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Check Cashers: Moving From The Fringes to the Financial Mainstream

Once relegated to the margins of the financial services industry, check cashing outlets (CCOs) are now more visible parts of the urban landscape. Check cashers offer convenient check clearing and bill payment services, mostly tailored to meet the needs of the “unbanked” in low- and moderate-income communities. The industry has grown dramatically over the years, and is generating new products and services to meet the needs of its niche clientele. While some may argue that these alternative financial service providers are offering marginalized lower income Americans more responsive products than those available from banks, consumer advocates and community groups disagree. They argue that CCO customers pay too much for basic payment services, and that a reliance on check cashers keeps these lower-income individuals from being fully integrated into the financial mainstream. Lesly Jean-Paul and Luxman Nathan examine industry trends and the reach of check cashers here in New England.

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Y2K: Information for Consumers of Financial Services

The new millennium is fast approaching, and with it comes the much-publicized “Y2K” or “century date change” computer problem. Katherine Gockelman outlines how the major players in the financial services industry have prepared their systems to meet the challenges of the century date change. More important, she outlines information that consumers of financial services need to know so that they too can be prepared for any potential mishaps, and be on the alert for Y2K-oriented scams.

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While large corporations have been planning and preparing for the century date change for some time now, little attention has been paid to the needs of small businesses as we approach 2000. Arneese Brown details the potential impact to small businesses from the century date change, and what resources are available to help these entrepreneurs as they get their systems Y2K-ready.

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Check Cashers: Moving From the Fringes to the Financial Mainstream

Check cashing outlets, once relegated to the margins of the financial services industry, are an increasingly visible part of daily life in urban and suburban communities. Also known as *currency exchanges*, check cashing outlets offer convenient check clearing and bill payment products, targeted to meet the needs of the unbanked in low- and moderate-income communities. They cater to those who either do not desire, or have little access to, traditional banking services.

The industry's rapid growth during the past decade has been accompanied by increased scrutiny of its fee structure and its controversial new loan products. Check cashing outlets (CCOs) have become successful niche players, capitalizing on the convenience factor associated with their services. While consumer advocates charge that CCO customers are burdened by check cashing fees, industry representatives maintain that these consumers are paying a premium for more convenient, perhaps more relevant, financial services. And as banks attempt to tap into the unbanked market, CCOs are becoming more important players.

The Check Cashing Industry: A Sleeping Giant

The commercial check cashing industry evolved during the early 1930s as an increasing number of American employers began paying their workers with checks rather than in cash. In those early days, a worker with a bank account could cash his paycheck at his own bank or deposit the check in his account and wait for it to clear. Those without bank accounts had few options. Aside from cashing the check at their employer's bank, workers could use those retail or grocery stores that cashed checks. However, since most retail operators were wary of the risks from bounced checks, this practice was very limited. Thus a market arose for fee-based check cashing among populations with limited access to banking services within metropolitan areas.

Check cashing stores filled the void over the decades as a growing industry with expanded payment services, through automated clearing-house (ACH), wire transfers, and money orders. Many also began to offer ancillary services such as motor vehicle registration and license plates, public transportation fares, and lottery tickets. In the 1980s, the number of CCOs expanded rapidly, spurred on by the aftermath of deregulation in the banking industry. The removal of deposit ceilings and the explicit pricing of most banking services created more demand for lower-cost check clearing and bill payment services. Between 1987 and 1992, yellow page listings for check cashing stores more than doubled to 4,843 nationally, with the majority concentrated in states with large urban populations.

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Today, industry estimates indicate that over 6,000 licensed check cashing stores are operating in the United States. The check cashing industry consists mainly of small, local, independent operators that usually own one to three outlets. Recently several large check cashing chains have also emerged, operating on a multistate basis. Some of the larger chains, such as ACE Cash Express and the Pay-O-Matic Corporation are publicly traded companies whose stocks have done rather well on Wall Street. Whether large multistate operations or small family-run stores, check cashers have been doing a brisk business: CCOs cash more than 180 million checks annually, with a face value in excess of \$55 billion.

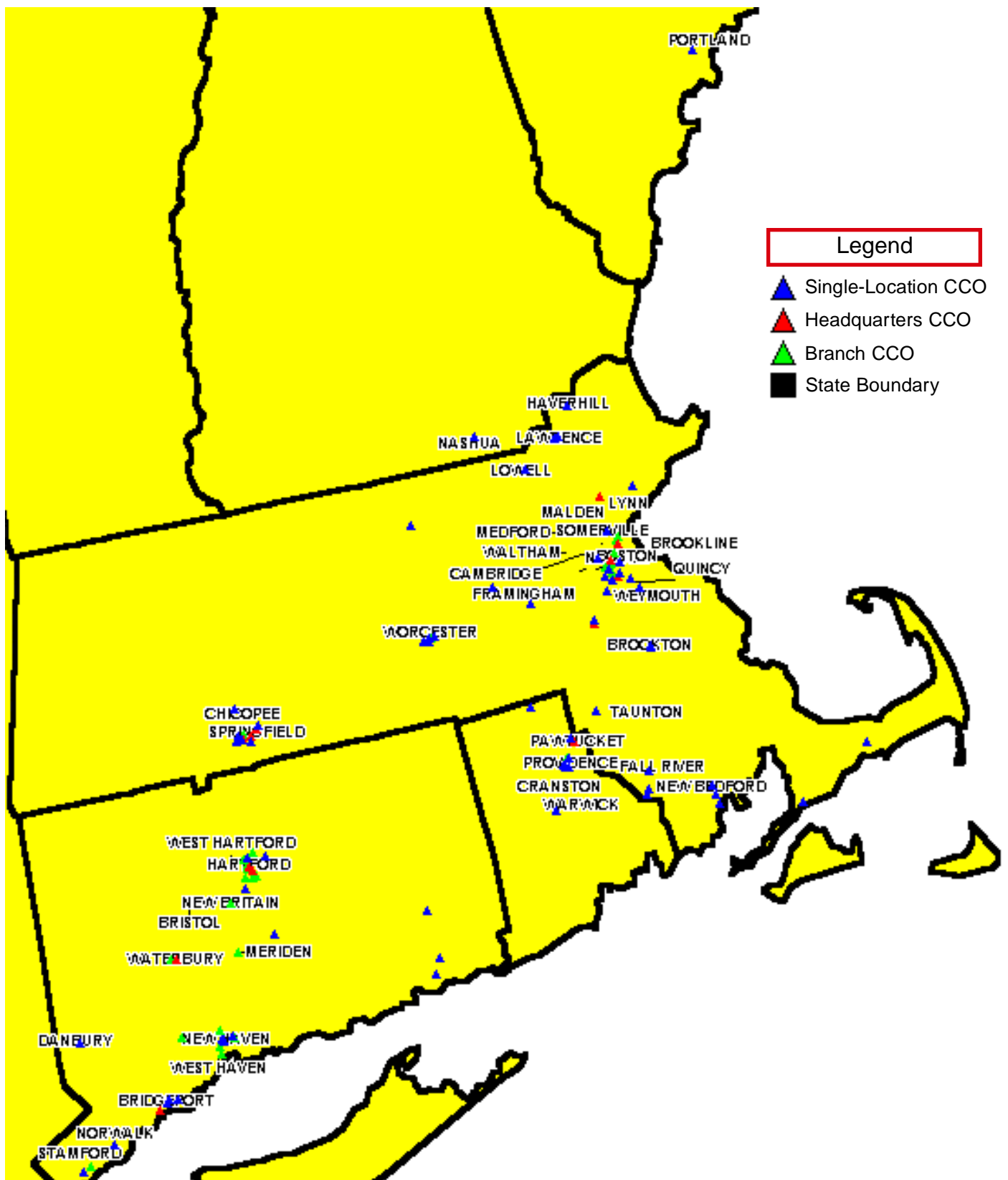
Abby Hans, Chairman of the National Check Cashers Association (NaCCA), characterizes the industry as a "sleeping giant" because of its increasingly visible presence in consumer finance. While banks and nonbank finance companies garner a lot of attention, CCO activity has been relatively out of the spotlight. But as the check cashing industry has grown, so too has the scrutiny of its fee structure by regulators, community groups, and consumer advocates. Critics contend that check cashing fees, while seemingly innocuous to the consumer at the time, end up costing frequent users a lot more in the long run. Check cashers argue that their higher fees are necessary to cover risks and higher operating costs. They also add that their customers are paying a premium for immediate access to their cash.

And check cashers are not limiting their services to just clearing checks. CCOs are entering marketing and joint venture deals with banks and other financial service companies that are attempting to reach the typical CCO customer. CCOs are also generating new financial products which raise more concerns with consumer advocates, such as the controversial *payday loan*.

