



Meeting Minutes August 13, 2010

Council Members Present:

Cassandra Grayson
Deidre Newton
Doug Heinlen
Lou Buccino
Obdulio Piedra
Paul Auslander
Richard George

Not Present:

Dulce Suarez-Resnick
Dr. Liana Fox

Others Present:

Amanda Lewis, FFLC Staff Director, Department of Financial Services
Marion Mathes, Chief Executive Officer, BMG Money
Sofia Holtzman, Southern Strategy Group

Call to Order & Welcome

The Financial Literacy Council held a teleconference on Friday, August 13, 2010. The teleconference was called to order by Chairwoman Cassandra Grayson at 1:04 p.m.

Roll Call

Roll call was conducted by Amanda Lewis. Dr. Liana Fox and Dulce Suarez-Resnick were not present for the call.

Loans At Work

Marion Mathes, Chief Executive Officer with BMG Money conducted a presentation before the Council regarding a financial loan product that would provide fair and accessible credit to state employees.

BMG Money's product is designed to offer installment loans to state employees through payroll deduction repayment plans. Marion described in detail that steps that an employee would go through to secure a loan and provided comparisons to alternative financial products such as payday loans and other types of unsecured loans.

Marion concluded the presentation by indicating she was seeking an endorsement from the Council. To learn more about BMG Money click [here](#).

Question asked by Council Members following the presentation:

Q. Does BMG has direct competition?

A. Marion indicated that while there are financial institutions that offer various products there is no direct competitor in the unsecured loans through payroll deduction market.

Q. Can you provide addition information regarding the financial literacy side of the program?

A. Marion indicated that there were several financial literacy components.

1. A credit/budgeting 101 course regarding the basics of borrowing which could be completed using an online tutorial or through in person presentations at the worksite.
2. Within the loan application there is a budgeting worksheet the employee would complete to determine if the loans desired is within their budget.
3. While BMG Money does not pull a credit report to underwrite the loan, it does report the loan activity to the credit bureaus and would educate employees about credit scoring.
4. By using payroll deduction the product promotes savings. Once the loan is satisfied the employee would be encourage to set aside the payment amount into a savings account.

Q. What happens if the employees changes jobs and is no longer employed by the state?

A. Marion indicated a payment plan would be set up with the employee. The state would not assume any liability for the loan.

Q. Is the financial literacy education payment offered in Brazil?

A. Marion indicated that she was unsure, but would check and provide the Council with that information.

Q. Is BMG Money working with the federal government?

A. Marion indicated that they are interested in doing so in the future, however at this time they are concentrating their efforts on Florida as a starting point and would like to extend the program to other states as well as municipalities and county governments.

Q. BMG Money does not pull a credit report on the front end, can it help repair a consumers credit?

A. Marion said yes, BMG Money will report payment and final payoff to credit agencies.

Q. What is BMG Money's next steps?

A. Marion indicated that she is in the process of conducting preliminary meetings with all state agencies in Florida and has follow-up meetings scheduled with many of them. Feedback from the agencies has been positive.

Open Discussion

Following the presentation by Marion Mathes, the Council discussed the product and service offered by BMG Money. The Council requested to receive statistical information related to the use of the product in Brazil and Mexico as well as how the product/services is marketed.

The Council was also interested in research related to the Virginia State Employee Loan Program as well as other programs that states across the county may be using.

The Council discussed Marion Mathes' request for an endorsement. The Staff Director noted that the Council has not historically endorsed a specific product or company in the past, rather has recognized organizations through the annual Champion of Financial Literacy award. This topic was tabled until additional information and research is provided.

Doug Heinlen shared information a fact sheet with the Council regarding Social Security.

Adjournment

The meeting was adjourned by Chairwoman Cassandra Grayson at 2:11 p.m.