



BANKING ON THE UNBANKED AND UNDERBANKED:  
BANKING DEVELOPMENT DISTRICTS IN NEW YORK

May 15, 2008

*benefiting banks : enriching communities*



The presence of a local, full-service bank branch can help provide the products and services necessary to:

- Stimulate local economies by enhancing access to capital for local businesses;
- Promote long-term economic development;
- Foster job creation; and
- Promote community stabilization and revitalization.

Greater access to banking services encourages New Yorkers who may not have banking relationships to become part of the financial mainstream, resulting in:

- Less reliance on more expensive, alternative financial service providers, such as check cashers;
- A trusted vehicle for savings and asset building; and
- Better access to financial information/education and appropriate credit & mortgage products.



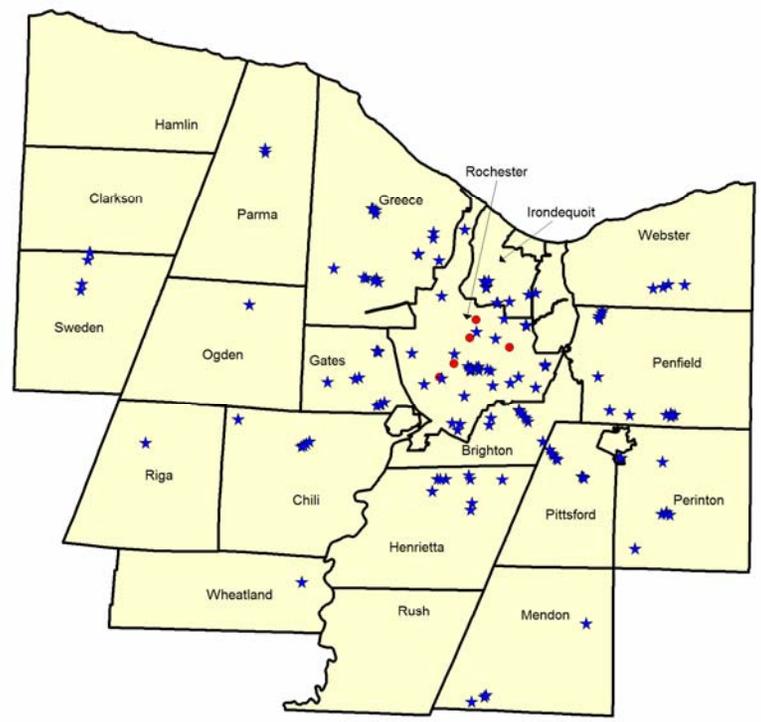
## Number of Bank Branches in Monroe County – By City

<b>Branches in Monroe County as of June 30, 2007</b>	
<i>by City</i>	
<b>City</b>	<b>Number of Branches</b>
Rochester	35
Gates	10
Irondequoit	13
Penfield	15
Greece	18
Brighton	9
Henrietta	9
Riga	1
Perinton	13
Pittsford	8
Webster	5
Chili	6
Mendon	4
Sweden	4
Clarkson	1
Parma	2
Ogden	1
Wheatland	1
<b>Total</b>	<b>155</b>

