
Prepaid Cards & Financial Services in Low Income Communities

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NEDAP

NEDAP is a resource and advocacy center that works with hundreds of NYC groups to:

- ❖ **Promote community economic justice**
 - ❖ **Eliminate discriminatory economic practices** that harm communities and perpetuate inequality and poverty
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HIGH-COST & FRINGE SERVICES

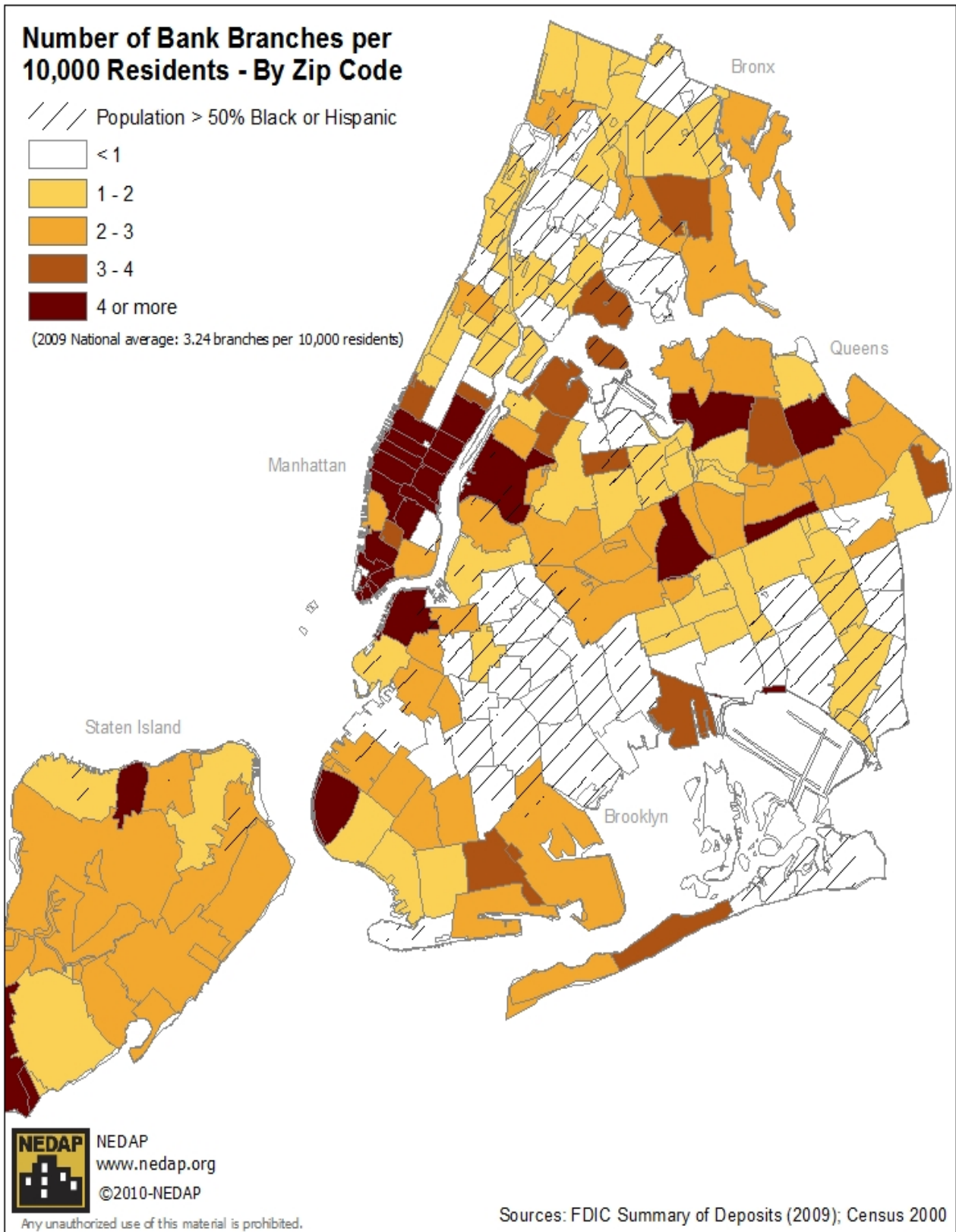


NEDAP OUTREACH & EDUCATION



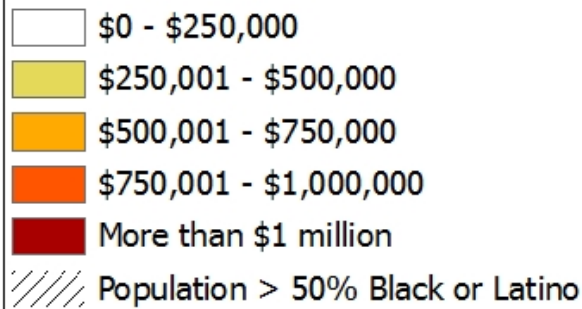
Absence of Bank Branches in Communities of Color

New York City (2009)

