

601 North Church St  
Wilmington, DE 19801

20145 Office Circle, Unit 1  
Georgetown, DE 19947



Delaware Community Reinvestment Action Council, Inc.

*Our mission is to ensure equitable treatment and equal access to credit and capital for the underserved populations and communities throughout Delaware through advocacy, education, legislation, and outreach.*

September 20, 2011

Board of Governors of the Federal Reserve System  
Jennifer J. Johnson, Secretary  
20th & Constitution Avenue, N.W.  
Washington, D.C. 20551-0001

**Re: The application by Capital One Financial Corporation to acquire ING Bank, fsb, Sharebuilder Advisors, LLC, and ING Direct Investing, Inc.**

Dear Ms. Johnson:

My name is Rashmi Rangan. I appear today as the Executive Director of the Delaware Community Reinvestment Action Council. Our offices are located in Wilmington and Georgetown, where we seek to provide an array of services to the low-income community in the areas of consumer finance counseling, mortgage modification, and assistance with IRS tax issues. On behalf of myself and the Delaware Community Reinvestment Action Council, I thank the Federal Reserve Board for allowing this opportunity to speak on the application by Capital One Financial Corporation to acquire ING Bank, Wilmington, Delaware.

I stand with my colleagues who have and will raise legitimate concerns with this merger. I trust that the Federal Reserve will find a way to address them. Today, I present a proposal for meeting the convenience and needs of my community. The Board would do well to condition this application on the framework proposed herein.

Omens of change are underway in the global financial world and Capital One must not be unmindful of these events. A proven record of innovation underlies Capital One's success in its financial environment and I foresee that it can utilize these energies with this merger to bring about significant public benefits for a constituency in great need of service and innovation. With access to mainstream financial services, the low-income community can piece together the framework of a better life for themselves and, when achieved, America in general and the business community in particular is strengthened.

The solution we all seek to address an unprecedented set of low-income community needs is not singular but multi-faceted. The array includes affordable loans and bank services, equitable and fair customer practices, effective complaint resolution that addresses content

and process, support for available and wide ranging education in consumer, housing and small business loans, and input from community groups based on accurate real time information from banks. It is not new ideas we are in need of, it is a new way of thinking about the low-income community and how they fit into the health of the economic whole of the banking industry. It is not new laws or regulations we are in need of it is a commitment to the Community Reinvestment Act that redefines this concept not as an obligation but as a growth opportunity.

The CRA should not be a puzzle to be solved or a box to be checked off, but a key construct to banking success. The marketplace rewards innovation and innovation breeds imitation. The functionality of a typical suburban bank branch is a thing of beauty. Drive thru services, both teller and ATM, walk up ATMs, queued teller lines, sign in sheets for customer service, customer waiting chairs, customer waiting line triage by bank employees and access to bank assistants for the full array of bank services. This business model of functionality for a customer interface center has become much imitated in both the public and private sectors. But I believe a paradigm shift will occur in the next five years in the banking industry that will demand innovation and ingenuity to heighten the use of automated services and lessen the need for human interaction, think cost analysis, benefit analysis, market share, etc.

So how does Capital One convert this merger with ING Bank into a plus for the low-income community, consistent with the emerging competitive demands of the industry? I would start with a single person. If demographers can map out population trends over a generational period of 25 years starting with the birth of one child, including education needs, upbringing costs, health costs, housing needs, etc. then Capital One should be able to map out its benefit from each new customer over a five year period. What may begin as a checking account has the potential to grow into a savings account, a credit card, a debit card, an IRA, a home mortgage, a home equity loan or line of credit or a small business loan. Carried to its logical conclusion, such growth for an individual has the macro effect of improving the infrastructure of the entire community.

I am not unmindful that the low-income community may have disproportionate issues with regard to matters such as poor credit histories, bounced checks, closed accounts for overdrafts, etc. But disproportionate is a relative term that can be cost controlled by a bank. And my cautionary comments on the low-income community are buoyed by the addition to their lot of once stellar industry giants like Lehman Brothers, Bears Stearns, Countrywide, AIG, and others, whose glowing lights are now extinguished or shine so less brightly.