Source: FDIC Summary of Deposits, June 30, 2007

## Bank Branches and Check Casher Locations\* in Monroe County, New York

*by city*



- Check Casher
- ★ Bank Branch
- City boundary

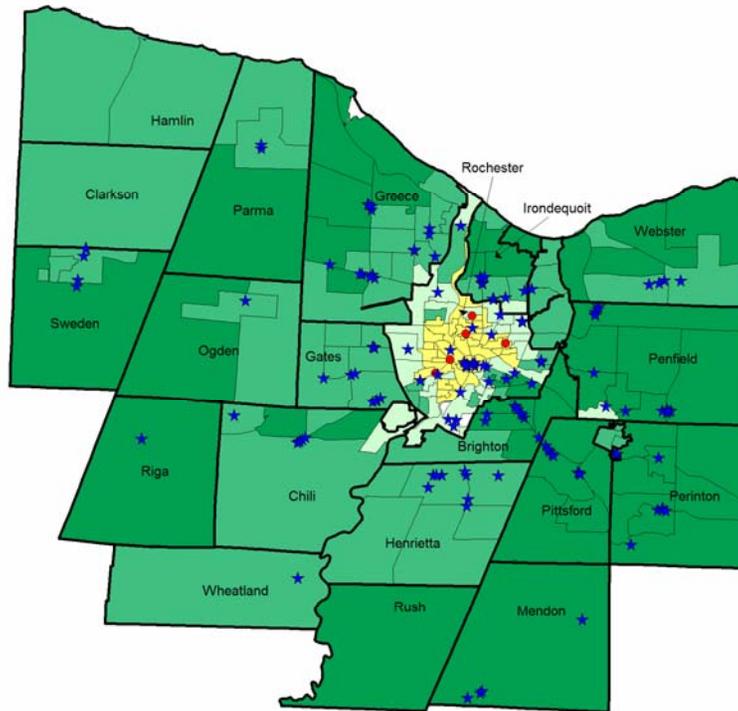
\*Reflects branches as of June 30, 2007 and check cashers as of April 1, 2008.

New York State Banking Department  
Consumer Services Division

Data Sources:  
Check Cashers: NYSBD  
Income Data: 2000 U.S. Census  
Bank Branches: FDIC Institution Directory  
Census Tracts: NYC Dept. of City Planning

## Bank Branches and Check Casher Locations\* in Monroe County, New York

*census tracts by income*



- Upper Income
- Middle Income
- Moderate Income
- Low Income
- NA



New York State Banking Department  
Consumer Services Division

- Check Casher
- Bank Branch
- City boundary

Data Sources:  
 Check Cashers: NYSBD  
 Income Data: 2000 U.S. Census  
 Bank Branches: FDIC Institution Directory  
 Census Tracts: NYC Dept. of City Planning

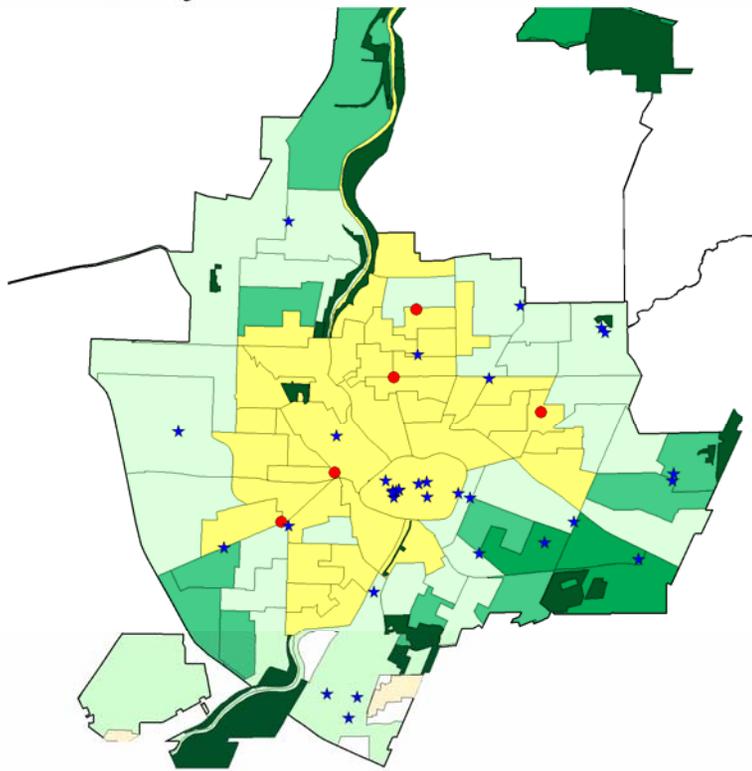
\*Reflects branches as of June 30, 2007  
and check cashers as of April 1, 2008.