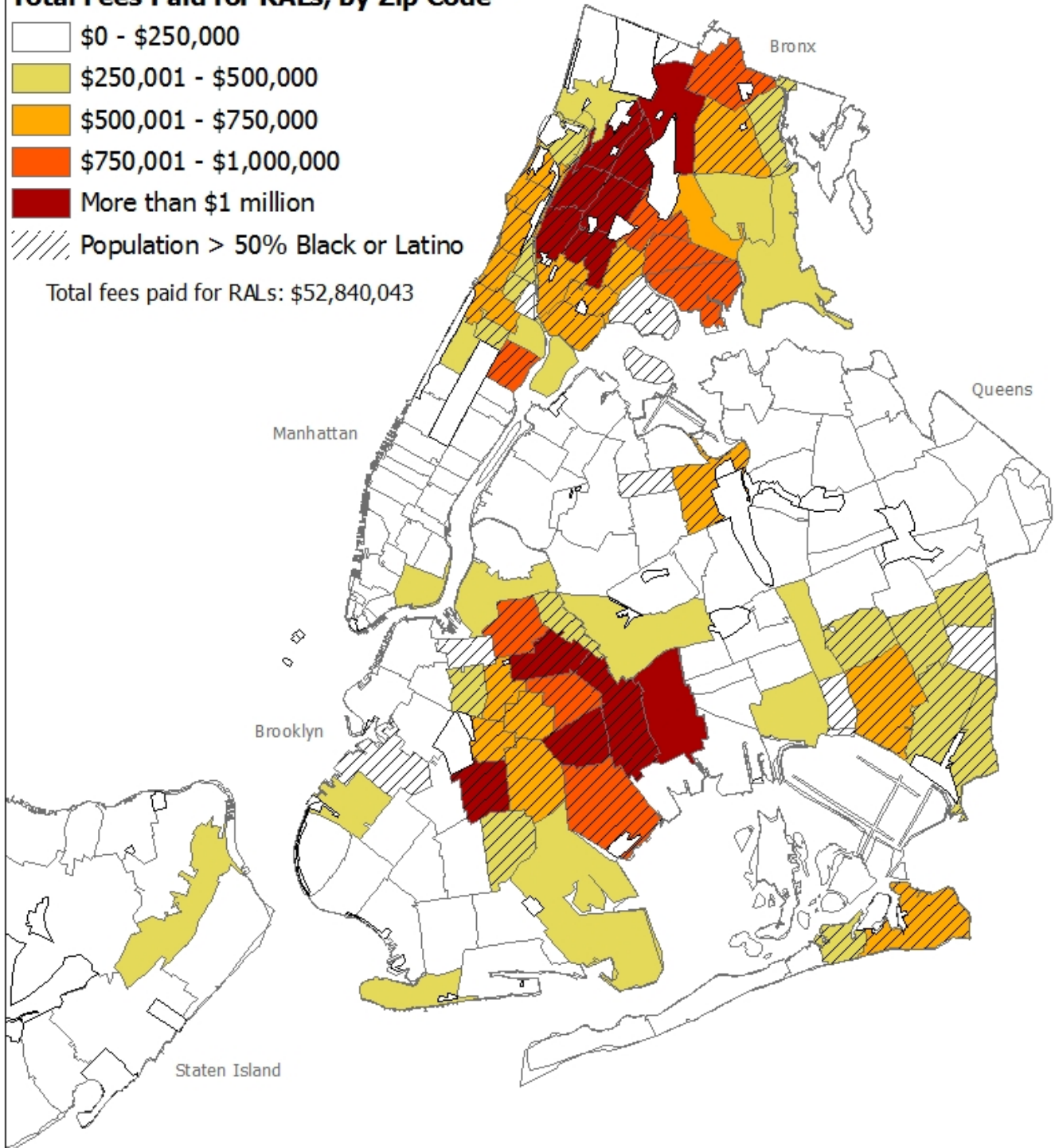


Fees Paid for Refund Anticipation Loans New York City (2008)

