. Five hundred employees. I have 155 volunteers and they're all bank employees.

So it's pretty huge. We started in 2004 with one site. Our first year we did 204 tax returns. Last year we did 4,719.

We are in areas from Little Rock to Webb, Mississippi. We have some branches with one person, some branch with two people. Some branches with 15, 20, 30.

But one thing we also do, we offer the VITA program through the IRS. All of them take training, which that's the part of the year they don't like me because it's really boring.

(Laughter.)

MS. MAUPIN: We have to teach to the test. I love you, Andrew, but it's like rigorous.

So they all have to take training. Even if they come to an event and want to say hello, they know they have to come to me to take a training.

So what we also do is we have Super Saturday events. And last year I did six. That was overly ambitious. This year I'm only doing four. So at the Super Saturday events what we do is we offer the free tax prep. But if you will notice, we also have partners.

So we do legal aid, health screenings and voter registration. What the legal aid services do, they do record sealing on site. They bring all the people that they need to make it official that day.

We also have a group of four to five attorneys that do pro bono work. So they do wills, they do power of attorneys, that kind of thing.

And then they do not have to be a bank customer. We offer a program called split, save and win. If they do a portion of their refund in one account, split it another, they're entered into a weekly drawing for $50, and a grand prize of $1,000. So this is a way to encourage them to, if they only have a checking account to open it, a savings account.

And often an entry point into other positive financial outcomes. So we also offer financial counseling, credit counseling, credit building CDs. And the reason the bank partners is because this is a relationship building program. The bank does not make any money off of it.

We at Southern Bancorp Community Partners get the VITA grant, we get funding from other corporations. And so we provide the tax preparation services but the employees do the work. They're lenders, they're tellers, they're branch managers. It's not just a certain group of people. And they're spread out all over the

place.

So 2024 impact, this was our impact last year. And I love getting the VITA numbers, but then when I, after like season ends I sit there and I think about how many hours that was. And it's a lot because I manage all of them, and I'm available 24/7.

So, 4,700 returns. You see the amount of refunds. And then the earned income tax credits they get. This is 2023's numbers. It's not updated yet, so this year we had a 155 volunteers. And a CRA eligible VITA hours was almost 7,300.

So it's really impactful. And the CEO of the bank literally text me on April 15th and I'm like, sir, they have not even finished yet, like they're still be accepted by the IRS.

(Laughter.)

MS. MAUPIN: So the bank is very excited because this really, with us being a CDFI, with the bank being CDFI mission focused, we don't always see people coming in the bank the

first time and opening an account. We don't see that. But the next year they might.

And we have a lot of stories. This one is just a picture of a lady, Mandy Chaney, that came in to get her taxes done. She did split, save and win and she won. She was a bank customer already.

But there is one story, we didn't have a picture of her. She's been a bank customer, she's actually an employee in the early 2000s. And we had another initiative through, it was called the SEED initiative for children to save for college. We did that.

Well this mom, her name is Cheryl, and she had a checking account. She enrolled her son in the college savings account. She's a VITA customer. She went through our match savings program, and she got a loan through the bank, and then her son went to college.

So the reason that we do what we do is the first year, a lot of people have bank accounts. We're seeing a lot of them do.

But we're always seeing a lot of people with Chime cards and Cash App. And what we're educating them on is, if you do something through Cash App, there is nothing the bank can do. So if you do a transaction with some one, you have to take it up with Cash App.

There is so many people that have been frauded through Cash App or Chime or any other app like that. But they trust it more than they trust a bank.

So what we found ourselves doing this year was educating more on, you know, you're welcome to open an account. Like, we'll open the account and they don't even have to make a deposit. We allow the account to be open for their refund to come in. So they don't have to physically have money to deposit that day.

So we've tried to do things where Bank On, if they don't pass credit, like the thing with the bank to open an account, they're afforded the opportunity to open an account. If they don't want to do the Bank On card then we

also allow them to open an account, but they're not able to have overdraft. So we try for the people that come in, even if they have an account, because like the majority of them do.

And then to Andrew's point, last year roughly not everybody got a refund, but the amount that I estimated at, it was like $990,000 they saved in fees. If you do an estimation of $250 a person.

So I live this, I breathe this, I love it, I could talk about it all day. It's a hard lift. It's a heavy lift for people that volunteer. It's a lot of fun.

But to see the families that come in and literally cry because they paid $600 the year before. Or cry because nobody has ever, like wanted to hear their whole story about their whole life while they did their taxes.

(Laughter.)

MS. MAUPIN: But just having the impact on the community, and then seeing consistency. Because the group that we're trying

to reach, they're used to programs coming and going. But the question they ask is, will you be here next year and I'm like, yes, I --

MR. VANSINGEL: You come back every year too, right?

MS. MAUPIN: -- will be here. And yes. And once you get them in the door and they get their refund they come back.

So that's why our numbers are going. It's not because what we do for social, on social media or advertising, it's because somebody says, my cousin said that you did her return, or my aunt said you did her return. So we do it with the bank partnership because the mission base, but we also do it to build relationships so people can trust financial institutions more.

MS. DURÓN: Good morning. It's my pleasure to --

(Off microphone comments.)

MS. DURÓN: Thank you. Good morning. It's my pleasure to share with you what the Los Angeles Alliance for Economic Inclusion has been

doing in terms of their VITA collaboration. We have about 100 participating organizations. We meet three times a year and we have three working groups that support the efforts year round.

And so for our VITA collaboration we had banks who needed opportunities for community development service credit. We had the VITA sites who needed VITA certified volunteers in order to support the work and expand their ability to serve additional clients.

We also have the government agencies that provide support. So the City of Los Angeles has 20 family source centers. One of their requirements is that they provide VITA services.

The County of Los Angeles has the Center for Financial Empowerment and Bank On LA County. And then the IRS in Los Angeles is a great supportive partner.

We had three initiatives that we worked on together to support VITA, which is the Bank On Los Angeles County as an option to open an account for the unbanked. LA County provides

a PDF for the financial institutions and their products so you can, at a glance, see how much it would cost you, what the product name is.

And so our VITA sites are able to utilize that to provide to the client so the client can make their own choice. So they don't feel like they're steering them to one particular bank.

And then we utilize the #GetBanked information that the FDIC produces. Like why should you have a bank account and talk about the fact that they can have their refund deposited into a bank account, which is faster.

And then we utilize the LA Saves program. We've been doing it for ten years to promote saving. And during VITA season is a great time to talk about saving a portion of your refund. And for the last few years we've actually received the community impact award for the work that we do in the LA Saves.

So for us we also have the 2023 results. We're currently tabulating the 2024.

We had 204 VITA certified volunteers, 17 banks provided volunteers. We supported 23 VITA sites, 17 of them were in the LA MSA, which is Los Angeles and Orange County.

And I wanted to share with you one of our success stories. Haven Neighborhood Services is a nonprofit that just started their VITA program about three years ago. They're also providing home loan counseling, as part of the work that they do. And decided that VITA was a service that was needed in the community.

And this particular organization has really put all of our efforts together as they serve the clients for VITA. So they recruit bankers from the Alliance for Economic Inclusion, they were able to complete 2,000 tax returns last year. They helped unbanked clients open an account, 293 of them. And 647 clients took the LA Saves pledge.

The IRS helps us capture the data of, well, how well did we do. So for the VITA sites, the 17 VITA sites in the LA MSA that our

volunteers supported, obviously they didn't do all of the work but they supported the work of these 17, $10 million were brought in refunds. And they did 10,400 tax returns.

And as we looked at the, how much of the refunds came through the 17 VITA sites, it's almost 25 percent of the total refunds for LA County.

So for our 2024 VITA collaboration, 27 banks reported that they had their staff participate in VITA training. We created the LA Saves newsletter and promoted VITA. And with the assistance of several partners, including the LA County Center for Financial Empowerment, the LA Family Source Centers, the HUD District LA Office, the Public Library, and then the tabling events that we do with LA Saves, we are able to distribute this to over 96,000 people in LA promoting VITA and promoting savings.

So one of our keys to success, well it's important to motivate the bankers to participate and to help them understand that the

process of becoming VITA certified is not so overwhelming. And we link them with the organization.

Some of the nonprofits provide the training to get certified so it makes a relationship building from that process. And then some of our banks discovered that commercial loan officers were good partners or good staff people to do VITA because they understood taxes.

And then they created a free tax prep website where the volunteers could go and find sites that needed the volunteers, and they could just sign up on such and such date for two hours, four hours, whatever the option was.

And then what we also discovered is that, while free tax prep is one solution, some of the nonprofits have actually developed a relationship with the bank so that they were, they looked at it as long-term process. So it wasn't just during tax season. Maybe they got them to be on their board of directors, perhaps they got some funding from them. So they saw it

as a year round process, not just for VITA season.

And then we've, as I mentioned, integrating the Bank On and Los Angeles Saves, messaging into our VITA service delivery has helped bring the success. And recognizing the success and sharing best practices.

So next week will be the Alliance for Economic Inclusion forum. By then we should have our data collected and we will be presenting and sharing who participated and the successes for this current tax season.

And with that I'd like to turn it back over.

MR. ERNST: Great. Thank you to all of our presenters for both the wealth of information you've brought to the table and the brevity of your presentations enabling us to engage the community in a conversation and dialogue.

And so I really would like to welcome questions from the Committee Members for any of

our presenters. And also observations you have about the implications of what you're hearing today for the work the FDIC should be doing to take full advantage of these sorts of opportunities. Marietta?

(Off microphone comments.)

MEMBER RODRIGUEZ: Thank you. This is really wonderful information. And it really does track with what we're hearing from the Neighbor Works Network. A comment and a question.

We're hearing a lot from our network about the proliferation of bad tax information over social media, particularly platforms like TikTok and other things. Particularly to younger tax filers. And wondered if you had comments about that.

And was really interested in the Atlanta and LA models on how nonprofits who are VITA site can form stronger partnerships with banks. How can we incentivize banks to really engage with this population?

We have found it much harder where

there is an existing relationship a bank will engage, but when there isn't it's hard for the nonprofit to approach the bank and sell the whole thing to them. So I'd be interested in thoughts about both things. The scam activity and the relationship building. Because it seems like this really pivots on a relationship of trust.

MS. MAUPIN: Yes, absolutely. So we had several clients come in actually came for amendments because they saw on TikTok or they went to someone.

The biggest scam we're dealing with now is creating fictitious businesses. And so they do it, they see the refund amount, they sign the tax return, they don't realize it's fictitious because the person doesn't review it with them.

And so at that point there is really nothing, we send them to a tax advocate. And the tax advocate is the one that kind of takes it from there.

Another thing we're seeing is there

were a lot of rejects this year due to the ID PIN. And people didn't understand when they saw on TikTok that they needed to protect their identity. And so now they're in the position to where they don't remember doing it. They had to find their IRS PIN or they had to mail in their tax return.

So I just literally tell them, and they're like, well I heard, and I said, on TikTok, and then they just look at me and they're like yes. And I said, well can I just tell you something? I said, just like Andrew said, anybody out there can do taxes, but we're trained by the IRS.

And I can tell you right now that if someone tells you, there was a place we had to report in Mississippi, they were doing fraudulent returns for elderly people giving them education credits, like Andrew said. And so we report it to the IRS, they investigate it, they shut that site down.

So what we try and do when we see that

is educate people. But most the time when we see it is when they've gotten a letter from the IRS saying, you kind of did something, we need your receipts. And they're like, I don't have receipts. And so then we just send them to tax advocates.

The part about partnering, I can help with that. And I think it would be great. And I've never thought about the context of being in a position to where we could come up with something that's a package that says, when you go to a banker. Bankers do not, they're not making money off VITA. Their employees aren't making money off VITA.

So when we approach the bank about this, the president literally looked at me and said, this is not going to work, and I don't get it. And I was like, well, just one year. Just one year. If you don't get it, it's okay, we get the funding.

Like, if you can get some people to volunteer at the bank. So the first year we had

a few volunteers. And now every year they're like, we want to volunteer. The CEO of the bank and the holding company volunteered. It was an interesting story.

But they volunteered because they were excited. But I think what it is, it's not about, it's more the banks that are missioned focused. So the ones that are like regions, those are going to be harder because their sales, their bottom line, they're all of that.

But the mission focus, the ones that are CDFI banks, when they see the CRA ratings, when they see what the mission means and what means for their population, the amount of refunds, the, how much does it save the people, I think that those are the banks.

Now the ones that are for, like more bottom line maybe use the space. And that's how I think getting familiar with the bank saying, hey, you have a boardroom could we use that, or you have an office space, can you in-kind donate that? And then the bankers will be intrigued.

Like who is this organization that's using my space all the time, and then that will kind of get them to say, okay, I'm just going to see what you're doing.

So I think it's a different approach for whatever type of bank it is. If it's mission based as opposed to not commission based.

MR. VANSINGEL: Can I add to the, you know, I guess the saying is the lie will travel the world before truth puts its shoes on. And that's where partnership is really important because with the scams we, you know, IRS puts out the dirty dozen.

We have a big campaign over the summer, we're working on scams to try to educate. But all that information is out there from IRS. If you go on our website, we have all the stuff you need to know to educate yourself, but what we find is that people might not be going to the IRS to get that information, they want to know, they want to talk to somebody that they have like a more, maybe personal relationship with.

And so, again, that's, you know, with our in spec, with our VITA program, we have our VITA partners which prepare returns, but we also have what we call outreach partners. So if anyone in this room is in a capacity of saying, hey, we can't a host a VITA site, you can be an outreach partner. And we send all of our information, you know, usually on a weekly basis. And you can share that on social media and, you know, share it with your audience to get that information out.

But again, like it is, the campaign that we created last year was based on this phrase of who do you trust. And so it goes right to your question of like, people are going and getting information.

The problem too is that is you have a stove and it's hot and you put your hand on it, you say ouch, pull your hand back. With a lot of this stuff there is no instant reprimand or punishment to take a bad decision whereas if you file that return and, you know, I think the IRS

with its filtering and preventing those funds from going out it's done a lot better job, but you don't get that instant, you know, this wasn't good, it's not happening, you're not getting that money.

So I think we've enhanced some of our process to stop the refund from going out, which is good because the alternative was, the money was going out and eventually was going to come back with interest and penalties. And this would saddle taxpayers for, sometimes the rest of their life or even years that those interests and penalties would accumulate.

MR. ERNST: So, Mary, I see you want to get in but if you can be very brief, we have some other hands. But please do come in because I think you have a valuable perspective to add here.

MS. ZAKI: Oh, I think the Alliance provides that networking opportunity where they get to meet the bankers and the nonprofits. And then this last year in the fall we held a virtual

meeting to like really deep dive on what does it take to volunteer and what do the banks have to do and what are the nonprofits are going to do. And so we helped them along.

And also expanded it this year. So we provided opportunities of, you could be a greater or an intake specialists. And then once you start to do that the idea is that they will become a volunteer the following year. So we're looking for the results on that, but that's, the networking has brought it together.

MR. ERNST: Thank you. I saw Susan and then Leigh, Jonathan, Tom and Naomi.

(Laughter.)

MR. VANSINGEL: Everybody.

(Off microphone comment.)

MEMBER WEINSTOCK: So I'm really disturbed about the comment that the folks using these services are more trusting of the apps then of the banks. So I was wondering if you all could give us some additional insights into that because that's scary. And so I, is it social

media is it, what's going on here that providing that kind trust of apps, what they know nothing about, but the local bank down the street they don't have as much trust in?

MS. MAUPIN: For one it's easy. They don't have to go through the check when they come in to open an account. They don't have to go through the paperwork process. They literally link a card. They use, or use a Cash App card.

So for ones that have, and it may be a generational distrust. Their grandmother didn't trust the banks, she just used it to deposit and withdrawal and buy cashier's checks or money orders.

But they can sit at home and they can do it and there is no, oh, you don't quality. Or oh, we see this at First National Bank or, so they can just do it at the ease. But not knowing that it's not insured and they'll lose their money if someone decides to block a transaction or whatever, that's the education pieces now. But it's easy.

Like they don't have to go to a bank and sit and say, oh yes, well yes, I did owe the bank $250, I didn't pay it back.

So they can just do it and there is no credit check. There is no, I mean, not credit, but like check systems or something like that, so that's why.

I mean, it's just easier and it's not embarrassing to some people. They can just sit at home and they can use that until it stops working or they lose their money, then they come to the bank. And then they're mad at the bank because the bank can't help them and so we're like, you know, it's not insured. Like, that's the third-party vendor and you're going to have to go through PayPal or Cash App. So it's convenient and they don't have to come in and fill out paperwork and sit at a desk and all of that.

MEMBER WEINSTOCK: Thank you.

MEMBER PHILLIPS: I can add a little bit to that. Last point as well.

At SaverLife people link their bank accounts to our platform. And we actually pulled some data for the State of Arkansas, about the State of Arkansas, about the top ten banks that were linked to Bank On. To Bank On, I'm going back in time. To SaverLife.

(Laughter.)

MEMBER PHILLIPS: In the State of Arkansas. And six or seven of the top ten were non-banks or neobanks or online only banks. And a lot of those products were offering advances on stimulus and child tax credit and other things during the pandemic, so you saw this really big increase of people using neobanking and banking apps during 2020 and 2021. And I think that was a part of it. In addition to the great insights that Mindy offered.

So speaking of which, I think an idea for the FDIC is not just to train advisors but to train banks. And so there are barriers that people face when they're opening accounts that might be related to remote account opening. Know

your customer requirements, check systems. People are opening accounts with ITMs.

And it's really important that people are providing, especially onsite services, that they're aware of this full set of circumstances. And that they have back up plans.

Like Mindy was mentioning, right, like if we can't do it onsite today I'm going to make an appointment for you to come and see me in my branch tomorrow. And make sure that that loop is being closed.

And also make it very clear that cross selling should not be allowed as a part of these activities. We definitely saw that in the bank on San Francisco days during community events.

One last quick thing would be potentially to consider pre-outreach. So SaverLife does a big tax time savings campaign every year and we ask people to pledge to save. We started doing that kind of in December.

Could do the same thing with bank account opening. So just get people in that mind

set before they actually go to get their taxes done.

So think of all the times that people show up to get their taxes done they're like, I just want to do this, and then I got to go. And so I think getting people in their mind set that I'm getting my taxes done and I'm opening a bank account today might be a helpful way to increase participation.

MR. ERNST: Thank you for all the conversations. Jonathan?

MEMBER MINTZ: I want to start with Mary, quick question for Andrew, and a quick question for Mindy.

(Laughter.)

MEMBER MINTZ: Sorry. Super quick. So once again, FDIC data is incredibly helpful and inspiring.

I will make the observation that when I first sort of entered this world a few years ago there were very strong headwinds against banking in VITA context. VITAs were too busy,

they didn't want to take on the extra effort.

Customers weren't interested because they already had mental overload with doing their taxes and that's not why they were there. Banks weren't interested because yes, there was the one big deposit but then the idea was they were going to drain the money and not use the account.

So the idea of banking access opportunities at scale through VITA have always, to my radar, been very negative. And so your findings I think are game changing when it comes to what's actually happening, thanks to a bunch of partnerships around the room, and the receptivity to it. So I just really want to tell you how eye-opening and helpful and inspiring it is.

And I think that it can really help us engage our hundred or so coalitions around the country to convince them that rethinking partnerships with Vita would make a big difference. So I really want to thank you so much.

Andrew, quick question. To the idea of larger scale approaches to these integrations, I'm wondering whether the IRS is thinking about the serving node that there wasn't sort of central VITA information. I'm wondering if there is something on the horizon that we might look toward where they'll be a little bit more of an infrastructural opportunity to push out, not just basic information but maybe connectivity options on banking in a way that you all were so heroic during the pandemic?

MR. VANSINGEL: I think what you're referring to is like during the stimulus and the advance child tax credit where we had kind of a shock on --

MEMBER MINTZ: You wetted our appetite. Yes, exactly.

MR. VANSINGEL: Yes.

(Laughter.)

MR. VANSINGEL: I don't know of anything like that for, you know, the banking, but I mean, this could be the beginning of --

MEMBER MINTZ: Perfect.

MR. VANSINGEL: -- of that conversation that tries to help with that.

MEMBER MINTZ: The findings. Yes.

MR. VANSINGEL: A lot of the findings that I saw were pretty interesting. Just in my local territory, which is Illinois and Indiana, we had a couple of banks, one of which was Huntington Bank, and they have a lot of their employees that volunteer at sites.

And so we kind of use them to, and I was, knew a little bit about the Community Reinvestment Act, and so we actually had like a lunch and learn with all of our partners in Illinois and Indiana to talk about, what is CRA, how can it be used to maybe approach a bank or for banks that maybe wanted to do more, what's the, to try to connect the coalitions with the banks and vice versa.

So I think a lot of this is really done on a local level.

MEMBER MINTZ: Yes.

MR. VANSINGEL: I'm certainly bringing this, what I learned here today back to our area, and which will go out to all of our territory managers across the country to say, this is, you know, it seems like it's pretty low hanging fruit to get people banked and to get, you know, more volunteers.

MEMBER MINTZ: Right.

MR. VANSINGEL: I mean we did, last year, just probably shy of 2.7, I know the stats were from a couple of years ago, but we're up to about 2.7 million returns. But it's a function of how many people can go out and volunteer. If we don't have the volunteers to do the work, a lot of sites turn people away. A lot of sites do appointments. And some times those appointment books are filled --

MEMBER MINTZ: Understand.

MR. VANSINGEL: -- by the first week of February.

MEMBER MINTZ: Well if there is a way that the central national infrastructure of Bank

On can help in infrastructural sort of efforts that you're sort of --

MR. VANSINGEL: Certainly.

MEMBER MINTZ: -- flirting with, you know, obviously please let us know.

MR. VANSINGEL: Absolutely.

MEMBER MINTZ: Mindy, quick question. One of the central ideas behind, I think the FDICs original envisioning of a national standard, like a Bank On standard, was this idea that the middle man connecting, the middle people, connecting people to banking didn't have to say this is a great bank, choose this one. It could be like, anyone that's got this seal, anyone that meets the standard is safe.

