Small Dollar Lending

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Why is this important

- Payday lending industry generates more than $28 billion in loans/year
- Payday loans often exceed 390% APR
- Repeated use
SDL Guidelines

- Affordable Small-Dollar Loan Products
  Final Guidelines
Why a pilot

- Demonstrate role
- Encourage innovation
- Foster new programs
Key features of preferred program

- Key features may include:
  - Loan amounts of up to $1,000;
  - Amortization periods longer than a single pay cycle and up to 36 months for closed-end credit, or minimum payments that reduce principal APR below 36 percent;
  - No prepayment penalties;
  - Origination and/or maintenance fees limited to the amount necessary to cover actual costs; and
  - An automatic savings component.
Details of pilot

- Selection
- Other parameters
Results
Also......

- FDIC Survey of Bank Efforts
  - First bank survey 2008
  - Three main categories
    - Education and Outreach
    - Obstacles and Access
    - Products and Services
- Survey of the population
  - Supplement to January 2009 CPS
Thank you!!

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