Total Fees Paid for RALs, by Zip Code*



Total fees paid for RALs: \$52,840,043

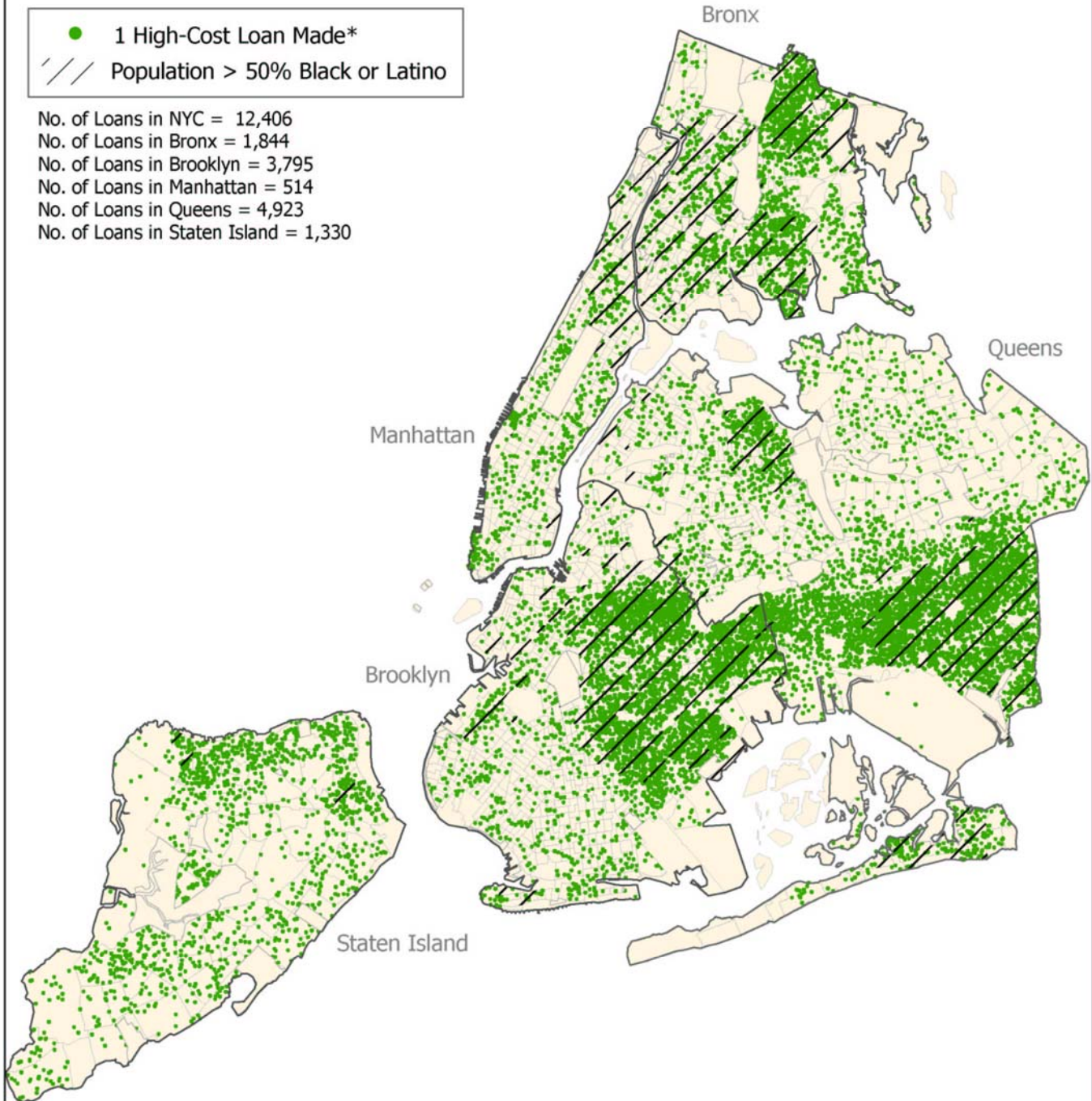


HIGH-COST LOANS MADE - 2007

New York City

- 1 High-Cost Loan Made*
- /// Population > 50% Black or Latino

No. of Loans in NYC = 12,406
No. of Loans in Bronx = 1,844
No. of Loans in Brooklyn = 3,795
No. of Loans in Manhattan = 514
No. of Loans in Queens = 4,923
No. of Loans in Staten Island = 1,330



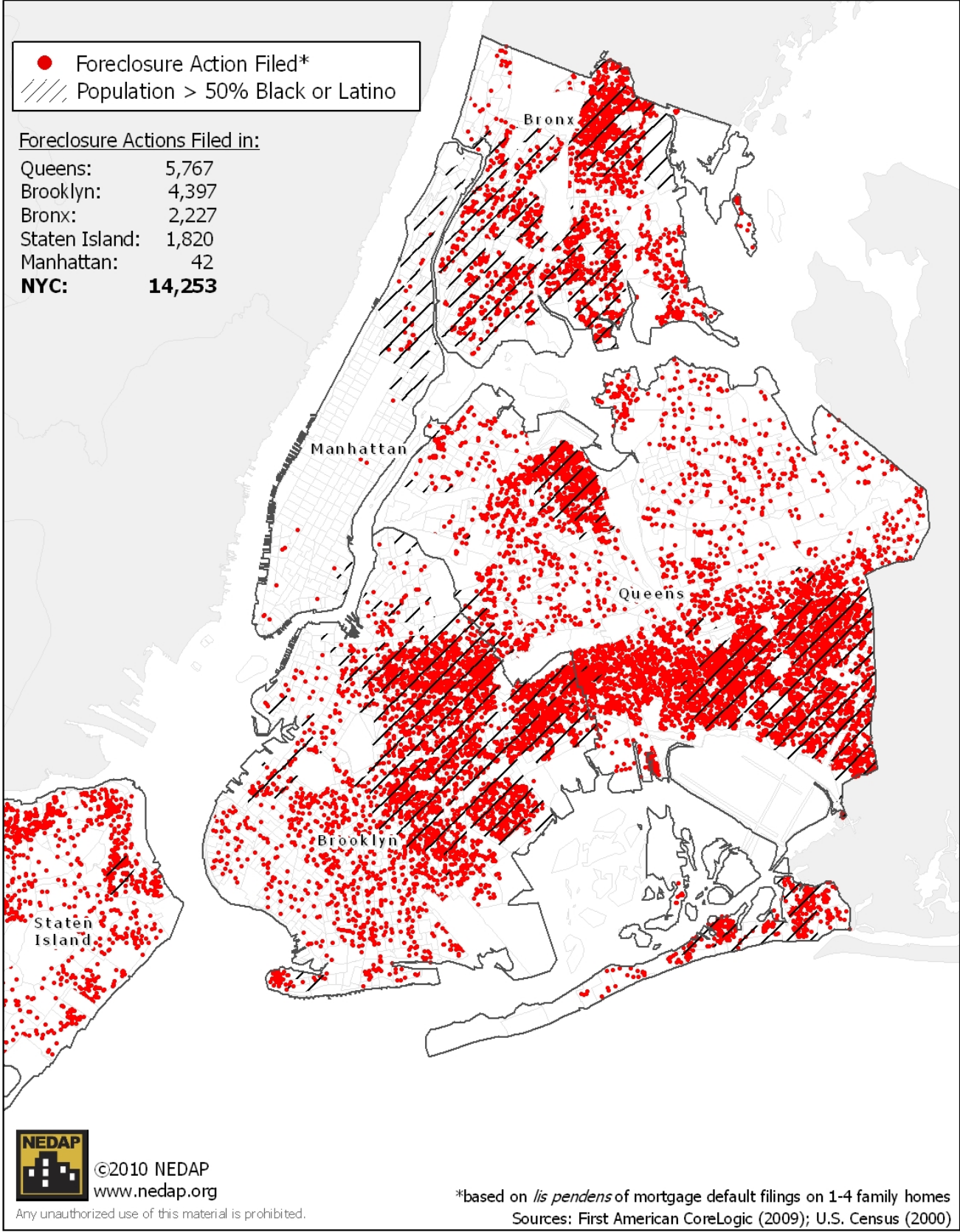
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*Refers to first-lien home purchase or refinance loans on owner occupied 1-4 family homes with APRs of 3% or more than Treasury securities of comparable maturity.
Sources: HMDA (2007); Census 2000