That's the, I guess the potential risk of your close connection to one bank. Obviously there are huge countervailing advantages to a partnership with one bank, particularly one that has a certified Bank On account --

MS. MAUPIN: Yes.

MEMBER MINTZ: -- you know, to be able

to say, like we can get it done, we don't need a warm handoff, you're in the middle of the bank.

MS. MAUPIN: Yes.

MEMBER MINTZ: I'm wondering if you have any sense of whether there is a little bit of a distrust factor of like, oh, you're just trying to sell us one of your accounts, and whether the Bank on designation can help, or if you seen it help sort of validate, no, no, no, this is, really everyone thinks this is a good account?

MS. MAUPIN: Well whenever, because we had this conversation last night, whenever someone doesn't have an account or wants to open an account, we say you are welcome to open an account here and this is a product that we think is really great for you.

So whenever we put it that way, they don't feel like we're trying to, they're like, they're kind of confused really because I'm not trying to sell them to open that account. And so then that makes them more open to look at it

because I'm not saying, well, the customer service desk is right there, you can go open this account. If I tried that they would be like, no thank you.

But when you say you're welcome to, and this product would really suit you, I think you would really like it, and so then they look at it and then when they, they'll ask, what is Bank On, and then I get to tell them. And that give more validity because it's not just an account or a product our bank has.

So I think in not pushing them, because with VITA we can't. Like for financial gain we can't do that.

So it's very difficult in a bank setting to not say, we have great products, we're a great place, but just give them the opportunity. And some people leave and go to their bank and come back. And that's fine. As long as they're banked we're happy with that.

MR. VANSINGEL: And a lot of those partners can get the account number and the

routing number like on the spot.

MS. MAUPIN: Yes.

MR. VANSINGEL: That's like a good selling point. I think again, it's an --

MS. MAUPIN: Yes.

MR. VANSINGEL: -- education because people say, this is just another hurdle to get my money. Like I just want to file it, I'll do that stuff later, and then later never comes. So I think education is a huge --

MS. MAUPIN: Yes.

MR. VANSINGEL: -- component of this.

MR. ERNST: Great, thank you. Tom, I think you had a comment?

MEMBER FOLEY: Test? There we go. Great, thank you. And thanks, Keith, it's great to see you. And thanks to all of you for this really impactful work.

You know, Andrew, I think it was you who mentioned that for a lot of people this is the largest cash infusion that they're going to see that year. And if it's retroactive sometimes

for several years.

And, you know, you partnered with Speck and with the IRS to make sure folks with disabilities are included in the VITA work for, gosh, 15 plus years. And I just wanted to kind of highlight how impactful that's been. And also, kind of follow-up on something Jonathan mentioned.

We had a little pilot in Missouri and we brought VITA to a community mental health organization. And between child tax credit and EITC and just, you know, free tax prep it was brand new to them. And we reached over 300 people with only $2.7 million in returns. Which was just life changing for so many people.

But, you know, when we talk about savings, and I don't want to drown on about asset limits, but as many of you know, you know, many folks with disabilities have trouble with savings because asset limits. So one of the things I'd love to surface, both to the IRS and FDIC, is highlighting the availability of ABLE accounts at

VITA centers. ABLE accounts are a safe way for people who receive federal benefits to be able to save for their futures.

What we know from our data is, around 51, 52 percent of open ABLE accounts are transactional accounts and live in an FDIC insured, you know, offering through the financial institution that sort of backs it up. And so what that allows for people with disabilities, either if their people with disabilities or as taxpayers are often, they might have a child who has a disability.

And I think we all know the importance of being able to start saving for a child's future and the, just the remarkable impacts that that has. So I just really want to be able to highlight how important it would be to be able to bring ABLE education, even if it's just a filer working with the states ABLE account.

Both in Missouri and California we've been able to do that to some extent across some VITA sites. And, you know, we've seen an uptick

in people's interest in it.

And the other piece is, while ABLE is a wonderful piece of legislation that allows a lot of people to save, often for the first time ever, you know, there weren't a lot of marketing dollars behind it. So we still see lack of awareness. And this would be a great way to be able to help educate the community and help people open bank accounts that are insured to be able to save for themselves and their child's future.

MR. ERNST: Great, thank you so much, Tom. Naomi?

MEMBER CAMPER: Yes. So a couple of things. Thanks so much. The timing on this is ideal which, because when you showed your first slide I think it was, people are busy throughout the cycle because it takes so long to ramp up being able to take this time to plan for next year is really fortuitous.

So, Marietta, on your question about how community organizations can connect with

banks, I can offer the American Bankers Association as sort of a one stop shop. She's in the overflow room, but Lindsey Torrico is the head of the ABA Foundation and is always excited to find new ways to make sure that our banks are connected with community based organizations. You'll hear more about some of her work during the afternoon roundtable, but I'd like to offer ourselves up for that.

I also think the point about FDIC doing bank training would be really helpful. I used to work at a bank at one of the questions that always came up before our VITA engagement had to do with liability for when bank employees engaged in that.

I went through VITA training and I was worried myself about making a mistake and steering someone wrong and how that would rebound. So I think the scale at which we, we collaborate so well with the FDIC on Bank On webinars and trainings. I'd love to see something like that offered.

And then just one last point on remote account opening. It can be so impactful to be able to do on the spot account opening. We've made great strides with that, and many of our banks do open it. Have that technology.

Those who are reliant on core, the very few core service providers in this country continue to encounter obstacles and costs and all of that. And so we appreciate the FDIC engaging over time with the core service providers, but it remains a big area of concern for our smaller members.

So I do think banks of all sizes are really eager to engage on these types of programs, whether it's through volunteers or offering space, but we'd love to be a partner with any of you.

MR. ERNST: Thank you. One more Member, if I may. Marla had a comment and then we'll --

MEMBER BILONICK: I know we're really late so I'll make this quick. But I thought the

data point that could easily get lost in the shuffle, Mary, that you presented, was really interesting that the virtual engagements had a lower uptake of the bank account openings. And I just thought that was odd because you would assume sort of a level of technological access, just by virtue of doing a virtual engagement, that would potentially lead to more ease of opening a bank account virtually. So did you get any sort of surrounding information about why that was because that stood out to me as just something that was strange?

MS. ZAKI: Yes. So one of the stakeholders that we talked to indicated that one issues that when they're doing virtual tax preparation services the clients could, potentially are not local. They could be coming from a different state.

And in that sense they don't know who to connect them with. They don't have as much of a relationship so they feel uncomfortable. Well just, maybe they don't even have the information

to help them with that, versus for their clients that are coming onsite, they know who their local partner is and so they either can refer them or they could actually be onsite. So that was one thing.

One stakeholder actually overcame that by having a really good, had, she had really good connections with all these other VITA organizations in different states and then, so she would be able to tap into them to know who the banking partners are in those states. But that seemed to be very, you know, a unique, a good networker herself to be able to do that, but you could see how challenging that would be for some other virtual providers that --

MEMBER BILONICK: Yes.

MS. ZAKI: -- providers that are providing.

MEMBER BILONICK: And I also thought you mentioned that discomfort was one of the reasons why people didn't sort of broach the topic of bank accounting opening, but to me, but

I could be strange, is the virtual setting is typically sort of less daunting or awkward because you don't sort of have to engage in the one-on-one in-person sort of, so that part was also interesting to me as sort of, if discomfort is a barrier virtual to me kind of eliminates that barrier or reduces that barrier so shouldn't it sort of be the reverse? Yes.

MS. ZAKI: Well the discomfort was coming from the volunteers, the VITA volunteers themselves and the staff. They felt, well I'm here to, or from my understanding they said, I'm here to provide tax preparation services, I'm uncomfortable providing this other service that I'm not really that familiar with. I could be doing something wrong, that kind of thing. I really just want to stay in my lane.

So that was the direction of the comfort that we documented in our survey. And also heard from Stakeholders. Rather than I think you're asking about from the point of view of the consumer, the VITA client?

MEMBER BILONICK: Yes. Yes.

MS. ZAKI: I'm not as familiar. I think in our --

(Laughter.)

MS. ZAKI: In our national survey of unbanked and underbanked households, there is definitely a trust issue.

MEMBER BILONICK: Yes.

MR. ERNST: Thank you. Mr. Chairman, it has typically been my experience, we have much more information to share than we can in a limited session, and the Committee has much more information for us.

The Committee Members are all going to receive a copy of the report, and we invite them to sort of engage with us outside of the session if you have additional input or thoughts for us. And we really appreciate the information we've had here. And I'd like to turn it back to you.

CHAIRMAN GRUENBERG: Thank you, Keith. Just want to thank the Panel for a marvelous presentation that's thought provoking and

enormously constructive.

And it does strike me that this is a doable thing. Meaning, identifying, particularly VITA sites in underserved communities. And seeking to setup bank partners that participate in the bank on program is a doable thing.

And I think we have represented around the table here a set of groups that really could advance that objective. So let's see coming out of this meeting if we could put together, the FDIC could, happy to take a lead on this, try to put together a working group of some of the participants here to see if we can collaborate in terms of identifying both the target sites and potential Bank On partners. Because it's a tangible opportunity to expand access to the banking system and we could take advantage of it.

So listen, thank you all. It's terrific.

MR. ERNST: Thank you.

MS. ORTIZ: Okay. We do have time for a break, everyone. So on the agenda it says that

we'll be back at 10:30, but how about we say ten minutes and we come back at 10:35? Thanks.

(Whereupon, the above-entitled matter went off the record at 10:24 a.m. and resumed at 10:41 a.m.)

MS. ORTIZ: All right, welcome back everybody. You know, as things turn out the last panel sort of touched on a couple of themes, consumer awareness, trust, and the importance of knowing whether or not a bank account is insured.

And as luck would have it, our next panel is going to talk about exactly that. So, Luke Brown, let me turn it over to you to lead the next panel.

MR. BROWN: Thank you, Liz. It's good to see everybody this morning, excited about having this conversation.

Our presentation today focuses on a regulation that the FDIC issued at the end of last year related to the FDIC's primary mission of promoting and maintaining public confidence in the banking system deposit insurance. I recall

us visiting with you maybe about a year and a half ago when we were thinking about issuing a rule and we talked about some of the concepts and some of them ended up in the final rule and I recall we got some pretty helpful feedback from you in that dialogue.

As you know, increasingly consumers are presented with an array of financial products and services offered online through banks and non-bank entities.

As consumers have increased their reliance on the internet and mobile banking channels to access banking and financial services, consumers may not fully understand if they are interacting with a bank and when their funds are protected by the FDIC's deposit insurance.

In addition, the FDIC has seen misrepresentations online by persons, including non-bank entities, regarding FDIC insurance coverage in numerous forms.

These types of misrepresentations can

cause confusion and create uncertainty which can erode consumers' confidence in banks and in the protections afforded by the FDIC.

To address these concerns in December of 2023 the FDIC Board approved amendments to Part 328 of the FDIC's regulations governing banks' use of the official FDIC sign and advertising statements as well as rules related to false advertising, misrepresentations regarding deposit insurance coverage, and misuse of the FDIC's name and logo. First, the final rule modernizes the FDIC official sign and advertising rules. Second, the final rule clarifies the FDIC's advertising and misrepresentations importantly related to persons, including non-bank entities, not just focused on banks.

The final rule aims to help consumers clearly understand when they are dealing with a bank and when their funds are protected by the FDIC's deposit insurance coverage.

In the Fall of 2023 the FDIC launched

its "Know Your Risk, Protect Your Money" public awareness campaign which underscores how important it is for consumers to understand how deposit insurance works and how it protects their money.

You might have seen online advertisements from the campaign featuring Penny the Pig. The FDIC sign and misrepresentation rule complements that work.

So now I would like to introduce our panel which is made up of FDIC staff, Meron Wondwosen to my right, Assistant Director in the Division of Depositor and Consumer Protection, to her right, Ed Hof, Senior Policy Analyst, also of the Division of Depositor and Protection, and to Ed's right is Chantal Hernandez, counsel in our Legal Division.

We also have Mia Sowell, Acting Project Manager, also in DCP, as well as Julianne Breitbeil, Senior Media Relations Manager, Office of Communications.

Our panel today will describe

background information, the primary provisions contained in the FDIC's sign rule. It's sort of divided into two parts, it's the FDIC official sign piece as well as the misrepresentations piece. We'll go through the misrepresentations piece as well.

FDIC staff efforts to implement the rule will also be discussed and then we will describe the FDIC's public awareness campaign which aims to increase the understanding of deposit insurance coverage within the public as I described a minute ago.

And, by the way, after our presentation we are happy to take your questions and have a conversation with you about the content of the presentation.

Okay, let's get started. Meron, it's all yours.

MS. WONDWOSEN: Thanks, Luke. Good morning.

As Luke mentioned the final rule supports the FDIC's mission. The FDIC has

promoted public confidence and stability in our nation's banks and their customers through several crises, including the 2008 financial crisis, the COVID-19 pandemic, and most recently when large regional banks failed in the first half of 2023.

Since the 1930s the black and gold FDIC official sign has been displayed next to bank branch teller windows to give bank customers confidence that they are dealing with an FDIC insured bank and that their deposits are safe.

Part 328 was last updated in 2006 and since that time, as you all know, there have been significant market and technology developments and consumer banking habits have substantially changed.

I will mention a few of the developments from this slide. First, bank customers increasingly rely on internet and mobile banking channels to access banking products and services.

Many consumers use their bank's

website and mobile banking apps as their primary method of accessing banking products. These platforms essentially serve as banks' digital teller windows for these bank customers.

Through these platforms consumers can now access deposits and non-deposit products. Examples of non-deposit products include insurance products, annuities, mutual funds, securities, and crypto assets.

These developments conserve to blur the distinction between banks and non-bank entities and also between deposits and non-deposit products potentially creating confusion for some consumers.

At the same time the FDIC has observed an increase in misleading representations about deposit insurance from persons, including non-bank entities.

Such misleading statements create uncertainty and could dilute and undermine the public confidence that underpins banks and our nation's financial system.

Through the final rule adopted by the FDIC Board in December of 2023 the FDIC sought to address these developments and misrepresentations about deposit insurance.

The final rule has two parts. Subpart A of the regulations governs the FDIC official signs, including the newly-established digital sign, as well as the use of the advertising statement. Subpart A applies to all insured depository institutions.

Subpart B governs misrepresentations and applies to any persons, including banks as well as non-banks, and prohibits any person from misusing the name or logo of the FDIC or from engaging in false advertising or making misrepresentations about deposit insurance.

The rule became effective April 1, 2024 and has a compliance date of January 1, 2025. This rulemaking has the following objectives.

First, the final rule modernizes the FDIC official sign and advertising rules to

ensure to keep pace with significant changes that have taken place in the banking industry and that they reflect how consumers engage banks today.

Second, the final rule clarifies the FDIC's false advertising and misrepresentation prohibitions to address misconduct in internet banking channels by persons, including non-bank entities, that are misusing the FDIC's name or logo and inaccurately describing FDIC deposit insurance coverage.

Third, the final rule as a whole helps to enable consumers to better understand when they are dealing with banks and when their funds are protected by the FDIC's deposit insurance coverage.

The final rule amended the requirements for the display of the official FDIC sign in physical bank premises. For most banks not much changes.

If a bank has teller windows the official sign must be displayed at each teller window or station. This is not a new

requirement. It maintains the status quo.

The final rule also provides some options for banks. For example, under the final rule if a branch does not offer non-deposit products the bank has the option to replace the teller window-based signs with one or more official signs visible from the deposit taking area.

Second, there are some newer bank locations or layouts, such as café style banks, which do not have any teller windows or stations and where deposits may be received in various areas throughout the location.

In such locations, under the final rule, banks must display the FDIC official sign in one or more locations in a size large enough to be legible from anywhere in those areas where deposits are usually and normally received.

Now we will move from the official sign in bank physical spaces to digital banking channels and the new FDIC official digital sign, which you can see here on this slide.

The final rule established and requires the display of a new FDIC official digital sign on bank digital deposit taking channels, such as websites and mobile applications, as well as certain bank ATMs and other like devices after January 1, 2025.

Specifically, banks must clearly, continuously, and conspicuously display the new FDIC official digital sign on bank websites and mobile applications in close proximity to the bank's name near the top of the page or screen on the home page, landing or log in pages, and pages where the consumer may interact with deposits.

Over time as consumers get used to seeing the official digital sign on bank websites we believe it will register for consumers that this is a signal to them that they are interacting directly with an FDIC insured bank and that their deposited funds are safe.

The final rule also establishes requirements for an insured bank to display a non-deposit sign when it offers both deposit and

non-deposit products.

Generally, a bank must display a non-deposit sign indicating that non-deposit products are not FDIC insured, are not a deposit and may lose value.

This particular requirement is intended to be generally consistent with practices described in the long-standing inter-agency guidance on the retail sale of non-deposit investment products.

In addition to the requirement that the non-deposit sign be displayed clearly, continuously, and conspicuously in a physical bank branch, the final rule also requires the display of the sign when deposits and non-deposit products are offered in digital banking channels, including websites, apps, and certain bank ATMs.

Under the final rule the non-deposit sign must be displayed clearly, continuously, and conspicuously on banks' digital banking channel pages related to non-deposit products indicating that the products are not deposits, are not FDIC

insured and may lose value.

I will now turn it over to my colleague Ed.

MR. HOF: Thanks, Meron. As we mentioned at the outset of the presentation one of the main objections of the final rule is to address the increased instances of deposit insurance misrepresentations by persons, such as non-bank entities, that can cause consumer harm.

Such misrepresentations if left unaddressed can confuse consumers as to whether they are interacting with an insured bank or a non-bank entity and whether they are dealing with a deposit product or a non-deposit product.

The final rule aims to address these situations by clarifying the misrepresentation prohibitions and providing specific examples which are non-exhaustive.

Subpart B, which applies to any person, including banks and non-bank entities, provides further clarity on the application of the misrepresentation statute in specific

situations where consumers may misunderstand or be misled as to whether an entity is insured by the FDIC, whether a particular financial product is FDIC insured, or the nature and extent of deposit insurance coverage.

In the final rule Subpart B of Part 328 includes specific examples about statements and material omissions that constitute a misrepresentation which will be helpful in providing more clarity about the final rule.

As mentioned in the previous slide these examples are a non-exhaustive list of conduct that may violate Part 328. We're not going to go through all of the examples today but we will walk through a few of them.

First, a non-bank's use of any FDIC associated term or FDIC associated images, such as the FDIC's new official digital sign, constitutes a misrepresentation of insured status if it inaccurately states or implies that a non-bank is FDIC insured.

Second, if a non-bank makes statements

about deposit insurance for its customers it is a material omission for the non-bank to fail to clearly and conspicuously disclose that it itself is not an FDIC insured institution and that the FDIC's deposit insurance coverage only protects against the failure of an FDIC insured bank.

In addition, if a person makes statements regarding deposit insurance in a context where both deposits and non-deposit products are both offered on a website in close proximity it is a material omission to fail to disclose that the non-deposit products are not insured by the FDIC, are not deposits and may lose value subject to certain limited exceptions.

Another example involves representations or statements about pass-through deposit insurance.

If a person makes statements regarding pass-through deposit insurance coverage for its customers funds it is a material omission to fail to clearly and conspicuously disclose that certain conditions must be satisfied for pass-

through deposit insurance coverage to apply.

The final rule also requires banks to establish and maintain written policies and procedures to achieve compliance with Part 328. The policies and procedures must be commensurate with the nature, size, complexity, scope, and potential risk of the deposit-taking activities of the insured institution.

Now that the rule is final the FDIC is currently engaged in implementation activities. For example, we have received some questions and had some productive engagement with bankers, vendors, trade associations, and technology service providers as they are working to implement the final rule in advance of the January 1, 2025 compliance date.

The FDIC will also host four seminars for bankers and other stakeholders specifically focused on the final rule. During the seminars FDIC staff will discuss the final rule's requirements and answer questions we have been receiving from bankers and other stakeholders.

The first seminar was held last week and we understand that participants found it helpful. As a follow up to that seminar the FDIC plans to post on our website the PowerPoint slides from the webinar and a recording of the presentation.

The FDIC will host the three remaining seminars throughout this year as needed to respond to bankers' ongoing questions about the 328 implementation.

Separately, based on FDIC staff's engagement with Part 328 stakeholders, including bankers, the FDIC plans to post frequently asked questions regarding the final rule on our website to provide additional information and resources to assist banks in implementing the provisions of the rule.

I want to thank you all for the opportunity to spend some time today discussing the rule. I will now turn it over to my colleagues Mia and Julianne to discuss the FDIC's public awareness campaign.

MS. BREITBEIL: Thank you so much. The FDIC launched a national campaign, "Know Your Risk, Protect Your Money," to increase the public's awareness of deposit insurance and how it can protect people in the event of a bank failure.

We know that consumers today have more choices than ever before on where to put their money. However, following three regional bank failures in the Spring of 2023, a Gallup poll found that nearly half of Americans surveyed were worried about the safety of their money deposited into banks and financial institutions, though more than 99 percent of deposit accounts in the United States today are under that $250,000 deposit insurance coverage limit and are fully protected by the FDIC.

This was a critical moment to remind Americans that since the FDIC's creation more than 90 years ago that no depositor has lost a penny of insured deposits.

The FDIC's public awareness campaign

features a piggy bank, and iconic image of your personal savings. We affectionately refer to her as Penny and she finds herself in some potentially risky situations.

Recognizing that many Americans may be putting their money at risk, the advertisements emphasize know your risk, protect your money. Mia.

MS. SOWELL: Thank you, Julianne. So before we get into some of the details about the deposit insurance campaign, I would like to first remind the Committee that in 2021 and 2022 the FDIC conducted pilots of the "Get Banked" public awareness campaign which encouraged unbanked consumers to begin a banking relationship and open an account.

