

Credit Union Times on-line news report
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At Banker Meeting, FDIC Head Praises CU's Payday Product

PHOENIX — Citing “creative and innovative” approaches to payday lending alternatives, FDIC Chairman Sheila Bair Monday singled out State Employees Credit Union of Raleigh, N.C. for showing banks a model product they can offer and still make a profit.

The banking regulator's comments regarding State Employees' “Salary Advance” loan product, which has been on the market since 2001, came during an appearance at the American Bankers Association annual convention convened here this week.

In a speech to the bankers and later meeting with reporters, she cited recent talks with military banks on the need to work more aggressively on payday products noting also “the mutual benefits” of improving literacy and providing a vital service.

Particularly attractive about Salary Advance, she said was the mandatory savings component adding that banks in offering similar products might be able to add a slightly higher rate than that offered in the market in particular by State Employees.

On another topic, Bair said the FDIC moratorium on the Wal-Mart and Home Depot industrial loan applications would remain in limbo “through end of January” when a decision would likely be rendered by the agency. She defended her delay on the insurance applications as correct in light of the political firestorm in Congress over ILCs.