# Bank Branching Patterns in the City of Rochester – Overlaid with Income

## Bank Branches and Check Casher Locations\* in Rochester, New York

*census tracts by income*



- Upper Income
- Middle Income
- Moderate Income
- Low Income
- NA



New York State Banking Department  
Consumer Services Division

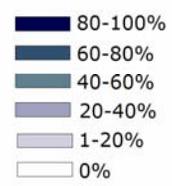
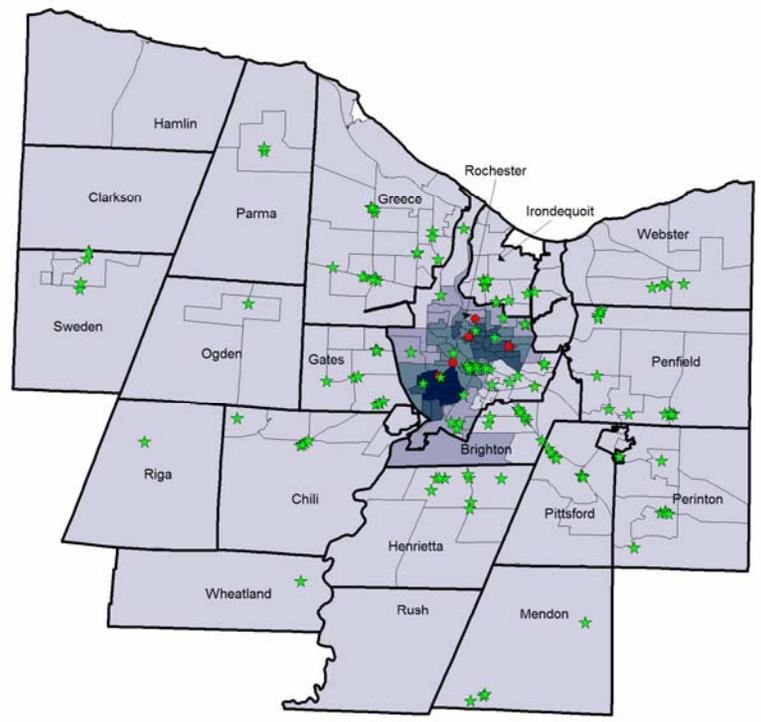
- Check Casher
- ★ Bank Branch
- Green Space

\*Reflects branches as of June 30, 2007  
and check cashers as of April 1, 2008.

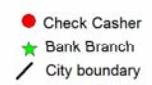
Data Sources:  
Check Cashers: NYSBD  
Income Data: 2000 U.S. Census  
Bank Branches: FDIC Institution Directory  
Census Tracts: NYC Dept. of City Planning

## Bank Branches and Check Casher Locations\* in Monroe County, New York

*census tracts by minority composition*



New York State Banking Department  
Consumer Services Division



Data Sources:  
Check Cashers: NYSBD  
Racial Data: 2000 U.S. Census  
Bank Branches: FDIC Institution Directory  
Census Tracts: NYC Dept. of City Planning

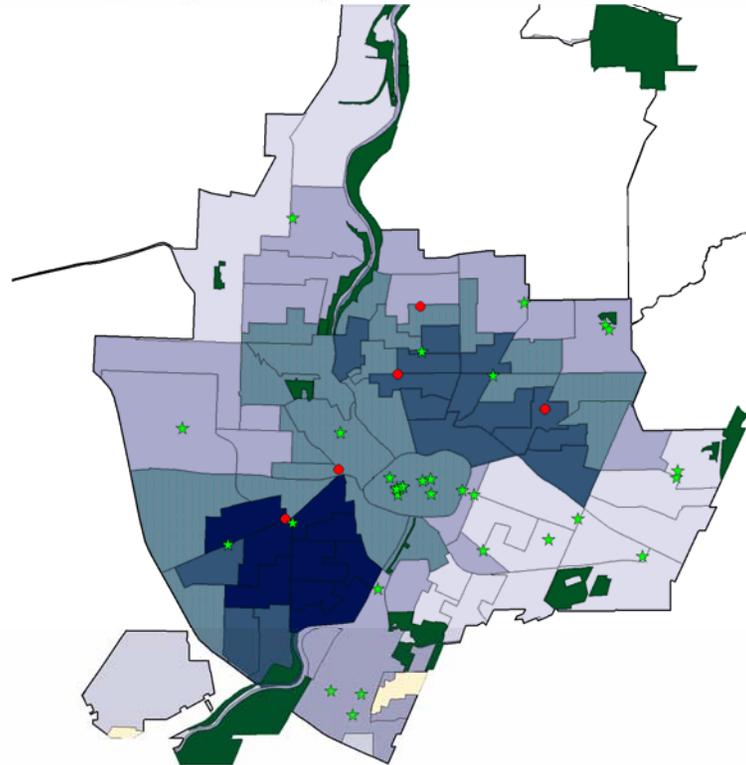
\*Reflects branches as of June 30, 2007  
and check cashers as of April 1, 2008.



