Remarks by
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It's a distinct and unexpected honor to address the Urban Financial Services Coalition – an organization that's literally been responsible for changing the face of the industry that we serve in our various capacities.

As you know, I'm standing in for Sam Golden, the OCC's Ombudsman, who's grounded at home in Houston, doing his bit to ensure that our agency's operational continuity is safeguarded during the current national security alert. I know that Sam is very disappointed that he's not able to join you today, and I know how much you'd have enjoyed hearing from him. But I'll do my best not to let you – or Sam – down.

After visiting with many of you last night, I already feel as though I'm in the presence of friends. We share many of the same goals, and none is more important – or challenging -- than improving the state of financial literacy in our country.

There's no disputing that people who have been through well designed and well-executed financial education programs are more likely to make sound economic choices, now and in their future. They are more likely to own their own homes and to keep them, with all of the social and economic advantages that go with homeownership. They're more likely to accumulate assets and less likely to be burdened by excessive debt.

As former Treasury Secretary Paul O'Neill said, "Ownership, independence, and access to wealth should not be the privilege of a few. They should be the hope of every American. And financial literacy is an essential tool to make that hope a reality."

The students who are with us today as participants in the Coalition's asset-building program are taking important steps toward acquiring that tool – along with the skills to use it intelligently and productively.

When I was growing up on the streets of New York, financial literacy was something you picked up along the way -- like a good stickball swing. No one taught you how to do it, least of all in school. We learned how to handle money – to the extent we had any – and learned about making financial decisions from our parents and from watching others either succeeding or failing in their financial lives.

It was a hit-or-miss proposition. And many missed -- judging by the large numbers of people who might have possessed all the prerequisites for success, but who never had a chance to put them to use, for society's betterment and their own. That's because they were forever scrambling to pay the rent, put food on the table, and keep the bill collector at bay. I knew more than my share of people who fit that description, and I'm sure you did, too.

I was more fortunate. Although by no means affluent, my parents, neither of whom went to college, were my role models. They taught me the importance of education and discipline, self-confidence and humility, responsibility and modesty. They taught me to accumulate assets whose value would grow instead of more stuff that would never again be worth what it cost. Somehow – because I don't remember paying much conscious attention to their words – some of what they told me evidently sunk in.

Today we would call the advice my parents gave me a recipe for wealth building. But as logical as it seemed then and as logical as it still seems today, it's probably harder for young people to live up to that ideal amidst today's runaway materialism than it was when I was growing up and there was a lot less "stuff" to be had. Today the temptations to consume rather than save are everywhere.

On the other hand, as I mentioned, we didn't have the tools or the expertise available to us today, and in that respect, you who are still in high school have a leg up on us old-timers. It was not very long ago that "buyer beware" was the rule of the marketplace. Government assumed a very minimal rule in assuring fair play, and companies, including financial services companies, had only their consciences watching over them to keep them on the straight-and-narrow. For many, the lure of profit proved far stronger than the Golden Rule.

It's remarkable to reflect on how much has changed in this regard. First, financial institutions themselves have discovered the benefits – for themselves as well as for their customers – of taking a direct hand in sponsoring, organizing, and delivering financial literacy programs. According to surveys by the Consumer Bankers Association, nearly all banks contribute to the war on financial illiteracy in some way, with more than half serving as primary sponsors of the programs in which they participated.

I was delighted to see that national banks – those chartered and supervised by the OCC -- rank prominently on the list of the Coalition's sponsors, which means that they are also actively supporting the financial literacy activities that we're honoring at this luncheon. Such activities have not only helped millions of Americans become smarter financial consumers, they have earned the banking industry tremendous respect and good will. It should serve to remind us that altruism in combination with self-interest can be a potent force for good.

The role of government has also been decisively transformed. Today, agencies like the OCC are active agents in the effort to protect consumers from abusive business practices and to arm consumers with the information they need to make intelligent financial decisions for their own benefit.

At the OCC, we do this in various ways. We do it by enforcing the laws that bar unfair or abusive practices. We do it by ensuring that regulated institutions make clear and complete disclosure of the terms governing financial relationships, as provided by law and regulation.

We do it by providing consumers with outlets for resolving disputes with their banks. We do it by providing both positive and negative incentives to financial institutions to offer products and services that meet community needs. We do it by encouraging banks to participate in financial literacy programs, as described above. And, last but not least, we do it by participating in those financial literacy programs ourselves.

As an example of that participation, I would mention the OCC's contribution to the cause of financial literacy through our relationship – of which Sam Golden is the OCC's sponsor -- with the National Academy Foundation and its subsidiary Academy of Finance.

