



May 8, 2014

Memorandum to: Shagufta I. Ahmed
Policy Analyst
Office of Information and Regulatory Affairs
Office of Management and Budget

From: Gary A. Kuiper /s/Gary A. Kuiper
Counsel
Federal Deposit Insurance Corporation

RE: Small Dollar Bank Pilot Follow-Up Survey

Under the generic clearance entitled, "Occasional Qualitative Surveys" (3064-0127), the FDIC hereby submits for OMB review the enclosed Small Dollar Loan (SDL) Pilot Participant Survey. In February 2008, the FDIC began a two-year pilot project to review affordable small-dollar loan programs in financial institutions. The pilot was a case study designed to illustrate how banks can successfully offer affordable small dollar consumer loans as an alternative to high-cost credit products.

At the completion of the pilot, 28 volunteer banks had offered more than 34,400 small-dollar loans with a principal balance of \$40.2 million over the two-year period. These loans were for \$2,500 or less, with an annual percentage rate (APR) of 36 percent or less, for a period of 90 days or more. A lesson learned from the pilot was that offering small-dollar loans was a business strategy for developing or retaining longer-term relationships with consumers.

The purpose of this survey is to follow up with pilot financial institutions to learn whether small dollar loans are still offered to consumers, what factors were important to this decision, and to learn about future plans to offer this type of consumer loan product. For those institutions that offer small dollar credit to consumers, it will be helpful to understand the product's terms and conditions as well as how the institution views the business strategy for this product.

The FDIC expects to use the outcomes from the pilot follow-up survey to inform our efforts to identify opportunities for insured institutions to expand access to mainstream financial services. In doing so, the FDIC may summarize the results of the follow-up survey in a supplement to the FDIC Small Dollar Loan Pilot Report, and may present the results to its Advisory Committee on Economic Inclusion during one of the committee's biannual meetings.

Note: FDIC will survey a subset of the institutions that had been involved in the project, and the results of the survey will not be representative of the experiences of all financial institutions

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subject to the pilot. Although the FDIC may include summary statistics, they will not be used to make a larger inference about the population of financial institutions and their behavior with respect to small dollar loans.

28 Pilot Financial Institutions

The financial institutions that participated in the pilot are located in areas across the country. At the end of the pilot, the asset size of these institutions ranged from \$28 million to nearly \$10 billion.

The research team will conduct telephone interviews with 2-3 staff at the pilot institutions. The teams will use the interview guide submitted in this clearance package. The team is comprised of researchers who are experienced in conducting these types of interviews and have extensive knowledge in understanding consumer credit and other consumer finance issues. In preparation for the interviews, the team will review publically-available materials on consumer products offered from the pilot institutions and a meeting will be held with staff involved in conducting the visits to review the interview guide and protocols.

Estimated Respondent Burden Hours

We estimate the average time spent on interviews will be 60-90 minutes. The research team expects to interview 2-3 staff at each of the 28 bank sites. Thus the estimated burden is as follows:

28 bank sites x 2-3 staff per bank x 60 - 90 minutes per interview = 56-126 hours.

If you have any questions, please let me know. Thank you for your consideration.