# Bank Branching Patterns in the City of Rochester – Overlaid with Race

## Bank Branches and Check Casher Locations\* in Rochester, New York

*census tracts by minority concentration*



- 80-100%
- 60-80%
- 40-60%
- 20-40%
- 1-20%
- 0%



New York State Banking Department  
Consumer Services Division

- Check Casher
- Bank Branch
- Green Space

\*Reflects branches as of June 30, 2007  
and check cashers as of April 1, 2008.

Data Sources:  
Check Cashers: NYSBD  
Racial Data: 2000 U.S. Census  
Bank Branches: FDIC Institution Directory  
Census Tracts: NYC Dept. of City Planning



## What are Banking Development Districts (BDDs)?

- Legislature created the Banking Development District program in 1999 by enacting Banking Law section 96-d. The BDD program was designed to encourage the establishment of bank branches in areas with a demonstrated need for banking services.
- There are two types of BDDs:
  - 1) Bank Proposed BDDs – areas identified by banks as under-served or under-banked.
  - 2) Enriched BDDs – areas identified by the Banking Department as under-served or under-banked. Banks that locate in these areas are ensured a full menu of state and local incentives and resources.



# Enriched BDD Incentives

<p><b><i>Access to Below Market Public Funds</i></b></p>	<p>More than \$100 million in public funds is available for deposits in new BDD branches.</p> <p><b>City Level</b> (\$ amounts from recent BDDs):</p> <ul style="list-style-type: none"> <li>- The maximum below market rate deposit for any BDD branch is \$10 million with the interest rate set at 50 basis points below market rate with a floor of 50 basis points on a two-year basis.</li> </ul> <p><b>State Level:</b></p> <ul style="list-style-type: none"> <li>- Negotiated directly with State Comptroller’s Office.</li> </ul>
<p><b><i>Real Property Tax Breaks</i></b></p>	<p>Real property used for the bank branch may be exempt from taxation and special <i>ad valorem</i> levies for a period of ten years.</p>
<p><b><i>Municipal deposits and other deposits</i></b></p>	<p>BDD Savings bank branches can <b>receive municipal deposits</b>.</p>
<p><b><i>CRA Consideration</i></b></p>	<p>Banks will receive highly <b>favorable CRA consideration</b> for branches in BDDs.</p>
<p><b><i>Real Estate Assistance</i></b></p>	<p>Staff from the NYC Department of Small Business Services, the Empire State Development Corporation and NYC Housing Authority will <b>help banks locate suitable commercial space</b> for branches.</p>
<p><b><i>New York City Tax Incentives</i></b></p>	<p>BDD branches may qualify for <b>New York City’s Commercial Expansion Program (CEP)</b>, a package of tax benefits designed to help qualified businesses to relocate and expand in Expansion Areas in New York City.</p>
<p><b><i>Empire Zone Benefits</i></b></p>	<p>If a BDD branch falls within the boundaries of a NYS Empire Zone, a set of financial incentives may be available including <b>job credits and sales tax and property tax exemptions</b>.</p>
<p><b><i>Workforce development</i></b></p>	<p><b>Customized training</b> may be developed for tellers, back-office/administrative staff, information technology, security and other select job categories.</p>
<p><b><i>Financial Education</i></b></p>	<p>NYS Banking Department will link a BDD branch with organizations providing financial education and facilitate contacts with community groups.</p>