Who Are They Serving? Check Cashers in New England

Part of the reason the fee issue is so contentious is that CCOs tend to serve people in lower-income groups. Studies have determined that a majority of CCO clients are those without accounts in depository institutions – the so-called "unbanked." According to the Federal Reserve System's *1995 Survey of Consumer Finances*, the number of

Check Cashing Outlets in New England



individuals in the United States without bank accounts stands at more than 10 million. The unbanked are also disproportionately low-income: 40 percent of families with incomes below \$10,000 lack a checking account, compared to approximately 1 percent of families with incomes above \$50,000. In addition to those who have always been outside the financial mainstream, this group may also include people who have had bad experiences with bank accounts in the past and now choose to use CCOs for their payment services. The check cashing industry cites statistics showing that nearly two-thirds of its customers have some sort of banking account or bank product, such as a savings account or a mortgage, but still choose to use CCOs for payment services.

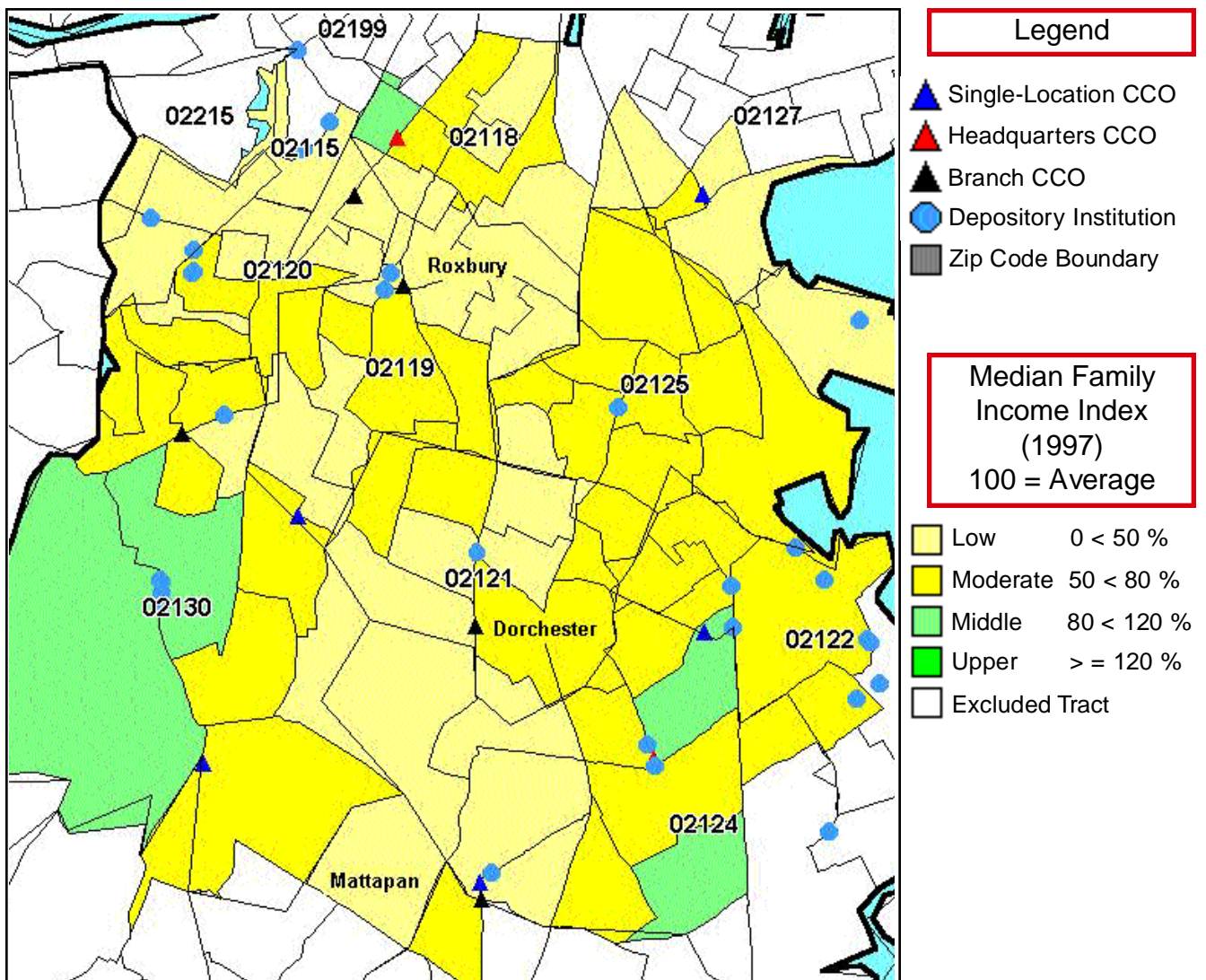
CCOs tend to operate in heavily trafficked urban and suburban areas, usually with large concentrations of low- and moderate-income individuals. Since CCOs depend on volume, they are typically located near busy intersections, in strip malls off major highways, or near large service industry employers such as hospitals. According to Dun

and Bradstreet 1998 data, 113 CCOs are located in the six-state New England region, nearly all in the three southern New England states: Connecticut, Massachusetts, and Rhode Island (see map on page 4). This is not surprising, since these three states are more densely populated and contain more urban areas than the states of northern New England. Three types of CCOs are present: single-location operations, branches of larger (often national) operations, and headquarters of check cashing firms.

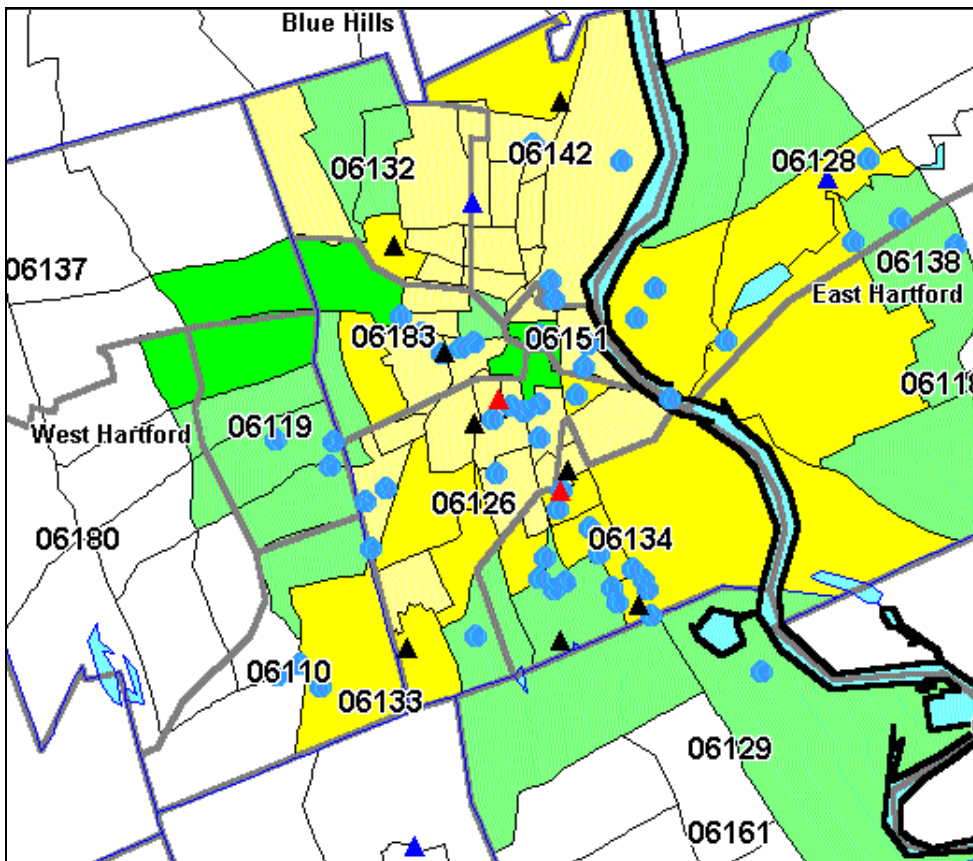
In order to get a better sense of which communities are served by CCOs in New England, we decided to examine the demographics of the three densest clusters of CCOs, Boston, Hartford, and Providence. These clusters were created by drawing circles around the densest number of CCOs found within the tightest radius of a metropolitan area. (Please see the maps of the three clusters on pages 5 and 6).

Studying 1990 Census data, several characteristics of these communities emerge. (For a comparison of demographic findings among the three clusters, please see the tables on page 7). First, the areas surrounding most CCO locations tend to have high percentages of low- and moderate-income census tracts and households. These cluster areas also contain a large portion of such tracts and households in the state. For example, in the Boston cluster, 93 percent of the census tracts found within the radius are classified as low- and moderate-income. The Boston cluster contains 5 percent of Massachusetts' 1,331 census tracts, yet it has 24 percent of the state's low-income census tracts and 14 percent of its moderate-income census tracts. With regard to households, the Boston cluster had only 4 percent of the state's total households, but 16 percent of the state's low-income and 4 percent of its moderate-income households.