Although the "Get Banked" campaign targeted a very specific audience of unbanked and under-banked consumers and ads were aired in only five geographic areas, we experienced some significant successes from those campaign pilots, many of which we consider to be positive

influences and we wanted to carry forward many of those into the deposit insurance campaign.

So on the top left of the slide we have listed some of those positive influences. So, for example, during the second "Get Banked" pilot we aired the ads during tax filing season when many low and moderate income households receive their largest single payment in the year as was discussed earlier today.

We noticed that there was an increased level of engagement from viewers of the ads since the message was so timely and based on that experience the FDIC would keep seasonal themes in mind for future campaigns. Also, measuring the level of engagement led us to refine the ad formats based on audience response.

So, for example, when we started the campaign we had two sets of videos, one was 30 seconds and the other was 15 seconds. We noticed that our 15-second video had a much higher rate of completion when compared to the longer ad. Go figure, right.

(Laughter.)

MS. SOWELL: That showed us that we needed to deliver our message in a much shorter time span while we had the audience attention.

We also wanted to focus on ad formats that increased our ability to measure the ad's effectiveness.

So during the second phase of the "Get Banked" pilot almost all ads had a link or a button for the audience to click to learn more and that allowed us to monitor which ads received more responsiveness from our intended audience based on certain media formats, geographic locations, and our English and Spanish messaging, and then we can make adjustments as needed.

Third, we engaged our external partners, which included intermediaries, bank trade associations, government partners, and others.

We asked them to amplify our message through social media outlets and this led to the development of the first social media toolkit at

FDIC.

We recognized that many consumers, especially those that are unbanked or under-banked, did not necessarily follow the FDIC on social media, however, they did follow and rely on information that was publicly shared by their local community organizations and local government agencies.

Also, to compliment the advertising messaging our community affairs team across the nation conducted a variety of events and outreach activities encouraging consumers to access affordable bank accounts and to "Get Banked" with a local bank or open an account online.

That messaging during webinars, conferences, events, and other direct communications helped to increase awareness of the campaign with our stakeholders and reinforce campaign messaging.

There were also some lessons learned in the past that we used to guide us when determining the strategies and designing the

creatives for the deposit insurance campaign.

So when we surveyed a group that watched the "Get Banked" ads some noted that they didn't know exactly who the FDIC was and they also weren't completely clear about what is a bank.

As my colleague Meron was describing earlier, there can be that blurred distinction between an insured depository institution and non-banks and consumers continue to use a variety of platforms to manage their money and have many other services available to them.

So we found that there could be usefulness in introducing ourselves at the FDIC particularly to younger consumers and also to re-introduce ourselves to others who may be more financially secure and savvy and using some of these other applications.

That meant that we needed to meet people where they were and today people are on the internet, they're on social media, and so during the first "Get Banked" pilot we had ads on

the internet and radio streaming and TV streaming, which was great, but we didn't have any on social media.

We knew that one segment of unbanked households that we wanted to reach were younger households and we needed to increase that visibility.

So during the second pilot we included ads on YouTube, which was extremely encouraging and confirmed that more social media platforms should be considered for future campaigns.

We also quickly learned that in order for digital ads to reach our Spanish-speaking populations more effectively that tactics directed towards Spanish browser usage on search engines would make a tremendous difference in our ad performance.

Finally, we learned that during a 3-month ad campaign some viewers are going to see the ad multiple times and that can lead to what we call ad fatigue.

So if we wanted to make sure that our

message was not getting ignored later in the campaign then the ads needed to be refreshed occasionally either with new colors, wording, or images.

So the FDIC really benefitted from our pilots during the "Get Banked" campaign, took those positive influences and these lessons learned to execute our current national public awareness campaign for deposit insurance.

Julianne is going to share more of those details.

MS. BREITBEIL: Let me go back one more, forgive me. Our consumer-focused campaign aims to reach those that have a lower confidence in the banking system or who are un-banked, those using mobile payment apps, including younger generations, just college students, and those using alternative banking services and financial products that may appear to be FDIC insured but are not.

FDIC conducted research, including four focus groups, in English and Spanish to help

with message development and to reach our audience.

The campaign consists of digital display ads with our piggy swimming with sharks, skating on thin ice, mountain climbing, and even doing a stoppie on her motorcycle with her back wheel in the air.

(Laughter.)

MS. BREITBEIL: I did have to learn the difference between a stoppie and a wheelie for that one.

(Laughter.)

MS. BREITBEIL: The campaign includes web banners as well as search engine marketing. There are additional ads that include sponsored social media that connect consumers to deposit insurance via YouTube, Facebook, Instagram, Reddit, and Snapchat.

When we launched the second phase Penny found her voice. We added 15-second videos in English and Spanish to drive engagement on social media platforms.

Our one video has our piggy bank out at sea in a life preserver concerned that her money is in an account that she though was FDIC insured but is not.

In the other video she is precariously positioned over a rickety rope bridge over a ravine when we see her laptop showing a 404 error webpage and she can't access her funds. You'll get a chance to see those now.

(Video playing.)

"PENNY: Ah, the sailor's life for me, or it was, until my money was put in an online company that isn't FDIC insured. Now if it goes under, mm-hmm, so do I.

VOICE: Know your risk. Protect your money. Find out what's insured at fdic.gov."

(Video ends.)

(Video playing.)

"PENNY: (Speaking in Spanish).

"VOICE: (Speaking in Spanish)."

(Video ends.)

MS. BREITBEIL: During Phase 2 of the

campaign FDIC added out-of-home tactics in Washington D.C. and New York City so that you can see Penny out in the wild on subway trains, platform ads, and buses.

For those joining us in person today you can keep a lookout for Penny on the side of several metro buses in the area and if you are able to explore a bit further you will find Penny near Washington D.C.'s two historically black college and university campuses, at UDC and Howard, as we had added an additional focus in Phase 2 to reach HBCU students.

For our additional tactics in an effort to reach new audiences we added high-impact display for mobile video advertisements as well as newsletters and in both banner and video ads on Telemundo and Univision to expand our reach.

As you can see here please know that those ads have been running in Spanish since Phase 1. Mia.

MS. SOWELL: So much of our success in

the campaign is to make sure that the message reaches its intended audiences and since one audience we intend to reach during this campaign is people who are not confident in the banking system or unbanked we wanted to make sure that our Community Affairs Team was engaged and could identify ways to provide support that complimented the campaign as more consumers may have seen Penny and seen our "Know Your Risk. Protect Your Money." ads.

Community Affairs conducts hundreds of outreach activities throughout the year with banks and community-based organizations that directly serve low and moderate income communities and government entities.

Staff have included information about the deposit insurance campaign in outreach materials in English and Spanish and we encourage the attendees to visit the deposit insurance webpage to learn about the importance of deposit insurance.

Since the second phase of this

campaign coincided with tax time it increased the number of opportunities for Community Affairs to encourage more consumers to receive their tax refunds and keep their money safe in a bank.

In addition, we utilized our strong partnership with the U.S. Department of Treasury to issue "Get Banked" inserts. So this year any household that received a mailed federal tax refund check between January through April also received an insert in the same envelope about the importance of getting banked.

This slide shows an illustration of the insert which also notes that direct deposit into an account is the fastest and safest way to receive payments from the government and it encouraged recipients to visit the "Get Banked" webpage to find an account and learn more.

Over 7.8 million inserts were mailed and we saw a 46 percent increase in "Get Banked" webpage activity when compared to the same period last tax season.

A link to "Get Banked" was added to

the deposit insurance webpage to assist consumers who may not yet have a bank account to open one and since we knew we may see more viewers during the deposit insurance campaign we re-designed the "Get Banked" webpage with a streamlined look at the beginning of the year.

We wanted to use jargon-free plain language and make sure that visitors were educated about bank accounts through content that addressed common concerns and misconceptions about banking. With this it can help build their trust in banks and will hopefully lead them to open an account.

Finally, consumer affairs colleagues assisted with translating the deposit insurance ads and webpage in Spanish. For the message to resonate with Spanish-speaking audiences it takes time and it's not as simple as just using a web translation tool and expecting for the output to be correct.

Accurate and effective translation to ensure that the same message reaches our Spanish

audience requires being mindful of cultural differences on how certain terms are used and it often required trans-creation, which is the process of adapting a message from one language to another while maintaining its intent, style, tone, and context.

Our team has seen a lot of success doing this for our campaigns and also for other consumer-facing resources on fdic.gov/espanol. Julianne.

MS. BREITBEIL: Okay. Time for a quick campaign snapshot. We have been very pleased with the results to date. The campaign was designed to raise awareness by click to the website, do tell the story.

We used a two-phase approach to allow us to test ads, refine tactics, and better reach our audience. Phase 1 delivered more than 184,000 unique visits to the FDIC's website for a total of 220,000 page views in roughly a month and a half.

This also included 78 million

impressions of the ads account of the number of digital views. We paused our ads during the tax filing season with the goal of returning for -- Pardon me. We paused our ads during the holiday season with the goal of returning for the tax filing season when we knew that many Americans were going to be receiving their single largest payment of the year in the form of their tax refund.

The second phase did deliver additional tactics that we discussed, including those videos and though ads will run through mid-June, as you can see here from the snapshot, in this 3-month period from mid-February through mid-May we received 658,000 unique visits with a total of 822,000 page views to our deposit insurance page.

This phase also included more than 240 million impressions of the ads and more than 35 million video completions. For our next steps Phase 2 does wrap this month and we are currently planning for Phase 3.

We will anticipate keeping a low level of digital ads in the market year round and then we will take a seasonal approach to two major pushes during the year to make the most of these bankable moments.

The general back-to-school window provides an opportunity to reach families and educators within the target population as they are preparing for the school year ahead.

The goal will be to reach families with school aged children but also those entering college or already in college as well as early career networks and, additionally, our goal is to run ads again during the 2025 tax filing season, a time of year that we have already found our target audience to be receptive to this message.

So in the meanwhile please remember to know your risk and protect your money.

MR. BROWN: So as we have mentioned the FDIC has seen increased situations where misrepresentations are made about deposit insurance, so we have taken a two-pronged

approach to addressing those question.

In the regulatory realm we essentially have developed the rule that we just described, we are taking appropriate supervisory action when that makes sense based on the facts, and, of course, we have gone forward with public education through the awareness campaign.

We do think it's important to address this potential risk of consumer confusion, so these are among the actions that we are taking and we'll take others as appropriate.

We are happy to answer any questions you might have. Yes, Leigh?

MEMBER PHILLIPS: Thank you. I have a question, a comment question. So as we were talking I just took a quick look at some of the most common non-bank banks that our members at SaverLife use and all of them claim to be FDIC insured at this moment in time on their websites.

So I know that we are still in the period of implementation, but I am curious as to what authority or who has authority over

financial technology companies and others who claim to be FDIC insured.

MR. BROWN: So as we have described in the rule the FDIC has authority of persons, including non-bank entities. We have broad authority in this space.

Again, depending on the facts, these are very fact-specific situations. We can take action, including enforcement actions, engaging in civil money penalties when appropriate, cite violations.

We also mentioned earlier that there is a provision in the new rule focused on policies and procedures. So to the extent that an IDI has a relationship with a third party, they are obligated to be focused on what's going on with that relationship, to what extent is that fintech or other third party marketing information that may be inconsistent with the FDIC's Part 328 rule.

So, you know, not only do we have that authority, you know, and we can provide you with

additional information, we have been very active in engaging in enforcement where appropriate.

MEMBER PHILLIPS: That's very helpful. My other comment question is, you know, obviously this is a really timely conversation given the recent bankruptcy of Synapse, a technology company that connects to, you know, that operates in the types of relationships that we are discussing right now and this has led to a situation where consumers don't have access to funds and for people who live, like our members, paycheck to paycheck, even any brief delay in being able to access your money has dire consequences as well as for small businesses, non-profits, and others who really rely on these services.

So I am wondering whether or not there is kind of a realtime outreach and education moment to happen here to really try and leverage this as a moment to inform consumers when they are experiencing what this actually means for them in ways that are really disruptive, to say

the least, and potentially financially devastating for households.

I am already thinking about our own members and whether or not we can search for people who may have accounts at places that may be impacted here and what outreach we may be able to do.

So I just wanted to share that. I am happy to brainstorm more during the break.

MR. BROWN: Thank you for asking that question. Obviously, we can't talk about open bank matters but I will say that we recently, I believe we issued a Consumer News article addressing impacts of such situations on consumers.

We thought it was really important to provide that information to the public very quickly, you know, given the facts that we are all reading about in the newspaper, so certainly we can share that with the Committee and we urge all consumers to take a look at that to ensure -- Again, that's entirely consistent with our

campaign of ensuring that consumers understand that the risks are out there and they have to be cognizant about that as they make decisions about their money. Jonathan, good to see you.

MEMBER MINTZ: Good to see you, Luke.

MEMBER KELLY: Oh --

MEMBER MINTZ: I was only --

MEMBER KELLY: Go ahead. No, no, please, go ahead.

MEMBER MINTZ: Sorry. My mind is exactly where Leigh's is and probably everyone in the room.

First of all, congratulations. This is very important work. And Peg looks fabulous.

(Laughter.)

MEMBER MINTZ: When she got out of rehab she really pulled herself together. She looks great.

The question I have, I think, most specifically, is one of the things that we've seen in our work is that these non-bank middleware servicers like, for example, Synapse,

are proud to talk about their connection to an underlying FDIC-insured institution. And I know that your new rule and the work that you all are doing is getting at making sure that that relationship isn't mischaracterized.

Although it is, you know, it appears to be designed, you know, for mischaracterization, so I continue to be thrilled that you all are zeroing in and taking it so seriously.

And my understanding of this new rule requires a disclosure that the middle company is not itself insured.

That's accurate?

MR. BROWN: Yes.

MEMBER MINTZ: So, let me ask this potential loophole question which I may be misinterpreting.

What if you are successful in convincing those middle companies that they're not going to be able to fool people that they themselves are insured, and so what they do

instead is they decide they are no longer going to try to excite people about FDIC insurance at all? They are no longer going to try to brag about the FDIC insurance of the underlying depository institution, they are just instead not going to say anything.

Are they subject to a we're not FDIC insured disclosure requirement? If that makes sense?

MR. BROWN: Well, first of all, I like your premise because we're focused on ensuring that all the information disclosed to consumers about deposit insurance is accurate. But our authority, while broad, is driven by deposit insurance.

So, to the extent that they are not mentioning deposit insurance, we would not have authority over other entities that are non-banks.

There might be other regulators that do.

MEMBER MINTZ: Yeah.

MR. BROWN: Probably the CFPB would.

But not the FDIC.

MEMBER MINTZ: So, I think I would just say real quick that makes -- I thought so. That makes sense.

And so, I think that, you know, to, like, quick research, like Leigh on her phone, I think that us tracking, us, all of us tracking sort of how your rule impacts behavior and whether or not this sort of passes the baton to a CFPB or another regulator, I think it will be really important for us to follow the ways in which people are either accurately informed of the protections -- and I love the idea of using the Synapse moment -- or whether or not you just unintentionally maybe stop people from talking about FDIC insurance so that they don't have to talk about it accurately.

MR. BROWN: That's interesting.

MEMBER MINTZ: Let's see what happens first.

MR. BROWN: You know, we are actively monitoring what's going on out there.

MEMBER MINTZ: Yeah.

MR. BROWN: I will say, and again between the campaign and the requirement that there will be a new digital sign on all bank websites, I do believe that will promote the concept of deposit insurance.

MEMBER MINTZ: I hope so.

MR. BROWN: You know, and again, if you are a consumer it will be ultimately in your muscle memory that when you click and you see FDIC-insured, full faith and credit of the United States of America, you're dealing with a bank and your funds are protected.

And so, hopefully, and I believe this is the case, things will get much better in that space and we won't see the kinds of misrepresentations we've been seeing in recent years.

MEMBER MINTZ: The last thing I want to say real quickly is I'm glad that you are thinking about colleges as a vehicle. I have two college-age daughters. They don't understand

this stuff. And I'm afraid to talk to them about it.

So, literally afraid.

But, so I think that the ways in which you all can, you know, think about institutional and industry-level sort of connectivity and communications would be fantastic.

Thank you.

MEMBER KELLY: Thanks, Jonathan.

Good afternoon. Thanks for bringing the team together.

I wanted to commend a couple of members on things that I hear. I believe it was Mia and Julianne talking about the inclusion piece. And I just want to commend you all for that. Transcreation I think was the word you used.

MS. SOWELL: Yes.

MEMBER KELLY: Being sure that the messaging hit the targeted audience in a way that it resonates. So, I just wanted to commend you.

And then, again, on the Howard and

UDC, those are examples I think we need to promote and demonstrate that we are about inclusion.

My broader question maybe is for you, or Ed, or one of the other team members.

What's the context of the impact of the issue that we are solving here? And what I mean when I say that is how big is the misrepresentation? Or is it just clarifying and creating a sense of confidence, goes back to the mission of the FDIC?

My point is are there bad actors kind of in the fraud space who are intentionally doing this? And how big is that space?

Just to give, if you can, help us with the context of the issue that we're dealing with here.

MR. BROWN: I appreciate the question. You know, it's difficult to size the entire situation. But as you're describing, it's a spectrum. So, on one end of the spectrum there can certainly be fraud.

So, just imagine a scenario where , you've saved money your entire life. You're online. You're looking at a website. And, again, I've looked at certain websites prior to our rule, and sometimes it's difficult to understand an entity is a bank because they almost want to mark themselves to look like a Fintech. And vice versa, you'll see situations where there's a Fintech that wants to look like a bank.

And, you know, maybe I'm elderly or I'm not financially sophisticated and I click. And I see something that says if I, you know, deposit $50,000 in this account online that I'll get a certain percentage of interest. And I think that's a bank, and I click.

So, in that scenario potentially someone loses their life savings on that end of the spectrum, and there's entire fraud. And maybe they're in Eastern Europe. We don't know.

The other end of the spectrum is entities making false representations where it

appears, so they might use the FDIC logo. It's not a fraudulent entity, it's a company that's operating out there. But at the same time, they're implying there is FDIC insurance or essentially stating that there is FDIC insurance based on using an FDIC logo or other symbols.

So, there's a significant spectrum. The whole spectrum is concerning because on one end that's theft. On the other end, what if the bank fails or what if the company goes bankrupt, you still lose your money.

MEMBER KELLY: Thanks.

MR. BROWN: Naomi?

MEMBER CAMPER: Thank you.

So, first of all, I love Penny the Pig. And I don't know how many people in the room or on the livestream follow the TSA tweets and Instagrams. They're very funny. And I aspire for you to get the same kind of following as TSA. They've managed to make it like a must-see reel, Instagram reel. I don't know.

Luke, thank you so much. I know that

you and your staff have been working really collaboratively with ABA to field a bunch of questions. We have, we run a compliance hotline and we have been just flooded with incoming questions.

I know it sounds like, oh, the logo is just going to appear on the websites, and click. I think there's a much longer implementation period for banks. And our members are hard at work trying to comply.

I was glad to hear you mention the prospect of an FAQ going up soon. Just impressing upon you the need for that with as much speed as possible so that we have the runway to get those questions answered so that we can implement them on the industry side.

We have a lot of members who don't have, you know, just these enormous compliance and tech departments, so the more you can do to give them the runway ahead of January 1st, that would be really helpful.

So, thank you.

MR. BROWN: Absolutely. We appreciate the engagement from ABA. And I think we're going to be meeting with them in the next couple of weeks.

We also have been meeting with technology service providers which have been really helpful conversations. Some of them actually will be implementing our rule for hundreds, thousands of banks essentially. So, conversations with them, hopefully, will help transition to the new rule.

Thank you, Naomi.

MEMBER CALHOUN: Again, I commend everyone for a great campaign and a really important one because the scammers are everywhere.

I think one thing that makes your jobs even harder is these scammers truly are everywhere. And for consumers, I think all this is largely like boxes. It's money, they're transactions. Most people don't understand the difference between credit card transaction rules,

debit cards, bank/non-bank.

But to that point, and I think the ABA has been doing a real good job about this, is there does need to be some care here that people don't conflate deposit insurance with absolute protection for transactions out of their banks, and that that vigilance is still needed. And the scammers, if anything, are more targeted, I think, at the banks because that's where people have most of their money.

But just when we talk with consumers, you know, and I know you've gotten more than an earful of this, that the transaction comes from a bank I should be covered even if it's fraudulent, even if I specifically authorized it. And just the insurance is there but the vigilance on transactions is growing and will continue to grow.

MR. BROWN: Absolutely. Thank you.

And again, these benefits of technology it sometimes blurs things even more and increases the speed of transactions, which is

positive but it has impacts as well.

Oh, sorry. Ed.

MEMBER DeMARCO: Yeah. So, really, really interesting, really great work.

I am wondering, though, there was some reference at the outset of this discussion to the bank failures of last year.

And since this, you know, is targeted at consumer education and helping people understand FDIC insurance, one thing that you haven't touched on, I wonder is it part of a broader thing FDIC is doing in terms of explaining deposit insurance coverage limits, and how those operate, and how consumers', you know, various accounts limits work?

You know, this is a basic education trying to get basic knowledge out there. But, you know, there are times in which you have coverage limits where there's also pretty relevant information to folks. But I just wondered if that was, you know, something to come or whether it was part of a larger thing but

you're just focused on this messaging here?

MS. BREITBEIL: I was just going to add one quick note.

MEMBER DeMARCO: Yes.

MS. BREITBEIL: As part of our, as part of the campaign we did do an entire update of the deposit insurance section of the website so that it was in plain language, so people would come in and have a better understanding of what they were seeing. And that will also include an upcoming new video that's a longer form video that will be on our website.

We do have a video that is on there right now. It's time for an update, in part because of the trust rule changes. We were able to keep it up as a bridge until we do hit this, this next video in the coming months.

And we have found that, as part of the campaign, that when people are clicking onto the website that they are staying and watching that video and sticking around for the length of the video.

So, we know that it's part of a longer process. And certainly we can talk more to that. But from the front door side of this we know that they are coming in and sticking around a little bit longer to learn there.