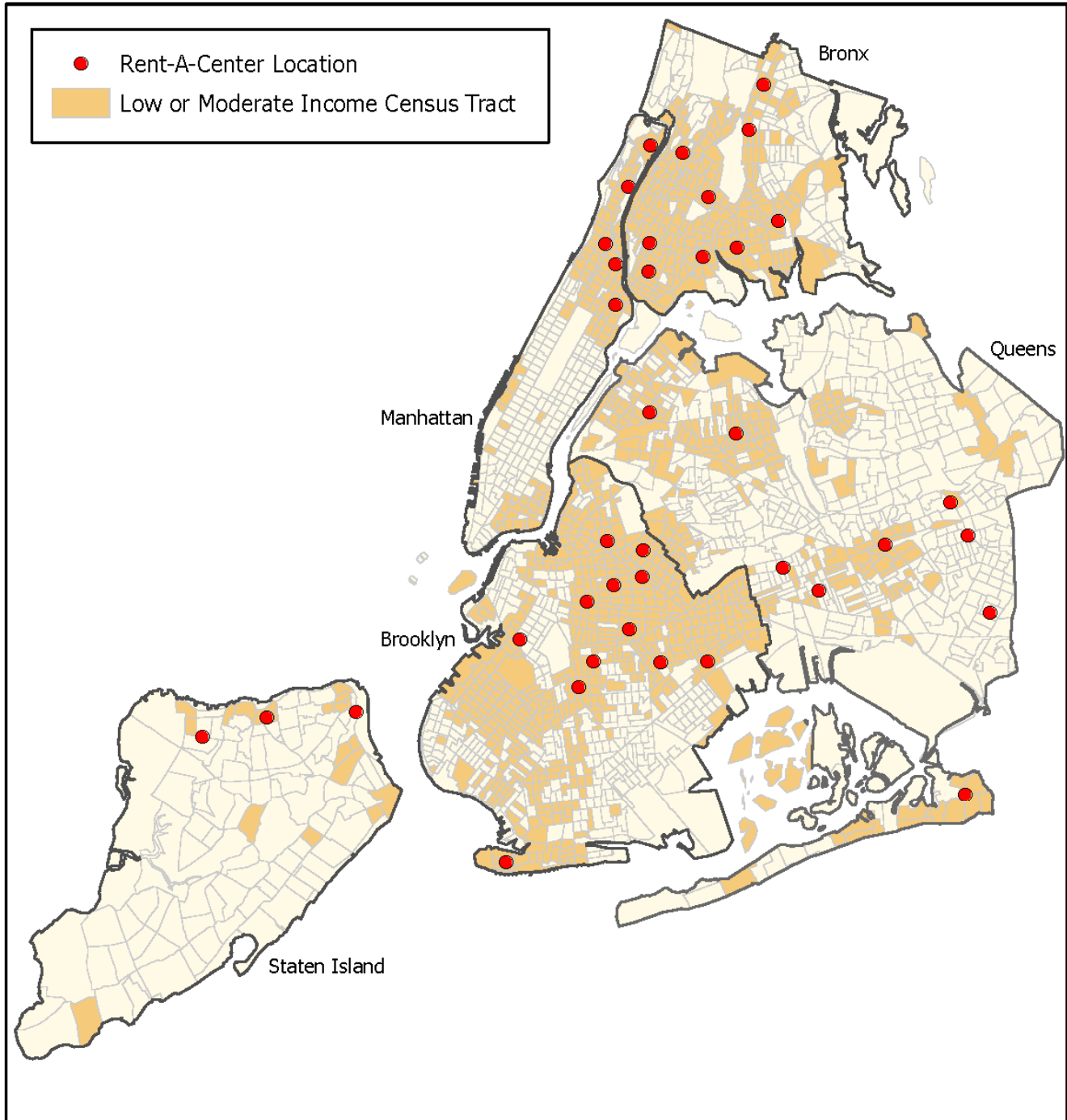
Foreclosure Patterns - 2009

New York City



Rent-A-Center Store Locations

New York City



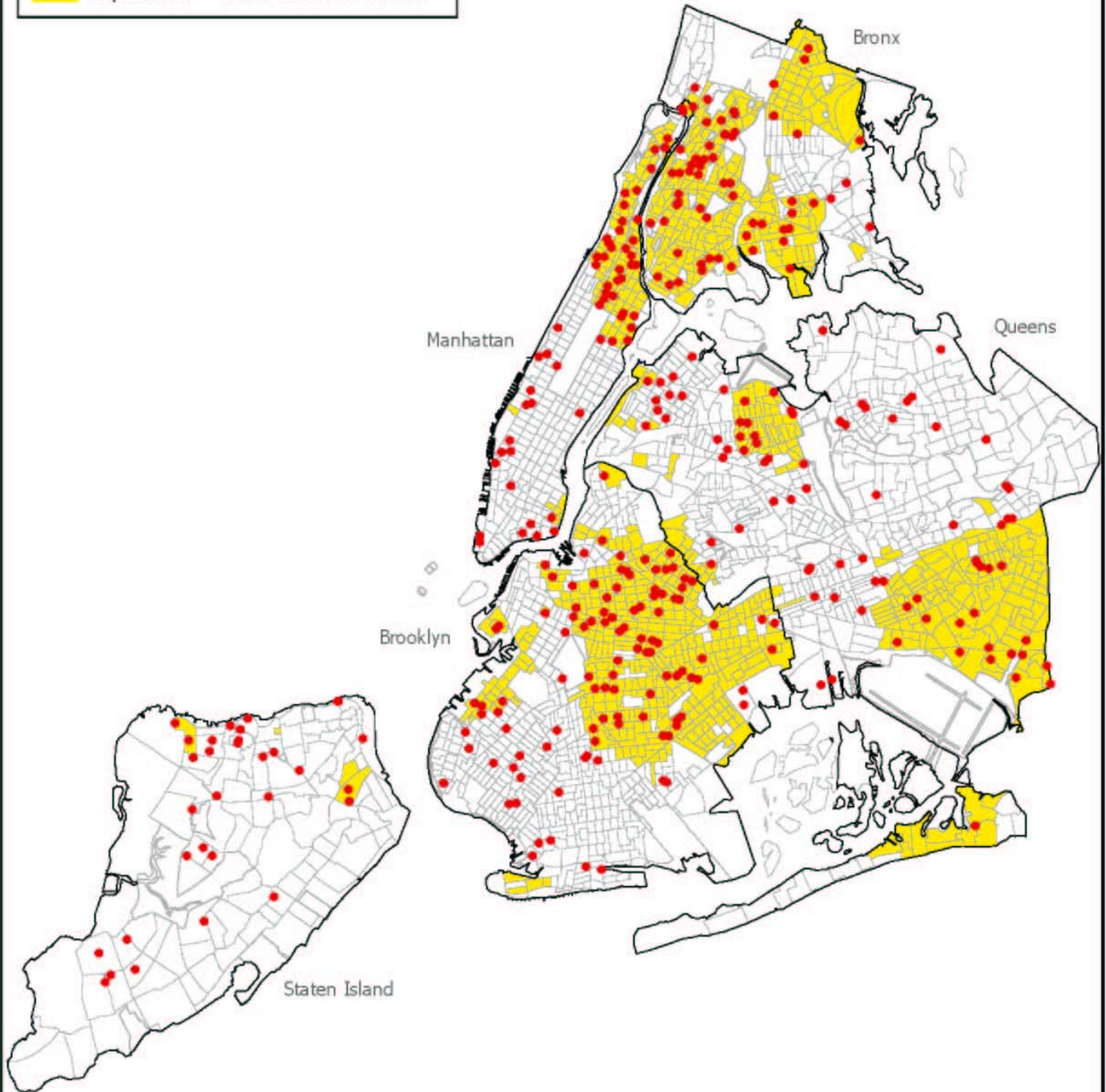
Prepared by the Neighborhood Economic Development Advocacy Project (NEDAP)
(212) 680-5100 | www.nedap.org

Sources: U.S. Census (2000); Rent-A Center. 14 Jan 2009 <www.rentacenter.com>.

Low or Moderate Income (LMI): Census tract median income = 0-80% of all metropolitan area median income.

Debt Buyer Lawsuits in Communities of Color New York City

- One Person Sued by a Debt Buyer*
- Population > 50% Black or Latino



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*Based on a stratified sample of 365 debt buyer lawsuits filed between 2006 and 2008. 81.4% of the lawsuits resulted in default judgments.

