

February 20, 2024

Office of Consumer Policy
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Ms. Li,

Introduction

The [Cities for Financial Empowerment Fund](#) (CFE Fund) appreciates the opportunity to respond to the Department of Treasury's (Treasury's) Request for Information (RFI) on developing a national strategy for financial inclusion. We believe that Treasury's role affords a unique and consequential opportunity to build a national, systemic banking access strategy by leveraging large-scale payment mechanisms to connect unbanked Americans to the mainstream banking system.

Through our work supporting governments across the country to develop and implement strategies to improve financial security and inclusion, we have seen how access to safe and affordable banking accounts can serve as a foundational element of individual economic stability and growth. Evidence from our network of [Financial Empowerment Center](#) (FEC) municipal partners reveals that even when working repeatedly with a professional financial counselor, people without a mainstream bank or credit union account were only half as likely to be able to save money, and only one-third as likely to be able to improve their credit score, compared to those with accounts; moreover, those counseling clients who newly opened a mainstream account then became eight times more likely to improve their finances than those who did not.

Additionally, our experience leading the national Bank On movement shows that banking access strategies, when integrated into a government payment and service streams, are uniquely successful not only in connecting individuals to accounts but in serving as a platform to solve key access barriers such as identification, address, language, and fees. As one example, during the worst of the COVID-19 pandemic, the CFE Fund worked with federal partners to harness the banking access opportunities represented by the Economic Impact (stimulus) and Child Tax Credit payments. The CFE Fund, Bank On coalitions, Financial Empowerment Center partners, and other local leaders deployed messaging around how direct deposit could help consumers receive funds faster, safer, and cheaper and directed consumers to Bank On certified accounts. According to the Internal Revenue Service (IRS), more than 10 million households entered new or modified bank account information for the first series of stimulus payments. The Federal Deposit Insurance Corporation's (FDIC's) [unbanked survey](#) found that almost half (44.8%) of recently banked households who received a government benefit payment cited the payment as contributing to their decision to opening an account.

Finally, through the addition of the new Retail Products and Services Test that encourages the availability of banking products that are responsive to low- and moderate-income communities

in the recently revised [Community Reinvestment Act rules](#), the federal banking regulators established a clear embrace of banking access as a priority.

As such, we support Treasury's emphasis on identifying "clear and actionable opportunities" through policy and government programs to advance financial inclusion and offer specific recommendations where Treasury and other executive agencies directly can leverage payment and programmatic moments into "bankable moments" that result in large-scale systemic banking access strategies.

The CFE Fund

The CFE Fund is a national nonprofit organization that has worked with over 100 cities and counties to help them implement large-scale, systemic financial empowerment initiatives for their residents, including access to safe and affordable banking accounts, one-on-one financial counseling, asset building, and consumer financial protection.

Bank On

The CFE Fund's national Bank On initiative is a multi-sector partnership to create pathways for un- and underbanked individuals to enter, or re-enter, the financial mainstream. At the core of the initiative are the [Bank On National Account Standards](#) for basic banking accounts that are designed to address critical pain points for consumers and limit risk for financial institutions. Certification under the Standards by independent evaluators at the National Consumer Law Center prohibits overdraft or insufficient fund fees and requires low monthly fees, a low opening deposit, and bill pay functionality. The 15 required core features in the Standards address the issues identified by the FDIC as primary reasons that individuals are unbanked. The CFE Fund also supports more than 100 local Bank On coalitions across the country to expand banking access and connect consumers to these Bank On certified accounts, both by encouraging more financial institutions to offer certified accounts and by developing programmatic integration opportunities to connect people to those accounts at scale.

Federal Government "Bankable Moments"

We have identified several federal government initiatives within which payment or programmatic moments can become "bankable moments".

(1) Internal Revenue Service Annual Tax Filing and Refunds

Each year, the Internal Revenue Service (IRS) processes over 30 million tax refunds to low- and moderate income filers that claim the Earned Income Tax Credit and Child Tax Credit. Of those, at least 2 million filers are likely to be unbanked.¹ The IRS could replicate the approach used to deliver the 2021 Economic Impact Payments by providing filers with information about opening a banking account and re-establish the portal that allows filers to set up direct deposit.