MR. BROWN: Yeah, education about deposit insurance is an ongoing effort that really never ends for the FDIC. We do have access to date.

For example, we field calls from consumers asking questions. And we monitor that and we track that to understand the kinds of issues with respect to whether deposit insurance is understood and the impact, the sorts of questions that you have raised.

So, we have a number of avenues. Julianne mentioned some. We were consistently developing consumer news articles. We have FAQs on our websites.

But given the challenges that we have seen more recently, we wanted to be more active and develop this awareness campaign. But more

broadly, we're always focused on educating consumers and others about deposit insurance.

MS. BREITBEIL: And just one extra note, that our Phase 3 will actually take a deeper dive towards reaching school-aged kids and then producing materials that would be easy for teachers then to use within their classrooms. So we, you know, it's still a targeted approach but we are doing more in that area.

MR. BROWN: Any more questions?

Ida?

MEMBER RADEMACHER: Thank you so much.

I'm all about wanting to follow the Penny account as soon as they set that up on Instagram.

I just have a second question.

You know, if the neobank is a third party vendor basically, so the policing, the management is really on the bank itself to make sure in some ways that the way that their partner is portraying themselves in the world. So, I am curious if there is an ancillary part of the work

that you are looking about which isn't about just the direct to consumer information, but what advice or guidance are banks looking for?

And/or what are you considering sharing with them in terms of their roles and responsibilities in this, in this ecosystem?

MR. BROWN: Well, I mentioned a minute ago there's a new provision focused on policy procedures. My description of that is that individual banks are sort of the cops on the beat. They have these relationships with a third party. They are to understand to what extent are they advertising and mention deposit insurance.

And so, from that perspective, and they understand Part 328, how it applies, they should be talking to that third party and they should be addressing those types of client issues in their policies and procedures.

MEMBER RADEMACHER: And has there been an uptick of reaching out to you for additional guidance, support, tools, assistance in the provision that you're developing there?

I'll let it go at that.

MR. BROWN: Yeah, we've had additional questions. And sort of our rule just got finalized in December, so everything is new. But certainly we've gotten more questions about, about expectations for third parties.

Did you want to say something, Chantal?

MS. HERNANDEZ: Yeah. I just wanted to add there is existing guidance on third party relationships. So, last year there was an updated interagency guidance on third party relationships. And, you know, that is consistent with the policies and procedures requirement that's in 328.

And these are longstanding principles of third party oversight that banks should be familiar with.

So, this shouldn't be entirely new. But in terms of new relationships forming under fintech relationships, they may have to just take, you know, a closer look and update their

policies and procedures to be, you know, risk-based and, you know, address potential increased risks that these new relationships may present.

MR. BROWN: That's exactly right. Thanks, Chantal.

Marietta?

MEMBER RODRIGUEZ: Just a quick comment on the campaign, which is really clever and appreciate the inclusivity of it.

I don't, I don't know, I think financial coaching offered at nonprofits and housing counselors could be really good allies in getting additional leverage and eyes on the campaign messaging. So, I think that's -- I don't know if the FDIC would ever consider a co-branding.

But even if you couldn't co-brand, I think getting the message in a couple of different formats out to those networks could really broaden its reach. And they could post on their social as well.

They're trusted advisors in the

community, and I think it's a resource that would be really a natural fit.

MS. SOWELL: Thanks for that.

We definitely see those benefits through social media. And I think as we, you know, explore some of our opportunities entering the Phase 3 and targeting students, then we will look to establish both more partnerships at the national and local level with educational intermediaries as well.

And also seeing with our consumer education team how we may be able to identify certain places in the Money Smart curriculum directed towards increasing that awareness of deposit insurance.

MS. BREITBEIL: Also, the lesson learned from GetBanked, we do have a social media toolkit. So, feel free to download the materials. And you can pick your favorite scenario. And there's some suggested text there as well.

But your point is well made, we should

be doing more to reach some of those different levels of age. And that's hopeful that Phase 3 will give us additional opportunities.

CHAIRMAN GRUENBERG: Just one comment. If there's an issue that we take personally, it's the misrepresentation of FDIC deposit insurance, which really goes to the core of the public confidence in the deposit insurance system which is the foundation of everything the FDIC does.

So, this is a core issue for us and a really challenging one.

You know, Kenneth asked an important question: what's the dimensions of this? We don't have data to document it. But it is like pointing out, it is pervasive.

And we go after it whenever we find it or whenever it's reported to us. So, to the extent that you all identify non-bank firms that are misrepresenting deposit insurance, let us know and we will pursue it.

And going to Ida's point, if a bank is

partnering with a non-bank, and we've had instances of this, and the non-bank has misrepresented the deposit insurance coverage, and utilizing the fact that it has a relationship with a bank to validate that in some way, we'll go after the non-bank, but the bank itself has a responsibility for its third party relationship and would be subject to supervisory action if they fail to take responsibility for it.

So, this is a big ticket issue. And I'm going to tell you, one of the lightbulb moments I had after the three bank failures last year was when I came home and there's a local handyman in our neighborhood that we utilize to fix things around the house, I walk in and the handyman turns to me and he says, Is my bank okay?

And when your handyman tells you that, you know you've got a problem. And it, I think, really was an impetus to this, to this whole effort.

I think things have calmed down I

would say considerably since last year. But in some sense it offered an opportunity to pursue and a reason to pursue an effort such as this.

So, if you all come across any actors in this space, please, please do let us know.

MS. ORTIZ: All right. Everybody, thank you very much to everybody on the panel. Thank you,Committee.

We're going to take a break for lunch and we'll be back here at 1:00 p.m.

And those of us joining us virtually, come on back as well. We have a great afternoon panel.

(Whereupon, the above-entitled matter went off the record at 11:23 a.m. and resumed at 1:10 p.m.)

MS. ORTIZ: Welcome back from lunch, everyone.

Before we go to the last panel of the day we have our members' roundtable. And Leigh Phillips, one of our new members, has volunteered to go first.

MEMBER PHILLIPS: Volunteered? Hmm.

MS. ORTIZ: We can dispute that.

MEMBER PHILLIPS: I'm happy to go first.

And I'd just like to begin by saying thank you so much for including me in this wonderful group of very smart and thoughtful people discussing important issues. And I am really happy to be here to represent SaverLife and our members.

So, I'll tell you a little bit about SaverLife just to give some context.

SaverLife is a nonprofit advocacy organization, and we leverage technology to improve the financial health of Americans with low incomes. We are focused on both individual actions, so, how we can help people today, but also on systemic action, so, how can we partner with our membership and gain insights that can represent their perspectives in policy change.

So, what we are really focused on is not just how can we improve or help people

improve their financial health but really the question of why is it so hard for so many people to get ahead and stay ahead?

So, a little bit about our membership. We now reach over close to 700,000 people, all across 50 states. Most of our members are women, people of color, and parents. Average income is around $30,000 a year.

They also experience a diverse set of financial challenges, circumstances, and goals. So, our top financial challenges as reported by our members are inconsistent and insufficient incomes, high cost of living, high levels of unsecured debt, financial products and services that are not designed to meet their needs.

And more recently our members are increasingly reporting economic hardships created by severe weather events and climate change.

The number one goal when people join SaverLife is to no longer let their money control their lives. The number one long-term goal remains the enduring dream of homeownership.

So, when people join SaverLife they access the Wardsman Centers to save money, timely and relevant financial content and referrals to services like credit counseling, and a supportive online community.

They also share their lives with us through their stories, timely through responding to surveys connecting their banking accounts, serving as a member of our advisory panel, or joining our research panel, which currently has over 7,500 members.

And what we learn from our members is their financial lives are complicated. Many work multiple jobs, supplement traditional employment with gig work or side hustles, and receive a significant percentage of their annual household income in one lump sum payment in the form of a tax refund.

In addition, we have a hybrid benefit system for workers in the U.S., one in which income and benefits are delivered both through the labor market and through the public sector.

Households are largely left to navigate this complexity alone and there's a fragment financial system.

So, at SaverLife our goal is to really lean into this complexity. And we believe that if we can really understand people and their realities day to day that we can help people navigate those realities, but also deliver the kind of research that we need to inform better public policy, better regulation, and product design and services.

And so the things I'd like to highlight today are really thinking about it's already complicated. It's already difficult out there for people. And but we're also living in a really rapidly changing world and driven by two major forces, one, of course, is technology which we've already been talking about. And the second is climate change and increasing severe weather events.

So, we do a lot of, I like to think, topnotch research at SaverLife. And we have two

studies that we are working on.

So, we are launching a new study into the impact of financial technology on the financial health, specifically on the financial health of consumers with low incomes. So, we'll be focused on the products that are most commonly used by our members, so those include Buy Now, Pay Later, Earned Wage Access, and neobanks and some of the companies or products that we've been already discussing today.

We did recently partner with the Center for Responsible Lending to look at earned wage access products and noting a increase in overdraft fees by people using those products.

So, what we want to know through this research is what is drawing consumers to these products?

I've already mentioned that nonbanks are the most commonly linked accounts on the SaverLife platform. And this is by a multitude, this isn't by a slim, slim margin.

So, what do people like about these

products? What is drawing them to use them? What are their experiences? What can we learn?

Another big question, like, do we need to revise our definition of what it means to be banked in the light of all of these new products. But the real question we're looking to answer is does this product or service increase or reduce financial health of consumers?

We know that there are very few independent sources of data that can help answer these questions. And so, we think with our access both to transactional data from people's bank accounts connected to the survey data, that we can deliver some real insights, hopefully about what's working as well as what may not be working so well.

A second major focus for us is our work on climate change. Last year we launched a new research initiative called The Downpour. We are looking at chronic stressors, the impact that severe weather is having on people's finances.

So, about 25 percent of our members

are experiencing late bills, unable to pay their rent, their mortgage, or their bills on time.

And 21 percent of people have suffered an income loss as a direct result of severe weather. That contrasts to the shared data that it's 4 percent of American households.

So, we have also been asking about the interest in clean energy, which is really pretty high. But there's a big gap between people who want these things and people who receive them. So, we're releasing a report this week, in the next couple days, that really looks at people's interest levels, low income communities and their interest levels in clean energy solutions, weatherization, electric appliances, and really focusing on this as a financial health issue to reduce energy cost burdens at the household level and ensure the equitable deployment of federal resources.

And the last thing I'll note is that we have also launched a partnership with inclusive called Consumer Finance for Climate

Action.

MS. ORTIZ: That's great, Leigh. Thank you very much.

Ken Kelly.

MEMBER KELLY: Thank you. Thanks, Liz.

Again, good afternoon, everyone. I'm Kenneth Kelly. I serve as Chairman and CEO of First Independence Bank based on Detroit, Michigan. We are currently $630 million in assets, and have been around now for 54 years.

We started as one of the positive outcomes of the 1967 riots in Detroit, which was based on, as many of you may know, police brutality.

In 2022, we were fortunate enough to move into the Minneapolis market as part of a collaboration with five large banks. And I would like to name them because I think it was unprecedented what we saw happen with our move there.

That was Bank of America, Bremer Bank, at the time Huntington TCF, Wells Fargo, and

USBank.

Today I will tell you in just the marketplace when you look at inclusion we are seeing an effort where many are trying to retrench on DE&I. We have been following legislation in roughly 27, 25, 26 states that has been anti-DE&I.

And I think when you think about this committee, Mr. Chairman, and what we are doing and talking about inclusion, it is something that we really have to take dear to hear because it impacts us disproportionately.

And I would just like to say before I, you know, finish with some of the statistics that most people think of an African American bank as only serving to African Americans. That's not accurate. I want to be sure that people leave this table knowing that we have individuals from all persuasions who are members and who are served by First Independence Bank.

So, normally those things are assumed that, you know, it's an African American bank, it

is just for African Americans. That is not true.

And so I say that to say the strength of our community is based on all of those who participate in the system, even as we do have a strong focus on ensuring inclusion, because we have seen disproportionately the un-bank is certainly represented by specifically African Americans.

And so, when we think about things that we have talked about today like Bank On and other programs, we have to be very diligent in being sure that we are being inclusive in our efforts.

When I think about where we are in looking at even at the agency here, Mr. Chairman, I have to give a couple of shout-outs to individuals who are doing things that I think make a big difference.

Teresa Sabanty, who is based in Chicago office, has been involved with the team effort, collaboratively looking at ways to do training. As we are doing that in the Michigan

market, and I'm speaking on behalf of being a director of the Michigan Bankers' Association.

The MBA itself has presented 20 financial literacy awards to Michigan banks in April. When you think about that, I think we have 79 charters, that doesn't include national and other banks in Michigan, but when you look at 20 banks receiving financial literacy awards from the Michigan Bankers' Association shows a level of inclusion and how we're trying to ensure many of the things we have talked about in my communities are being reached.

The DEI space we have made an effort to ensure that there are speakers who are talking about this in a very positive manner and ensuring that we are making a difference not only at the individual level but in some of the conferences that we are attending.

Our annual conference, which will begin here in a couple of weeks, will actually acknowledge Juneteenth with a moment of silence recognizing Juneteenth. Again, that became a

national issue as an outcome of the murder of George Floyd. But that's an effort of our demonstrating our ability to be inclusive in the things that we are doing.

And the other item I will mention from a Michigan Bankers' Association is that we have looked at ways to recognize what's going on in the moment. Juneteenth is, I think, one of those I just talked about. Black History Month is one of those. And even this month, Pride, where we are recognizing those colors and being sure that people feel included and that they have a voice at the table in the things that we are doing.

And so, as I close, I'd just like to say and challenge all of us. Hearing the stories that we heard about the tax efforts with Southern Bancorp, what we do here I think is extremely important in being sure that low and moderate income individuals who live in those communities are represented and can feel that they can join and be a part of our financial society.

And I will close by just saying to

you, Mr. Chairman, publicly, we appreciate your leadership and what you've done. Last year during, I don't call it a crisis, I call it financial turbulence with the three regional banks.

CHAIRMAN GRUENBERG: That's what we call it, too.

MEMBER KELLY: Well, it's turbulence. I can tell you, and I just want to say this publicly because I think it's due to your leadership, that weekend I did receive quite a few calls because we know during downturns minority institutions will bear it differently. If you understand what I'm saying, you understand what I'm saying.

And I had calls through the weekend. I said there's nothing we can do. We know that there are people in charge.

And sure enough, on Monday morning President Biden basically acknowledged that all those depositors were going to be made whole. And I immediately sent that to our board of

directors.

And what I'm saying is we know that contagion was likely going to happen if something hadn't been done by that Monday morning. And I just want to commend you and your leadership for being what the mission states: stability and confidence from the public in the midst of that small amount of turbulence.

And so, when I think about that, that is an inclusion issue. I'll say that again, that is an inclusion issue.

And so, I want to collude my comments by again publicly thanking you for your leadership during that, that moment, and ensuring that institutions like ours will have the opportunity to survive and continue to serve the marketplace because that matters.

So, I will conclude my comments there.

MS. ORTIZ: Thank you very much, Ken.

Steven, would you like to go next?

MR. ANTONAKES: Okay. So, thank you. Good afternoon, everyone.

Can you hear me? No?

Okay, all right. Excellent.

(Laughter.)

MEMBER KELLY: That's why I sit next to him.

MR. ANTONAKES: I was remarking during lunch after the wonderful panel on FDIC insurance that there's a demarcation even within my own family in terms of my children's understanding of the importance of deposit insurance.

My younger kids grew up after the financial crisis. They don't have the same perspective.

My older boys were 7 and 3 when I was serving as the Massachusetts Commissioner of Banks during the financial crisis. And if my Blackberry rang after 7 o'clock, at the top of their lungs they yelled "banking crisis."

(Laughter.)

MR. ANTONAKES: Last spring my oldest, my 7-year-old, who was a senior in college last spring, texted me when Silicon Valley failed. He

wrote, "banking crisis?"

(Laughter.)

MR. ANTONAKES: I said, no, not this time.

Good afternoon. It's great to be with you all. My name is Steve Antonakes. I am the chief risk officer at Eastern Bank in Boston, a 206-year-old institution with $21 billion in assets at the moment.

We will be merging with Cambridge Trust Company next month. We'll settle about $27 billion after the merger.

First and foremost, I want to congratulate the chairman and the professional staff of the FDIC on really an outstanding and substantial update to its Economic Inclusion Strategic Plan. It is outstanding.

I was pleased to see articulated within the plan the fourth objective specifically, among the others, which stresses the imperative to live in strong, healthy communities. A critical aspect of this plan, of

the Strategic Plan, is encouraging financing in underserved communities and increasing affordable housing.

Now, I will beg the indulgence of my former committee members who have heard me speak to this issue before.

But I wanted to note the impact of our planned merger and its intersection with opportunities to help address the affordable housing crisis through both the creating of more affordable housing units and additional financing opportunities in low and moderate income and majority minority census tracts.

The lack of affordable housing resulting from shortages of supply, significant increases in home values, and a higher interest rate environment remains one of the greatest challenges to economic inclusion in our footprint, which is primarily comprised of Eastern Massachusetts and Southern New Hampshire.

Eastern's post-CRA assessment area has been substantially broadened to include 41

additional cities and towns in Massachusetts, 45 additional cities and towns in New Hampshire, and 42 additional low and moderate income census tracts.

As a result of the merger we've also tripled our loan commitment to the Massachusetts Housing Partnership, which is a public nonprofit organization dedicated to increasing supply of affordable housing. At $220 million, it is by far our largest loan on the books.

Closing the racial wealth gap is a significant focus of Eastern and our foundations. We continue to believe home ownership is the key to accumulation of wealth.

As part of a separate but related initiative a couple of years ago, we created a special, a small business loan special purpose credit program to provide great financing options for women and minority owned businesses. Building off that experience, we are looking to develop a special purpose credit program in the mortgage space and/or partner further with other

local housing agencies to deliver mortgage loans to first time homebuyers purchasing homes in majority minority census tracts with flexible terms and flexible underwriting criteria.

As I noted, the housing inventory in our market is exceptionally limited, and home prices are extraordinarily high, with the average home price approaching $700,000, requiring prospective homeowners to earn $160,000 a year. That's a 40 percent increase just from 2020.

Moreover, if you want to go a bit closer to Boston, you need to earn $200,000 to support a purchase of a home in the Greater Boston Metropolitan Area.

We believe the biggest benefits we can provide borrowers purchasing a home in majority minority census tracts is interest rate reductions. We've looked at this long and hard, and we have flexible underwriting criteria. We accept low credit scores, things of that nature. But interest rate reductions with a lower DTI, and we believe contribute in some respect to the

ability to purchase homes in this incredibly expensive environment.

Accordingly, it's either part of our special purpose credit program or partnering with Greater Mass Housing Partnership, we intend to earmark several million dollars to our foundation for down payment assistance, as well as reduced rate, reduced rate programs.

And I'm hoping, you know, these efforts, in addition to the creation of additional affordable house, will play a small part alongside state government, hopefully other financial institutions that will follow suit.

Thank you for your time.

MS. ORTIZ: Thank you very much, Steve.

Susan, would you like to go next?

MEMBER WEINSTOCK: Sure.

Susan Weinstock. I am the CEO of the Consumer Federation of America. And I am delighted to be here with all of these terrific people.

So, I thought for this roundtable I

would focus on a couple of reports that we've put out recently, and some of the other focus of our work that might be of interest to this group.

First of all, I just have to put a plug in for our Consumer Assembly which is tomorrow and Thursday here in D.C. at the Capitol Hilton. The agenda is online if you are interested.

We've invited Senator Cortez Masto to talk about housing issues, and Representative Maxwell Frost, all of 27 years old, to talk about focus on insurance issues because he's been doing a lot of work on that, given he's from Florida.

We also have panels that are going to discuss the privacy of our service members; reining in anti -- revising antitrust to rein in big tax; homeowner's insurance and fair housing; and AI, the good, the bad, and the ugly is what we're calling it.

Also, on Thursday evening, I think this would be of interest to folks, we have our awards dinner. We are giving our Esther Peterson

Award, named for the consumer rights pioneer who successfully advanced consumer protection and human rights causes as nutrition labeling, and truth in advertising, to Martin Eakes, the CEO and co-founder of Self-Help and the Center for Responsible Lending.

So, and Sheila Bair is giving him that award.

So, it's going to be a lovely evening. If you are still interested in joining us, please don't hesitate. You can register online or you can walk in. We would love to have you.

So, just to talk a little bit about some of the reports we've done.

In March we released a report called Exposed: Report on $1.6 Trillion of Uninsured American Homes. I am particularly proud of this work because when I came to CFA I thought that there were a lot of silos. And this is a combination of our work on insurance and housing. The issue experts worked together on this.

It's received a lot of press

attention. I brought show-and-tell.

This was Sunday's *Washington Post*. I opened the paper and there is a story about this report and information about this.

And then right next to it is a story about the realtors and agent commissions, quoting our own Steve Brobeck, who was my predecessor's predecessor and ran CFA for, like, 38 years. So, very nice.

But, anyway, the gist of the report is that an estimated $1.6 trillion in property value of uninsured homes was at risk in 2021. This includes $339 billion of uninsured homes for Hispanic-owned and $206 billion of uninsured for Black-owned homes.

Using data from the American Housing Survey and American Community Service Survey -- Community Survey, we found that 1 in 13 American homeowners are uninsured, approximately 7.4 percent, living in about 6.1 million homes.

Homeowners earning under $50,000 per year are twice as likely to lack insurance

compared to homeowners in general. Among lower income homeowners, 15 percent are without coverage.

Certain demographics of homeowners are disproportionately at risk. 22 percent of Native American homeowners, 14 percent off Hispanic homeowners, and 11 percent of Black homeowners have no insurance.

35 percent of manufactured homeowners have no insurance. And 29 percent of homeowners who inherited their homes lack coverage.

And rural homeowners, those living in the metropolitan areas of Houston, Miami, and Mississippi, and Louisiana, and New Mexico are most likely to not have homeowner's insurance.

In 2021, an estimated, as I said, $1.6 trillion in property value of homes lack coverage. This includes -- well, I already said that.

