



**Remarks of Preeti Vissa, The Greenlining Institute
Capital One Financial Corporation's Proposed Acquisition of ING Bank, FSB**

*October 5, 2011
Federal Reserve Bank of San Francisco*

The Greenlining Institute would like to thank the Federal Reserve for giving the public a chance to weigh in on the Capital One acquisition of ING Bank.

Without your leadership, Californians will continue to be victims of Capital One, bleeding money to New York without any investments in return.

In a majority-minority state, corporations must meet the needs of and reflect the diversity of the consumers in the state.

Predatory credit card lending

Capital One is a credit card company masquerading as a bank and is now the largest subprime credit card lender in the US.

Californians do not need another large subprime lender. Capital One is notorious for targeting vulnerable borrowers, particularly within immigrant communities, with cards that have high interest rates and low credit limits. The moment consumers fall behind on their payments, Capital One piles on late fees and raises interest rates. As a result, cards that were meant to build credit end up destroying it.

A credit card company masquerading as a bank

While Capital One profits from selling our communities predatory credit cards, it refuses to make sustainable loans that help us secure assets like homes and small businesses. In fact, seventy-five percent of its 2010 income came from its credit cards.

A few examples: HMDA data for its assessment areas shows that a disproportionate portion of their home lending is to whites.¹ Even though Capital One has homeowners facing foreclosure in California, it is not enrolled in the Keep Your Home California Program. In 2010 Capital One cut its SBA lending by over 99%.²

No investment in California

¹ Taken from Capital One's 2010 HMDA data for the Washington D.C. metropolitan area.

² Rose Mandelbaum, "Big Banks Shrinking as S.B.A. Lenders," *New York Times*, August 10, 2011, <http://boss.blogs.nytimes.com/2011/08/10/big-banks-shrinking-as-s-b-a-lenders/>.

Capital One has more consumer credit card customers in California than in any other state—roughly 12% of its portfolio.³ Yet, it has no community reinvestment or philanthropic commitments here.

Capital One alleges that its lack of branches exempts it from any CRA obligations to our state. Furthermore, its credit card division was excluded from its last CRA exam. By hiding behind the limitations of CRA, Capital One has robbed California's communities of much-needed investment.

Do not be fooled by Capital One's \$180 billion community commitment. It is clear that this investment commitment is a cover for expanding its predatory consumer credit business. More than half of this commitment is simply more auto and credit card lending. And because Capital One has no plans to open branches in our state, there is no reason to believe that any home or small business loans or philanthropic investments will be made in California.

Stipulations

Capital One must demonstrate its commitment to California's communities of color before it is allowed to further expand its presence here. Greenlining demands that Capital One:

1. Develop a specific CRA plan for California, considering that they don't intend to build branches in the state;
2. Given that 12% of Capital One's market is in California, at least 12% of its national community commitment should go to California in the form of lending and investment – and *not* credit cards and subprime auto loans;
3. Do business with diverse owned businesses in California;
4. Devote at least 1% of its pre-tax profits towards providing credit repair programs for Californians who were driven into debt by Capital One's subprime credit cards; and
5. Diversity its board and management committee to reflect the diversity of California.

Conclusion

Greenlining sees no indication that this merger will benefit Californians unless drastic changes are made to Capital One's lending practices and reinvestment commitments. We urge the Federal Reserve to deny this merger until Capital One demonstrates that it truly is a responsible bank that invests in our communities.

³ Alan Fisher, "Stop the CapOne-ING Deal and Update CRA," *American Banker*, September 19, 2011, <http://www.americanbanker.com/bankthink/Capital-One-ING-deal-Hearings-CRA-1042328-1.html>.