Boston Check Cashing Cluster



Hartford Check Cashing Cluster



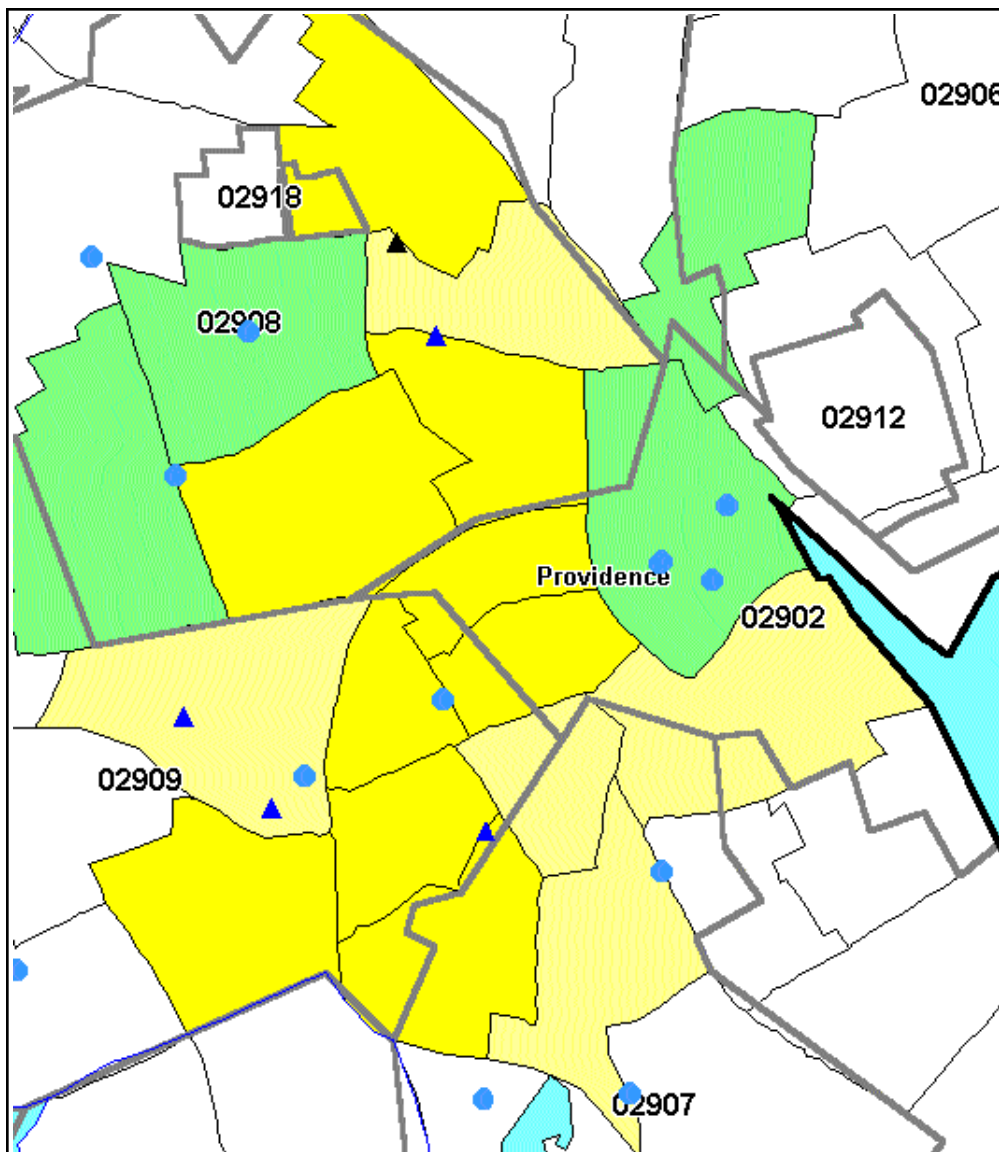
Legend

- ▲ Single-Location CCO
- ▲ Headquarters CCO
- ▲ Branch CCO
- Depository Institution
- Zip Code Boundary

Median Family Income Index (1997) 100 = Average

- Low 0 < 50 %
- Moderate 50 < 80 %
- Middle 80 < 120 %
- Upper > = 120 %
- Excluded Tract

Providence Check Cashing Cluster



Legend

- ▲ Single-Location CCO
- ▲ Headquarters CCO
- ▲ Branch CCO
- Depository Institution
- Zip Code Boundary

Median Family Income Index (1997) 100 = Average

- Low 0 < 50 %
- Moderate 50 < 80 %
- Middle 80 < 120 %
- Upper > = 120 %
- Excluded Tract

Census Tracts in the Clusters

Cluster	Size of Cluster (in miles)	Population	Number of Census Tracts	Percent of State Census Tracts	Percent of Cluster Tracts that are LMI	Percent of State's LMI Tracts in Cluster
Boston	2.8	231,697	73	5 %	93 %	17 %
Hartford	3.6	204,546	66	8 %	68 %	17 %
Providence	1.5	71,182	18	8 %	78 %	24 %

Households in the Clusters

Cluster	Number of Households	Percent of State's Households in Cluster	Percent of Cluster Households that are LMI	Percent of State's LMI Households in Cluster	Percent of Cluster Households Below the Poverty Level	Percent of State's Households Below the Poverty Level in Cluster
Boston	81,616	4 %	60 %	5 %	23.37 %	9 %
Hartford	78,692	6 %	60 %	10 %	18.22 %	8 %
Providence	27,244	7 %	61 %	11 %	25.92 %	10 %

CCOs & Depository Institutions in the Clusters

Cluster	Number of Households	Number of CCOs in Cluster	Households per CCO in Cluster	Number of Depository Institutions in Cluster	Households per Depository Institution in Cluster
Boston	81,616	12	6,801	24	3,401
Hartford	78,692	12	6,558	53	1,485
Providence	27,244	5	14,236	9	7,909

Benefits Recipients in the Clusters

Cluster	Number of Households	Percent of Cluster Households Receiving Public Assistance	Cluster Households Receiving Public Assistance per CCO	Percent of Cluster Households Receiving Social Security	Cluster Households Receiving Social Security per CCO	Cluster Households Below the Poverty Level per CCO
Boston	81,616	16 %	1,066	25 %	1,671	1,521
Hartford	78,692	20 %	1,340	21 %	1,352	1,195
Providence	27,244	19 %	1,057	27 %	1,482	1,412

The percentages of households below the poverty level are also high, as are the shares of households receiving either public assistance or Social Security income. On average among the three cluster areas, 1,704 households per CCO receive public assistance, and 2,303 households per CCO receive Social Security income. This may provide an ideal business environment for a check casher, with ample access to a large, relatively low-risk customer base. This is not to say that all of these households receive their public assistance and Social Security benefits by check, or that these households would necessarily cash their benefit checks at CCOs. The 1990 Census was conducted prior to the recent federal and state initiatives promoting electronic benefits payments, and it can be assumed that most of these benefits are now disbursed through checks. However, as states move towards electronic benefits transfer (EBT) payment systems they allow CCOs to serve as disbursement points, and we can assume that CCOs are still capable of serving the larger percentage of benefits recipients within these areas.

Finally, it is important to note that these cluster areas are not necessarily under-banked. It was once assumed that CCOs thrive only in areas that have few branches of depository institutions (defined as commercial banks, savings banks, thrifts, and credit unions). However, as the maps on pages 5 and 6 demonstrate, more depository institutions than CCOs operate within these areas, often in close proximity to the check cashing locations. For example, according to 1998 Dun and Bradstreet data, 53 depository institutions operate within the Hartford cluster, and only 12 CCOs. This leads to 1,485 households per depository institution, in contrast with 6,558 households per CCO within this limited geographical area. In both the Boston and Providence clusters we also see a larger number of depository institutions than CCOs, but not nearly as large a disparity. For example, the Boston cluster includes 24 depository institutions and 12 CCOs, and the Providence cluster has 9 depository institutions and 5 CCOs. At least in the three areas chosen for examination, it appears that these low- and moderate-income populations are not under-banked and presumably have access to banking products and services.

The Convenience Factor

Given that CCOs operate in areas with heavy concentrations of low- and moderate-income individuals, and that they are not always located in areas that are underserved by traditional depository institutions, the question arises: "Why do these low- and moderate-income individuals choose to patronize check cashers?"

Among the many factors often cited in discussions about CCO usage is the aspect of convenience. CCOs provide services that certain individuals, many of whom tend to be unbanked and from low- and moderate-income communities, find more appealing than traditional bank products. John Caskey, Professor of Economics at Swarthmore College, has done extensive research into the use of the alternative financial sector (AFS) – a category that includes not only check cashers, but also pawnshops, small loan companies, rent-to-own stores, and the like. Typically, the AFS customer has a relatively low income and, what is most important, low or no personal savings.