The NAF, for those of you who may not be familiar with its work, is a nonprofit dedicated to preparing young people for careers in the fields of finance, travel and tourism, and information technology. And not just any young people: ninety-five percent of the academies are located in inner city high schools.

The OCC's partnership with NAF – and we are one of only four Federal agencies to have formally entered into such a partnership – has been responsible for placing hundreds of students in internship opportunities at OCC offices around the country, as well as at the financial institutions that participate in the program. Those institutions are eligible to receive favorable consideration for their contributions under the Community Reinvestment Act.

But bankers tell us that currying favor with regulators is not the main reason why they participate in NAF programs. They do it because they believe it's good business to cultivate talented young people, to demonstrate their commitment to diversity, and to identify their employees of the future. I could not agree more. Good deeds and good business can go hand in hand.

Another way the OCC aids in the financial literacy effort is through our Customer Assistance Group, or CAG, which is co-located with the Office of the Ombudsman in Houston. The CAG's goal is to give national bank customers an impartial, sympathetic ear, and a place to turn when they have a problem or a complaint.

We often find that the problem is the result of simple misunderstanding, and when it is, we can usually facilitate a simple resolution. On other occasions, the bank may have failed to live up to its legal and regulatory responsibilities – usually inadvertently, but sometimes as a more deliberate matter. When that occurs, we instruct the bank to correct its practices. And when we see systematic patterns of neglect or abuse, we may make referrals to our examination and legal staff for follow-up action.

But the CAG serves another, less visible function that, to my mind, is just as important as the conflict- and dispute-resolution services we provide to bank customers.

Larger financial institutions often commission extensive (and expensive) market research to provide them with feedback on how well they're meeting their customers' needs. What comes back to them can be invaluable.

Yet the possibility of conflict of interest can never be ruled out. It stands to reason that if a bank has a serious customer relations problem, bank contractors and employees may not be the best sources to consult about it.

The CAG gives banks another piece of the puzzle – and gives it to them straight, unfiltered and unvarnished. Customer complaint data offer banks an opportunity to identify and address potential and existing problems, and thus to avoid the consequences of problems that go undetected and uncorrected.

To cite just one example, when banks fail to take customer dissatisfaction seriously, they face reputation risk that can cost them dearly in customers and in the revenue those customers generate. That would probably not have been so serious decades ago, when commercial banks were primarily in the business of making commercial loans.

But today, as you know, commercial banks depend on interest and non-interest income from retail banking products far more than ever before. Banks have to work to maintain and expand their retail customer base, and information supplied by the OCC and CAG can be of great value in that enterprise.

We find it gratifying that many national banks have taken these lessons to heart. Banks throughout the country are discovering that it's good business to keep customers satisfied, because satisfied customers are much less likely to become someone <u>else's</u> customers.

- It’s also good business to keep customers informed of changes in bank policies beyond minimum regulatory requirements.
- It’s good business for banks to train bank employees so that they’re able to provide clear explanations of bank policies when customers express confusion.
- It’s good business for banks to make good-faith attempts to evaluate customer complaints on their merits – especially when the cost of resolving the complaint to the customer’s satisfaction is less than the cost of fighting it.
- It’s good business for banks to go the extra mile – beyond what the laws and regulations require – to safeguard the privacy of customer information, to maintain service fees at reasonable levels, and to steer clear of products and services that might be viewed as abusive.
- And, once again, it’s good business for banks to join in the effort to make bank customers smarter consumers, through financial literacy programs.

Of course, while many banks have internalized these lessons, others haven’t, and the OCC has taken decisive action against those few bad actors that give the rest of the industry a bad name. Utilizing our authority under banking law and the Federal Trade Commission Act, we have taken action against a number of institutions that engaged in false or deceptive practices, requiring them to desist from those practices and to provide restitution ranging into the hundreds of millions of dollars to customers who were harmed by those practices.

Obviously, government has an important role to play in policing the financial services marketplace, and I think that the OCC, over its 140-year history, has fulfilled that responsibility with considerable distinction.

But government cannot be everywhere, and most of us wouldn't want it to be. Ultimately, in a free society, we depend upon individuals to make sound and rational choices in their own best interest. For that we depend on individuals having skills and knowledge equal to our increasingly complex and demanding society.

That's where each of you – and the Coalition – come in. Working together, with the government and the private sector each playing their respective parts, we can make giant strides toward improving the financial literacy of all of our citizens – and in so doing, help build a more prosperous and more productive America.

Thank you.