

House Resolution 827

By: Representative Harbin of the 118<sup>th</sup>

### A RESOLUTION

1 Creating the House Study Committee on Unbanked and Underbanked Consumers; and for  
2 other purposes.

3 WHEREAS, there is a substantial population of Georgia consumers that do not have access  
4 to traditional sources of consumer credit or financial services; and

5 WHEREAS, consumers that do not have or maintain traditional bank accounts are considered  
6 "unbanked"; and

7 WHEREAS, consumers that have impaired or inadequate credit files are considered  
8 financially "underbanked"; and

9 WHEREAS, estimates indicate that as many as 3 million Georgia consumers are considered  
10 to be unbanked or underbanked; and

11 WHEREAS, this constitutes approximately one out of every three adult Georgians; and

12 WHEREAS, the majority of financial institutions rely on the scoring system of the Fair Isaac  
13 Corporation (FICO) to determine the creditworthiness of consumers; and

14 WHEREAS, FICO scores range from a low of around 300 to a high of 850; and

15 WHEREAS, the Federal Deposit Insurance Corporation (FDIC) considers consumers with  
16 FICO scores of 660 and below to be "sub-prime" credit consumers; and

17 WHEREAS, Georgia has an average FICO score of 665; and

18 WHEREAS, federally regulated banks are limited in the amount of risk that can be  
19 undertaken in servicing consumers with FICO scores below 600; and

1 WHEREAS, the access to credit is a key enabler to wealth; and

2 WHEREAS, a consumer's FICO score affects many fundamental aspects of daily life; and

3 WHEREAS, the economic development potential of Georgia is limited by the large number  
4 of unbanked or underbanked consumers; and

5 WHEREAS, both the National Black Caucus of State Legislatures (NBCSL) and the  
6 Southern Christian Leadership Conference (SCLC) have adopted resolutions supporting  
7 increased access to financial services for unbanked and underbanked consumers.

8 NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES that  
9 there is hereby created the House Study Committee on Unbanked and Underbanked  
10 Consumers to be composed of five members of the House of Representatives to be appointed  
11 by the Speaker of the House of Representatives. The Speaker shall designate a member of  
12 the committee as chairperson of the committee. The chairperson shall call all meetings of  
13 the committee.

14 BE IT FURTHER RESOLVED that the committee shall undertake a study of the conditions,  
15 needs, issues, and problems mentioned above or related thereto and recommend any action  
16 or legislation which the committee deems necessary or appropriate. The committee's area  
17 of study shall include, but not be limited to:

18 (1) Providing a mechanism to transition and graduate consumers from sub-prime to prime  
19 credit scores in order for them to be able to accumulate wealth;

20 (2) Developing a new business model and set of regulatory policies and procedures to  
21 provide all Georgia consumers access to mainstream financial products;

22 (3) Requiring financial service organizations to report consumers' payment histories to  
23 major credit bureaus;

24 (4) Supporting a process to assist consumers in accessing financial literacy training; and

25 (5) Offering credit products to consumers that take into consideration an appropriate  
26 financial return related to the risks associated with extending financial services to unbanked  
27 and underbanked Georgia consumers.

28 The committee may conduct such meetings at such places and at such times as it may deem  
29 necessary or convenient to enable it to exercise fully and effectively its powers, perform its  
30 duties, and accomplish the objectives and purposes of this resolution. The members of the  
31 committee shall receive the allowances provided for in Code Section 28-1-8 of the Official  
32 Code of Georgia Annotated. The allowances authorized by this resolution shall not be

1 received by any member of the committee for more than five days unless additional days are  
2 authorized. The funds necessary to carry out the provisions of this resolution shall come  
3 from the funds appropriated to the House of Representatives. In the event the committee  
4 makes a report of its findings and recommendations, with suggestions for proposed  
5 legislation, if any, such report shall be made on or before December 31, 2007. The  
6 committee shall stand abolished on December 31, 2007.