In addition, Caskey and others have observed that most CCO customers rely on the *cash and carry* method of financial management. Rather than deposit a check in the bank and wait for it to clear, or make sure that they maintain sufficient funds in their account to write checks, people who employ the cash and carry method will cash their paychecks and immediately pay their bills as necessary. Since their savings are minimal, they tend to have a higher liquidity premium – they value immediate access to their cash – and therefore find check cashing services more useful than traditional banking prod-

ucts. After all, once a customer cashes a check at the CCO, the funds are available for use immediately. For those consumers who have a high liquidity premium and do not desire deposit or savings services, bank products are not optimal.

While many banks offer limited check cashing services (most often reserved for their depositors), they usually do not offer convenient and competitively priced payment services. CCOs routinely process utility, credit card, and other bill payments through ACH. They also offer consumers reasonably priced money orders and wire transfers for bill payment. One CCO customer in Boston explained that he uses check cashers for wire transfers because of their speed and convenience, citing that it takes check cashers "30 seconds to transfer funds, as opposed to the lumbering and complicated way in which banks handle them, [taking] up to 2 weeks."

There are other convenience-related issues. For example, anecdotal evidence points to a rise in the number of CCO customers who are members of ethnic minorities and recent immigrants with limited fluency in English. While some banks located in ethnically diverse neighborhoods offer information about their services in various languages, bank staff may not be fluent in an immigrant's native language. In contrast, staffs at most CCOs tend to be representative of the local community's ethnic composition. This adds to the familiarity and comfort level that CCO customers may feel. In addition, industry literature and CCO customers often point out that banks "give [people] too many hassles for check cashing." Others mention the more personalized service – once part of the typical banking experience – available at a CCO. Personal service at most depository institutions is more often a casualty of increased mechanization and cost control, with limited teller access and a proliferation of ATMs. Finally, CCOs usually offer more convenient hours for their clients. Many are open well after banks close, and some stay open 24 hours a day, seven days a week.

Where banks do offer similar services, check cashers are in short supply. As of 1999, there were no licensed check cashing businesses in Vermont. The reason is that in-state banks voluntarily offer some form of check cashing service for non-depositors. Vermont banks will cash government checks for free, charge small fees to cash non-government checks, and view the service as a chance to attract new customers. "We will accommodate non-depositors and get the modest revenue stream that goes along with it," explains Dan O'Brien, Executive Vice President at Chittenden Bank. "While they [non-depositors] are there, we can talk to them about opening an account."

The NaCCA's Mr. Hans notes that CCOs often play a transitional role in their customers' financial development. "A lot of our customers come to us early on in their work life. They eventually get a checking account with a bank, but still use the check casher from time to time until they get more comfortable with banking services," he explains. And, as the industry argues, the profile of the typical CCO customer is changing to include people with higher incomes and, more often than not, bank accounts.

Convenience is Costly: Check Cashers vs. Banks

What sets CCOs apart from banks is the unbundling of payment services from deposit services. CCOs offer their clientele the ability to cash checks and make payments through ACH and by money order. These services are offered with up-front fees. Since CCOs have no deposit base to cover losses from bounced checks, they charge higher fees to process more "risky" checks, such as personal checks. Check cashing fees are also structured to cover the costs of processing a check through the banking system. In a 1989 survey, the Consumer Federation of America determined that the average check cashing fee nationwide (for non-government checks) was 1.74 percent. According to the check cashing industry, on average, most CCOs charge patrons 2 to 3 percent of

Fees for Cashing Checks in New England States

State	Government Check Maximum Fee	Personal/Other Check Maximum Fee	Availability of "Lifeline" Banking Products
Connecticut	1%	2%	Banks not required to offer this product.
Maine	\$5 with I.D., 6% without I.D., or \$5 whichever is greater	10% or \$5, whichever is greater	Banks not required to offer this product.
Massachusetts	No limit	No limit	Low-cost checking and/or savings accounts offered on a voluntary basis by participating in-state depository institutions.
New Hampshire	Unregulated	Unregulated	Banks not required to offer this product. Many banks voluntarily offer low-cost accounts for the elderly.
Rhode Island	3% or \$5, whichever is greater, for public aid and Social Security	5% or \$5, whichever is greater	Banks are required to offer no-fee savings accounts.
Vermont	Unregulated	Unregulated	State banking department monitors bank prices quarterly and has authority to regulate fees. Currently no fee regulation of banking services. Virtually all in-state depository institutions offer check cashing services to non-depositors on a voluntary basis.

the face value of government checks (public assistance, Social Security, and the like), and approximately 10 to 15 percent for more "risky" personal checks. Some may charge less for payroll checks from well-established, local employers.

In some states, fee ceilings limit the charges for certain types of checks, while other states, such as Massachusetts, have no binding fee caps. Currently only 13 states regulate the fees that CCOs can charge, including several in New England (see table above). Almost all states require CCOs to be licensed, and many monitor check cashing fees on an annual basis. Most states mandate that CCOs submit their fee schedule to regulators and that CCOs post their fee structure clearly for consumers. Fees are expressed as percentages and, in most cases, CCOs will display tables explaining the actual fee for cashing checks of various amounts for their customers.

Using check cashers is not inexpensive. For example, in a study prepared by the Organization for a New Equality (ONE), a family with a monthly income (after taxes) of \$1,050, cashing one check per month at a per-check fee of 1.74 percent, would pay \$18.27 per month, or \$219.24 in a year. Assuming that a basic banking account (where monthly fees are usually limited to around \$3) is available to this CCO customer, he or she would pay \$36 a year. While any fee comparisons will vary across states and are dependent upon the availability of inexpensive banking accounts, using a check cashing facility is usually more costly in the long run.

Of course banks do charge other fees for account activity, which may also discourage use among traditional CCO customers. Deregulation of the banking industry in the 1980s created a push towards more fee-based banking services. Banks that once may

have allowed customers to make many transactions on accounts with low balances began charging fees to cover the costs of maintaining these more costly accounts. Minimum balance fees, as well as charges for writing extra checks, ATM surcharges, and insufficient funds and overdraft penalties can be rather steep. For example, in 1998 the average charge levied by banks and savings associations for NSF (not sufficient funds) checks was \$17.

In fact, in his survey work Professor Caskey found that many CCO users had had traditional banking accounts in the past, but had closed them because of bank activity fees. Many of these consumers had bad experiences with banks, often due to the charges for bounced checks and account maintenance fees, which made the use of a bank checking account rather expensive. With no monthly margin of savings, most CCO customers had frequently bounced checks and were forced to pay high NSF fees as banking customers. Even the way banks communicate their fee schedules may make bank products less attractive, despite the fact that they may be cheaper in the long run. The NaCCA's Mr. Hans explains that most CCO customers, "appreciate that they can look up at the fees [in the CCO] and understand how much the transaction will cost them at that time, versus being surprised by a bank statement at the end of the month about unknown [activity] charges."

Beyond Payment Services: The Payday Loan

In addition to offering more convenient payment services, CCOs have developed products designed to meet the emerging credit needs of their growing customer base.

One such product is the payday loan, which became widespread starting in the mid 1990s. Also referred to as a *cash advance*, *deferred presentment*, or *deferred deposit*, the payday loan is essentially a short-term small loan, made by a licensed lender. The service has grown because of an increasing demand for small amounts of emergency cash among working Americans with low savings. Industry literature and advertisements often emphasize that customers may need money for unexpected expenses, such as car repairs or medical bills. The payday loan is meant to help these individuals as such needs arise between their paychecks. Since the origination and underwriting expenses for small loans are high, most banks and consumer finance companies do not offer services for individuals who need small amounts of credit. Thus, CCOs and other small loan companies have stepped up to serve this growing sector of the fringe banking market.

For a payday loan, the customer writes a post-dated check for the loan amount plus fees and presents it to the check casher. The check casher then extends the credit – usually as low as \$50 and as high as \$1,000 – to the customer, for a term of 14 days or until the borrower's next paycheck is due. Upon repayment, the post-dated check is returned to the borrower. Usually no credit check is run, and the loans usually are not reported to credit bureaus. Potential borrowers are eligible if they have a checking account, a steady job, and no history of writing bad checks. Thus, as opposed to most CCO services, payday loans are not accessible to the unbanked, since one must have a checking account in good standing. Instead, Professor Caskey notes the typical payday loan borrower has a higher income than the traditional CCO customer, roughly in the range of \$30,000 to \$40,000.

