

Joint Press Release

March 26, 2020

Federal agencies encourage banks, savings associations and credit unions to offer responsible small-dollar loans to consumers and small businesses affected by COVID-19

Board of Governors of the Federal Reserve System

Consumer Financial Protection Bureau

Federal Deposit Insurance Corporation

National Credit Union Administration

Office of the Comptroller of the Currency

For release at 12:00 p.m. EDT

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Five federal financial regulatory agencies today issued a joint statement encouraging banks, savings associations and credit unions to offer responsible small-dollar loans to consumers and small businesses in response to COVID-19.

The statement of the Board of Governors of the Federal Reserve System, Consumer Financial Protection Bureau, Federal Deposit Insurance Corporation, National Credit Union Administration, and Office of the Comptroller of the Currency recognizes that responsible small-dollar loans can play an important role in meeting customers' credit needs because of temporary cash-flow imbalances, unexpected expenses, or income disruptions during periods of economic stress or disaster recoveries. Such loans can be offered through a variety of structures including open-end lines of credit, closed-end installment loans, or appropriately structured single payment loans.

The agencies state that loans should be offered in a manner that provides fair treatment of consumers, complies with applicable laws and regulations, and is consistent with safe and sound practices.

For borrowers who experience unexpected circumstances and cannot repay a loan as structured, banks, savings associations and credit unions are further encouraged to consider workout strategies designed to help borrowers to repay the principal of the loan while mitigating the need to re-borrow.

This statement follows other actions taken by the agencies to encourage financial institutions to meet the financial services needs of their customers and members who have been affected by COVID-19. For example, the federal banking agencies issued a joint statement on March 19 informing institutions that the agencies will favorably consider retail banking and lending activities that meet the needs of affected low- and moderate-income individuals, small businesses, and small farms for Community Reinvestment Act purposes, that are consistent with safe and sound banking practices and applicable laws, including consumer protection laws.

In addition to today's statement, the agencies are working on future guidance and lending principles for responsible small-dollar loans to facilitate the ability of banks, credit unions, and saving associations to more effectively meet the ongoing credit needs of their customers, members, and communities.



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Last Update: March 26, 2020