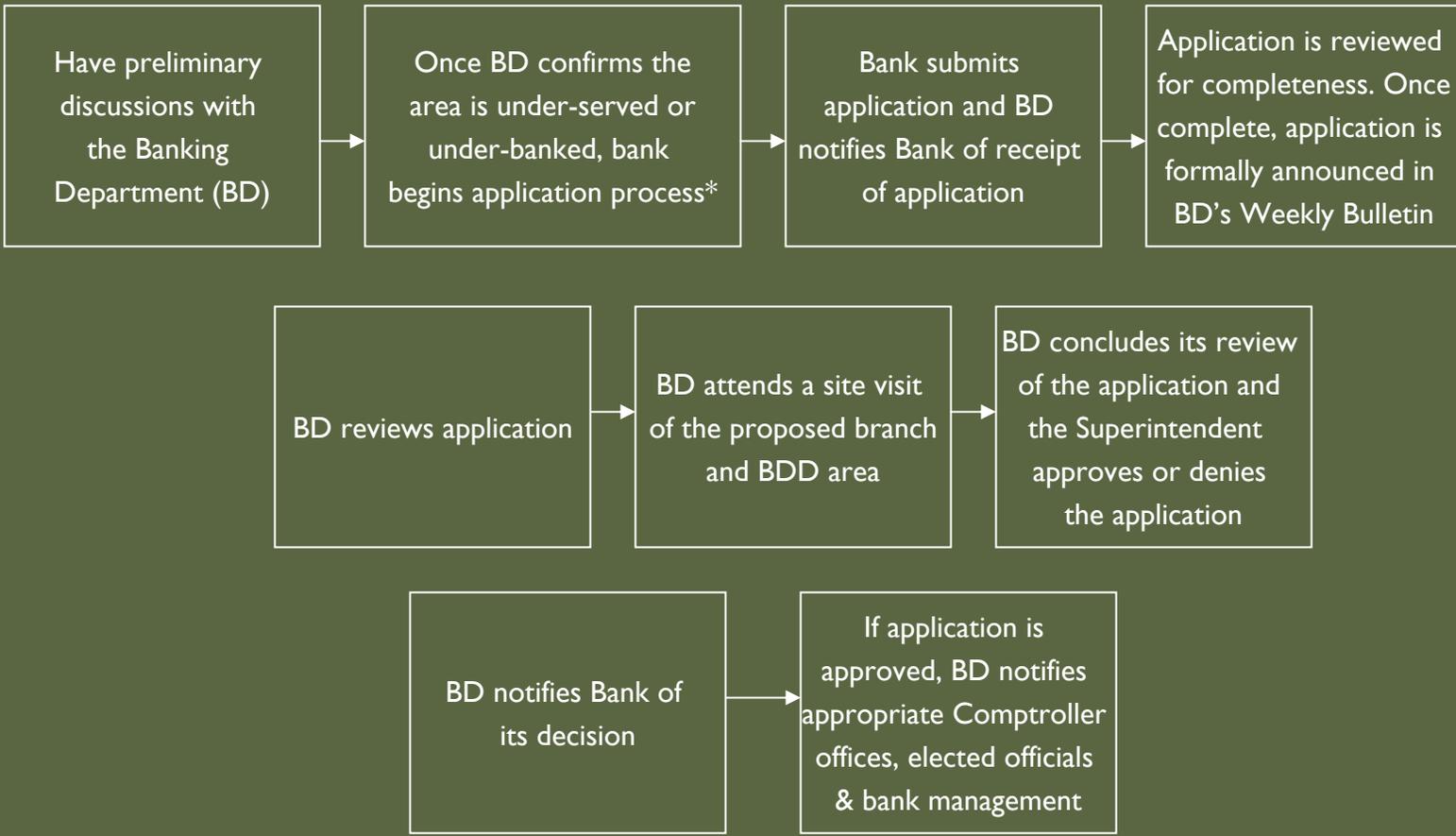
- In order to receive a BDD or Enriched BDD designation a bank must complete an application in partnership with a local government (e.g. county, town, city or village)
- At a minimum, applicants **MUST**:
  - 1) clearly define the current and anticipated bank product and service needs of the community;
  - 2) demonstrate that these needs are not currently being met by other nearby institutions; and
  - 3) show that by coming into the community, the institution in question is prepared to specifically meet these unmet needs.