So, the report does have some policy recommendations.

We want state insurance regulators to

collect more data to track homeowner's insurance gaps and inequalities in the insurance market.

Problems in the homeowner's insurance market pose a systemic threat to housing markets, and solving them will require extensive investments in mitigation.

And regulators need to collect more information about racial homeownership gaps, insurance gaps.

We have a, we just released yesterday a complaint report. We survey every year our local and state consumer protection agencies to hear what they're getting complaints about.

And just to give you a quick summary of the top five. I don't know that any of these, unfortunately, will surprise you:

Auto sales and repairs is number one;

Home improvement repairs and contractor issues, number two;

Three, retail purchase issues, both online and in stores;

Number four, consumer debt and credit,

banking, lending, debt collection, credit reporting, et cetera;

And then, number five, frauds and scams, including gift cards, ID theft, and elder fraud.

We're obviously very focused on the whole junk fees debate and the discussion about junk fees, with rental housing, financial products and services, you know. We've filed comments with the FTC, and we've been very vocal, of course, in our support of the CFPB's overdraft rule.

The Department of Labor fiduciary rule, in April they announced that it had, they had finalized the long-awaited rules that strengthen protections for workers and retirees who turn to financial professionals for advice about how to best save and invest for retirement.

These rules are years in the making, requiring that financial professionals, all financial professionals act in their customers' best interest when providing retirement advice,

and to ensure that any conflict of interests do not taint that advice.

The rule is a huge win for consumers. And we are continuing to fight for it because in May the Congressional Review Act was introduced which puts the rule in jeopardy. So, we are working with a full cadre of additional advocates to push this.

And then the last thing I'll just mention is America Saves Week. For many people, I don't know if everybody knows this, but America Saves is a very, very vibrant part of Consumer Federation of America. And, in fact, it was great to hear Mary mention LA Saves on the first panel, which is a part of America Saves. You have local campaigns.

America Saves Week was in April 8th through 12th. And the theme was Saving for What Matters Most. We had 4,006 partnering organizations. And the participating financial institution reported that 231 thousand people, 192 made deposit into a savings account. Total

deposited, over $353 million.

America Saves Week for 2025 will be April 7th through 11th, and the theme is going to be Saving for Your Past, Present, and Future.

We also have a program called America Saves at Work, which is, of course, employers who are helping to work with their employees about savings and providing thoughtful workplace wellness programs.

And we have a new toolkit with that. And so far we've had over 250 downloads of the new toolkit.

We also offer Veterans Save, which empowers and builds the financial competence of the veteran community and transitioning servicemembers. That, our Veterans Saves Week, is November 12th through 15th. Focus areas: financial stress, banking, housing, and employment.

So, that is just a taste of our work. And I'm happy to answer any follow-up questions.

MS. ORTIZ: Bravo. Thank you, Susan.

Marla, have you figured out the pattern yet?

(Laughter.)

MS. ORTIZ: All right. So, it will be Marla followed by Marietta.

MEMBER BILONICK: Thank you so much.

My name is Marla Bilonick. I am the President and CEO of NALCAB, which is the National Association for Latino Community Asset Builders. It's a pleasure to be with you all again today.

Thank you, Chairman, for including me in this group.

I'll be centering my comments today, I wanted to do some level setting. I'm typically talking about things that are going on in our community and with my organization. But I wanted to provide kind of some broader contexts as we talk about inclusion today.

So, I'm going to be talking about current challenges for Latinos in the U.S. with regard to economic inclusion, economic mobility,

and asset building. But we'll also -- I already said that.

Apologies.

We'll also touch on how inequity still exists in the general population, are mirrored in the nonprofit sector, as evidenced by the experience in the community economic development field and Latino nonprofit membership that is contained within NALCAB.

We must ask ourselves in this room and in this field, is inclusion enough? Is what we are doing in our own respective roles to ensure that inclusion is not superficial -- or, sorry. Are we doing in our respective roles what we need to do to ensure that inclusion is not superficial but, rather, true and equitable engagement in our economy?

So, with regard to homeownership, we all know that homeownership is one of the most direct pathways to asset building and economic mobility. In 2023, the Hispanic homeowner rate reached 49.5 percent among Latinos, which is an

all-time high. And Latinos added a net gain of close to 400,000 owner households, the largest single gain since 2005.

Still, major barriers to homeownership exist in today's economy, with high interest rates and low inventory blocking the opportunity of homeownership for many.

Latino renters are faring worse than Latino homeowners. A recent UCLA study uncovered that 28 percent of Latino renters in Los Angeles allocate 50 percent or more of their income toward rental housing. This mirrors situations we are seeing across the nation, and particularly in major metropolitan areas like LA or Washington, D.C.

Over half of Latino renters across the nation spend over 30 percent of their monthly income on rent, and 2 out of 5 Latino renters who have obtained a college degree and schooling beyond college still struggle to afford our housing.

If you can get an apartment but have

to compromise your economic agency, is that truly inclusion?

With regard to business creation and growth, as one of the most prolific entrepreneurial communities, business formation is another pathway for Latin communities in the U.S. to advance up the economic ladder. Latino-owned businesses are responsible for creating almost two-thirds of all new jobs in the U.S., and contribute more than $100 billion in annual payroll.

New businesses owned by Latinos accounted for 36 percent of all business launches in 2023. And while Latino business are over indexed in the tech industry, less than 1 percent of venture capital goes to Latinos.

It is also widely know that when compared to White-owned firms, Latin-owned business face significantly lower loan approval rates, particularly in the $50,000 and above range, which, given today's business -- which given today's prices does not provide sufficient

leverage for Latino entrepreneurs to go big on executing their business ideas.

If you can get a loan but can't access six figures, is that truly inclusion?

The traditional financial system from the state creates limits and boundaries around how high we can go and how big we can dream, which stalls the potential of Latino entrepreneurs, their families, the people they can hire, and the communities they can serve.

This is one reason why the implementation of CFPB's Section 1071 is so critical, as it will provide hard data to further underscore disparities in small business lending along racial, ethnic, and gender lines.

In addition, despite government and corporate attempts to approve higher diversity, there are lags in achieving true equity in the value of contracts made to minority contractors. For example, Latino-owned business contracts are 31 percent smaller in the government arena, and 3 times smaller in the corporate arena when

compared to White-led firms.

Governments and corporations need to do more than pay lip service to the concept of supplier diversity, and literally put their money where their mouth is in terms of the size of contracts that Black and Brown contractors are awarded.

If you can get a contract but it's relatively smaller than most, is that truly inclusion?

I think you see where I'm, going with this.

So, with regard to the nonprofit sector, because my organization exists in service to nonprofit organizations that are working on the ground and predominantly Latino communities of color across the U.S., I wanted to close with some reflections on disparities I see for Latino-led organizations that are looking to grow their work and impact.

NALCAB conducted an annual survey of our members that includes an inventory of their

funding sources. Our 2023 survey found that our members' top source of funding is the Department of Treasury's CDFI Fund.

Please note that in every year that the fund has reported it, the asset size of White-led CFIs was at least twice the median asset size for minority-owned awardees. Some years it has been three times as high.

A trend I'm seeing is that, similar to the disappointing supplier diversity outcomes I shared for business seeking government and corporate contracts, when our Latino-led organizations apply for federal funding, while they may be granted an award it will usually be in the lower dollar amounts versus White-led organizations.

One stark example is that within our membership that cites CDFI Fund as our top source of funding, only three survey respondents out of the over 200 member organizations is certified as a community development entity to be able to take on new markets tax credits projects.

Implementing new markets tax credit projects would not only significantly and positively affect their balance sheets, but these organizations would also have the ability to create more profound impacts on their communities.

However, for the majority of NALCAB members their capacity to absorb a CDFI Fund award is limited to the TA and FA, technical assistance and financial assistance categories, that typically range in the under $1 million size for small to medium size organizations.

Despite our critical role in driving capital to underserved communities, minority-led organizations remained undercapitalized.

If you can successfully secure a grant but it's at levels lower than most, is that truly inclusion?

Lastly, while NALCAB is excited to have been part of a winning EPA Greenhouse Gas Reduction Fund application as a member of the Justice Climate Fund Consortium, there are

similar take-aways to the themes of my remarks there. There were two award competitions open to nonprofit applicants, the third was aimed at states and municipalities.

Of the two competition categories, one offered significantly larger awards. In that one category there was not a single minority-led consortium that received an award, which is to say the three awardees are all White-led consortia.

Out of both competitions there was not one minority-led coalition that received an award at or above $1 billion. As the award sizes get smaller, the awardees more prominently represent communities of color. This once-in-a-lifetime opportunity to impact under-invested communities has missed the mark in terms of living up to the Administration's grounding inequity.

As a final blow, our award, upon direction from the EPA, has perhaps unintentionally diverted funding away from and has de-prioritized Latino-led, Black-led, Native-

led, and AAPI-led loan funds. This has led -- left organizations like NALCAB that are in the Justice Climate Fund Consortium wondering how our members and communities will benefit from this unprecedented $27 billion investment.

These realtime examples illustrate how Latino residents, aspiring homeowners, entrepreneurs, workers, and nonprofits display resilience every day to push through visible and invisible blocks, how we are asked to do more with less and still persevere.

We would benefit from more equitable partnerships and interventions that pair our resilience and perseverance with real commitments to and displays of increased investment in our communities.

Thank you for your time.

MS. ORTIZ: Thank you, Marla.

Marietta.

MEMBER RODRIGUEZ: Good afternoon, everyone. My name is Marietta Rodriguez. I'm the President and CEO of NeighborWorks America.

We are 45 years old this year. We are a congressionally chartered public nonprofit. We do a lot of different things in communities, but we most importantly support 247 local nonprofits all across the country working on housing and community development issues.

We also are one of the largest trainers in the community development field.

And this week happens to be National NeighborWorks Week. So, happy National NeighborWorks Week.

I just have five headlines. And some of them may be -- I have five headlines to share with you. Some of them may be obvious but I think they really dovetail into some of my colleagues' earlier comments and the morning's discussion, and certainly the panel that we'll hear from this afternoon.

I would just reiterate as we're thinking about financial inclusion and we're thinking about all the different institutions that show up in communities every day, we think

about it in terms, it's hard to extricate financial stability or housing stability work from financial stability work. And it's so intertwined.

And there is so much stress right now in the housing stability world. We are seeing rents, eviction moratoria is burning off, we are seeing people still unable to not pay rents, causing a tremendous amount of stress in portfolios.

We're hearing about tremendous increases in the cost of insurance. The work that you all did, and we've been talking about it here today, both on the rental side and homeownership path side is creating a lot of instability. And it's not just on the coast. It's not just California and Florida. We're seeing it in the middle of the country with the threats of fire, and floods, and other things.

The energy that people are spending to stay equitably housed and safely housed is really incredible in this country right now in an

increasing inflationary environment.

We're starting to see, as we did in 2005 and 2006, before the financial crisis, we're starting to see a greater demand for foreclosure intervention counseling. And it could be a signal that there may be something coming. I don't know yet but we're hearing that from housing counselors on the ground.

And I think that it's really important we remember to invest in that infrastructure that's in communities, not just when there is a crisis, not just when we need them to provide emergency intervention services related to a pandemic or a foreclosure crisis. Because it's these infrastructures that support communities and the delivery of service in good times and in bad. And they can't always ramp up in the bad times as quickly to meet demand.

So, headline number two related to that, we talked a lot about this in our last meeting. And there have been flashes of it in today's discussion about how trust is built in

communities and who is seen as honest brokers.

And it's really important to remember that real people on the ground working with real people that are working in a way that is trustworthy and honest is the bedrock of what keeps people away from scams and making bad decisions.

We had recently a survey that told us that people who utilize a financial coach are two-and-a-half times more likely to use budgeting tools and make sounder decisions. But that's because they're hooked up with a financial coach. How do we make that more accessible and more, you know, more available in communities?

And the other question related to that around trust is how are mainstream financial institutions showing up in the communities? How are they presenting themselves, particular with the communities that are most vulnerable? Are they accessible? Are they seen as trustworthy?

And, if not, how does -- what is it about their behavior that may be eroding trust?

And I think those are some of the root causes that we need, that we need to get to.

My big headline, number three, is when institutions have deeper relationships with community-based organizations or intermediaries with information of what's going on on the ground it can really be great business. Because it can help inform where there are gaps in products and services, and what's missing in the community. So, I think -- and needed services. I think that's a missing component that is sometimes absent when we're talking about what's needed and what does financial inclusion truly mean?

My big headline, number four, is there is a lot of information out there. We talked about the misinformation on social media via TikTok and other places, on the web, with your neighbor. There's just a lot of confusion.

And so it's really important, again, that we invest in those trustworthy advisors and we're able to put out trustful, trustworthy, crisp, clear information. Because every time

there is bad information or when a financial institution can't help somewhere it just goes to erode the little bit of trust that there is.

And so, how do we, how do we work together to build and to stitch together a fabric that really supports clear, crisp information?

I had a next headline, but I can't read my handwriting. I'm sure it's brilliant, but.

(Laughter.)

MS. RODRIGUEZ: No idea.

But as I was thinking about, but I will say as I was thinking about the earlier panel about FDIC insurance, I harkened back to the days where, many, many years ago when I was a housing counselor, never did it occur to me to look up which financial institutions carried valid FDIC insurance and which didn't.

And if I didn't think about that as working with a consumer, I'm sure consumers aren't thinking about that.

And so, how do we make that a

practice?

And I don't even know if it's on the minds of housing counselors across the country. But that's, just reminds us again, like, how our business is so intricately related, and so we have to constantly have these kinds of discussions so we can reinforce the great work.

MS. ORTIZ: Thank you, Marietta. Michael Calhoun.

MEMBER CALHOUN: I'm going to -- I'm Mike Calhoun, President of Center for Responsible Lending. I'm going to focus comments today about the current state of trying to provide solar and energy financing to American households and particularly LMI households and communities of color. And the top headline is if you take the worse aspects of the paycheck protection program and the subprime lending boom, that pretty much encapsulates what are not the outlier but the standard widespread practices currently in solar energy financing.

So first of all, just the basic

structure of it is you have an extraordinarily complex transaction, technical issues about how well solar system meets what you need, tax credits, what's the life of it. It's sold door-to-door by commission sales people who are, in effect, the 2020's version of the tin men of the 1950's and in a poorly-regulated market. You know, what could go wrong? What would you expect to happen here?

So you start with the sales practices. Again, these are knock on the door salespeople, often small companies who are affiliated with the installer. Sometimes they're independent agents who represent the installers who tend to be small companies. The big promise is you're going to save money on your utility bill. That is usually heavily exaggerated and highly uncertain. So one of the ways they'll do it is they'll assume you can sell all of your excess energy to the utility, which is increasingly difficult to do. And they will base the projection on rapidly-inflated future utility prices which create the

gap that they claim will be your savings.

To show how certain they are of their savings, we have found only one company who will guaranty that you will, in fact, get savings, and that's for a one-year period. And these are substantial contracts, usually a typical system will be $25,000.00 or so, and a 20- or 25-year loan term, because they need that to get the payments down to be able to promise you're going to save on your monthly utilities.

Second, there are widespread distortions about the government assistance. Sometimes it's promised as it's a grant, it'll all be free, and this is where the PPP program analogy comes in. So unfortunately, the basic benefit, which is huge -- and these programs are about the same size; it's up to a trillion dollars; these are actually unlimited tax credits over the time period, which is about the same magnitude as the PPP program.

Just like with the PPP program, when it came out, we were early on and cited by then-

candidate Biden to say 95 percent of black businesses aren't going to be able to use this program because it requires, for example, an existing banking relationship, sophisticated accounting services, and a substantial business to be able to access this program. It got improved some along the way, but that ultimately ended up being similar to the story.

This, too, is a tax credit, a non-refundable, meaning you can't get it unless you have got tax liabilities to offset it against. And it doesn't come to you as a cash payment. It can come as a refund if you have tax liability that year.

Second, on the metering issue, the utilities have run into problems of both how do they absorb the utility flow of energy. So California, famously, this last year changed dramatically how much credit you get for net metering, because now that 25 percent of energy in California is solar, so there's a surplus on a sunny day; nights or cold periods, there's a

shortage. And so they have restricted -- it's gone even further. There are red zones, if you can -- are mapped literally with similarities to redlining where utilities will no longer connect your solar, because they do not have the grid and storage capacity to handle it. These are virtually never disclosed. It's taken as a guaranty. All the cash projections assume that you can fully sell all of your excess energy.

One option you can do is you can spend an extra $10,000.00 and get a battery system. And I mean just an example, if you don't have a battery system, if there is a shutdown of power, for example, the neighborhood -- a storm or something, your solar shuts down, too, because it's automatically required by rules that you can't input any power into a system during a shutdown, cause they want to make sure lines are safe to work on. But people don't realize it's that and sometimes think they're getting backup energy sources.

These contracts contain the usual

clauses that disclaim all responsibility, so they include the so-called integration clause that says you can't rely on anything our salespeople have told you, that, in effect, it's called an integration clause, that the entire agreement is reduced to what is in the written agreement and does not include anything outside of it. They also include mandatory arbitration clauses which mean individual borrowers cannot go into court. Class actions are banned which are often the only way people can bring these claims. And then to add it all, these are usually signed on the spot on an iPad, that you're handed an iPad by the salesperson, you initial it. They will say they'll email you a copy of the contract.

So where we are today, this -- you know, this has gotten so bad, several attorney generals from both red and blue states are now suing all of the major solar finance companies, because the solar financing part of this is that the come on is that you are getting 2 to 3 percent interest and you should sign up today.

Untold though is -- and this is not, again, the outlier, this is the standard practice -- if you finance it, they increase the cash price by about a quarter to a third and do not disclose this to you. And in fact, the contracts between the finance companies and the installers typically prohibit the installers from telling you about this.

The finance companies, much like the installers, are the mortgage brokers, if you will, of the yield spread premium sales practices that we saw before, and they control the customer. The finance company does not have the direct contact with the customer. In fact, the finance companies, just like the lending companies, the subprime boom, they ultimately say their customers are the installers, and it is a repeat of the race to the bottom. And I have some sympathy if finance company says we're not going to do this, the installer says, well, four companies a block down the street will do it. And as we saw with the subprime mortgage market,

remember the exploding ARM mortgages, we have that here.

So they give you a projected payment based on the assumption that you're going to make a large prepayment on your contract within 18 months, and that prepayment is going to come from this tax credit which you may or may not receive and which often does not come back to the people as cash. And if you don't make that, your payments bump up by 20 or 25 percent for the rest of the term of your payments. I mean this has been a depressing exploration project.

Again, the financing is for 20 to 25 years. It's financed typically as a personal loan so with so-called factor filing, so they can't repossess. They usually don't take a lien against the house. But you cannot sell or refinance your house without getting this resolved, because the -- it's a cloud on your title out there, so future problems that we will deal with. And also, there is little to no ability to repay underwriting done on these

loans.

So a couple of things. One, the big picture is we have a program design and we got a preview of this, as many in this room know about, with the PACE program where they thought it was a great idea that you add energy and weatherization loans to your tax assessment. California and Florida have been leaders in this which, again, made it a super priority. So there was no ability to repay and shockingly, it was marketed in the same way and ended up with lots of foreclosures.

But second is the program was designed without, in our view, really thinking about how does this work and impact LMI and lower wealth households. It was sort of designed with the stereotype middle class household whose got extra money, might even buy the system for cash, as a lot of people did. And the real thing is that if, and often in these cases, when the payments on the system are less than the energy savings, that's a new budget drain on all these households

who had no extra capacity and it will cause huge secondary problems. And then on the program design, the fact that it was a non -- not a refundable tax credit just structurally makes it hard for LMI households.

So some positive developments, as I said, state attorney generals, who are not bound by arbitration clauses, in red and blue states are suing the major companies. States are starting, and a few have already passed legislation for protections. Washington State has passed one. California will pass one. It's -- and North Carolina will likely pass one, a couple of other states to provide protections because among the other problems, you got all the usual home improvement problems of the installer doesn't finish the job but gets paid, walks away, closes up business, and so those state protections are kicking in.

And then one of the things that we need, updated regulations. So for example, this inflated cash price that hides the finance charge

relies on like this 50-year-old anachronism in the Truth in Lending Act. There used to be something -- the common law said -- it was something called the time price differential in the common law, and it said that a merchant may sell an item for two different prices, a cash price and a higher price if you buy on time. And for purposes of state usury laws, that higher price was not treated as interest that would violate the you usury laws. So subsequently, in the 70's, the Retail Installment Sales Act specifically included that, but the Truth in Lending Act still largely excludes these inflated cash prices when it's done by a third party -- I won't get into the intricacies -- from being considered usury. And so the APR, the Truth in Lending disclosure people are getting on these loans say 2 percent even though they paid an extra 25 percent in the cash price.

But there are a couple of things, and we are exploring this. You know, we have to reform this market and just raise how incredibly

dysfunctional it is. There are some things -- and Ken, Westinghouse o is actually here, has done some of this. He's worked on major solar projects. There's a very promising area called "community solar" where nonprofit organizations, HBCUs, community development organizations, can build a solar system and sell subscriptions, and nonprofit organizations have an exception in the Inflation Reduction Act. Well, they get something called direct pay where they don't have tax liability, but they get a cash payment, unlike LMI households directly, for what would be the amount of the tax credit. And there are additional factors that can more than double the amount of the tax credit up to even 70 percent. So that's a whole new market that hopefully gets pushed here. So I think, you know, we need a green transition, but it also has to be a just transition, and this has got a long way to go to get to that.

Finally -- and I apologize for going this long -- I do want to thank the Chairman for

all the work with this group here and how much he's lifted it up and even more so, for two decades of work at the FDIC and what is a real rarity -- almost everyone who comes out of -- not -- nearly everyone who comes out of the Congress, member or staff, or out of the agencies eventually goes to a much more lucrative consulting contract or private practice. And you really -- I challenge you to look for people who have, for 20 years, continued to be that public servant pushing the public interest. And so thank you for that.