In many states, CCOs are prohibited from cashing post-dated checks or extending credit. In some states, like Illinois, while check cashers cannot extend loans, they can provide application processing services as a third party for a small loan company, which originates the loans. In several states with CCO lending restrictions, these small loans are increasingly made by stand-alone payday lending companies, which usually are licensed lenders regulated at the state level. In other states, interest rate ceilings on

Payday Lending Prohibitions in New England States

State	Small Loan Annual Rate Cap	Check Cashier Involvement
Connecticut	28.52%	Prohibited
Maine	30%	Prohibited
Massachusetts	39.86%	Prohibited
New Hampshire	24%	Prohibited
Rhode Island	36%	No Prohibition
Vermont	24%	No Prohibition

small loans effectively prevent payday lending activity. Several payday lenders are now offering their services on the Internet, thereby allowing individuals access to these products in states where CCOs and other agents cannot offer payday loans.

If the borrower cannot repay the loan, the loan can be rolled over or "flipped" with additional fees attached. If the borrower defaults, the check cashier will deposit the post-dated check. In most cases this check bounces owing to insufficient funds, creating more financial hardship for the borrower. Not only do the check cashier and the borrower's bank charge bounced check fees, but the borrower can be identified as a writer of bad checks, thereby making it more difficult to obtain future financial services.

Aside from these ramifications of default, consumer advocates are very concerned with the fees that payday lenders, whether CCOs or stand-alone operations, charge for this service. Under the federal Truth in Lending Act (TILA) and most state licensed lender statutes, a payday loan is treated as a loan and not a cash advance. As such, lenders must disclose to the borrower both the finance charge (which is often referred to as the "fee"), and the annual percentage rate (APR). The main complaint is that when borrowers cannot repay at the end of two weeks, the practice of flipping the loan can lead to astronomically high rates. In many cases, annualizing the "fee" leads to triple digit APRs, sometimes even as high as 1000 percent.

Consumer advocates warn that most borrowers do not understand that they are getting very costly loans. While complying with TILA and disclosing the APRs, the industry has been reluctant to call the fees "interest." Annualizing the fees, they say, is unnecessary because the loan terms are very short. "This loan is a two-week loan. If you roll it over for 26 weeks, then, yes, it will be expensive," explains NaCCA's Mr. Hans. His trade group has proposed industrywide standards that would limit the number of roll-overs to a maximum of 31 days to curb excessive charges. However, check cashiers and other payday lenders often argue that consumers may not be so sensitive to the APR disclosure. Mr. Hans echoes that sentiment as he describes how payday borrowers tend to view the product. "The consumer wouldn't pay 1,800 percent a year to borrow \$100. But if you tell the consumer that it costs \$18 to borrow that \$100 for a period of fourteen days, then it seems fair to them." Mr. Hans and others maintain that the APR usually confuses borrowers.

Not so, say most consumer advocates. "The payday loan fee is an interest rate," argues Jean Ann Fox, Director of Consumer Protection at the Consumer Federation of America (CFA). "The APR disclosure is the current cost of using the money. It's what the loan costs, and the APR is comparable among the other credit choices a consumer may have," states Ms. Fox. Consumer advocates emphasize that many payday borrowers, often desperate for emergency funds, may not be responsive to the APR or the consequences of rolling their loan over. Ms. Fox adds, "If you are desperate enough for credit, you can be charged more than you can pay and have fewer choices."

Banks Enter the Market

Through the Community Reinvestment Act (CRA), banks and other depository institutions have more incentives to reach out to low- and moderate-income communities, including frequent CCO customers. The upcoming Electronic Funds Transfer Initiative (EFT'99) has also created incentives for banks to cater to these consumers, especially those who are unbanked. In response, banks are offering a wider array of products and services designed to tap into the growing CCO customer base.

One such product is the basic or "lifeline" banking account. Throughout the country banks offer low-cost or no-fee accounts, designed to attract the unbanked, promote long-term savings, and integrate these individuals into the financial mainstream. Often monitored at the state level, most basic banking programs involve additional financial literacy counseling. In states such as New York, banks are required by law to offer a uniform basic banking account in their branches. In most other states, the provision of basic banking accounts is voluntary.

For example, the Massachusetts Community & Banking Council (MCBC), a statewide coalition of bankers and community groups, implements the Basic Banking for Massachusetts program. Participating depository institutions offer both checking and savings accounts that meet MCBC guidelines. Under the program, checking accounts must have a maximum monthly account charge of no more than \$3 in monthly fees and allow a minimum of 8 free withdrawals per statement period. Savings account guidelines call for a maximum monthly charge of no more than \$1. Currently, 156 banks, representing 78 percent of the Massachusetts' branches, participate in the program, while 23 additional institutions offer either a checking or a savings account that meets MCBC guidelines.

Kathleen Tullberg, Manager of the MCBC, explains that unlike in states with mandatory programs, the Massachusetts initiative gives participating institutions greater flexibility in meeting the basic banking needs of their diverse customers. Ms. Tullberg admits, however, that the Basic Banking products may not be for everybody. "The account is targeted towards people with limited banking needs," states Ms. Tullberg. "If people have a lot of expenses or payments in a month, they should have a more standard checking account."

In fact, while lifeline or basic banking accounts have become more popular, there is little evidence that they are effective substitutes for check cashing services. Professor Caskey argues that lifeline banking models are not successful because they do not provide the cheaper payment services that most unbanked customers demand. "Banks should work to lower the costs of providing payment services (such as checks and money orders) and include a savings component." In short, banks will have to offer the same services as CCOs, such as low-cost money orders and faster wire transfers, if they want to attract more CCO customers. Consumer advocates also point out that banks do not market these accounts aggressively. "These accounts are usually not advertised or marketed well," adds the CFA's Ms. Fox. "Banks have to decide that they want to reach this market. The unbanked need to know these accounts exist."

Aside from lifeline banking accounts, banks are working to offer Electronic Transfer Accounts (ETAs) in compliance with the upcoming EFT'99. Under the EFT '99 initiative, the federal government is moving to make recurring benefits payments through direct deposit. In order to provide for the unbanked, the Department of the Treasury, issued guidelines for the creation of ETAs to be offered by some depository institutions. ETAs would allow account holders at least four withdrawals and balance inquiries per month, and unlimited use of point of service (POS) networks. Treasury guidelines for the ETAs also require that participating institutions offer benefits recipients a maximum monthly fee of \$3, maximum overdraft fee of \$10, no minimum balance requirement (except as required by state law), monthly statements, and all the protections afforded to other account holders.

Banks & Check Cashers Forge Alliances

EFT'99 has generated some anxiety in the check cashing industry, since cashing government checks remains a large part of CCO business. Annually, the federal government issues approximately 300 million benefit checks worth about \$400 billion. The aggressive move into payday lending by CCOs may be a reaction to the potential loss of paper check cashing volume. In addition, check cashers are working with depository institutions to act as third parties in the electronic benefits distribution process. For example, NaCCA and Citicorp Services, Inc. will offer consumers a debit card account through Citibank Delaware, available sometime later this year. The NaCCA Preferred Card allows federal benefits recipients to have their benefits payments directly deposited into an account at Citibank. Customers can then access their funds through ATMs and make debit card purchases at their local NaCCA-member outlet. NaCCA expects to enroll over 100,000 customers during the program's first year of operation.

CCOs are also working with banks in other ways. As NaCCA's Mr. Hans puts it, "Banks have products that can be offered and marketed through CCOs." One example is in the provision of improved ATM products. The "innoVisions" cash management system will provide customers with hassle-free, self-service check cashing capabilities at special ATMs that will use facial recognition technology to authenticate the identity of clients. These advanced-function ATMs will not require ATM cards and personal identification numbers, thereby making them easier to use. "innoVisions" is a joint-venture between Wells Fargo Bank, N.A. and Cash America International. Diebold Inc. will install over 500 such ATMs in convenience and grocery stores in the Houston, Dallas, and Phoenix metropolitan areas by the end of this year.

Check cashers have also formed alliances with national banks to make payday loans throughout the country, including states where small-loan interest rate ceilings and check casher licensing laws prohibit them. In one example, Eagle National Bank of Upper Darby, Pennsylvania, makes payday loans of up to \$500 through Dollar Financial Group's check casher stores. In Pennsylvania there is no effective limit on fees for small loans. The national bank is able to "export" the service, including the fees, to consumers in other states with interest rate caps. According to the CFA, Eagle National Bank made over 200,000 payday loans in 1997, and charges up to \$17.50 per \$100 for a 14 day loan (454 percent APR).

Ironically, banks are beginning to offer their more high-end customers the same bill payment capabilities that CCOs offer their lower-income patrons. Through Internet banking, depository institutions allow computer-savvy customers the option of paying bills through wire transfers from their on-line checking or savings accounts. As the number of households with Internet access grows, demand for instant, low-cost payment services is forcing depository institutions to modify their menus of products.

What do these trends mean for consumers? Industry advocates paint a highly optimistic picture, where traditionally marginalized customers will have greater access to financial services through a more accessible and inviting source – their local CCO. Consumer advocates are more inclined to raise concerns about pricing issues, and fear that these customers will never truly be integrated within the financial mainstream. CCOs may offer customers convenience, but they do not offer customers a chance to construct banking relationships, rehabilitate or start credit histories, and generate wealth through personal savings. Ultimately consumers have to choose between short-term convenience and their long-term financial health.

