

Community Reinvestment Act Joint Public Hearing, August 12, 2010  
Panel Three: Vicki Tassan

Vicki Tassan:

By my count, I have 25 seconds left over from Frank

[ Laughter ]

Vicki Tassan:

I'm taking it, okay? Good afternoon. I want to thank the members of the FFIEC for convening the series of hearings, and a special thank you to the Federal Reserve of Chicago for being such an outstanding host. As you've already heard, I'm Vicki Tassan with Ally Bank. And I wanted to tell you that, first of all, I'm going to be speaking from more than 25 years of experience in community development and CRA, which would somehow make me older than Mike Mantle, but I'm not.

[ Laughter ]

Vicki Tassan:

So I just started a lot earlier than Mike. And I've worked for local, regional, and national institutions, and now I'm working for an Internet bank. I also want to take this opportunity to thank the regulators for all the work they've already done on CRA and for all the hard work they do during the exam process; because, unless you've seen it first hand, you have no idea of how much work is involved from actually both sides: the bank and the examiners. That's why I took Frank's 25 seconds. All right.

So Ally Bank is headquartered in Midvale, Utah and is chartered in the state of Utah. And, in that state, we have 51 institutions that are covered by CRA. In 2009, we relaunched our online bank with a new brand, Ally Bank and a consumer promise for high service and low hassle banking that is resonating with our customers. We have more than 470,000 customers and deposits coming from all 50 states. We provide competitive interest rates for deposit products with live, 24-7 customer service. And, in 2010, we launched a low cost checking account with no minimum balance; unlimited check writing; no monthly maintenance fee; free online bill pay; and you can use an ATM anywhere in the country with no fee. Our primary lines of business include retail and wholesale auto financing and home mortgage products. And, as of June 20, our deposits were \$41.9 billion and bank assets of a little over \$61 billion. So today I'm going to focus on two issues. Of course, the written testimony will be more detailed, as I think everyone's is. I'm going to focus on geographic coverage and access to banking services.

The Community Reinvestment Act, as we all know, is about 33 years old. Some modest enhancements to administering the act took place primarily through the regulatory and Q and A processes, but there remains room for improvement. Today, CRA is in the culture of financial institutions, and is responsible for the revitalization and creation of millions of units of affordable housing; for the support and the establishment of small business; and the creation of jobs through economic development opportunities all over the country. When I was first assigned to CRA in 1986, two things come to mind. First of all, the exam process was pretty

unsophisticated; and, second of all, we had no computers. Now, I want you to think about that for a moment. All right. So if typewriters were the most advanced piece of office equipment you had, you had many problems to deal with. And so one day my manager came back from visiting Fannie Mae and he said, "I think we need to get some of those computer things." And, sure enough, a couple weeks later appeared on my desk this gigantic monitor with a green screen and a green flashing cursor. The monitor was so heavy, I don't really think I could lift it. But what a huge improvement. Technology had arrived on the banking forefront.

So with the first issue of geographic coverage, here are my thoughts. Ally Bank has no brick and mortar banking centers, but we are strongly committed to CRA or I wouldn't be where I am today. Ally Bank takes deposits from all over the country. But we have only one office by definition under CRA, in Midvale, Utah. CRA needs to reflect the many new way a customer can do business with a financial institution: by telephone, by mobile phone, and via the Internet. The lack of a brick and mortar branch does not eliminate, nor decrease, the CRA responsibilities of the less traditional banks.

At the same time, the bank regulators must consider how less traditional financial institutions can serve the low and moderate income populations and neighborhoods. It's important to maintain the focus of CRA on the LMI borrowers and neighborhoods in local markets where the financial institution does have a presence. So I'm saying, if you have a physical presence, you have that responsibility for those assessment areas.

But, in the case of Ally Bank and similar institutions, is that really enough? We have other corporate centers with large concentrations of employees and substantial CRA opportunities. So, to that end, we are working very hard with our primary regulator, the FDIC, to produce a strategic plan that will help us look at expanding our assessment areas. And, with regard to leveraging new technologies, it's easy to assume that the low and moderate income population does not have access to technology. There's been a number of studies around digital divide issues. And I know you can all, you know, use that famous thing of Google -- Jennifer, we've already negotiated more time. I'm sorry. But there is some recent research under that topic, and it came from the Pew Research Council -- Center. I'm sorry -- in July and it said that, in a recent survey of nearly 2500 adults, the low income segment is the fastest adopter of mobile Web devices. The survey found that 46 percent of households earning less than \$30,000 a year are wireless Internet users. Now, of course, Jennifer has now shot down any of my comments about access to banking services, but I'm sure our fabulous moderating panel will pursue that later. So thank you. And, again, thank you all for convening these hearings. I look forward to your questions.