MS. ORTIZ: Thank you. Thank you, Mike. Okay. Lee. I mean not Lee. Sorry. We heard from you already. You don't get to go twice. That's not a thing. Ida.

MEMBER RADEMACHER: Although if you could just let Lee go ahead, that would be --

(Laughter.)

MEMBER RADEMACHER: -- great. Thank you so much and I thank you, Chairman, for inviting me to join this group, this committee.

I've used your hearings in the past as a source of knowledge, the way that you're able to triangulate so many different sources of expertise and community groundedness. And the way that this community comes together to both inform not only the FDIC but the rest of us is a real gift, and I'm only hoping that I can contribute to it in meaningful ways going forward.

My name is Ida Rademacher. I'm Vice President at the Aspen Institute, and I lead the Partnership for an Inclusive Economy, which is looking across some of the Institute's different ways of engaging with different parts -- different markets and different parts of the system to think about economic inclusion. I also co-lead the Financial Security Program at the Aspen Institute.

Overall, most of you know, the Institute has -- is about 75 years old. It was founded by private sector leaders post World War II, post Holocaust, thinking hard about values-

driven leadership, values-based leadership, and the ways that you show up in the world not just to solve the specific problems of your institution but your role in thinking about the critical challenges facing society. The Financial Security Program looks at the critical financial challenges facing U.S. households and tries to think from the start about the cocktail, the system of leaders and institutions that are necessary to see these as solvable problems and to take action there.

I would say that my own sense -- I want to second somebody else's congratulations on the economic inclusion strategic plan. It's an important statement to put out. It's also an important set of objectives and strategy, and I applaud your ability to think from the get-go around measuring how to be accountable to implementing that plan and helping others do the same -- my own sense of what it means to build an inclusive economy, I also like to start with the end in mind. I think at the end of the day, if

you can't measure more deeply shared prosperity at the household balance sheet level, we haven't finished following the true line. We have not figured out how the sum total of systems explorations and fixes have actually created more deeply shared prosperity in this country. And so I applaud the efforts to think about our own individual roles in contributing to that kind of an outcome.

When we think at Aspen about the future of wealth, we've done a lot of different publications over the last two years. I'm a little bit obsessed with the topic about the future of wealth. And a wealth creation framework that we've thought about is -- doesn't start at the typical place. It doesn't start from a sense of just measuring your assets.

It starts very much with what does it take over a lifetime to build routinely positive cash flow to amass investable sums, to have access to affordable assets to purchase, to have access to consumer-friendly financing to acquire

those assets, and to have a level of protection in system to protect those wealth gains along the way.

So when we published the new wealth agenda last year, we looked across what we thought were really eight big bets for parts of the system that you could really look to improve and invest in to create multiples of wealth in the bottom 50 percent of U.S. households in this country and to see that as an ambition and a north star.

When I think specifically about the financial systems and the role we play there -- again, very excited to be learning in this group -- we have learned worked for a number of years now on thinking -- rethinking definitions of what an inclusive financial system might be, how you would measure it, and how, again, no surprise that -- spoiler alert -- I'd be looking at outcomes for households in terms of how that system is actually working. We think about an inclusive financial system as encompassing

payment and credit and short and long-term savings and investment and insurance. We think across all of those things in a definition we put forth, and I think the first time we put it forth was in a global piece around looking at financial inclusion strategies globally. But when we think about the U.S., an inclusive financial system provides everyone, all people and small businesses with the ability to access, utilize, and reap the benefits of a full suite of financial services that facilitate stability, resilience, and long-term wealth creation.

I am very happy to see some real echoes of that in the plans here and the ways that Department of Treasury is now talking about financial inclusion, and I think that a lot of us are now thinking hard about how this work can be accountable to households. Within that, I just want to share a couple of updates. Over time, I'm happy to unpack different parts of the ways that we are working with partners and seeing things that are potentially helpful to this

committee and to how the FDIC navigates its own work forward. But I would say that when I think across those issues of stability, resilience and wealth creation, I just want to share a couple of the pieces here that get a little bit to the connection between household financial inclusion and household financial well being and community economic development, because I think that that last piece of your strategic plan is a really important addition, and often people don't think a lot about the connections between robust household-level well being and the ripple effects that has on community development outcomes being resilient and dynamic in and of themselves.

So I just want to do a couple of updates on things that we've said. It's been great to see the survey of household economic decision making come out, the survey of consumer finances, a lot of new data post COVID, seeing how household balance sheets and resilience have changed.

So just a couple of issues here to

note, which is it was a good news story when we look at the survey of consumer finances in terms of how that net goal of shared prosperity looks at headline level. Before the pandemic, when we h ad a measure of median wealth, it was around $12,500.00; in 2019, it was $27,000.00 in the 2022 data. So that was significant. However, if you look at that, about the top 50 percent of households by wealth and the bottom 50 percent, it's quite a different story. The primary drivers of that number were increases to home equity and increases to financial assets, primarily a growth in who was saving in the retirement system and who had access to upsides in the stock market during those years.

If you were not a homeowner prior to COVID, pretty much you were not going to be a homeowner afterwards. There was very little change with a few differences there. But let's just say that the $100,000.00 of increased net worth if you were a home owner translates to less than $4,000.00 if you were a renter in those same

years. So while the story of wealth creation is happening, the story of increasing wealth and equality is also happening simultaneously.

Renter wealth did increase and we're finding it very constructive. We've got forthcoming research looking at renter wealth as an important dimension, and that's going to go to all of the broader questions about housing affordability and housing ownership in that space.

I will say that household debt changed quite a bit in this space. If you were a homeowner, your total debt was up just 3 percent. If you were a renter, your debt was up 43 percent in those years. And so even though your ability to service that debt was also potentially in a better position, we aren't seeing the long-term financial status of households who weren't already in an ownership position really able to, once a lot of the pandemic support levels off, be in a long-term better position. So these are just a couple of things to focus on. It's part

of why we do a lot of -- do focus on thinking hard about the future of wealth, about -- in addition to thinking about the pipelines for saving, the pipelines for financial resilience and stability, we're also thinking at those -- a sense of what are the affordable and safe assets to purchase and making sure that we're thinking hard about access to those issues alongside of other pieces. I won't say a lot there now.

I'd say that the main systems reforms that I'll be able to share with over time here are we've been very excited on the one hand to be working on a set of ideas about benefits modernization, so both through the employer but also public benefits. When you think about that idea of routinely positive cash flow, it's an obvious piece of math, but it's primarily going to be does your income exceed your expenses over time. And we really try to be quite agnostic about where that income comes from. Other people really focus on the quality of a job and the

labor income. We're looking just as significantly at the sources of non-labor income in a household's life and how the frictions involved in multiple benefit systems can be reduced and improved. There -- as others like Code for America will say -- and I'm glad that we had the VITA conversation earlier today -- but the assessment is that there is $60- to $80 billion worth of unclaimed benefits, public benefits that households are not able to access in a given year for different reasons. And we're happy to be working with 24 state secretaries at this point of Health and Human Services and Agriculture across a range of benefits to be thinking hard about the interoperability of those systems and the ways to modernize, not just the systems themselves, but the procurement processes to update the quality of those systems and their ability to deliver and reduce cost. So that project, in combination with seven federal agencies and the Facing Financial Shocks initiative in the White House, is something that

I am excited we'll be able to share more about.

The work on inclusive financial systems and the expected release later this year of the Department of Treasury's first ever U.S. financial inclusion strategy, I think will have a lot of meaty opportunities for the FDIC to dig in and showcase the role that you are playing and, of course, the growing work that we are doing on the future of wealth and thinking hard about going asset class by asset class about innovative access to affordable assets. The first wave of innovation cohort that we're excited to be working with is around ownership and shared ownership strategies for commercial and mixed-use real estate and thinking about that in addition to the kinds of community ownership agreements, your community solar that you're talking about. I think that there's a lot of opportunity in those spaces. So I'll leave it there and thanks again.

MS. ORTIZ: Thanks, Ida. Naomi, over to you.

MEMBER CAMPER: Great. Thank you and good afternoon. So I know this is a whole committee on economic inclusion but inclusion generally, so I just want to thank the members of this committee and the leaders of this committee to invite me back. I know this is a space where we can talk about shared goals, and sometimes we have different ideas about the best way to achieve those goals. But I really appreciate that we can come together, trust that people are doing their best and working in a way that they think is going to get to those results in the most sustainable way and being able to talk about things even when they're hard, so I appreciate being invited back. Thank you.

So just a couple of things from ABA. In that spirit of the importance of continuing to have conversations even when they're uncomfortable, the ABA foundation, led by Lindsay Torrico, sitting right there, in April, released a community conversations guide to help bankers strengthen relationships with community-based

organizations and drive economic change in their communities. We hear a lot of times from our banks they don't know where to start, they don't know how to reach out. We heard the same thing the other direction this morning, and we're really hopeful that that guide can help strengthen the confidence of our banks and then some of the relationships we have here and other places can bring us together to get that conversation started.

Also, next -- this month, June 18th, the ABA Foundation is launching a new campaign called "Unlocking Home Ownership," where we're trying to mobilize the banking industry in home ownership education and counseling. We're going to be doing a webinar, partnering with Neighbor Works America to train bankers to help LMI communities navigate the home-buying process and on the other side, avoiding foreclosure. So we appreciate that partnership.

A couple of other just updates. Fraud is a complete scourge. It affects everybody but

it is especially infuriating when it affects vulnerable consumers. We continue our campaign, "Banks Never Ask That" both in English and Spanish to help sensitize customers that just because a phone comes through on your -- a call comes through on your phone purporting to be your bank, it's not your bank if they call and ask you for your Social Security number of other information. So we continue to call on the FCC, DOJ, the Postal Inspection Service, and other partners to help us fight this scourge of fraud. We're putting together industry utilities to help as well, not just play defense but play offense and get them off the street.

And then finally, we continue -- it's not a presentation here if I don't talk about Bank On. We continue to push the importance of offering Bank On accounts. With our membership, we appreciate the initiatives of the FDIC Community Affairs Offices to invite us to do webinars and with our state associations. That's a really important way for us to encourage

adoption.

We are -- and I'll flag this again -- extremely concerned about the potential for a Reg II rule that reduces debit interchange to affect the economic sustainability of these accounts. And so the Federal Reserve is now considering the comment period, the comments that they received. This is one where we are really, really concerned if it comes out in a way that affects the sustainability of these accounts. But that is not preventing us from continuing to promote the adoption with our banks.

So with that, I will turn it back. Thank you.

MS. ORTIZ: Thanks, Naomi. That's the perfect transition to Jonathan Mintz. Jonathan.

MEMBER MINTZ: You don't know what I'm going to say.

(Laughter.)

MS. ORTIZ: You're right.

MEMBER MINTZ: In fact, I may surprise you by starting with a Passover tradition. You

maybe be --

(Laughter.)

MEMBER MINTZ: -- no -- surprised you? The -- Chairman, as you may likely know, one of the wonderful moments in Passover celebration is this concept of Dayenu, it would have been enough. When I come to this gathering twice a year, which is such a privilege and a joy, I am struck by how many things on their own would have been enough. I think about the unbanked survey. I think about -- these nouns I wouldn't forget so many -- I think about your safe banking pilot so many years ago. I think about the strategic consumer plans from your shop and the communication campaigns like Get Banked. Each of these, Dayenu.

The connection to the IRS on stimulus payments for banking moments, if nothing else, would have been more than enough. Stepping in on FDIC insurance and branding and deception and how important that is, huge; on its own would have been enough. Today's VITA survey, huge, huge,

would have been enough.

And finally, I want to end with the thrilling CRA proposals which we look forward to and its embrace of Bank On, again, on its own, Dayenu. And all of that is thanks to your commitment and your passion and your leadership, and I just want you to know how deeply appreciated you and your work and your leadership of your team is.

Moving on from Jewish tradition, I want to spend my next 20 minutes talking briefly about how the CFE fund is thinking about and how our partners are experiencing the issue of the difference between bank and non-bank products. I just want to give you a little bit of a snapshot of sort of where we are on this. So traditionally, sort of good versus evil was relatively straightforward, and the importance of the difference was relatively known by all; right? You had RushCards, and forgive me to those of you who are friends with the Kardashians, the Kardashian cards. You know, you

had some obviously terrible and dangerous stuff out there that was behaving in ways that one would expect. And so good versus bad in the early days felt sort of obvious and clear.

Even so, many program partners that were pushing out money were reluctant to go what they considered that extra mile on using mainstream banks as connectivity vehicles and instead were relying on these types of products anyway, and the thing that we kept hearing was, "well, we can get more data from these providers and it's easier." And so it was a real uphill battle and even over the last several years, more recently, the ability to open up those products online immediately was very tempting for our partners out in the field.

I will also say that on the counselor front, counselors were very -- financial counselors were very uncomfortable pushing banking access other than as a general precept and maybe a brochure. They were nervous about choosing from one bank to another. They didn't

understand the difference between a bank and a fake bank. FDIC insurance was not on their radar in any meaningful way. And, you know, in part, as you know, that really inspired the Bank On standards and the ability to try to help bridge that gap.

One of the interesting things that we have seen, we have all seen around the room here is that this market got really appealing, and there were more and more and more providers of -- non-bank providers of bank-like products going after, and in many, many cases, intentionally misleading or at least confusing people about whether or not they were conducting banking with a bank. And so again, it's why I think some of your FDIC-focused messaging is so important.

I will say, however, that we are seeing a growth in a comfort level from both counselors -- financial counselors and from their clients to start to understand the difference, and it -- even before what's happened with Synapse and others, you know, I think that we are

finding more receptivity as the CFE fund is pushing out through its networks and our city and county providers, more receptivity to navigating that difference between the bank and the non-bank products and starting to pay attention to what risks they are taking or what advantages they think they're getting that they're not actually getting.

And I will say that one of the ways that we continue to push this out is that we have really been trying to focus everybody on the north star, which is like why are we doing this. And the answer is not because we're trying to find somebody's cheapest version tomorrow to make that transaction they want to make but to engage in a stabilizing forward-looking way to go, and that's why Bank On has never allowed for non-bank products to be certified. It's flattering that so many of them have pushed us and pushed us in some pretty dramatic ways to offer our certification to their products. And it is also nice that so many of the products that are out

there in the FINTEC world mirror the Bank On standards. Okay. Great. But we're not trying to push people into a great app for so many obvious, and I know, value-shared reasons.

The last thing I'll say -- and I'll cede the rest of my 20 minutes to you -- is just that where we're going next real quickly on this issue, which is we really want to -- some of you may remember that we spent a great deal of time and energy and some money on understanding communication strategies for getting people into banking. We want to dive a level deeper now and get into the communication strategies on whether and how to articulate these differences so that we can really do an effective job through our Bank On coalition partners, through our financial empowerments and our counselors on how to have people value the difference and make the stabilizing choices. And I think the work that you all are doing at the FDIC and along with a bunch of others, including Lee right next to me on the table, I think will make a big difference.

So that's where we're heading. That's how we're thinking.

MS. ORTIZ: Thanks, Jonathan.

MEMBER MINTZ: Thank you.

MS. ORTIZ: All right. Mr. DeMarco.

MEMBER DeMARCO: Thanks. Tom, I think you and I are the lightening rounds here so --

MS. ORTIZ: Saving the best for last, gentlemen.

MEMBER DeMARCO: -- an awful lot to learn about Native American Housing Opportunities. But -- so I'm Ed DeMarco, the Housing Policy Counsel. I wanted to make just a couple remarks on the -- you know, for the theme of this committee. We've talked about housing and access to housing is an important part of inclusion, so I just wanted to touch on three quick things.

First, it's been referenced several times but housing supply continues to be the core issue around housing affordability. I mean I know there's concerns about mortgage rates and so

forth but fundamentally, we have a supply problem. And, you know, I don't have time to go through all of the elements of that, but let's just suffice to say that land is not being manufactured. It's in big supply and the allocation of that, how it can be used is often controlled at the local level through zoning and land use ordinances and so forth. And so that plays a critical role in the availability of land to produce more housing.

But this is more than just a zoning and land use issue. It's a trade policy issue. It's an immigration issue. It's an education policy issue. Trade policy affects the cost of the resources and the appliances and so forth that go into a house and, you know, have a meaningful impact on how much that house is going to cost. Immigration is a source of labor and so changes in immigration policy affect our labor supply. And importantly, even just thinking about the domestic labor supply, there's the education component, and that is how are we

training and creating pathways for younger people coming up to learn the trades to these skilled and semi-skilled professions that are so critical to housing construction. And we've got quite a limited supply in many parts of the country of the folks in these trades. And so that's another thing that helps to drive up the cost of housing. So it's not just one think. It's a lot of different things, and it's a lot of different policies outside of housing per se.

Second, you know, we -- the point of councils like this is to talk about issues and problems and looking forward, but let's talk about one thing that I think has actually been quite a remarkable and positive story over the last 15 years coming out of the great financial crisis, and that is the work between government and industry in working on loss mitigation processes when households get into trouble on their mortgages. We've tried things. We failed on some but we've continued to improve. In fact, just if you look at announcements from FHFA and

FHA over the last few months, again, another round of improvements in loss mitigation tools. And industry, mortgage servicers, bank and non-bank alike have been real partners in that and help to drive a lot of the thought process behind it.

But you know, loss mitigation, as important as it is, as much progress as we made, you know, still means that there was an issue. And so what that reminds us is we can't lose track of the need for sound underwriting, good sound risk management, and we also, in mortgage lending, need to take account -- better account, I think, of the changing dynamics in household economics, including and in particular, income volatility. The volatility of household income is what drives so many of these folks into needing loss mitigation solutions in the first place. And thinking about the mortgage process, the mortgage instrument at the front end and how we address that reality, I think, remains a longer term challenge for all of us.

And last, especially, you know, given the Chairman's comments earlier about the connection between, you know, wanting to see people banked and in the banking system, you know, since the 1930's, the U.S. flagship program for creating home ownership opportunities has been the FHA program. And it is not a good thing that so few banks are meaningful participants in the FHA program. And I will say that there is lots of blame to go around for that, but I will say this. Representing some of the largest banks in the country in the housing finance space, it's not for lack of wanting to get in. So here's an area where we all can continue to do work, and that is how do we make the FHA program more accessible to bank lenders and bank servicers so that banking customers can go to their bank and get an FHA mortgage, and the bank wants to hold that mortgage, wants to be able to service that mortgage and so forth. There's a lot of work to be done in that area, but this is and should remain the country's flagship program for

creating home ownership opportunities.

There's a lot that can be done to continue to modernize the FHA program. Commissioner Gordon's been doing a terrific job, but there is a lot to do here, and there's a lot of other things that need to change in order to get banks much more comfortable with participating in this program and being sort of long-term lenders and servicers in this space.

So with that, I'll stop. Thanks very much.

MS. ORTIZ: Thank you, Ed. All right. Tom, I wasn't kidding, saving the best for last.

MEMBER FOLEY: No pressure. Thank you.

MS. ORTIZ: No pressure.

MEMBER FOLEY: Well, thank you for the opportunity to be here. Thank you, Mr. Chairman. You know, it is not always the case that disability is included in convenings like this, and I thank you for your leadership and your staff's vision around including disability. My

name is Thomas Foley. I'm the Executive Director of the National Disability Institute here in Washington, D.C. We are the first and only national disability organization that works exclusively on financial inclusion employment and wait for it, wealth-building. Has anyone ever heard the word "disability" and wealth-building used in the same sentence before?

So the reason I mention that is because, you know, disability is always -- often, I should say, viewed as a group to be served but not a group that can empower itself. And at NDI, we do research. The research informs everything else we do. It informed our policy. It informs our demonstrations. It informs our pilot work. And I just want to talk about one piece of research data that was actually made possible by the FDIC.

So a number of us have talked about the biannual survey and about a decade ago, my predecessor came to the FDIC and said, Hey, this is great data but you're not asking disability

questions. How about asking some disability questions? And the FDIC said yes. And so for the last decade, we've had access to really rich data around disability. And so I have an ask for everyone here and any other organizations listening in is we need to ask the disability question because otherwise, we can't measure what's happening with our communities.

And the thing about disability is our community touches everyone. You can be black and have a disability, male, female, LGBT, Latino. Disability does not discriminate. And so three, four years ago when we were digging into the data, we were looking at net worth, and net worth for typical American household at the time was about $84,000.00, $85,000.00. Disabled household was about $14,000.00, and a black disabled household was $1,282.00. So those were the headlines.

And so what we did is we made sure that everything we did is we made sure that everything we did reached all diverse

communities. It's that intersection of race and disability that most of our work focuses on. So when we're talking about LMI communities or black communities or brown communities, we're also talking about disability, and that inclusion doesn't just happen. It has to be designed in. It has to be intentional.

So I want to talk about sort of three things driving some of our work, and someone already talked about it. I want to talk about technology and employment and then financial inclusion. So within the disability community, technology has been a little bit different. I was thinking about this during lunch. We were talking about technology. And 15 years ago, if I got a bill in the mail, I'd have to pay somebody to read the bill to me and then you all remember checks? I actually pulled out a checkbook the other day and it had carbon paper in it, and I had to explain to a younger staff member exactly what carbon paper was. But then I'd have to write out the check, and somebody else would have

to address the envelope, and then we'd put it -- you remember putting stamps on the envelopes? And now if I don't get a bill, you know, through email, there's a free app on my phone that can take a picture of anything and read what it is or describe what it is. AI is for real and it's here.

In addition to that, the accessible apps offered through the banks that I work with, FDIC-insured banks have fully accessible apps so I can pay bills online. I can send money online. I can do all the things you guys can do online. There's a line that I like to use around disability is, you know, for most folks, technology makes things easier. For people with disabilities, technology makes things possible.

So that's a huge piece of what's happening around disability, but I want to get to employment real quick. It's odd. The pandemic was really good for disability employment. Sounds weird, right? So we know a lot of people with disabilities lost their jobs but all of a

sudden, we were -- everybody was working from home. We all figured that out in about two weeks and, you know, for the last 20-30 years, folks with disabilities have been wanting to work from home, and they were told, "No, we can't do that." Then we all figured out how to do it.

