

## Board Meeting Report | BY CYNTHIA VEGA

The FiSCA Board of Directors met from January 13-14, 2008 at the Mandalay Bay Hotel & Resort in Las Vegas, site of October's Annual Conference.

## ATTENDING WERE:

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| Richard Barr      | Rick Lake         |
| Ismael Betancourt | Ian MacKechne     |
| Aggie Clark       | Eric Norrington   |
| Joseph Coleman    | Jerry Robinson    |
| Gary Dachis       | Art Roth          |
| Jim Eustace       | R. Craig Schaefer |
| Jamie Frauenberg  | William Siegel    |
| Jim Frauenberg    | Jeffrey Silverman |
| Abby Hans         | Larry Slonina     |
| Steve Hanson      | Bill Staderman    |
| Bernie Harrington | Glenn Stevens     |
| Sanford Herman    | Stuart Tapper     |
| Danny Keene       | John Templer      |
| Richard Klein     | Robert Wolfberg   |

On January 13, Board Members gathered for a special Roundtable Meeting on "The State of the Industry and Business Opportunities." Members heard presentations from Eric Norrington of ACE Cash Express, Aggie Clark of Moneytree and Chairman Joe Coleman of RiteCheck Check Cashing on this topic and after that the floor was opened to questions. Counsel Ed D'Alessio moderated a lively and thought-provoking discussion that was recorded and will be featured in greater detail in future issues of *Currents*.

The regular Board Meeting followed. Chairman Coleman called his first Board Meeting to order and made an opening statement, which outlined his priorities for his chairmanship. (These are summarized in the Chairman's Letter in this issue.) Executive Director Hank Shyne then gave the Conference and Meeting Planning Report, during which he was interrupted by the arrival of his birthday cake (a surprise from the staff). This was followed by Jim Wells, of Wellspring Consulting, who gave the Check 21 report. He reported that the Check 21 Committee had agreed on five vendors who were willing to provide FiSCA members with everything needed to meet Check 21 requirements. It was agreed that this information would be disseminated to the membership.

The Meeting then adjourned until the following morning. At that time, Chairman Coleman welcomed the Board's newest members: Jim Eustace of New York, Rick Lake of California and Danny Keene of Mississippi.

Treasurer Glenn Stevens presented the 2008 budget, which the Board discussed and ultimately approved.

This was followed by the FDIC Report, which detailed FiSCA's recent activities with the FDIC as well as future plans. Communications Manager Cindy Vega presented video highlights from the October 24, 2007 meeting, followed by General Counsel Gerry Goldman who summarized the post-FDIC presentation action plan. Washington representative Bill Sellery explained the importance of these efforts from a federal standpoint. Counsel Ed D'Alessio outlined the FiSCA Consumer Empowerment Program and asked Director Bill Siegel to update the Board on FiSCA's activities with NetSpend and the National Savings Program. Counsel D'Alessio then advised the Board on the progress of the Credit Building Initiative FiSCA is developing



with Payment Reporting Builds Credit (PRBC®) as well as the FiSCA Financial Education Program. (See our lead story on pg 18 for more information on the Consumer Empowerment Program®.)

Counsel D'Alessio went on to deliver the Industry Research and Statistics Report, which discussed the formation of the Industry Research Committee and the projects it would undertake. He discussed the recent research findings from the study conducted by Cypress Research (Discussed on pg 16 of this issue.)

Director Jamie Frauenberg then reported on the recent activities of the PDA Committee; reviewing issues confronting the payday advance industry and discussing the industry's position regarding those issues and researching opportunities for Financial Service Centers to expand their credit product offerings.

Following this, Executive Director Shyne proposed that the Board approve the exploration of an Affinity Program for FiSCA members. The Board voted to approve this recommendation. Director Shyne then presented the Health Benefits Program Report to which several Board Members responded by giving their own experiences with the program.

Bill Sellery gave the Government Relations Report and announced the date of the 2008 Washington Blitz – May 14. (Director Abby Han discusses the Blitz in detail on pg 44.)

Cindy Vega followed with the Communications Report, which summarized 2007 activities and laid out plans for 2008.

Counsel Goldman presented the Publication Report as well as the Roundtable Report to the Board. Sandy Herman updated the Board on the activities of the Scholarship Committee, stating that the 2008 applications are on the FiSCA Web site and the deadline for submission is April 7. Winners will be notified on June 16.

As part of the Web site Report, Chairman Coleman and FiSCA staff discussed future plans for the site, to be enacted in 2008.

The meeting concluded with New Business and a discussion of potential approaches to increase the number and amount of contributions to the FiSCA PAC.

Two motions pertaining to this were made by Director Bob Wolfberg but were not passed by the Board. Chairman Coleman then adjourned the meeting. ■

*Cynthia Vega is FiSCA's Communications Manager.*

## Expanding Access to Financial Services | BY JOSEPH COLEMAN

(As submitted to *The Wall Street Journal* in response to a commentary by William Jefferson Clinton and Arnold Schwarzenegger, January 24, 2008)

There are currently as many as 50 million Americans who do not use banks to conduct their daily financial transactions, and there is growing interest in providing expanded services to these “unbanked” and “underbanked” consumers. Achieving such goals will require a thorough understanding of these customers, the services they need and want, and how they wish to access them.

