



Member Cities

March 11, 2015

Via email to comments@fdic.gov

Chicago
Hawai'i County
Lansing
Los Angeles
Louisville
Miami
New York City
Newark
Philadelphia
Providence
San Antonio
San Francisco
Savannah
Seattle

Chairman Martin Gruenberg
Federal Deposit Insurance Corporation
550 17th Street NW.
Washington, DC 20429

Dear Chair Gruenberg:

Thank you for the opportunity to comment on the collection of information through the National Survey of Unbanked and Underbanked Households. The Survey has provided immensely important and valuable information enabling policy makers, advocates and industry leaders to better understand and serve Americans' financial needs. The FDIC and Census must continue to administer the Survey so that financial services for unbanked and underbanked households can continue to grow and improve based on objective data.

The Cities for Financial Empowerment (CFE) Coalition is a network of geographically and demographically diverse cities that work together through innovative financial empowerment initiatives to improve the financial stability of our residents. Representing over 21 million people, our members design and implement large-scale programs that expand access to mainstream banking, wealth-building opportunities, and high-quality financial education and counseling for our residents. Expanding the vision of how municipal government can serve its citizens and create pathways for financial stability, CFE Coalition members leverage power and politics in the service of at-risk communities. The Coalition provides a platform for cities to work and learn collectively, forging partnerships with the public, private, and non-profit sectors.

The CFE Coalition has been at the forefront of local access to banking initiatives since 2005. CFE Members have launched and expanded among the most aggressive Bank On campaigns, a municipal access to banking movement which has grown to include close to 100 cities since, leading to more than half a million new transactional accounts opened. The CFE Coalition and its sister organization the CFE Fund have since taken a leadership role in elevating and expanding these initiatives through Bank On 2.0, a national effort to build on the successes of local Bank On programs and remove barriers to further innovation that have proven difficult to resolve at the local level. This experience, coupled with numerous other banking access pilots, research initiatives, and policy improvements have firmly grounded CFE in practical on-the-ground experience in the challenge of connecting unbanked and underbanked populations to mainstream products and services. Based on our experience expanding financial access to millions of people, the CFE Coalition offers the following recommendations:

The FDIC invited comments on whether the collection of information has practical utility and is necessary for the proper performance of the FDIC's functions. The CFE Coalition

unequivocally affirms that the information is both useful and necessary. Member cities use the Survey results to demonstrate the necessity of and market for products that align with the FDIC's template for safe accounts. In fact, the 2009 Survey was a primary justification for raising funds dedicated to the creation of the National Bank On 2.0 Initiative, because it demonstrated that unbanked households pay more for basic transactions and credit and can be "more vulnerable to loss or theft and often struggle to build credit histories and achieve financial security." Moreover, municipal and nonprofit planners around the nation use past Survey results to inform Bank On programming, and hope to use future results to measure the impact of Bank On efforts. For example, one response to the CFE Fund's recent solicitation for innovative banking access pilots in rural areas cited data from the 2011 Survey and the Census Bureau's Survey of Income and Program Participation.

The FDIC also invited comments on ways to enhance the quality, utility, and clarity of the information. The CFE Coalition welcomes the ability to create custom tables at www.economicinclusion.gov, and encourages the FDIC to offer training for municipalities and others on how to use and maximize the opportunities offered by this tool.

Recognizing that there is a strict limitation on the number of questions permitted and the average time required to complete the Survey, the CFE Coalition urges the FDIC to retain as many questions as possible, because the results have been so critical to informing our work. In fact, the FDIC added two important sections to the original survey: prepaid products – a fast-growing category that especially touches unbanked/underbanked households; and direct deposit – an important tool for building financial capability in the workplace. In general, retaining previous years' questions makes the Surveys more useful towards local and national Bank On programs efforts to measure the impact of their efforts.

In particular, we urge the FDIC to retain option h - *You cannot open an account due to problems with personal identification, credit, or former bank account problems* - in the section on *Reasons for Not Having a Bank Account*. The CFE Coalition's and its colleagues' work on account screening Consumer Reporting Agencies (CRAs) is informed by the Survey findings in this section. Understanding the size and characteristics of the unbanked population has helped generate vital momentum around improving the use and functionality of account screening CRAs in order to increase access to mainstream accounts for millions of people.

Although many survey questions have similarly vital policy implications, we must also highlight question 3 in the *Savings* section - *How confident are you that you could come up with \$2000 if an unexpected need arose within the next month?* Coalition member cities are deeply engaged in helping residents build emergency savings, through Financial Empowerment Centers, Earned Income Tax Credit campaigns, and pilot programs such as SaveUSA. The importance of emergency savings for community resiliency leads the Coalition to support changes in the federal tax code such as the Financial Security Credit. Understanding the connections between emergency savings and banking access is crucial to planning appropriate policy and programmatic solutions.

The FDIC is seeking ways to minimize the burden of the information collection on respondents, including through the use of automated collection techniques or information technology. While mindful that technology can offer substantial efficiencies, the Coalition cautions against a system in which consumers would enter their own responses online. While some populations are comfortable with information technology (for example, in Chicago about half the youth applicants for city-sponsored summer jobs

applied via mobile technology), others are deeply suspicious or skeptical of such tools (for example, Savannah's financial empowerment programs hear regularly about people's reluctance to submit personal information via online platforms). We are concerned that automated collection techniques may result in lower response rates from unbanked and underbanked consumers.

In sum, the Survey and each of its questions are invaluable resources, which would be strengthened by additional support for using the online data tools. Thank you for providing this public service, and for allowing us to comment.

Respectfully,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

José Cisneros
Treasurer
City and County of San Francisco
Chair, Cities for Financial Empowerment Coalition