

**Remarks by
Vice Chairman John Reich
Federal Deposit Insurance Corporation
at the
Introduction of the Chinese-language Version of Money Smart
Chicago, Illinois
March 28, 2003**

Good morning. I'm very pleased to be with you today for the official rollout of the Chinese-language version of the FDIC's financial education curriculum, Money Smart.

President Abraham Lincoln once said that education is "the most important subject which we, as a people, can be engaged in."

At the FDIC, we couldn't agree more. And the same is true for financial education, which is why we developed the Money Smart curriculum and introduced it nearly two years ago.

We developed Money Smart in response to growing national concern over predatory lending practices and the increasing incidence of consumers being taken advantage of in the handling of their personal finances.

At the FDIC, we are in the business of insuring deposits at the nation's banks and savings associations. We are also in the business of promoting the safety and soundness of these institutions.

What does this have to do with financial education?

More than you think.

A couple of years ago the FDIC held forums on predatory lending in seven locations nationwide. These meetings included bankers, community leaders, city and state officials, and local residents. Participants identified problems in their particular area and recommended solutions, which ranged from more legislation to better enforcement of existing regulations.

But there was one recommended solution that remained constant no matter where we went or who we talked to. That recommendation was consumer education - equipping the consumer to help himself.

Federal Reserve Bank studies show that 10 percent of all American families have no bank account. This includes 25 percent of African-American and Hispanic households, a quarter of all families with incomes under \$20,000, and nearly half of all families moving from welfare to work. And the median value of all assets held by unbanked families in 1998 was just \$2,300, compared with \$136,000 for all banked families.

It's clear there is a problem, and it's a problem not just for the unbanked, but for all of us.

I believe that the best way for individuals and families to achieve long-term self-sufficiency and take part in the American dream is to build assets, reduce debt, and live in economic freedom.

But no one is born being smart about money. That's something you learn. And that's why the FDIC has developed Money Smart, available in English, Spanish, and -- now, today -- in Chinese.

I think of Money Smart as a tool kit to help folks begin building a more secure financial future for themselves. Financial education can be the building block to establishing banking relationships, opening a checking account, managing and saving money, owning a home, building wealth, and increasing assets.

This is especially important in large urban areas, where surveys show that between 20 to 40 percent of people who do not have traditional banking relationships pay fees to cash their paychecks, many of them at commercial check-cashing outlets. Most of these check-cashing outlets charge between 2 and 3 percent of the face value of a check to cash it, which means that a family with \$18,000 in take-home pay could spend more than \$400 a year simply to cash their paychecks. That's a whole lot more than a traditional financial institution charges.

And, in times of emergencies -- the kind we all encounter -- families without access to mainstream sources of credit have to turn to informal sources of credit or to pawnshops, car-title lenders, payday lenders, and small-loan companies where the annualized interest rates are almost always over 100 percent and often as high as 500 percent.

People who utilize services such as these are going to find it very difficult -- if not impossible -- to escape from the insecurity and stress of living paycheck to paycheck.

That's where Money Smart is helping. Since we introduced Money Smart nearly two years ago, the FDIC has partnered with more than 18,000 financial institutions, faith-based and community organizations, and government agencies to teach financial education in cities and towns across the nation. Money Smart is being taught in community colleges, in church basements, on Indian reservations and military installations, in pre-marriage counseling classes, in welfare-to-work programs, in prisons and in schools.

Now Money Smart is readily available to another important segment of our population: our Chinese-speaking citizens. And later this year, it will be available in Korean and Vietnamese as well.

Many people have worked to make Money Smart a valuable tool kit to help those outside the financial mainstream build a more secure financial future for themselves, their families, and their communities. I'd like to take a moment to publicly thank the Chinese-American Service League, headquartered here in Chicago, for being one of three national partners to review our Chinese-language curriculum for accuracy and cultural sensitivity. Without their help, the Chinese-language version would not have been possible.

It is particularly fitting that the Chinese-language version of Money Smart should be rolled out in Chicago because the Chinese community in Chicago was the first in the nation to adopt the Money Smart curriculum for Chinese language instruction.

In fact, during the past year – even before today's official release of the Chinese-language Money Smart -- more than 160 people in the Chicago area have completed the Money Smart curriculum in Chinese, and 11 more workshops are scheduled for 2003.

In addition, American Metro Bank is helping Chinese immigrants establish mainstream bank accounts by facilitating the issuance of Individual Taxpayer Identification Numbers (ITINs) to the residents of the Chinatown community.

Because of the education provided by the Money Smart program and the involvement of community partners like the Chinese-American Service League and American Metro Bank, we know that hundreds of Chinese-speaking people in the Chicago area will join the tens of thousands of Americans nationwide in strengthening their communities, gaining financial freedom, and securing their families' futures.

Thank you.

Last Updated 03/28/2003