And then we had the great retirement. Remember a couple of years ago, everybody sort of retired and there was this competition for talent. And all of a sudden, corporate America and others discovered people with disabilities, you know, had education, they had talent, they wanted to work. And we have an employment program and it was the first time in the, you know, seven years of this program where employers were coming to us and they said, "Hey, disability is this untapped, you know, workforce with talent." And we said, "We know." And so the highest rates of disability workforce participation started in the middle of the pandemic and, for the most part, continued today and largely, that's because of technology.

There's one other technology piece. One of the things that we've identified as one of the biggest barriers to technology is transportation, you know, not surprising, rural people who use wheelchairs, that sort of stuff. We have looked into accessible autonomous transportation and did some number-crunching with a couple of partners and found that if we could set up a transportation that's 4.4 million with disabilities in the workforce. That's about $800 billion added per year to the disability employment outcome. And I say that because again, technology is driving a lot of this, and it's happening now. There's autonomous transportation in California, Arizona, Texas, Michigan, Minnesota, some of it even fully accessible, and that's really changing what it's like to have a disability in this country.

And that, of course, leads to financial inclusion. So we've been working on financial inclusion, whether it be savings or EITC, or all the things we've been talking about

today. But again, because of the work here and the inclusion and disability, what I can say that we know today is that in the last 10 years, the unbanked rate for people with disabilities has decreased by 19 percent because of savings programs like ABLE, as I was talking about earlier today, 160,000 people with disabilities now have savings accounts with over $1.6 billion in savings. And this was a group of people who were told, you know, 10 years ago, before ABLE accounts, is that people with disabilities can't save.

And so the reason I mention these is to kind of level set a little bit differently around disability. You know, we also did some work with the City of New York a number of years ago, and we worked with our financial coaching folks. And what they said is, Boy, we'd like to include people with disabilities, but we don't know how and it frankly, makes us a little nervous. And so we did some training, and we did some outreach, and we did some more training

about some of the disability benefits that folks might run into. And at the end of that pilot program, we found that people with disabilities had the same outcomes as people without disabilities in financial coaching. Hey saved just as much. Their credit scores improved just as much, and they paid down debt just as much as everybody else. And that's one of the pieces, you know, that we've been seeing for a long time.

I just kind of want to close with this, and I may have mentioned this before, but I have a buddy I've known for like 30 years. And again, just to level set, it's a friend of mine who is completely blind, GED education, single mom. Right? Paints a picture. And 25 years ago, when she got her first job, you know, benefits helped her survive until she got that first job. And then didn't see a lot of her and, you know, maybe 10 years later, heard from here, and she was very busy leveraging every single first-time home buyer program that she could find. She wound up buying a house. And a couple

of years later, I heard from her and she was refinancing the house. And then about a year-and-a-half ago, I heard from her, and she said, "Hey, what do you know about the tax treatment of stock options?" And I said, "I work for a nonprofit. I know nothing about the tax treatment."

But that's the wealth-building that we're all talking about, and there were programs in place that were inclusive to her and made -- gave her, you know, the opportunity for her to, you know, leverage one program upon the other and continue, over time, to build a financial future not only for herself but for her daughter who starts college in September. So this is inter-generational impact that this work has.

And, you know, Mr. Chairman, you said something earlier at the end of the EITC thing that I really latched onto which was this. It's doable. And, you know, if we focus on inclusion, we focus on making part of disability, part of our everyday inclusion work, that wealth-building

for people with disabilities is doable. Thanks for the opportunity.

MS. ORTIZ: That's great. Thanks, Tom. Okay. Mr. Chairman, I think it's doable that we can, in fact, have a full hour for our last panel. I think I will create -- give you options. We could just go right into that last panel or take a very short break.

CHAIRMAN GRUENBERG: Let's take a short five-minute break.

MS. ORTIZ: Okay. Five minutes. It is doable.

(Whereupon, the above-entitled matter went off the record at 2:48 p.m. and resumed at 2:55 p.m.)

MS. ORTIZ: Okay, I want to welcome our last panel for the day. You know, I really appreciated the roundtable. It was provocative, inspirational, sometimes a little bit sobering, but nonetheless, really, at least for myself, let me just say left me with this overwhelming desire not only to do more to advance inclusion, but to

do it better and to do it well for everyone. And I do think in many ways, that's the perfect lead-in to this panel.

So, with that, I'm going to turn it over to my colleague Jackie Steller, who'll be your moderator, and invite her to introduce her panels and take it away.

MS. STELLER: Thank you, Liz. Good afternoon, Mr. Chairman and members of the Committee.

I'm delighted to join you today. I also want to thank our panelists for taking their time to meet with us today.

Since I was preparing for this panel, I learned more about the challenges our Native American Communities face in gaining access to housing, and the complexity of financing community development both on and off reservation.

The goal of this panel is to give you an introduction to the Native asset- building ecosystem to help us identify gaps and determine

what else can be done to address the needs of the communities.

We will start our conversation with Phil Gover, a policy fellow from the Center for Indian Country Development, who will share some research that will set the stage for the rest of the discussion.

We will then hear perspectives on financing needs and opportunities from the following panelists: Dawson Her Many Horses, managing director and head of Native American Banking at Wells Fargo; Sharon Vogel, executive director from Cheyenne River Housing Authority; and Chrystel Cornelius, president and CEO from the Oweesta Corporation.

So, I encourage you to think about where we go from here, as well as your questions, during the discussion portion of the panel. So, let's get started.

Phil, given your perspective as a researcher, what are some of the barriers Native American communities face in achieving financial

stability?

MR. GOVER: Thank you very much for that question. Good afternoon. My name is Phil Gover, I'm a policy fellow at the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis.

CICD is a research center at the Fed focused on studying the economies of tribes, Alaskan Native villages, and Native Hawaiian communities, in the United States.

We do a lot of work on the Ninth District, where Minneapolis is headquartered, but our mandate is sort of nationwide. So, we study all of Indian Country.

Thank you for having me here. I'm a bit of a talker, so I'm going to work from speaking notes or I'm not going to stay on time. So, forgive me as I work through this.

I must also, of course, preamble my remarks today with the standard fed refrain that these views are mine, and not necessarily the views of the Federal Reserve Bank of Minneapolis

or the Federal Reserve System.

So, let's dive in. Any conversation about housing policy in Indian Country must be informed by an understanding of how and why the system is structured the way it is.

Building housing, of course, is vital for the future of tribal communities, but housing shortages on and near reservations are common, because of a mix of policy and regulatory choices that have resulted in tens of billions of dollars in persistent under-investment in basic infrastructure in Indian Country.

Let's zoom out a bit and talk about the fundamentals. I like to start these presentations by kind of level-setting everyone, and asking and answering the question on this slide. What do we mean when we say Indian Country?

So, the terms Indian Country, in the broadest sense, means anywhere native peoples have lived or continue to live. This includes the ancestral or traditional territories of

native peoples, as well as those seated to tribes as part of treaty-making processes in the treaty-making era.

That's what we like to call Big C Indian Country, where the C is capitalized. It's an inclusive term whose boundaries encompass all indigenous peoples in the United States and includes the lands within Hawaiian homelands and Alaskan native villages.

Small C Indian country, where the C isn't capitalized, is a legal and administrative term under federal law that profoundly affects the daily lives of native peoples.

The concept impacts regulatory authority within reservations, it defines the eligibility for grant programs, it determines which government prosecutes certain crimes.

It affects property inheritance and rights of way, it determines ownership of natural resources, it factors into the management of hunting, fishing, and water rights. It also impacts how commerce is taxed.

This term touches on nearly every aspect of native people's lives. And why is that? Well, because of tribal sovereignty -- and this is not a concept that's taught very well in school, or even in law school -- but under our Constitution, tribes are treated as, quote unquote, domestic-dependent nations, with a legal sovereignty like that of state governments.

And so, tribes are, in fact, immune from state law and state government oversight on their lands held in federal trust. This has massive implications for economic development, as you can probably imagine.

One of the most important implications of this is that tribal lands held in trust by the federal government cannot be privately owned or collateralized.

There are good policy reasons for this. Land privatization has historically been the most effective tool to impoverish tribal communities, and previous land privatization federal schemes resulted in massive transfers of

wealth from tribal people to white settlers, and in many cases a permanent loss of land. Land base, a loss that only perpetuates cycles of poverty.

So, despite the many challenges to housing development reservations, people in these places still need a place to live. And so, we've assembled a raft of policies, as well as public and private initiatives that work within the system. And that's who you're going to hear from today.

Let me get us into some of this research, and then I'll transition us over. This kind of gets us into the housing side.

So, last year CICD published a working paper called The Unequal Cost of Native American Homeownership.

This paper provides one of the most productive deep dives of confidential HMDA data, and examined about 80 percent of all home loans originated in the U.S. from 2018 to 2021.

The study found a substantial racial

disparity between interest rates for on-reservation native owners, when compared with both white and off-reservation native homeowners.

In fact, native homeowners who live on an Indian reservation pay the highest interest rates of any demographic group in the nation.

This graph is taken directly from the paper and it charts the prime interest rate differential between native borrowers on and off of the reservation, and white borrowers.

And what it shows is that native borrowers on reservations, at all levels of creditworthiness, pay significantly more for a housing loan than any demographic group.

Some quick data highlights from the study. Thirty-four percent of all on-reservation American Indian or Alaskan native borrowers -- I'm sorry, Alaskan Native American Indian-accepted loans in the HMDA data, were for home-only loans. Thirty-four percent were for home-only loans.

For white borrowers, it was only one

percent of home loans were for home-only. Eighty-five percent of all manufactured home loans to on-reservation American Indian borrowers were home-only loans.

And property interest in the land. So, whether the land is on federal trust land or not, cannot fully explain or predict this reliance on home loans.

So, what is the prevalence? Why does this prevalence exist? There we go.

This is in large part because the process of getting a home built on Indian Country can be very difficult. And we're going to hear a lot about that over the next 30 minutes or so.

But there's also just a lack of lenders. A lack of options. There's also a lack of education. There are products, there are ways for native borrowers to access a traditional home mortgage on trust land. It's a lengthier process, it takes a little more time, but there is a way to do it.

But still, even highly qualified

native borrowers end up in these chattel, these basically property loans. High-interest loans for a depreciating asset.

This has massive implications for inter-generational wealth building. And we're going to kind of get into some of those implications as we go through.

The last thing I'll say. So, like through a series of policy choices and market failures, what we've built is a system that makes it nearly impossible to develop inter-generational wealth and to stay in your homelands, if you're a Native American, Alaskan Native, or Native Hawaiian.

We can do better. We can make better policy choices, and we can do more to encourage banks to do more business in Indian Country. And with that, I'll hand it over to Dawson.

MS. STELLER: Thank you so much for that, Phil. So, now Dawson, part of your role focuses on educating underwriters on providing loans to Native Americans. What does it mean to

you and your community, that you have this role at Wells Fargo?

MR. HER MANY HORSES: Great, thank you so much. Good afternoon, everyone. My name is Dawson Her Many Horses, I'm an enrolled member of the Rosebud Sioux Tribe of South Dakota.

As Jackie said, I'm a managing director and head of Native American Banking for Wells Fargo.

Wells Fargo has banking relationships with one out of three federally recognized tribes in the U.S. We've committed $3.4 billion in credit to tribal governmental borrowers, and we have approximately $4.1 billion in deposits from tribal governments and tribally owned businesses nationally.

So, we do a lot of work with tribes. We've work with tribes for over 65 years and we're very proud of this business.

You know, for me personally, I think what this means, to answer your question, is that we have somebody inside of a major financial

institution advocating and educating our bankers, our risk partners, our product partners, on the challenges and opportunities in the Native American segment. Right?

I have four points I want to make today and I'll probably get through two, maybe three. So, I'll get started.

My colleagues on the panel will likely have more data than I do, and more recent data, on tribal housing needs. But what I can tell you is the need is significant. Right?

One report that I've read said that there's $34 billion in capital needs for tribal housing across Indian Country.

I've seen a news report that said that it's as high as $50 billion. Right? That's more than the U.S. Government can provide. That's more than any single financial institution like Wells Fargo can provide.

We need to bring more banks and partners to the table, to help meet these capital needs. Right?

The first point I want to make, the first theory that I have, one theory that I have around this issue, is that we don't have enough data about tribal communities. We're not showing the economic opportunity for financial institutions in places across Indian Country. Tribal communities are economically invisible.

Just a quick story. Iwas hired to rebuild Wells Fargo's business. When I got hired six years ago, I asked my leadership for more resources. They said, what's the opportunity?

And I worked with tribes for a long time. I'm a gaming banker. I have a background in commercial investment banking. I've banked tribal casinos for many years.

I know there's opportunity, but I also knew this would be a challenge, because there aren't any research reports on the opportunities in Indian Country.

And so, what we wound up doing is going to publicly available resources, using that data to kind of back in to a report that we

created that showed the opportunity.

But we had two people doing this for a couple of months. And we used their knowledge of the market to kind of create this report. But imagine a bank, a financial institution, or another just investor with capital who wants to work in Indian Country, who doesn't understand where to invest, who doesn't understand how tribes are structured, who doesn't appreciate sovereignty and the fact that tribes are more than an ethnic or racial category. We have a political status as governments. Right?

If you don't understand any of that, you're not going to know where to put your money. Right? And you're going to overlook tribal communities as a place to invest your money.

And I can tell you as a longtime banker to tribal communities, our clients are good borrowers. Right? They're very profitable borrowers. Right?

And so, we think there's significant opportunity in this market if there's a way to

develop more tribal data.

And I want to say that this data is tribally owned. I'm not advocating that tribes disclose their own information. But we suspect that there's a way to disclose more business data at a national level, while protecting the individual confidentiality of tribes and their own financial statements.

And their sensitivity around that is that tribal economic data has been weaponized. Right?

State and local governments have used that information to undermine tribes. And so, there's a hesitancy to sharing that data kind of at a public level.

You know, second point I want to make around tribal access to capital is related to the points that Phil was making around the knowledge of the legal system, and concepts like sovereign immunity and tribal sovereignty.

Tribes are governments. Right? And not a lot of people understand some of the

nuances associated with lending to tribal governments.

Tribes are governments that own businesses. And as one example of how doing business with tribes can be specialized, if a dispute arises with a tribal borrower, because tribes are government, they need to consent to be sued. Right?

So, a common practice in Native American finance is to work with a tribe and negotiate a limited waiver of sovereign immunity. Right? And once you get that document in place, it's much easier to kind of do business and kind of lend to a tribal borrower, because there is a lack of knowledge around some of these legal nuances, and it has an impact on the amount of capital that is showing up in Indian Country.

I was at a meeting a couple of years ago where a non-profit leader was feeling a little frustrated with the lack of banks and their kind of willingness to kind of lend to tribal borrowers.

And she said financial institutions' unwillingness to engage and try to understand some of these legal nuances feels like redlining. Right?

And it's a provocative statement. Right? But I think what it reflects is the frustration that creditworthy borrowers have with the financial institution when they can't get the capital they need in their communities. Right?

And so, I think the work that you're doing here today is really important, because we need to have more people at the table coming up with and developing solutions for our community.

The final point I want to make, because I know I'm probably pretty close, is I want to reframe how we're thinking about this problem. Right?

For a long time, I think we think about this as a financial community problem or a tribal problem. I'd like to reframe this and have us think about this as a wicked problem. Right?

And when we think about wicked problems, this concept, this idea comes from, like, design thinking. Right? Wicked problems are problems that don't have a one-shot solution. They don't have a clear definition.

There are multiple stakeholders who are involved in the design of the solution, and the solutions aren't necessarily right or wrong, but they're usually better or worse. Right?

And what that means is for solving this problem in Indian Country, we need to bring more people to the table. We need to have financial institutions, we need to have tribes, we need to have policymakers, regulators like yourself, and others at the table coming up with a solution that works and reflects the priorities and needs of tribal communities.

So, with that, I'll turn it over to Sharon.

MS. STELLER: Thank you, Dawson. Those are all very salient points, and thank you for sharing. Now, I want to now move to, as you

said, Dawson, to hearing from two trusted intermediaries. Sharon, let's start with you. What role do native housing authorities play in housing development?

MS. VOGEL: Well, thank you. And thank you for the invitation. It is truly an honor to present here.

And before I get started, I just want to thank each of you. I learned so much from listening to your roundtable, and I just want you to know that your work does impact us, it impacts our families. So, thank you for the work that you do.

They said this is going to work quick. Okay, so I have a lot of slides, but I have takeaways for each slide.

One of the unique characteristics not only for Cheyenne River Housing Authority, but tribal housing authorities across Indian County, is that our role for our tribal government is housing, all issues related to housing.

So, in the development part of it, we

play multiple roles. We are the owner, we are the developer, we are the construction financer, we are the general contractor, and we are the property manager.

That is confusing to others as we enter outside of the reservation and deal with partners, our lenders, but that we make it work. I think that's a takeaway. We're making it work.

We understand those roles, and success is happening because of the work that is happening in Indian Country.

What I'm going to quickly focus on is a subdivision that we have. And it's an introduction to one of our strategies for housing development. So, this is just kind of an idea of master planning.

Moving along, some takeaways from Badger Park is the infrastructure on this particular project started in 2008 and went through 2016, a total of eight years and $10 million that was all owner equity.

The investment has paid off for us in many ways. It has reduced our project costs because the infrastructure is already there. We use that infrastructure as in-kind match and we have shovel-ready projects. So, it was a good investment. And you can't do anything without infrastructure.

The other is this subdivision is a mixed-use development. We have rental, we have homeownership, public facilities, and commercial opportunity for native entrepreneurs.

We have mixed-income projects from the very low, to low-income households, in our workforce development.

This subdivision is unique but it serves as a great model that can be replicated, and is being replicated, across Indian Country.

So, for sixteen years that seems like a short journey for many. But it was an important journey. It was a learning journey, and we continue our journey.

So, at Badger Park and at Cheyenne

River, we really have to balance our housing development efforts between homeownership opportunity and rental housing opportunity.

So, on the homeownership side, we have dedicated 38 lots exclusively for tribal members to own their own home. And our primary mortgage lender is Four Bands Community Fund, which is a native CDFI, and they have given ten loans of the fourteen homeowners that are out there.

The average mortgage loan is the $121,000, the layered loan subsidies, with the average being $16,000, and the average equity for the homeowner's $39,000.

As you've heard from others, homeownership rates for Native American families is one of the lowest in the country. And so, we have prioritized. We're building momentum in our own community, that home ownership is possible.

On the rental side, we have eight projects out there. Those started from 2016 and are running to the two projects we have under construction now.

Of these units -- there's 105 of them -- the biggest project is Wiyaka Sakpe, which is 36 units, and that is a tax-credit project.

This is Badger Park in reality a couple of years ago. We currently have two projects under construction, for a total of 31 units.

And this photo was taken by a young entrepreneur who invested in a drone and was marketing his services. And so, it just goes to show that we value the services that our entrepreneurs bring to us.

Just a quick summary of our leveraging. In the first column we have the owner-equity. The owner-equity for Badger Park, the 105 units, we have invested with the $10 million for infrastructure, $13 million.

The loans that we have is $1.5 million, and the takeaway that we want there is we really have to balance our loan portfolio, that not every project that we have, especially

those targeting very low and low-income families, can afford loan payments.

The South Dakota Housing Development Authority, that is our state financing agency. They have been a great partner. We have funded projects with housing trust funds, home funds, and of course the tax-credit dollars.

The thing to remember about South Dakota is that we are a minimum allocation state for low-income tax-credit dollars. These credits are valuable and you don't get an annual award. It's all about timing. It's about standing in line, having a competitive application, so that when it's your turn again, that you can come out with a tax-credit award.

The next column is our funding from HUD Office of Native American Programs, the grant funds. These are competitive grants. And these too you only get every two to three years, and there are more applicants nationwide than available funds.

So, the total that we have just in

that once subdivision, to date, is $31 billion. Going back again to our owner-equity of $13 million, we are learning that leveraging is the way to go.

What's on the horizon on the homeownership side? We, in working with our Native CDFI, we are creating another subdivision. The tribe has given us 120 acres, and that is exclusively for homeownership.

As a developer and lender, in partnership with Four Bands, because of the challenge of new construction and certified contractors, we are going to partner with them to help them build homes for pre-qualified mortgage borrowers.

And takeaway on the rental side is really new market tax credits. We haven't utilized those yet and we're looking for the right mixture, the right partners, and the right project for that.

What is working in affordable housing, just some takeaways, is that the construction

internship program is developing a skilled labor force.

We are in partners. We've had that going on for eight years and we are very fortunate that the crew that we have now have been with us through the construction internship program.

The other takeaway on the homeownership side is the South Dakota Native Homeownership Coalition has established a subsidiary of the Great Plains Housing Development, and that really ties back into what I started with, is TDHEs, or housing authorities, have to play all those different roles.

Not all of the housing authorities have that capacity. And so, this was our solution to taking those smaller TDHEs that don't have the capacity to wear all those hats, and to be able to offer them these services.

On the homeownership side, it is really national awareness and national partners. Just the legislation. It's just good strategy

on policy development.

What needs to happen? These are things that need to be ongoing, just built on one another. But the takeaways here are Native CDFIs need more capital to fund mortgage loans.

In 2024, our local Native CDFI opened up for seven weeks a mortgage inquiry season that closed with 56 people applying, and their needs were $8.4 million.

The other takeaway would be -- what I heard earlier is that investments into workforce development really is creating jobs for our young people, and giving us the labor force that we need to meet the growing needs of homeownership.

And so, with that, I wanted to end with addressing the housing crisis in native communities will require contributions from private non-profit sectors, as well as policymakers at all levels of government. Thank you.

MS. STELLER: Thank you, Sharon, for bringing to light many of the challenges with

financing, and also highlighting opportunities for us to do more. And you set us up very nicely.