*The enriched BDD application process differs from the Bank Proposed BDD application process because the Banking Department identifies the under-banked and under-served areas and then encourages banks to establish a branch in that area.. However, the Bank Proposed BDD requires the Bank to identify under-served and under-banked areas.*

Application can be downloaded from the Banking Department Website  
<http://www.banking.state.ny.us/bddkit.pdf>



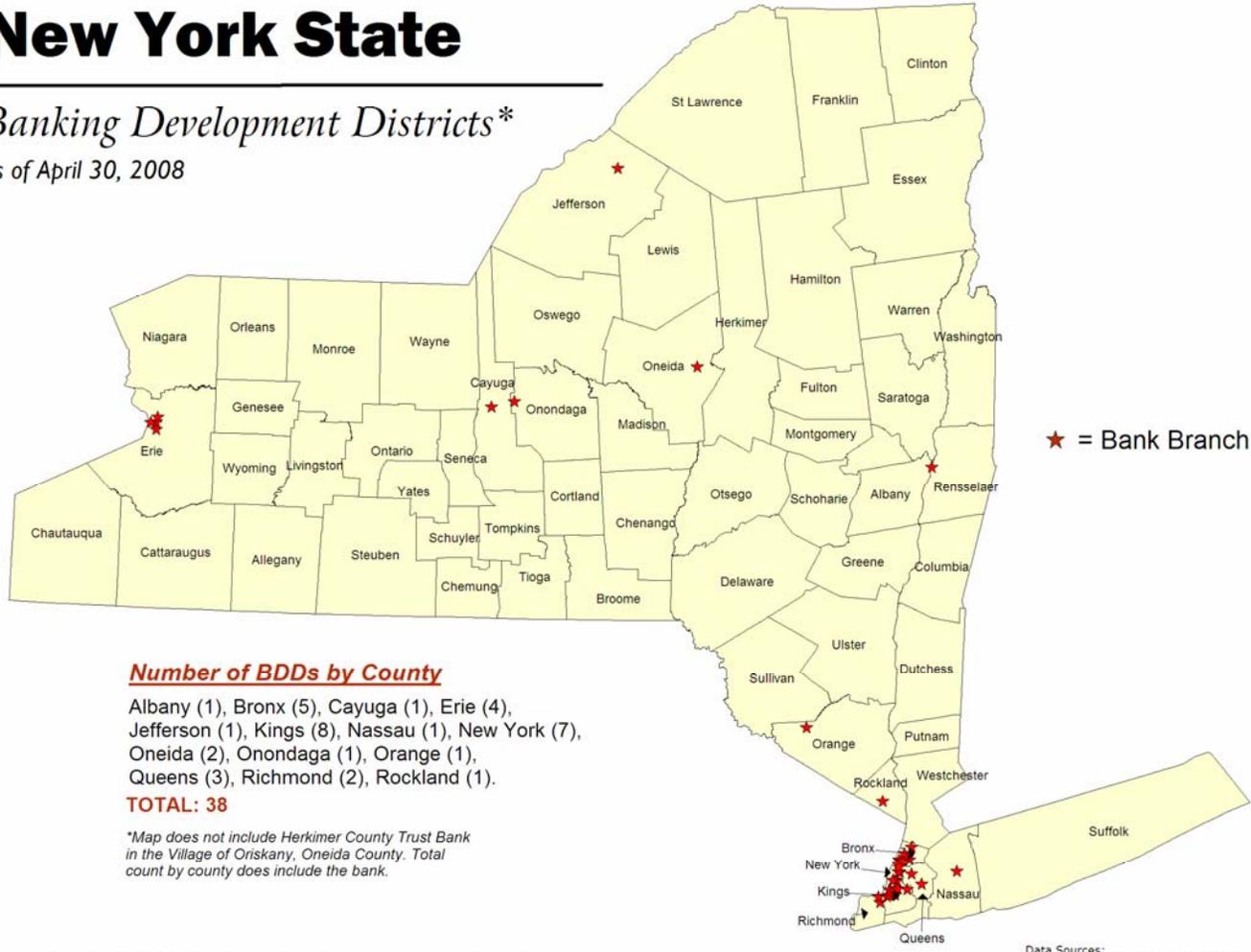
# BDD Application Process



## New York State

### Banking Development Districts\*

As of April 30, 2008



#### Number of BDDs by County

Albany (1), Bronx (5), Cayuga (1), Erie (4),  
 Jefferson (1), Kings (8), Nassau (1), New York (7),  
 Oneida (2), Onondaga (1), Orange (1),  
 Queens (3), Richmond (2), Rockland (1).

**TOTAL: 38**

*\*Map does not include Herkimer County Trust Bank in the Village of Oriskany, Oneida County. Total count by county does include the bank.*

- NYC: 25
- Buffalo: 4
- Other: 9



## What's in it for the Banks?

- Public deposits – the State Comptroller's Office provides upwards of \$10 million in subsidies and/or at-market agency deposits.
- Other public incentives aimed at lowering operating expenses (such as CRA credit, access to workforce development and customized training for employees, real estate assistance, Empire Zone Benefits, real property tax breaks).
- Coordinated educational and community outreach services to facilitate relationships in the community.

## What's in it for the Communities?

- Local, easily accessible full-service bank branches with regular (and often extended) hours.
- Bank products: savings accounts, basic checking accounts, electronic transfer accounts, electronic access accounts, ATM cards.
- Credit services: CDs, small business loans, credit cards, auto/personal mortgage/equity loans.
- Ancillary services: check cashing, money orders, money transfer, bill payment.