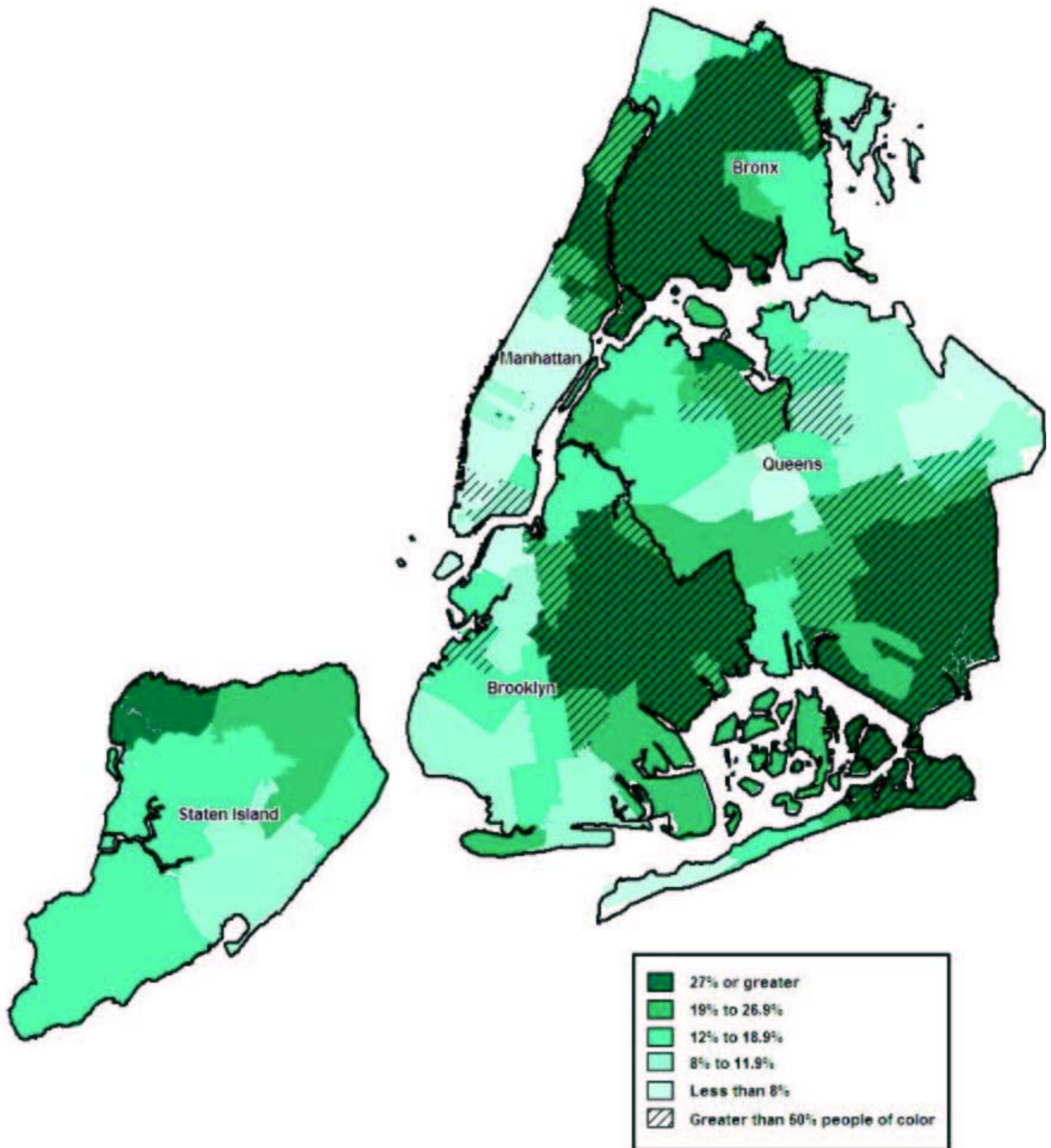
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Data Sources: NYC Civil Court Records; U.S. Census (2000)

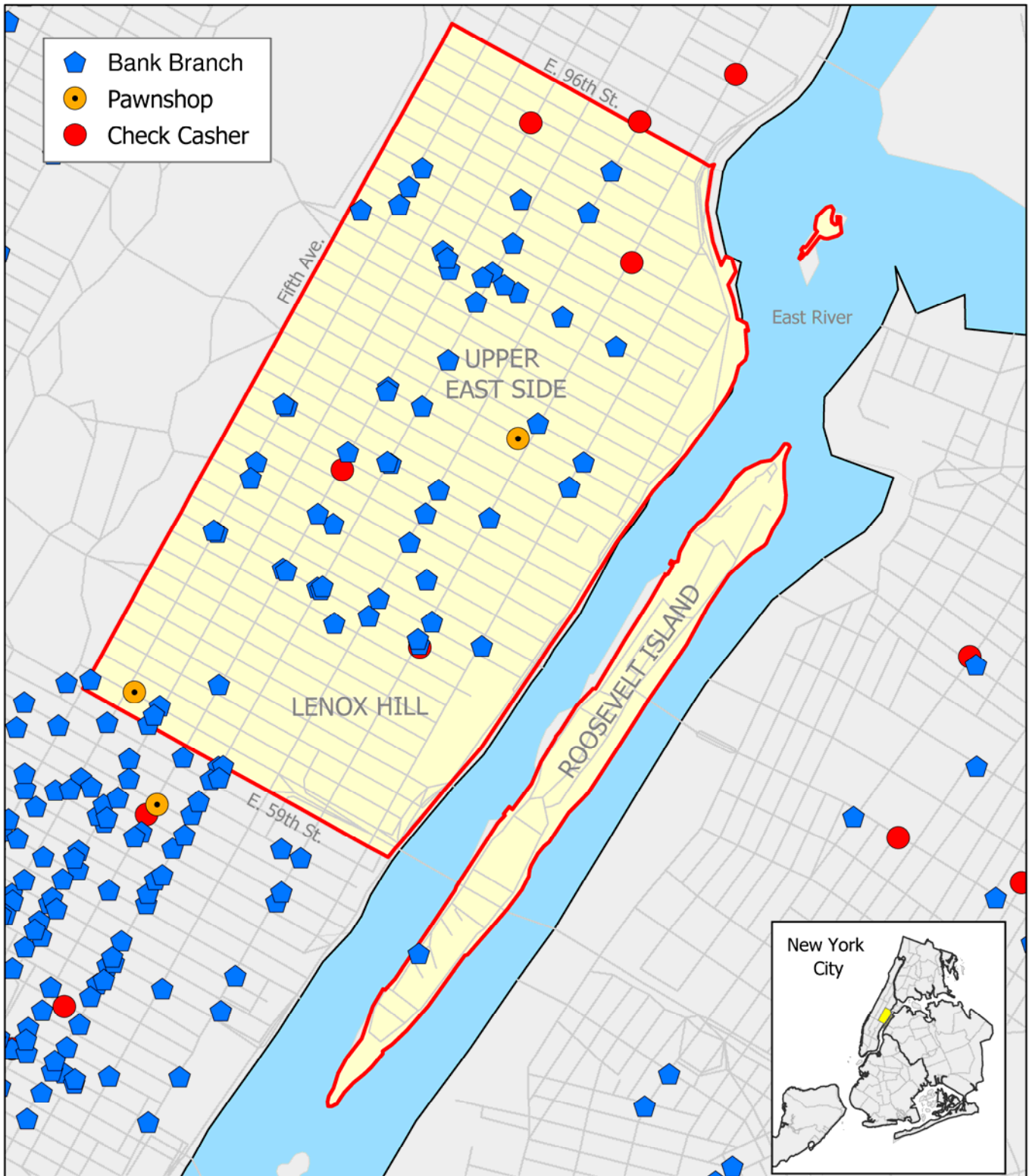
Percent of Individuals in New York City Zip Codes with a Credit Score Below 620