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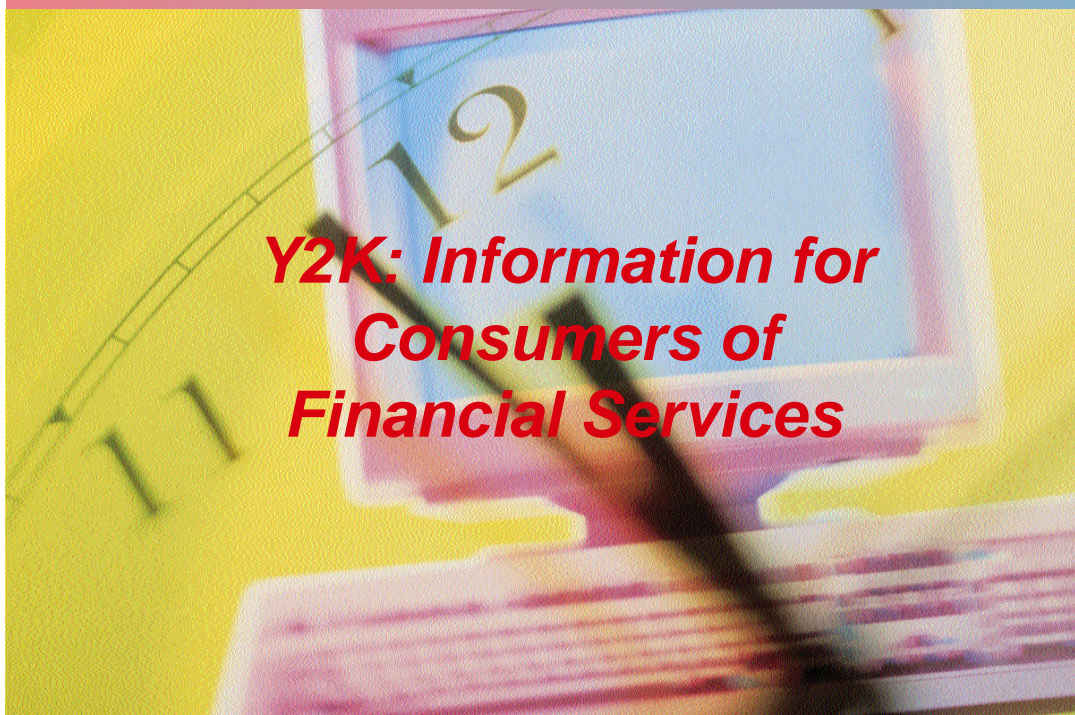
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CONSUMER FOCUS



Preparing for the year 2000 has been a top priority for the Federal Reserve System, the Federal Deposit Insurance Company (FDIC), The President's Council on Year 2000 Conversion, and other government agencies. They have been taking measures over the past few years to make sure that computers, utility companies, and banks will be ready for the dawn of the year 2000. Consumers have expressed concern regarding the year 2000 (Y2K), particularly about how the century date change will affect their daily lives and businesses.

The first step is having a solid understanding of what *Y2K* or *century date change* really means. When the first computers were developed in the 1960s and 70s they were not created to recognize four-digit dates. To save memory space, the computers were programmed to read a two-digit date code, for example "1992" was read as "92." The "19" is understood. When the computers read "2000" they will interpret it as "00" and could assume that it means "1900," not "2000." This problem could cause computers to stop functioning altogether, or to generate false data. In addition, the year 2000 will be a leap year (a year with a February 29th) so it will have 366 days instead of 365, further compounding the programming issues.

Federal and state bank regulators, as well as other government agencies, have taken measures to properly inform consumers on the dimensions of the Y2K change, the real potential for Y2K-related problems, and what impact the change may have on their access to financial services. They have developed contingency plans to deal with potential disruptions and have been actively monitoring the preparedness of the financial institutions that they regulate. This does not mean that all risks have been eliminated. However, little potential remains for severe impact, particularly in the domestic banking and financial services areas.

An analogous situation would be the disruptions that result from a harsh winter storm, to which we New Englanders are accustomed. Currently, the financial services industry has a successful track record in solving operational problems following weather-related emergencies. The financial services industry's response to the Y2K date

change is likely to be similarly successful. Likewise, consumers should prepare for the Y2K date change, just as they prepare contingency plans for winter storms. With planning, consumers can easily cope with the consequences stemming from Y2K-related mishaps.

Preparedness in the Financial Services Industry

The Federal Reserve System began to concentrate organized efforts on the Y2K project several years ago. As the central bank of the United States, the Federal Reserve has many responsibilities, one of which is the settlement of financial markets. The Federal Reserve routinely processes settlements from U.S. government securities markets, transactions involving foreign exchange and Automated Clearing House activity, 66 million checks per day, and many other financial transactions. In addition to ensuring that its own systems are Y2K-compliant, the Federal Reserve also monitors the preparedness of computer-based systems in member depository institutions. One of the many contingency plans the Fed has taken is to have extra cash available, in the event that the public chooses to withdraw currency around the New Year. The 12 Reserve Banks will also be ready to lend to depository institutions if a need arises.

Similarly, the other federal and state bank regulators are working to ensure that their institutions are ready for the date change. In fact, the entire financial services industry has made significant progress bringing their systems into Y2K readiness. Good and clear evidence exists that the magnitude of the potential Y2K impact has been vastly overstated.

John Fallon, Executive Vice President for Information Systems and Bank Operations of USTrust is confident about Y2K readiness in the local banking community. Mr. Fallon believes that banks view Y2K as "a cooperative project, not a competitive one," where bankers share ideas, research and information on readiness. He states that testing is at the core of most Y2K readiness projects. "USTrust and other banks put their mission-critical applications, operating systems, and networks through rigorous testing in a future date environment," states Mr. Fallon. According to Mr. Fallon, the banking industry is using a thorough, five-phase approach to prepare for Y2K readiness. "They concentrate on all aspects of the banking industry and most importantly how this outcome will affect the customer." These phases are:

- Awareness
- Assessment
- Remediation
- Testing
- Implementation.

Preparedness of Auxiliary Industries

Since the operation of depository institutions depends heavily on other service providers, consumers should also understand the Y2K preparedness activities of these entities. For example, the utility companies have been busy meeting their readiness requirements. John Castangna, Chief Information Officer for Edison Electric Institute (EEI), explains that EEI has been looking at how the electric power industry will be affected by Y2K. EEI has looked at the industry as a whole, to measure where electric utilities stand in terms of Y2K readiness, what are the results of their extensive testing for the millennium, and how to continually update and inform consumers of the industry's progress.

Mr. Castangna explains that very little will be dependent on the century date change because many of the designs for the electrical power industry systems have not changed over the past 20 to 30 years. The core systems do not have calendar date dependencies. And those electric utility systems that have calendar date dependencies have been tested. Likewise, most electric power companies have created back-up contingency plans. Mr. Castangna notes that while "On New Year's Eve there are no guarantees that there will be no storms, or that a truck will not accidentally hit a telephone pole," the electrical utility companies must always be prepared for many mishaps, and that the advent of Y2K poses no greater a risk.

Jim Smith, a spokesperson for Bell Atlantic, states that the telephone company has been preparing for the millennium for more than four years. Like banks and electric utilities, Bell Atlantic has been testing networks and systems, taking the necessary measures to be Y2K ready. Bell Atlantic has set up an emergency command center in New York, which will have power to oversee operations at all telephone companies and to provide backup assistance, support and equipment if the need arises. Bell Atlantic is confident that they will not have any problems with the date change; however, Mr. Smith admits that the company's preparation for Y2K is slightly different from Bell Atlantic's usual emergency preparedness plans for weather-related service disruptions.

Mr. Smith emphasizes that "The date change is a complicated project, the first of its kind with a hard deadline. Bell Atlantic is not just focusing on a small territory like Massachusetts or Virginia; it has been focusing on the whole country by preparing, testing, and evaluating systems and equipment."

What Consumers Should Do to Prepare for Y2K

As illustrated above, the expected reliability for the banking and financial services sectors is high, but consumers should stay informed and take steps to ensure protection of their own needs and financial records. It is wise to organize and prepare complete records and documentation of financial statements. Consumers should also retain recent copies of deposit slips, tax payments, stock transactions, cancelled checks, and so forth, in the event they are needed to reconstruct any required proof of financial condition at a given time. (Please see the text box on the following page for more tips on financial record keeping and Y2K).