- In 2007, BDD branches throughout New York opened more than 14,000 new bank accounts (35% of which were savings accounts and 37% were checking accounts).
- BDD branches made more than \$126 million in mortgage, construction, personal loans and community development lending.
- BDD branches are actively engaged in the community, providing financial literacy services, supporting community development activities and providing grants and financing to local community based organizations.
- **Examples of services BDD branches are providing:**
  - One BDD branch is partnering with the NYC Housing Authority (NYCHA) to offer special and affordable banking products and services to NYCHA residents and employees. One of those services will enable unbanked individuals to pay their rent to NYCHA through the BDD branch – at no cost.
  - One BDD branch has an in-house Merrill Lynch Financial Advisor for its customers. The Advisor discusses strategies for planning for college, retirement, and other financial goals. In addition, the branch organizes street teams within the community to inform residents and businesses about the Bank's services and products.



The Banking Department is interested in doing the following to further enhance the **BDD Program**:

- **BDD Survey**
  - The Banking Department is in the process of distributing surveys to the BDD branches to get feedback on their experience.
  
- **Create more Enriched BDD designations**
  
- **Establish Working Groups in the 10 regions of the state**
  - Capital Region
  - Central NY
  - Finger Lakes
  - Long Island
  - Mid-Hudson
  - Mohawk Valley
  - New York City
  - North Country
  - Southern Tier
  - Western NY



# QUESTIONS

Contact: Akua Soadwa

[Akua.Soadwa@banking.state.ny.us](mailto:Akua.Soadwa@banking.state.ny.us)

212-709-1681

Or Visit: [www.banking.state.ny.us/bdd.htm](http://www.banking.state.ny.us/bdd.htm)