



# NEWS RELEASE

Comptroller of the Currency  
Administrator of National Banks

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Contact: Robert M. Garsson  
(202) 874-5770

## **Comptroller Outlines the Benefits of Financial Literacy Programs**

Arlington, Va. -- Financial education programs can be critical to combating predatory lending, to reaching the unbanked and to meeting the needs of the underbanked, Comptroller of the Currency John D. Hawke said today.

“Evidence confirms the people who have been through well-designed and well-executed financial education programs are more likely to make sound economic choices for themselves and their families,” Mr. Hawke said in a [speech](#) to the Consumer Bankers Association.

Mr. Hawke cited predatory lending as a serious public policy concern that, while involving only a few institutions, harms the reputation of the entire industry.

“It’s very much in the industry’s interests to assist in efforts to oust the bad actors,” Mr. Hawke said. “And one of the best ways we’ve found to do that is through education, with programs that focus on the most common victims of predatory lending -- particularly the poor, the elderly, and minority groups -- programs that provide information on predatory practices and on non-predatory financial options.”

Financial literacy can be an important component of performance under the Community Reinvestment Act. “Clearly, financial literacy activities can play a big part in any financial institution’s overall CRA strategy,” Mr. Hawke said.

The unbanked and underbanked population represent a significant market for financial institutions and a primary focus for financial literacy programs. Mr. Hawke said the two groups have significant differences but a lot in common. “Both would benefit from more comprehensive banking relationships. And for both, financial literacy programs may hold the key to getting there,” Mr. Hawke said.

While nonbanks currently dominate the market among the unbanked and underbanked, banks have some significant competitive advantages that could help them gain market share. “Banks alone have access to the payments system. They alone can hold transaction balances. They alone have deposit insurance coverage and access to the discount window. They alone are eligible to accept direct deposits. And they alone can offer banking services in conjunction with a variety of other services,” Mr. Hawke said.

Technology is one of the keys to drawing low-income individuals into the banking system, Mr. Hawke said, citing as an example the success of the Electronic Transfer Account in giving thousands of previously unbanked Americans access to the banking system.

Some banks have developed electronic accounts that combine direct deposit with debit card access and bill payment options. “Because such accounts largely dispense with paper, they can be offered at low cost -- lower in many cases than the customer would pay for the same set of services at a nonbank outlet,” Mr. Hawke said.

Banks are also addressing the short-term borrowing needs of customers. One prominent national bank is offering a product that provides low-cost cash advances for direct deposit customers. “The bank has also automated the underwriting process, cutting costs for both parties to the transaction and virtually eliminating the waiting period for established customers -- a matter of considerable importance, as we’ve seen, for the emergency borrower,” Mr. Hawke said.

Mr. Hawke commended the Consumer Bankers Association for its survey of financial literacy efforts by the banking industry. “But we can’t stop here,” Mr. Hawke said, “because the truth is that your work -- our work -- has just begun. There are millions more who remain outside the banking system -- and outside the mainstream of our economy. We will never achieve our full potential as a nation as long as that is the case. And the banking industry will miss out on opportunities to serve, to grow, and to profit.”

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The OCC charters, regulates and examines approximately 2,200 national banks and 52 federal branches of foreign banks in the U.S., accounting for more than 54 percent of the nation’s banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.