(June 30, 2009)

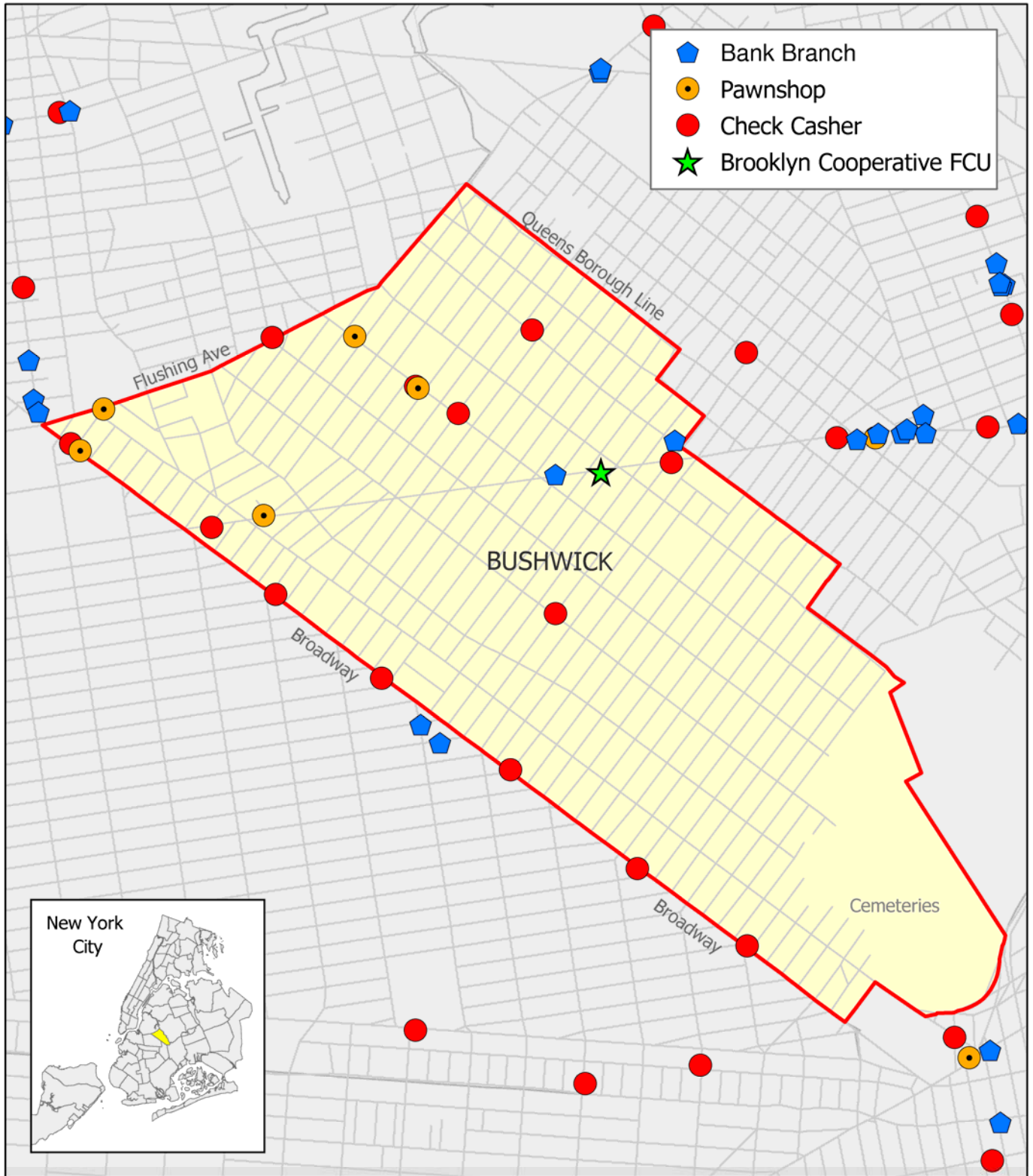
- Woodstock Institute



Financial Institutions Upper East Side, Manhattan



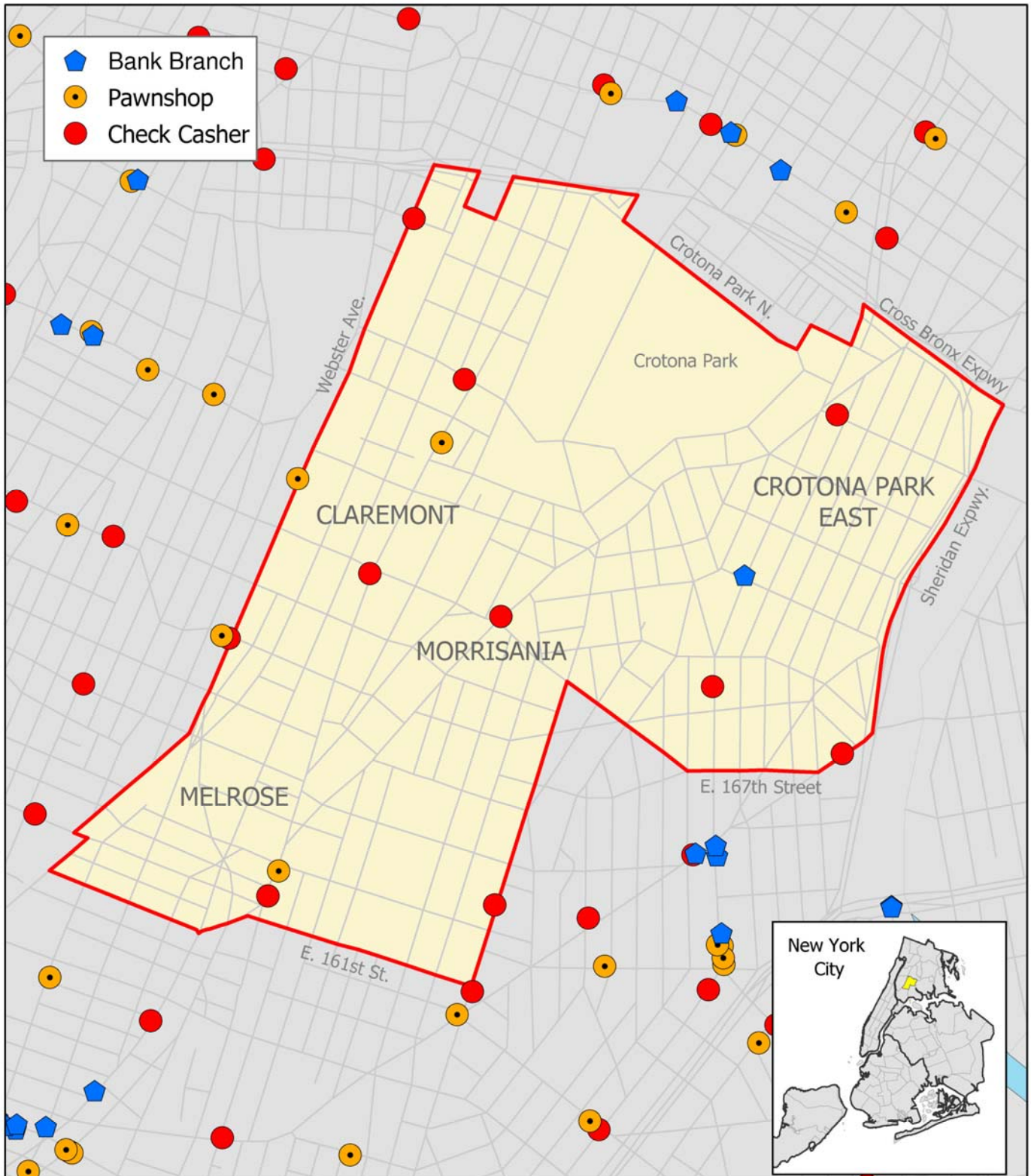
Financial Institutions Bushwick, Brooklyn



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Sources: FDIC Summary of Deposits (2008); NYS Banking
Department (July 2009); NYC Dept. of Consumer Affairs (June 2009)

Financial Institutions Community District 3, Bronx



Concerns about Prepaid Debit Cards

- Consumer Protection – Reg E, FDIC Insurance
 - High, Hidden, Unfair Costs
 - Transparency
 - Poor customer service
 - Equity
 - Choice
 - Steering – young people, immigrants, poor
 - Payday lending through cards
 - No continuum of needed services, information
 - Bank Accountability
 - Community Reinvestment
 - Shifting costs to workers, benefits recipients
-

Concerns about Prepaid Debit Cards (cont'd)

- Are prepaid cards a payment tool, or an equitable substitute for bank/credit union accounts?
 - Are prepaid cards bringing people into a mainstream, regulated system, or reflecting and reinforcing inequities?
 - What is the starting point: How to reform a flawed product or how to best meet people's needs?
 - Is it ok for banks to offer prepaid cards to low income customers and traditional accounts to others?
 - How many of us are ready to close our accounts and switch to prepaid cards?
 - Have we given up on holding banks accountable to low income people and communities?
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