From this merger, Capital One should examine its customer service menu and find innovative ways to address the needs of the low-income community with its acquisition of

ING Bank. Capital One should find ways to offer more affordable loans and products such as checking accounts, prepaid debit cards, payday type affordable loan services, international fund transfers, and affordable IRS refund anticipation loans (under 18% APR) to the low-income community. Alternative financial services exist and make a profit by providing these services; Capital One should be engaged in efforts to penetrate this market.

To ensure equitable and fair service to the low-income community, Capital One should set a goal of 5% of all new banking access points to be established in low-income neighborhoods. This market niche can be identified with great accuracy by zip code and street address. Easily identifiable, this community sits patiently, waiting for the opportunity to bank out of their weight class.

Another important ingredient to bank loyalty is a complaint resolution process that works. Every complaint has at least two parts: the process through which it is administered and the merits content of the complaint itself. While each is critical to the complainant, many times the process can be more important than the content. When I complain, I find relief regardless of outcome if I believe I was listened to and my concerns considered. This is not at all unlike the hearings the Federal Reserve has convened on this merger. In Delaware, let my organization help with the process. If Capital One surveys customer satisfaction with complaint resolution, randomly select every tenth complaint in Delaware involving process and allow DCRAC to examine the complaint in tandem with Capital One's efforts. With cooperation and confidentiality, let us see if together we can identify systemic issues that may improve customer access to Capital One's services and products. After Capital One and DCRAC have worked together on 100 such complaints, we will better understand those issues that need to be addressed in your industry setting. From this better understanding of customer issues our own relationship will grow and lead to improved communication on matters of importance to both of us.

Capital One must do more to support financial education for the low-income community. Lack of financial education with respect to account ownership, budgeting, saving and credit management is a significant barrier to personal financial stability. The need for financial education is particularly acute among immigrant groups and others unfamiliar with American Banking practices. However, the ultimate result of educating a consumer to shop for financial services is that when that consumer applies to Capital One for your services, there is a high probability a profitable relationship will follow.

Small business loans are touted in today's economy as the elixir of life for our financial recovery. All too often the small business loan, disguised as a simple credit card, comes with no strings attached: no review by the bank for a sound business plan; no offered expertise by the bank to assist with business or market development; and a lost opportunity by the bank to identify additional assistive banking services. Beguiling though

these loans may be Capital One misses an important marketing opportunity when such loans are granted in the ordinary course of business as credit card loans.

Housing loans, original, modified, and HELOC, are also bank products that require consumer education because of the risk involved and the economic impact on the consumer of a default. Can anyone in this room disagree with the idea that banks don't want housing inventory, period?

Finally, Capital One should provide semi-annual reports to community groups in order to evaluate progress. First, these reports should allow for an evaluation of the extent to which Capital One has offered low-cost accounts designed to meet the account needs of low-income individuals. This information should address the range of product offerings of Capital One, based on low-income consumer needs, and taking into account the costs to institutions of providing accounts and the requirements of sound banking practice. Second, these reports should set out the number of low-income account holders at Capital One, as a percentage of total accounts and as a percentage of new accounts over the previous six months. Proxies for low-income could be based on the accounts offered, whether the account was opened at a branch in a low-income area, or held by a customer residing in a low-income census tract.

The butterfly effect is with us. A wisp of wind in Montana stirs a grass in Mongolia. National and global markets are unpredictable and enormous surges, positive and negative, have come to typify a normal transactional day. Should Capital One be at the table and play a major role in steadying this financial environment by taking EVERYONE into account, we could conceive of lending our support.

Sincerely,

Rashmi Rangan  
Executive Director  
Delaware Community Reinvestment Action Council, Inc.

CC: Robert Glen, Delaware Bank Commissioner  
Andy Navarrete, Capital One  
Governor Jack Markell, State of Delaware  
Mayor James Baker, City of Wilmington  
US Senator Thomas R. Carper  
US Senator Chris Coons  
US Congressman John Carney  
John Taylor, National Community Reinvestment Coalition