

RESCINDED

OCC Bulletin 2020-25 | March 26, 2020

Outdated - Refer to OCC Bulletin 2020-54,
"Small-Dollar Lending: Interagency Lending
Principles for Offering Responsible Small-Dollar
Loans"

Small-Dollar Lending: Joint Statement Encouraging Responsible Small-Dollar Lending in Response to COVID-19

To

Chief Executive Officers of All National Banks, Federal Savings Associations, and Federal Branches and Agencies; Department and Division Heads; All Examining Personnel; and Other Interested Parties

Summary

The Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System, Consumer Financial Protection Bureau, Federal Deposit Insurance Corporation, and National Credit Union Administration (collectively, the agencies) today issued the "Joint Statement Encouraging Responsible Small-Dollar Lending in Response to COVID-19." The agencies recognize the potential for the coronavirus (also referred

to as COVID-19) to adversely affect the customers and operations of financial institutions. The agencies encourage financial institutions to offer responsible small-dollar loans to consumers and small businesses.

Note for Community Banks

The joint statement applies to community banks.¹

Highlights

In addition to the agencies' statements issued since March 9, 2020, encouraging financial institutions to meet the financial service needs of customers and work with borrowers affected by COVID-19,² the agencies recognize that responsibly offered small-dollar loans also can play an important role. For example, small-dollar loans can help customers meet their needs for credit due to temporary cash-flow imbalances, unexpected expenses, or income disruptions during periods of economic stress or disaster recoveries. Banks can offer such loans through loan structures that may include

- open-end lines of credit.
- closed-end installment loans.
- appropriately structured single payment loans.

For all products, banks should offer loans in a manner that is consistent with safe and sound practices, provides fair treatment of consumers, and complies with applicable laws and regulations, including consumer protection laws and regulations. Banks may consult with the OCC about small-dollar loan products that they offer or plan to offer to customers affected by COVID-19.

Further Information

Please contact Steven Jones, Director for Retail Credit Risk Policy, at (202) 649-6220, or Paul Reymann, Director for Consumer Compliance Policy, at (202) 649-5470.

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Related Link

- ["Joint Statement Encouraging Responsible Small-Dollar Lending in Response to COVID-19"](#) (PDF)

¹ The term "banks" refers collectively to national banks, federal savings associations, and federal branches and agencies of foreign banking organizations

² Refer to OCC News Release 2020-30, "Agencies Encourage Financial Institutions to Meet Financial Needs of Customers and Members Affected by Coronavirus"; OCC Bulletin 2020-19, "Pandemic Planning: Joint Statement on Community Reinvestment Act Consideration for Activities in Response to COVID-19"; and OCC Bulletin 2020-21, "Troubled Debt Restructurings: Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working With Customers Affected by COVID-19."

Topic(s): ■ CREDIT ■ RETAIL CREDIT