Consumers should also be on the alert for potential scams and fraudulent schemes, which attempt to capitalize on the public's anxiety over a Y2K-related catastrophe. Bonita Irving, Deputy Commissioner of Community Reinvestment and Outreach for the Commonwealth of Massachusetts Division of Banks, tells consumers to be aware of people posing as a representative of their bank who ask for account numbers and other account information. "These scam artists claim that they will transfer the consumer's money into a Y2K account that is [apparently] safe." Ms. Irving also states that credit card information should not be given out by consumers. "Scam artists have been calling consumers and telling them that the magnetic strip on their card is not Y2K compliant," explains Ms. Irving, "and that they need the consumer's account number and other personal information to update the card."

Bank regulators like Ms. Irving warn that consumers should never give out their bank account number, credit card number, Social Security number, or other personal information to a person or company claiming to offer Y2K-related services, unless they themselves initiate the contact. Shirley Parish, Community Affairs Officer for the FDIC, further warns consumers that come December 31, 1999, they should take only enough cash out of the bank as they would need for a long weekend. People should not be closing out their accounts and storing their money at home. Ms. Parish warns that "cash out of the bank is not insured. You put yourself at risk by keeping it in your home." Therefore, consumers are also urged to keep their money in an FDIC-insured bank, where their money is protected.

The following is a checklist created by the FDIC and other federal regulators to assist consumers with Y2K readiness:

- Keep good records of all your banking transactions, especially for the last six months of 1999 and until you get several bank statements in 2000.
 - Request a current copy of your credit history from a major credit-reporting agency: Equifax at (800) 685-1111, Experian at (800) 682-7654 or Trans Union at (800) 888-4213. It costs about \$8 a copy and will help catch inaccuracies following the Y2K change.
 - If you bank by home computer, you might want to contact your computer manufacturer or software vendor to make sure your systems and software are Y2K ready.
 - Make sure your deposit accounts are within the federal insurance limits. The year 2000 date change will not affect your \$100,000 deposit insurance coverage. If you have more than \$100,000 in an insured bank, thrift, or credit union, you may want to
- make sure that you understand the insurance rules. Check with your financial institution or call the Federal Deposit Insurance Corporation at 1-800-934-FDIC (for banks and savings institutions) or the National Credit Union Administration at 703-518-6330 (for credit unions).
- Request printed copies of your payment history on your mortgage, car loan, or other debts.
 - Find out what your financial institution is doing to address consumer concerns. If you have questions, speak with a representative who knows about the institution's Y2K program.
- Source: The Federal Deposit Insurance Corporation (FDIC).**

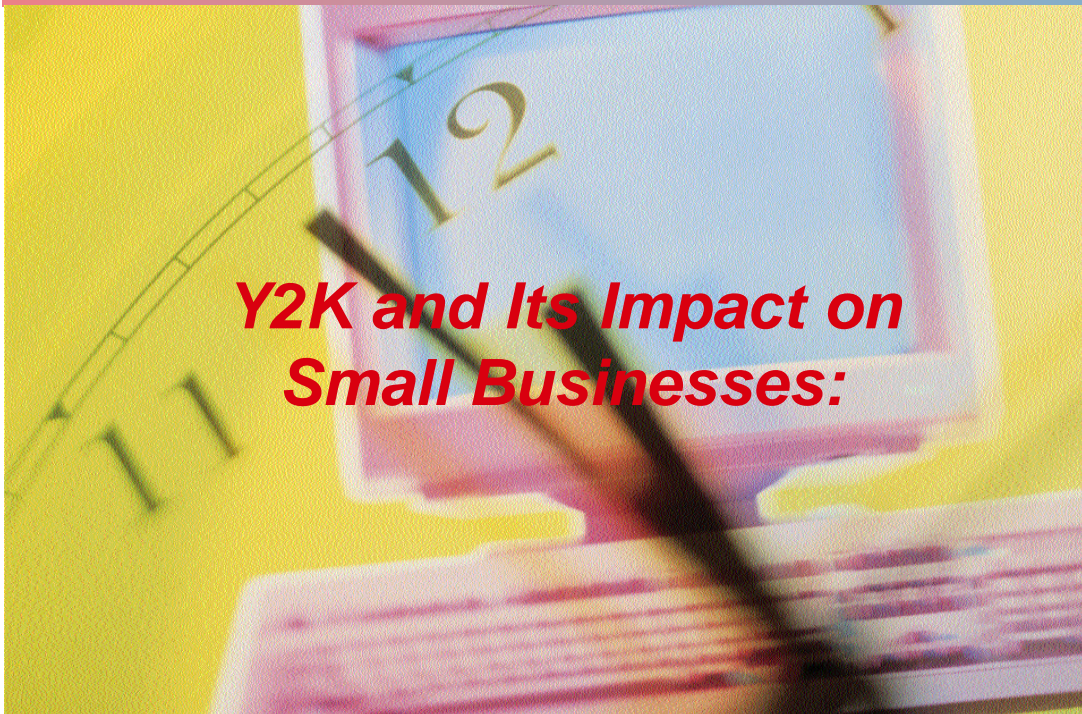
Similarly, the EEI's Mr. Castangna advises that consumers should set their fears and concerns aside when it comes to Y2K. They should really concentrate on what their electricity needs are in terms of preparing for weather-related events. "Consumers should exercise calm behavior and not operate under unwarranted assumptions, such as shutting everything down, storing large amounts of fuel in their homes, and carelessly operating generators." These activities will only make the consumer more vulnerable, creating the potential to cause harm to themselves and their families.

Bell Atlantic's Mr. Smith also has recommendations for consumers. "Consumers and small businesses that own equipment which connects to the network – any communication equipment – or routers should make sure that their systems do not have any date processing [features]." If there is some sort of date processing function, then the consumer should get in touch with the manufacturer to find out what services or suggestions they offer to make the equipment Y2K-compliant. Mr. Smith further adds that consumers and business owners can go back to the store where they purchased their equipment, or visit the manufacturer's website for additional Y2K help.

As consumers we need to take responsibility for our own financial records and personal information, while staying informed. We can talk to a representative at our bank to find out how they are handling Y2K compliance. We can manage and keep an organized record of our own financial history. We can take enough money out of our bank for a long weekend. And as always in New England, we can be overly prepared for a winter storm that turns into a light dusting.

*–by Katherine Gockelman
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ENTERPRISING



Y2K and Its Impact on Small Businesses:

The year 2000 is fast approaching and so is the much publicized Y2K or century date change problem. The Y2K problem refers to difficulties computers may face during the transition from 1999 to 2000. Many computers are programmed to only recognize the last two digits of the year, and because of this glitch, computers may recognize 2000 as 1900 or may not function at all.

It is estimated that many large corporations will spend billions of dollars in preparing for Y2K, and many are meeting their deadlines for readiness. Yet for a large number of small business owners that has not been the case. While many small business owners have made substantial progress toward preparing for the impact of Y2K, many others have still not taken adequate steps to prepare.

According to a March 1999 study by the National Federation of Independent Businesses (NFIB) Education Foundation, more than half of all small firms using computers or other devices with time/date microchips have not yet taken any or have taken very few steps to prepare for Y2K. The study also finds that four out of five (82 percent) small businesses are at risk for Y2K-related problems. According to the NFIB, "4.75 million small employers will face Y2K problems, and an estimated 750,000 of them may be shut down ... by the Year 2000 bug." Most small business will be exposed to Y2K-related problems from computers, which are present in 78 percent of small firms.

According to the survey, a fifth (21 percent) of all small business owners say their operations are "very dependent" on automated processes. Another 27 percent are "somewhat dependent." Businesses dependent on suppliers, customers and financial institutions are also exposed if any of these outside entities are not prepared for the century date change.

It's Not Just a Computer Problem

Given the large potential impact of the century date change, why have small business owners been reluctant to prepare? Initially, small business owners did not see how the Y2K would affect them, and many do not have the resources that larger corporations have. Many small businesses saw it as "just" a computer problem, and felt that it

was time for a new computer system anyway. Some have purchased their computer systems in the last two years and feel comfortable that they are "Y2K- safe."

While small business owners should make sure their computer systems are Y2K-compliant, there are other factors they need to take into consideration. What is most important, the Y2K readiness of vendors, suppliers and distributors, public utilities, and customers can have an adverse impact on the operations of a small business in the days following the century date change. Small and medium-sized firms are highly vulnerable to Y2K-related mishaps that involve outside providers, and they should begin to prepare contingency plans.

In addition, consumers of services and products made by small businesses will also be affected. Small businesses play an important role in the country's economy and are a part of most people's daily lives. Communication with customers and outside vendors will help small business owners develop comprehensive contingency plans. If the lines of communication are open, this should help minimize any disruption caused by century date change-compliance issues.

Y2K Assistance for Small Businesses

To prepare for the century date change, small businesses need assistance and financing. In response, on April 2, 1999, President Clinton signed into law the Small Business Year 2000 Readiness Act (Readiness Act). This legislation authorized the U.S. Small Business Administration (SBA) to set up programs to guarantee loans of up to \$1 million to small businesses, designed to assist them in covering the costs of repairing their Y2K- related problems.