For more than 70 years, the Financial Service Center (FSC) industry, with more than 13,000 locations, has been providing millions of low- and moderate-income consumers with the financial services they need – many of which are not readily available at banks. These services include: check cashing, bill payments, money remittances, money orders, prepaid debit and phone cards, direct deposit, and short-term, small-dollar loans. In the process, we have forged real relationships with the communities and customers we serve. Through new technologies, we have even expanded those financial opportunities with products that are “virtual bank accounts” that include savings options tied to a prepaid debit card. And technology will allow for even more opportunities. We also provide a gateway to the banking system for many of these individuals.

Financial Service Centers provide these services with the highest degree of customer service and respect, resulting in extraordinary levels of customer satisfaction. In fact, most of our customers, (58%) have bank accounts and yet still prefer to use an FSC. Why? As you might expect, there are a number of reasons, including:

**Transparency (or the “Pay-As-You-Go Consumer”):** Because of the tight budgets involved, these consumers avoid services that might contain hidden or surprise fees. At FSCs, rates for all services are posted and made known up-front. Customers know exactly what they will pay, and they leave the store knowing that they have met their obligations free and clear – no future fees will follow.

**Liquidity:** Consumers living paycheck to paycheck need to use their money to meet their family and financial obligations. They literally cannot afford to wait several days for that paycheck to clear at a bank. The fee they pay to cash a check at a check casher is far less than the cost of alternatives – late fees, disconnection of services and more.

**Access:** Many low- to moderate-income people work multiple jobs and cannot visit a bank during its relatively restrictive hours of operation. In addition, many financial institutions have abandoned urban and lower-income neighborhoods for the wealthier suburbs. Financial Service Centers operate when and where consumers need them – many are open 24/7.

**Service:** The fast, courteous and respectful service they receive at their neighborhood Financial Service Center is the reason that more than 92% of our customers were overwhelmingly satisfied with the services they received and the costs paid for those services, according to a recent nationwide poll.

**Price:** For banks, our customers are considered as “low balance/high volume” customers whose assets are insufficient to cover the cost of servicing them. The FSC business model enables us to provide needed transaction services at less cost than banks can. (For not the first time, some who purport to provide research about the FSC industry present numbers that overstate the so-called “average transaction costs” by a factor of three to five times. Such exaggerations are detrimental to substantive discussion.)

An October 2007 study conducted by Synergistics Research Corporation, an independent, nationally recognized provider of consumer research for the banking industry, concluded: “The unbanked choose to use FSCs because of convenience, the right

services and the right price... (they) exist because they serve people's needs...”

In addition to our current menu of services, the Financial Service Centers of America (FISCA), the national trade association representing the FSC industry, has introduced three programs to promote wider access:

- **National Savings Program:** This first-of-its-kind savings program offers a no-fee, interest-bearing, federally insured savings account linked to a prepaid debit card.
- **Credit Building Initiative:** This initiative enables consumers and small businesses to build a credit file and score based on their history of making rent, utility, phone, and other recurring bill payments.
- **Financial Education Program:** FISCA's financial education program will directly target low- and moderate-income consumers, educating them on the products and services they use. The program is designed to reach consumers where they live, work and actually conduct their financial transactions.

Looking forward, we need to explore how best to help consumers who would benefit from doing so transition from the transaction based, fee-for-service model they need now to an account-based relationship at a bank. We believe that partnerships between FSCs, banks, regulators, nonprofits and other interested parties is the best way to expand access. In fact, we recently met directly with the Federal Deposit Insurance Corporation, as well as its Advisory Committee on Economic Inclusion (ComE-IN), to make recommendations on how to improve access. Those dialogues are ongoing. We are willing to meet with anyone interested in using our infrastructure, network, and understanding of the marketplace to expand services to low- and moderate-income consumers. ■

*Mr. Coleman is currently serving as Chairman of Financial Service Centers of America*

## Reasons to Plan Ahead for Las Vegas

The 20th Annual FISCA Conference and Exposition is just months away. And if you haven't registered yet or booked your hotel room, here are some reasons why you should – sooner, rather than later.

- Last year we held what some considered our best Conference yet. However, we believe that our 2008 Conference will surpass it – in topics, speakers, networking and venue. Spaces for vendors and attendees may book up early this year – so register now and don't miss out.

- This year's conference will be held at the beautiful Mandalay Bay Resort & Casino in Las Vegas, October 18-20. It's a spectacular venue with something for everyone. Rooms are already going fast – and they will sell out. The easiest way to register for the conference and book your room is to go to [www.fisca.org/annlconf.htm](http://www.fisca.org/annlconf.htm). (If calling the hotel, 877-632-7000, you must use Code: Financial Service Centers when booking your room).

In upcoming issues, we'll tell you how to make the most of your Las Vegas experience, but the first step is to make sure you can be there!