¹ Estimate based on 2021 FDIC National Survey of Unbanked and Underbanked data. 7.7% of households making less than \$75,000 are unbanked.

(2) Social Security Administration (SSA)

Each month, Treasury's Bureau of Fiscal Services (BFS) issues nearly 74 million Old Age, Survivors, and Disability Insurance (OASDI) and Supplement Social Security Income payments. SSA has reported that approximately 706,000 recipients receive paper checks² and another 4 million beneficiaries utilize the Direct Express debit card³. Like the tax refund moment, paper check recipients and debit card users represent significant banking access integration potential to provide recipients with information about opening a banking account and opportunity to set up and share new account details.

(3) The Federal Emergency Management Agency (FEMA)

Following disaster declarations, FEMA provides payments averaging \$3,000 to affected households. Many of the households receiving FEMA assistance will need to relocate and will not be at an address on record to receive a paper check in the mail. Having a safe and affordable banking account already established to receive payments by direct deposit, rather than a paper check, is more than a banking access opportunity – it is critical for efficient and effective program implementation.

(4) Department of Veterans Affairs (VA)

The VA reports that more than 250,000 veterans receive their benefits through prepaid debit cards or paper checks. As one example of the power of an explicit banking access strategy, the [Veterans Benefit Banking Program](#) encourages veterans to use a mainstream account for benefits receipt. Since its launch, thousands of veterans have moved from paper checks to safe and affordable banking, a 58% decrease in paper check usage since 2018.

(5) Federal Bureau of Prisons Release Preparation Program

The Federal Bureau of Prisons could incorporate financial education and banking access into its Release Preparation Program and specifically ensure that all prisoners are able to have commissary account balances or other funds directly deposited in a mainstream account opened in advance of their release.

(6) Health and Human Services' Office of Refugee Resettlement (ORR)

Treasury could encourage ORR to leverage its guidance, grants, and contracting authority with resettlement agency partners to ensure that financial education and banking access is a critical element of its economic and social stability pillar. Specifically, ORR's Refugee Cash Assistance and Voluntary Agencies Matching Grants are key moments when an integrated banking access initiative could support and enhance these programs' goals of meeting basic needs and easing the pathway to stable housing and employment through connection to a safe and affordable account.

² <https://www.ssa.gov/deposit/GIS/data/Reports/T16StateSum.htm>

³ <https://oig.ssa.gov/assets/uploads/a-04-20-50977.pdf>

(7) Administration of Children and Families (ACF) Children's Bureau

ACF could leverage Title IV-E and Chafee Transition to Adulthood funds to encourage state child welfare agencies to integrate banking access opportunities for youth receiving cash assistance upon aging out of foster care systems. Programs for system-involved youth in Allegheny County (PA) and Milwaukee (WI) saw success in similar efforts [connecting cash assistance with banking access](#).

(8) Department of Labor - Employment and Training Administration (ETA)

ETA could leverage its leadership and guidance to integrate banking access into Workforce Innovation and Opportunity Act (WIOA) job preparedness programs such as JobCorps, American Job Centers, and Youth Programs. Additionally, ETA can support and guide state-based unemployment insurance agencies to integrate banking access into their insurance claim and payment processes. Two recent [steps forward on this opportunity](#) include Illinois and Maryland, two states that successfully connected their unemployment payments to banking accounts instead of paper checks and debit cards.

(9) Department of Housing and Urban Development (HUD)

HUD could leverage its public housing and Housing Choice Vouchers initiatives as an opportunity to integrate banking access. Additionally, HUD's programs that support public housing residents' broader economic goals, such as the Family Self Sufficiency program, are well-aligned platforms for integrating banking access.

Conclusion

The CFE Fund greatly appreciates the opportunity to share our input on the development of Treasury's national strategy for financial inclusion. Our experience in the financial empowerment field highlights both the critical importance of access to a safe and affordable banking account, the success of large-scale banking integration approaches, and the identification of numerous promising opportunities the federal government holds to directly advance financial inclusion by developing "bankable moments."

Sincerely,



Jonathan Mintz
President and Chief Executive Officer
Cities for Financial Empowerment Fund