Y2K Readiness Act: Details on the SBA Y2K Action Loan Program

ELIGIBILITY

Any 7(a) lender with a current 750 Agreement can utilize this program. Any borrower currently eligible under 7(a) can utilize this program. The 7(a) Loan Guaranty Program is one of SBA's primary lending programs. It provides loans to small businesses unable to secure financing on reasonable terms through normal lending channels. The program operates through private-sector lenders that provide loans which are, in turn, guaranteed by the SBA – the Agency has no funds for direct lending or grants.

USE OF PROCEEDS

Loan proceeds can be used only to address the Year 2000 computer problems including:

- The repair and acquisition of information technology systems;
- The purchase and repair of software;
- The purchase of consulting and other third party services, and related expenses; and
- After January 1, 2000, to provide relief from a substantial economic injury incurred as a direct result of the Year 2000 computer problems or as an indirect result caused by any other entity such as a service provider or supplier, if such economic injury is not compensated for by insurance or otherwise.

GUARANTY

SBA can provide up to a 90 percent guarantee on Y2K loans of \$100,000 or less and up to 85 percent on Y2K loans of over \$100,000. If the application is processed through SBA Express, the maximum guarantee remains 50 percent. The maximum SBA exposure in dollars for a Y2K loan is \$750,000. If the borrower has an existing SBA guaranteed or direct loan(s), the maximum SBA exposure is \$1,000,000.

Source: The US Small Business Administration

Y2K Readiness & Responsibility Act: Key Provisions

Alternative Dispute Resolution—Parties are encouraged by this legislation to resolve their Y2K disputes through alternative dispute resolution mechanisms.

Pleading Requirements—Plaintiffs must clearly and specifically plead the facts of their Y2K cases when seeking money damages. This is to ensure the clear identification of the symptoms of the year 2000 defect as well as the nature and amount of the damages claimed by the plaintiff.

Damages Limitations—In order to be liable for punitive damages, a plaintiff must show by clear and convincing evidence that the defendant specifically intended to cause the injury to the plaintiff. Any punitive damages that can be assessed against a defendant are limited to the greater of three times actual damages or \$250,000, or for small companies (those with less than 25 employees), to the lesser of three times actual damages or \$250,000. This limitation does not apply to claims for personal injury.

In breach of contract and warranty cases, the plaintiff can only recover damages expressly provided for by the contract or, if the contract is silent on that point, then the only allowed damages are those authorized under applicable law at the time the contract was entered into.

Pre-Trial Notice—Before filing a lawsuit, potential plaintiffs would have to give written notice identifying their Y2K concerns and provide potential defendants with an opportunity to try to fix the Y2K problem outside of the courtroom. The potential defendants would have to respond within 30 days, detailing what actions they have taken or will take to fix the problem. If they deny responsibility or fail to respond, a lawsuit could be filed right away, but if the potential defendants agree to fix the problem, they would have 60 additional days to do so. Once the 60 days expire, if the plaintiffs are not satisfied, they could still file a lawsuit. This provision is expected to accelerate the remediation process if failures occur, and thereby eliminate the need for many lawsuits.

Defenses —In breach of contract actions, the defendant may introduce evidence that its implementation of or efforts to implement the contract were reasonable in light of the circumstances. This evidence can be used to limit or eliminate a defendant's liability. The contract defenses of commercial impracticability and impossibility are preserved as of January 1, 1999.

Reasonable Efforts Defense—Defendants cannot be held liable in tort or other non-contract actions if they establish that they took reasonable steps to prevent the year 2000 failure. This provision will encourage remediation.

For more details on the bill's provisions, you can visit the website of the U.S. House of Representatives at <http://www.house.gov>

The program is structured to assist firms in making both their computer hardware and their software systems Y2K-compliant. The Readiness Act programs enable small businesses to purchase the systems, software, equipment, and services necessary to for Y2K readiness. The Act also assists small businesses that suffer economic injury as a result of the century date change during 2000 and helps them recover from economic losses resulting from their own problems or those of their suppliers.

Other legislation created to help small business owners with the century date change is the Y2K Readiness and Responsibility Act (Responsibility Act). The Responsibility Act creates a legal framework through which Y2K-related disputes can

be resolved. It is designed to help consumers by creating incentives for businesses to address the Y2K dilemma. (For more details about both pieces of legislation, see the text boxes on pages 21 and 22.).

In addition to financial and legal support, agencies like the SBA and local community-based organizations are helping with Y2K testing efforts. Technical assistance providers have been very effective in getting the word out to their clients about Y2K readiness, and many have low-cost testing and troubleshooting services available.

Finally, all of us, including small business owners, have been inundated with Y2K hysteria, and we are increasingly anxious about what the new century date change could possibly bring. The major problem is that we don't really know what it will bring. Many of us do not want to hear the term "Y2K" again. Unfortunately that is not a viable option; it is something we cannot avoid. What we can do is prepare, simply by taking a few basic steps.

As entrepreneurs, many small business owners are realizing their dreams of owning their own businesses. Their small and medium-sized firms are perhaps their largest investment. Like large corporations, small business owners need to protect their investment by minimizing their exposure to Y2K-related problems.

*—by Arneese Brown
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Tips for Small Businesses on Preparing for Y2K:

- Assess Y2K-compliance of integral systems. These can be tested using specific Y2K-software products.
- Develop a contingency plan.
- Check on your suppliers and vendors.
- Keep paper copies of all correspondence, financial documents, tax information, orders, receipts for payments, invoices, and other important documents. In case of problems, you can use the paper trail to reconstruct account information.
- Have a couple of months worth of vital supplies on hand in case your suppliers have a hard time getting up and ready come January 2, 1999.

Who Can Help?

The Small Business Administration Year 2000 website charts the steps you should take. It presents a useful self-assessment section, plus information on training events and where to get free and low-cost Y2K assistance. You can access their website at <http://www.sba.gov>

For more information about the Y2K Action Loan Program, you can contact your local lender or your local SBA office. For the nearest SBA office, call the SBA Answer Desk at 1-800-U-ASK-SBA. For the hearing impaired, the TDD number is 703-344-6640.

Finally, you can also contact your local community-based organization, and ask if they provide technical assistance for small business owners.

Source: The US Small Business Administration

INFORMATION EXCHANGE:

FFIEC RELEASES NEW CRA LENDING DATA

The Federal Financial Institutions Examination Council (FFIEC) has just released 1998 data on small business, small farm, and community development lending reported by commercial banks and savings associations under the Community Reinvestment Act (CRA). From the data reported by financial institutions, FFIEC prepares a disclosure statement for each reporting institution and aggregate reports for each of the metropolitan statistical areas (MSAs) and non-metropolitan counties in the United States.

The reports are available in electronic format from FFIEC. To order, please call (202) 452-2016, or fax requests to (202) 452-6497.

CONFERENCE PROCEEDINGS AVAILABLE

The proceedings from *Business Access to Capital and Credit: A Federal Reserve System Research Conference* are available from the Federal Reserve Bank of Boston. This bound volume includes text of the working papers, discussant comments and speeches presented at the March 1999 conference in Arlington, Virginia.

For free copies, please call the Federal Reserve Bank of Boston's Publication Line at (617) 973-3459, or e-mail your request to bostonfed.publications@bos.frb.org

Y2K & YOU: A CONFERENCE FOR CONSUMER & SOCIAL SERVICE PROFESSIONALS

The Federal Reserve Bank of Boston, in conjunction with the Federal Deposit Insurance Corporation (FDIC), the Massachusetts Office of Consumer Affairs & Business Regulation, and the Massachusetts Consumers' Coalition, is hosting a conference on the century date change and its implications for consumers.

Y2K & You: A Conference for Consumer & Social Services Professionals will be held on Wednesday, September 22, 1999 in the Bank's Auditorium. The conference is free of charge. For more information about conference registration, please contact Katherine Gockelman at the Federal Reserve Bank of Boston at (617) 973-3040.

MICROENTERPRISE TOOLS & TECHNIQUES IN GREATER BOSTON

Microenterprise Tools & Techniques, a two-day training seminar for microenterprise lenders and technical assistance providers, will be held in the Greater Boston area this fall. The training is scheduled for November 4-5. Location TBA. For more information about the seminar and to register, call Paul Williams at the Federal Reserve Bank of Boston at (617) 973-3227.

CONNECTICUT HOUSING COALITION ANNUAL CONFERENCE

The Connecticut Housing Coalition is holding a conference entitled, *From Housing to Community: The Annual Conference of the Connecticut Housing Coalition*. The conference will bring together affordable housing practitioners and activists to discuss timely issues, such as strategies for community self-sufficiency, rental subsidies and support services, public housing preservation, homeownership, among others.

The conference will be held on October 28, 1999 at the Radisson Hotel in Cromwell, CT. For more information, please call (860) 563-2943 or e-mail at ct.housing@snet.net