

**New, Safe and Affordable Credit Options
for America's Underbanked:
*Lessons Learned, Trends, and Implications for Government
Policy***

**A Symposium Sponsored by The Pew Charitable Trusts,
New America Foundation,
and the Center for Financial Services Innovation**

October 23, 2009, 8:00 am – 1:30 pm EDT
HVC 215 Capitol Visitor Center

Some 40 million households in America lack access to mainstream credit and affordable small dollar loans. Many have very little credit history, lack a credit score altogether, are unbanked or underbanked, or have impaired credit. In the past year, the situation has gone from bad to worse. Banks have shut off credit for many with a stellar rating, let alone those with no prior credit history. As a result, millions of working Americans can no longer build a credit file or improve their score, and are relegated to high-cost options for getting small loans. Unable to obtain credit on terms they can repay, they have trouble moving up the economic ladder.

This symposium will articulate the growing problem of lack of safe and affordable credit choices for low and moderate income consumers, especially the underbanked, and jumpstart a dialogue on potential policy solutions. Panels of industry experts, academics, senior agency staff and consumer advocates will discuss what has been tried to date to address this issue, what we have learned from those efforts, and what new ideas and innovations are being tested and brought online. Congressman Barney Frank, Chairman of the House Financial Services Committee, and Vice Chairman Marty Gruenberg of the Federal Deposit Insurance Corporation will provide their views and insights. A panel of thought leaders will wrap up the day with their perspectives on potential policy solutions.

AGENDA

Continental Breakfast will be served starting at 7:45

8:00 am **Introduction**
Jennifer Tescher
Director

Center for Financial Services Innovation

8:10 am

Opening Address

Congressman Barney Frank
Chairman, House Committee on Financial Services

Introduced by Eleni Constantine
Director, Financial Security Portfolio
The Pew Charitable Trusts

8:25 am Q&A Session with Chairman Frank

Moderator: Eleni Constantine, The Pew Charitable Trusts

Panelists:

Dean Karlan
Professor of Economics
Yale University

Jonathan Zinman
Associate Professor, Department of Economics
Dartmouth College

8:45 am

Panel One: The Problem -- Lack of Credit for the Underserved

Moderator: Eleni Constantine, The Pew Charitable Trusts

Panelists:

Arjan Schütte
Associate Director
Center for Financial Services Innovation

Charles Chung
Senior Vice President
Experian

Janis Bowdler,
Deputy Director,
National Council of La Raza

As new data shows, the underserved population is substantial and is growing. Millions of low and moderate income Americans find it nearly impossible to get access to traditional credit or to build creditworthiness. Instead, they end up using high- cost lending systems that tend to impair their credit rather than build it.

**9:30 am Panel Two: Lessons Learned from Efforts to Serve this
Sector to Date --
Problems of Scale and Access**

Moderator: Melissa Koide, New America Foundation

Panelists:

Jonathan Zinman
Dartmouth College

Andrew Morrison
Executive Vice President
Brundage Management Sun Loan Company
(former Chairman, American Financial Services Association)

Rae-Ann Miller
Special Advisor to the Director, Division of Insurance and Research
Federal Deposit Insurance Corporation

Janie Barrera
Chief Executive Officer
ACCION TX

Beth Kuhn
Project Director,
United Way of Chittenden County, VT

Both government and the private sector have made serious efforts to address the problem of credit access for underserved Americans, but with limited results. In contrast to successful microfinance programs in developing countries, small dollar loan initiatives in the United States have had trouble scaling their program to meet demand. What are the lessons we can take away from the US small dollar loan programs for either consumers or small businesses that have been tried to date? What factors contribute to success or failure?

**10:35 am Panel Three: Innovations for the Future -- New Technology, New
Structures**

Moderator: Arjan Schütte, Center for Financial Services Innovation

Introductory Remarks:

Ginger Lew
Senior Advisor
National Economic Council

Executive Office of the President

Panelists:

Dean Karlan
Yale University

Chris Larsen
Chief Executive Officer and Co-Founder,
Prosper

James Gutierrez
CEO
Progreso Financiero

Gina Harman
President and Chief Executive Officer
ACCION USA

Julie Kalkowski
Director, Financial Stability Partnership
United Way of the Midlands

Innovators continue to pioneer new, safe and affordable credit options for this population through a variety of approaches. Widespread access to the internet and cell-phones can make access to financial products cheaper and easier. What new structures hold promise? What will help these new programs to overcome some of the obstacles past efforts encountered?

11:50 am Keynote Remarks

Martin J. Gruenberg
Vice Chairman, Federal Deposit Insurance Corporation
Introduced by Melissa Koide, New America Foundation

Bag lunch will be served immediately prior to Panel Four

12:30pm Policy Panel

Moderator: Eleni Constantine, The Pew Charitable Trusts

Introductory Remarks

Gene Sperling
Counselor
U.S. Department of the Treasury

Panelists:

Ellen Seidman
Senior Fellow, New America Foundation
Chairman of the Board, Center for Financial Services Innovation
(former Director, Office of Thrift Supervision)

James Gutierrez
CEO
Progreso Financiero

Roel Campos
Partner in Charge,
Cooley, Godard and Kronish, LLP
(former Commissioner, Securities and Exchange Commission)

1:30 pm

Conclusion

Melissa Koide
Deputy Director, Asset Building Program
New America Foundation