



**Cities for  
FINANCIAL  
EMPOWERMENT  
Fund**



**SF OFFICE OF FINANCIAL  
EMPOWERMENT**

## *Bank On 2.0*

José Cisneros, Treasurer, City and County of San Francisco and Board Member, CFE Fund

Jonathan Mintz, President and CEO, Cities for Financial Empowerment Fund

FDIC Committee on Financial Inclusion

October 29, 2014

# The scope of the problem

- Approximately 68 million adults in the United States live outside the financial mainstream.
- Over \$320 billion is spent nationally on alternative financial services.
- Full-time workers can lose up to \$40,000 over the course of their working lives by using check cashers.
- Traditional income supports, housing subsidies, and workforce programs are undermined by financial instability, causing former recipients of programs to return repeatedly.

# The Bank On solution

- From early programs launched in 2005 and 2006, grew to 100 programs with over 500,000 transactional accounts opened
- Multiple national nonprofit organizations engaged in program growth
- Several federal regulator partners investing in banking access

# Bank On 1.0 – nationwide program leadership survey results

- Satisfaction with Bank On in current incarnation is split:
  - 37% satisfied or very satisfied
  - 38% neutral
  - 25% dissatisfied
- 55% serve a county/regional area
- 53% have budget less than \$10,000
- 72% receive funding from financial institutions
- 52% of financial institutions provide data
- 4% require no overdraft on Bank On products

# Challenges identified by Bank On programs and partners

- Variability of programs and products
- Data collection and reliability
- Ongoing policy issues prevent scale
  - Know Your Customer
  - Consumer Reporting Agencies and account screening
  - CRA credit
- Repetitive account negotiation difficult for national financial institutions

# Exploring a vision for the future

- Momentum and ongoing interest in Bank On
- Identifying and implementing best practices, program standards, and municipal integrations
- Increasing number of the right types of safe, affordable products by financial institutions
- Opportunities to address regulatory and private sector policy barriers
- Designing a national infrastructure to assist and improve local efforts

# The Bank On 2.0 opportunity

- Research and pilots
  - National program survey
  - Consumer reporting agencies and account screening research
  - Multicity pilot
  - Additional pilots
- Planning and development
  - Policy work
  - Advisory Board
  - Conference

# Implemented multicity banking access pilot: *Summer Jobs Connect*

- Developing an infrastructure of banking access
- Summer Youth Employment Program
- Summer One pilot cohort cities:
  - Chicago
  - Los Angeles
  - Miami
  - New York City
  - San Francisco



# Commissioned study of consumer reporting agencies and account screening

- Identified ongoing barrier to banking access
- Engaged National Consumer Law Center to prepare study
- Working with CFPB on solutions

# Upcoming pilots

- Rural engagement
- Technology solutions
- Direct deposit for municipal employees and/or vendors

# Bank On 2.0 National Advisory Board

- Gathering of relevant players for shared vision and advice
- Evaluation and issue key recommendations on:
  - Appropriate financial product guidelines
  - Service delivery best practices
  - Program practices and services
  - Guidance on a go-forward national platform for program support

# Bank On 2.0 Conference

- Conference bringing the field together to address how to:
  - Find and structure the right financial products and services
  - Connect those financial products and services to target populations
  - Build strong coalitions to ensure sustained delivery of good products and services

# Vision for the future: *what a national platform could accomplish*

- The promise of scaled solutions
  - Energize key partners
  - Upgrade program and partnership standards
  - Connect people to good products at scale
- Growing the field
  - Program improvement
  - Informing policy through practice
  - Engaging federal agency partners

# Vision for the future: *ongoing national technical assistance and leadership*

- Product endorsement & national platform for access
- Municipal integration best practices
- Financial institution customer engagement practices
- Ongoing research and pilots

# Vision for the future: *resolving policy issues*

- Identification and “Know Your Customer”
- Data collection
- Community Reinvestment Act
- Consumer Reporting Agencies



Cities for  
**FINANCIAL  
EMPOWERMENT**  
Fund



SF OFFICE OF FINANCIAL  
EMPOWERMENT