Some Native CDFIs are another player in the asset-building ecosystem. Chrystel, can you please tell us about your role?

MS. CORNELIUS: (Ojibwe introduction followed by English introduction.) Hello, my name is Chrystel Cornelius and I am the president and CEO of the Oweesta Corporation. And we are the longest standing Native CDFI intermediary in the nation.

And I'll talk a little bit about our history, about what we're doing in homeownership, and how our Native CDFIs really are leading the charge for asset creation, asset development, homeownership, and entrepreneurship, which all really envelops into community development and accessibility of some of the most, and one of the most, in my mind, marginalized communities within the United States.

I would first and foremost like to

thank Jacqueline and the Chairman for this opportunity. I've never presented to the FDIC before. So, this is actually pretty exciting to me. So, miigwech. Thank you.

So, Oweesta, we are a national Native CDFI and we have been around for 25 years. I want to give a caveat, just really quick, to the CDFI industry, and particularly how important the Native CDFI industry is within our respective native communities.

The CDFI program, in and of itself, was initiated by the Clinton Administration. And very fortuitously, at that time as well, Congress, for the very first time in history, asked of all of the 574 federally recognized reservations in the United States, why do we keep giving you millions upon millions of federally designated dollars, and why are you all still in perpetual poverty?

This is Chrystel speaking, not Oweesta. I don't think that question necessarily was really put on a positive note. A lot of our

government agencies do not understand the trust relationship with the federal government and the tribe. And some of these are treaty funds that are going to be promoted and given to our community.

So, within that, they did a listening session all over the United States, Alaska, and Hawaii. It took two years. And from that, they came out with the 2001 Native American Lending Study. You can find it on Department of Treasury, if any of you are interested, I'll send it over.

And essentially, what that found was seventeen major barriers to economic development and asset creation in Indian Country. The first and foremost impediment was a lack of access to credit and capital, not only for tribes, but for tribal members themselves.

Hence, when the CDFI fund was created, there was a permanent set-aside set within the CDFI for Native American communities to start creating their own financial institutions.

Essentially, a lot of our communities are in very rural remote area, and they were financial deserts.

They have predatory lenders that really are predominant outside on border towns, and when we look at banking services at those points in time, a lot of our banks within our communities are agricultural lenders.

We don't have land, we don't have the collateral, didn't have credit, so the overall opportunity for us was, no.

So, when we look at CDFIs -- and we'll be talking a little bit more about that -- they have become truly the economic engines within their communities.

They have become the trusted sources of safe and affordable capital, and they have promoted not only entrepreneurship, but as we'll be talking about, a really strong stance in home ownership as well.

Oweesta, within our work, we really look at three categories and three pivots. So,

we do quite a bit of training, technical assistance, and capacity building, lending and capitalization.

We typically are the first and sometimes the only lender in Native CDFIs that gives them the funding they need to meet their target market demands. And we do a lot of research, policy, and advocacy as well.

So, here is a map of our current Native CDFI borrowers. Currently, there are 64 certified Native CDFIs in the United States and about 30 emerging. And in looking at this, we currently are working within 32 states within the United States, Alaska, and Hawaii. So, very, very diverse, and again, on a national basis.

So, we're going to talk quickly about the community impact of Native CDFIs, particularly focusing on housing.

One thing that I want to note and I think is very, very exciting in the realm and the trajectory of our growth within the CDFI industry, predominantly, when the CDFI industry

was at its fledgling stages, most CDFIs focused on consumer lending products and small business entrepreneurship products. Very few -- maybe a handful -- predominantly focused on housing.

We are finding a complete shift within those dynamics. So, with years and years of culturally relevant financial education being permeated within reservation communities, Native American populations, we now have bank partnerships based on Native CDFIs, creating those relationships with banks.

We have over a quarter of a million, 250,000 new accountholders, within Indian Country. That's amazing. And that's because, particularly, CDFIs making those relationships.

What we have found now, I'd say within the last seven or eight years, which is really exciting, is, again, as Oweesta tends to be the first and the largest lender into CDFIs, are CDFIs were coming back to us with larger and larger amounts of capital requests.

So, as you all know, or if you don't,

CDFIs are non-regulated institutions. We are regulated by our loan policies and procedures. So, when I have an influx of CDFIs saying, I need a million dollars, I need two million dollars to satisfy housing demand, that was outside, necessarily, of our constraints within our portfolio.

We could, of course, make an exception. But looking at this was a trend, and too much of an exception to really look at.

So, what did we do? We created the first-of-its-kind $10 million capital aggregate pool, which was ten-year money; long-term money as a very elusive product within marginalized, or particularly native communities.

From that, thirteen CDFIs were able to participate within this program and received upwards of $1 million, in which they focused primarily on housing and larger infrastructure developments.

Most recently as well, we have put together during the COVID epidemic, a $36 million

COVID relief and recovery fund for Indian Country. But primarily, although some of those -- and we don't dictate what and how our Native CDFIs lend -- they did go to short-term crisis programs, for lack of a better word, but a majority of the funding that they received -- again, over $1 million, fifteen-year money this time -- was to promote mortgages within their communities.

Finding the funding for mortgage products is incredibly difficult. And when we look at our communities and how our communities have grown, more and more people are coming to Native CDFIs and saying, hey, I'm want to be a homeowner.

And that's very exciting. Because when we look at where we've been for the past 25 years, again, a lot of consumer lending, a lot of entrepreneurship, and individuals now are saying, hey, I don't want to be a small-business owner.

That's okay. But I want to become a

homeowner. I want stakeholdership in my community and I do not want to leave my community.

That's one of the most important aspects. We should not have to leave in order to gain access to the financial services that the rest of America enjoys.

So, really showing the success that can happen in these measures. When you provide the capital, amazing things happen. When we look at our community housing impact -- this was this last quarter -- we had over $10 million in loans being disbursed for housing products, seventy loans were disbursed, 27 Native American homeowners, six homes were built, ten loans to first-time home buyers, and fourteen loans to head of household.

When we look at yearly and cumulative, within last fiscal year our CDFIs -- and we have a very intricate data collection system -- provided $49 million in mortgage loans within their communities.

Cumulatively, since we have been

collecting data, we have over $150 million going directly to our native communities to create new homeowners.

So, when we look at the past 25 years of what Oweesta really does in measures of building up our Native CDFIs, acting as an intermediary, never to be a barrier to capital, but to be a trusted source really to see flows of capital coming more within Indian Country and our communities, I would love a day where an intermediary isn't needed in this case, and we see capital growing to our marginalized and native communities, how the rest of America enjoys.

But until that time, we have very longstanding and trusted relationships with our Native CDFIs. There is not, I would say, a Native CDFI we haven't touched in one measure or another, whether that be through advocacy, through our capitalization, or also through our capacity building.

Within our 25 years, we have

distributed over $826 million in loans. And guess what? Through all of those 25 years, I have one loan default. One.

And I made that loan -- and it was $10,000 -- and they paid back $7,000. So, in looking, I am still at 000.1 percent default rate.

Our Native CDFIs outperformed banks in this measure, holistically. So, in looking, and we have so many barriers -- that Indian County is a risky bed, or we look at the sovereignty.

This just goes to show that when you provide the access to capital safe and affordable, we are changing generations. We are creating generational wealth.

So, within our 25 years, and you saw how diverse Indian Country can be -- again, 574 recognized tribes, there's 60 state-recognized tribes, 30 unrecognized tribes, and only half of our population live in urban cities and places as well.

So, Indian Country, as we are

explaining, is very, very diverse. But we have created 20 housing units.

That's amazing. And that seems like a drop in the bucket, but when you look at 700 families now who are able to create and have generational wealth, have an asset, when we look at how wealth was built in America, it was built within homeownership.

So, we're finally trying to catch up to those measures. And our CDFIs and Oweesta really focus on providing the capital, technical assistance that is needed to really envelop what that can look like.

We have created the first-of-its-kind Native CDFI HUD Housing counseling cohort. We have thirteen CDFIs that are actively working within this measure, and hoping to build upon that as well.

When we look at our annual portfolio impacts by the numbers, we've created over 2,500 jobs, 355 new homeowners. Over $100 million was leveraged based with our investments, created

645 new small businesses, and 320 agricultural loans.

So, the matrix of how we're really looking at inclusion, we allow -- I wouldn't say allow. We work in joint with our CDFIs to see -- and every community is so incredibly diverse, not only culturally, but within land bases and their opportunities -- what is it and how is it that you need this funding to build up the social infrastructure, physical infrastructure, within your communities?

And I'm going to talk just a little bit about several projects that we have recently initiated.

So, for a majority of Oweesta's lending years within the CDFI and native communities, we primarily funded and capitalized CDFIs.

What's really interesting, looking at the growth in over two decades, a lot of our CDFIs are more tenured. They don't need us anymore.

And that's good. That's where they're able to get capital and investments from other sources.

So, in looking at what can we do, and looking at our strategic plan and how can we continue to uplift and benefit Indian Country, we've started doing quite a bit of larger projects that are participation loans, as well as new market tax credits.

So, one of the projects that we have highlighted here was a participation loan for a construction of a tribal member rental assistance unit for elders. It was a 25-unit composed of two or three bedrooms, within the Dry Creek Rancheria.

That was one of the first participation loans with a very, varied capital stack that we have been able to accomplish. And we're currently working on four more as we speak, but directly associated with housing and larger housing units.

And, oh, I thought I had more than

that. And we also have funded two healthcare facilities under new market tax credit opportunities.

One as in Oklahoma and the other is in Oregon. And for the first time, Oweesta, we have also applied this year for new market tax credits, with the hope that we will be able to extend these opportunities, as source lenders to our Native CDFIs, so they're able to build their balance sheets, as well as have the opportunity to engage within larger construction and home ownership projects.

So, with that, I talked very, very quick and I'm sorry about that. Get very excited about Oweesta. But it was such a pleasure, just to talk a little bit about the landscape of what Indian Country, our native communities, the possibility, and really, the opportunity.

So, in looking at what can we all do, participation, in so many ways, I believe is necessary. The opportunity for native communities to access new market tax credits,

when we look at the upcoming CRA opportunities and what that could be with banking institutions.

Because, for the first time, it's now clearly stated that tribal communities are an eligible investment area.

That has really changed the landscape of what can happen to and with us. And also, there's a huge need -- and we don't talk about this, we're talking, obviously, about the capital -- but the amount of technical assistance and training and capacity building that is needed to get over the hump and get to an option for homeownership.

So, supporting the TA and capacity building I think is incredibly important if we're to realize the future that we look and hope to for our native communities. And with that, miigwech. Thank you very much. Great.

MS. STELLER: Thank you, Chrystel, for both talking about the opportunities, as well as the partnership opportunities.

And so, I have one more question for

the panel, but in the interest of time, I will turn it over to our committee members for questions, and we can circle back if the time allows. Marietta?

MEMBER RODRIGUEZ: Thank you so much. Chairman Gruenberg, Liz, Jacqueline, thank you so much for making time for this conversation.

As some of you know, my home state is New Mexico. It is home to 19 pueblos, three Apache Tribes, and part of the Navaho Nation.

This topic is so near and dear to my heart and it doesn't get enough intension by the financial services industry. So, thank you very, very much. And thank you all for coming to share the work that you all are doing. It's so critically important.

I have two questions. One is we've been talking a lot about trust in communities, and I think how institutions show up, particularly on native land, in a trustworthy way, is critically important, and in a culturally appropriate way.

But also, what they're bringing. Like, are they bringing responsive financial products. And I think this body could benefit from hearing from all of you.

What are the biggest barriers to a suite of responsive financial products that would meet the needs of native, either on the homebuying side, or just basic financial products? What's that barrier?

And I think secondly -- and Chrystel, you can keep me honest here, but I think that you told me recently that in your CDFI fund, you have no bank money.

And that is shocking to me. How can we incentivize more regulated bank financial institutions to invest in Native CDFIs, when capital is so desperately needed?

So, maybe you could talk a little bit about what those hurdles are.

MS. CORNELIUS: Mm-hmm. I would say the first hurdle really in looking at -- and take aside the trust -- people just aren't necessarily

showing up.

So, in order to start relationships, there has to be an impetus, I believe, on both sides. There's not, in my mind either, a secret key to working in native communities or marginalized communities.

Be open. Be honest. Indicate what you can do, what you can't do. Because I think a lot of times we've been completely over-promised and completely under-delivered.

And insofar as I think the fear keeps, at some juncture -- I don't know if I'm going to make a huge cultural faux pas; or, I am afraid.

I think a lot of this really isn't based on not wanting to participate, but being very anxious about what that could look like, or doing something wrong.

So, barriers. Barriers is capital in and of itself. As we heard Dawson speak to, there are certain measures within trust land, but those have all been mediated for many years, actually, to see further construction within

those measures.

And I think having voices at tables and the representation, is a huge barrier. So, unless you live in a state or county that has a large native representation, you really don't have cause to think about native communities. We're one of the smallest populations, we're a total of 2.3 million left, so that political power -- although we garnish it within Indian Country, per se, I think that representation is incredibly important for people to think about us as emerging markets, not false narratives that we've proven again and again within our communities.

Do any of you -- I'm sure I forgot something. Yes.

MR. GOVER: Yeah, I could think of something. I think one of the challenges we struggle with in thinking about our research agenda for the center, is being of service to a maximal number of tribes.

Being of service to all of the tribes,

and having something to offer from a research or product standpoint that serves all native communities, it's extremely difficult to reach all tribes to do outreach to hundreds and hundreds of tribal governments and get them -- you're never going to get them all kind of pulling in the same direction, but it really does, whether you're a bank or a community organization, or the FDIC, or the fed, it takes an actual investment in people, to do outreach to tribal communities.

And if you don't have that investment in people to get that work done, you're going to really just spin your wheels and tread water. You're not going to get much traction for anything you try to do.

And so, you have to think about our policies and the things you want to try, at like the scale of, like, can a very small government with no capacity find the capacity to do this? Or how can we help that government do this.

It's not just enough to provide a

program or provide a product. You have to account for the capacity of hundreds of individual governments and their ability to do the thing you're hoping that they can do, or that they want to do.

MR. HER MANY HORSES: Yeah, and I'll add, I think it's an incredible question. I'm glad you asked it. I think if you want to find some solutions, and start to understand the problem.

Just look at your survey of unbanked households. Right? Go back to that, because there's a lot of really good information in there. And I think one of the things that you will find is certainly there are issues like trust that have a huge impact in terms of kind of accessing financial services on tribal lands.

But I think you'll find some other information. Right? You'll see that due to the rural nature of tribal communities, there's an infrastructure issue as well. Right?

Lack of broadband, lack of wi-fi

access, lack of smartphones. Think about how our business model as banks is changing, and then think about things like wi-fi and broadband in rural areas. You're going to see that disparity.

And it's only going to get bigger. Right? And so, I think if you look at your data, and maybe even spend some more time, go deeper in some of that data -- because there's gaps in that data as well, right? If you look at some of the survey results, you'll see that sometimes in the surveys, it'll say, sample size too small. Right?

It'll say, N/A, for non-payment using online services. There's a bunch of categories like that. So, I think there's -- if you want to understand the problem, my recommendation would be to kind of spend some time and spend some resources on doing a deeper -- double-clicking on the survey questions that you're asking, to kind of get the information we need to develop those solutions.

MS. VOGEL: And the only thing that I

would add to that is you really need to diversify the lenders that are in tribal communities. If you did do the survey of, like, for our community of a lot of private banks, family-owned banks, and they don't report credit scores, they're small, they own the market, so to say.

And so, we have families that have been great borrowers, and yet when they come to us for homeownership, they have absolutely no credit score at all, despite being good lenders.

But by diversifying your lenders, you bring more competition and affordable loan products. And the other is there's a lot of myths around lending on trust land. And they're just that. They're myths.

Lending on trust land works. We prove it all the time.

So, things like there's growing momentum of statewide native homeownership coalitions that are doing things with having lender symposiums, that we have lenders as members of our coalition, and it's everybody at

the table. Everybody has the respected space at the table.

And so, those things are all happening. And they're good models for other states that aren't doing that. Thank you.

MEMBER MINTZ: The Chairman once asked me a really inspiring question, which is what an A-plus bank-on coalition would look like. And that led to the creation of a fellowship program supported generously by Wells Fargo, where we are financially supporting and training full-time coalition leaders.

And Wells really encouraged us to look for a fellow opportunity in the Native American sector. And we found one in Oklahoma. And without getting specific, we learned quite quickly that we had to have a very different approach, and we had much more to learn than we did to teach.

But one of the barriers that we really encountered, and I don't think figured out, and I don't think our partner really figured out,

hinges on what you were talking about regarding the government nature of the tribes, which was that each tribe we were trying to work with for basic banking access, basic banking products before lending, wanted, or would only trust their own tribal financial institution.

They weren't interested in the bank-on sort of array of hundreds of institutions, and you can say to people -- the trust issues were so fundamental, that even working so intensively with an intermediary, our ability to bring the infrastructure of a national program with some relative success to the mix really sort of didn't go anywhere.

So, I'm curious whether you all have on the basic banking component, which I know is relevant to lending, whether you all have any wisdom to share about what successful strategies are to address sort of the fundamental first building block of financial growth, which is getting into a basic account?

MS. CORNELIUS: I would say -- and I

referenced it just briefly -- but in establishing that initial relationship, it's how you show up. So, in showing up, is this long-term? Is it a relationship or is it transactional?

I think we're used to quite a bit of transactional; whether that's from consultants, or banks that if they are lending, they're lending at exorbitant rates to tribes to build infrastructure.

So, I don't necessarily have an answer to that, but I think it's perseverance and it's establishing that relationship. And again, being very, very clear what you can and can't do, or stating very clear what those intentions are.

MEMBER MINTZ: And the relationship through the tribe before you can get to the individual.

MS. CORNELIUS: Right.

MEMBER MINTZ: Before the tribal leadership before you --

MS. CORNELIUS: Right.

MEMBER MINTZ: Yeah.

MR. GOVER: Just real quick, I think a lot of that sentiment in Indian Country, I think comes from a sense -- I think a lot of tribes and tribal leaders would sort of say this -- like, you are constantly being approached, like, to do something.

And so much of the way outsiders I think come into reservations a lot of times, feels like a transactional. Like, it's very transactional.

And I think you need to root your relationships in the way you build partnerships with tribes in, like, reciprocity, and a respect for tribal sovereignty, and the understanding of what the implications of tribal sovereignty are for whatever your particular project is.

MS. CORNELIUS: I think a good way that we look at this in a lot of marginalized communities when we see these transactional or opportunities, it's looked at what you can do for us, not with us.

And there's a huge difference between

those two. And I think that can set the stage for further relationships and growth.

(Simultaneous speaking.)

MEMBER MINTZ: That's really helpful. Thank you.

MR. GOVER: Persistence too.

MS. STELLER: Thank you. And then Edward.

MEMBER DeMARCO: So, Phil, you started this talking about home lending being basically chattel lending.

MR. GOVER: A big chunk of it.

MEMBER DeMARCO: A big chunk of it. Chrystel, got down to you and you were talking about what your organization does, and you referred to it as mortgage. Is it chattel lending, or is it mortgage in the traditional sense of, this is real property that is being financed as well?

MS. CORNELIUS: It's both.

MEMBER DeMARCO: It's both?

MS. CORNELIUS: Within our portfolio

with our CDFIs, we know that there's $55 million in mortgages that are performing. They're non-conforming mortgages. And I would say three-quarters, if we look at chattel.

But again, that's accessibility and that's lack of housing stuff. But there are quite a few stick-built homes. So, it really depends on region opportunity and accessibility to contractors, accessibility to appraisers, and all of the foundational pieces for homeownership.

MEMBER DeMARCO: Yeah. I ask in part because thinking about what you said a minute ago about working and developing a relationship if a private financial institution is going to develop an ongoing relationship, perhaps assist in the funding or the takeout on this, because holding mortgages takes up space on a balance sheet.

And the wonderful thing about the secondary mortgage market, it allows the money to recycle, right? I mean, so a lender makes a loan and can sell it and come back, and wanting to understand a little bit better about what that

mortgage instrument was like, because that goes to who you're looking at and what the possibilities are for long-term partnership, if you will, or takeout financing.

MS. CORNELIUS: We've been working with Freddie and Fannie quite closely, and they've been very close partners with us for decades, honestly.

But in looking at accessing that market for native communities, again, they're unconventional mortgages. So, very hard to change government regulations in that sense.

Just quickly, we're partnering currently with Native American Bank, which is a native-owned bank, and we're developing a $10 million pilot project in which we're going to buy up 40 percent of Native CDFI's existing mortgages to just see some money be able to revolve again.

A lot of times we have to figure out our own solutions and we're creative with that. But partnerships really are essential in that

measure.

MEMBER DeMARCO: All right, thank you.

MS. STELLER: Well, thank you to our panelists. The native asset-building field is comprised of a number of partners, including the sectors represented today on this panel. But also, native-led non-profits and many others.

Today was an introduction to a conversation which we hope to continue. Thank you.

MS. ORTIZ: Mr. Chairman, over to you.

CHAIRMAN GRUENBERG: Thank you, Liz. Thank you to the panel, which was extraordinary. And thank you to the other panelists earlier in the day, and to our staff, who put together an outstanding program through this meeting. It's really quite extraordinary.

And thank you also to our committee members for their thoughtfulness and seriousness and purpose. It's really a pleasure to spend a day with you all.

We will follow up. I think there's a

real opportunity in regard to the VITA Program and engaging financial institutions to provide support.

And we'll give some thought to the discussion on this panel as well. I think as was mentioned, we've raised questions about access to the banking system for Native Americans in our survey.

But up until today, I don't know that we've focused particular attention on how or what the FDIC can do in regard to Native Americans, whether it's access to financial services, or housing, or some combination. So, we'll try to give that some thought and perhaps come back to this committee the next time we get together, and talk about both how we might approach the VITA issue, as well as this one.

It's always a pleasure. Thank you all, and see you next time. Take care.

(Whereupon, the above-entitled matter went off the record at 3:58 p.m.)