

Testimony of Rashmi Rangan Delaware Community Reinvestment Action Council, Inc.  
Public Meeting Regarding Notice by Capital One to Acquire ING Bank  
September 20, 2011  
Renaissance Hotel  
999 Ninth Street, NW  
Tuesday, September 20, 2011  
Washington, DC

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 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.

I thank the Federal Reserve Board for allowing this opportunity to speak on the application by Capital One Financial Corporation to acquire ING Bank.

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.

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.

My written comments expand on these recommendations. In the interest of time, I summarize our proposal for Capital One's consideration.

Capital One should examine its customer service menu and find innovative ways to address the needs of the low income community. 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 refund anticipation loans 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 at affordable interest rates.

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. Easily identifiable, this community sits patiently, waiting for the opportunity to bank out of their weight class.

An 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.

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.

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. Thank you for this opportunity.