



Jonathan Mintz
Cities for Financial Empowerment Fund
Non-Profit
646.362.1638
jmintz@cfefund.org

National Association of State Workforce Agencies
444 North Capitol St., NW, Suite 300
Washington, DC 20001

RE: Open UI Initiative RFI

To Whom It May Concern,

The [Cities for Financial Empowerment Fund](#) (CFE Fund) writes in response to this request for information from the National Association for State Workforce Agencies (NASWA) on the Open UI Initiative. We write to encourage NASWA to fully explore and incorporate functionality that supports direct deposit and opportunities to open safe and affordable bank and credit union accounts into the core payment issuance model as a way to strengthen the mission of creating a responsive, flexible, and modern system for delivering unemployment insurance.

The importance of ensuring that vulnerable consumers are not burdened by financially destabilizing and costly fees such as overdraft, non-sufficient funds, and other usage fees when accessing public benefits goes beyond mere alignment with the recently issued [“Unemployment Insurance Program Letter 34-09” by the U.S. Department of Labor. Evidence](#) from our network of Financial Empowerment Center (FEC) municipal partners reveals the fundamental role that mainstream banking plays in financial stability and growth. In fact, 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; stunningly, 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, job loss is often associated with closing a banking account; research has shown that unemployed households are [overrepresented among the recently unbanked](#).

Across the country over the last decade, our [national Bank On initiative](#) has served to assist dozens of city, state, and federal government agencies in making use of government payment distributions as a means of connecting target populations to the hundreds of safe, low cost, no-overdraft certified accounts that now are available in over 58% of branches in every state. Most notably, we have partnered with the Internal Revenue Service (IRS) to integrate banking access opportunities into COVID stimulus

and expanded Child Tax Credit payments. In the most recent [Federal Deposit Insurance Corporation \(FDIC\) National Survey of Unbanked and Underbanked Households](#), nearly 35% of recently banked households indicated that receiving a government payment was their primary reason for opening an account; this significantly contributed to a nearly 20% decrease in the national unbanked rate since 2019.

And to your own target population priorities, note also that the CFE Fund's Bank On certification array supported both the State of Illinois's Department of Employment Security and the State of Maryland's Division of Unemployment Insurance to [incorporate access to safe and affordable banking accounts](#) into their benefits application processes. At the local level, our [Summer Jobs Connect](#) initiative leverages municipal Summer Youth Employment Program infrastructure in almost 40 localities to embed safe banking access and direct deposit for youth just entering the workforce.

As our city, state, and federal partners have found, leveraging these and other government payment systems to promote banking access is a win-win, leading to both system efficiencies and reduced fraud, and safer and faster payments to eligible individuals in need. As government partners are disbursing funds to residents to financially stabilize and support them, it is critical that these funds are delivered in a financially stabilizing way – through safe banking.

The CFE Fund

The CFE Fund supports efforts to improve the financial stability of households by leveraging opportunities unique to local government. By translating cutting-edge experience with large-scale programs, research, and policy, the CFE Fund assists mayors and other leaders in over 130 cities, counties, and states to identify, develop, fund, implement, and research pilots and programs that help families build assets and make the most of their financial resources. Efforts include access to safe and affordable banking accounts, one-on-one financial counseling as a public service, asset building, and consumer financial protection. The CFE Fund has disbursed over \$66 million in grant support to local government partners.

The Bank On Approach

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 both address critical pain points for consumers, such as transparent pricing and surprise fees, and to limit risk for financial institutions. Certification under the Standards prohibits overdraft or insufficient funds fees and requires low monthly fees, a low opening deposit, and bill pay functionality. The required core features in the Standards [address the issues identified by the FDIC](#) as primary reasons that individuals are unbanked. There are currently more than 450

accounts certified as meeting the Bank On National Account Standards, at financial institutions representing over 66% of the national deposit market share.

The success of the Standards is rooted in the high level of transparency and predictability of minimal fees. As the FDIC reports in its [biennial survey](#), costs are the main and most frequently cited reason that households are unbanked. Similarly, negative balances stemming from fees like overdraft are the main reason that accounts are closed on and by consumers. The Standards apply equally to credit unions and banks of all asset sizes.

Payment Issuance Opportunity

NASWA now has the opportunity to make banking access a key feature of UI core payment issuance. When UI claimants apply for benefits in all states and are asked how they wanted to receive their payments, the system could be structured to encourage and preference direct deposit, and explicitly include opportunities for claimants lacking banking accounts to securely learn about - and open online where possible - Bank On certified accounts. NASWA could build in opportunities to facilitate account opening and direct deposit sign-up by integrating those options more fully within the UI system interface. The UI modernization effort presents a significant opportunity to leverage new technology to create a more seamless process for applicants. Specifically, a modernized system could directly facilitate account opening and direct deposit by integrating with financial institutions' remote account opening systems and Federal and State interfaces to verify an applicant's identity.

A central goal of the Bank On National Account Standards is to provide a consistent benchmark for safe and affordable accounts, eliminating the need for individual government partners to navigate account terms and ensuring that consumers could access accounts without overdraft and other fees. As the examples above illustrate, government and other partners can rely on the Standards and certification process – as well as the more than 450 accounts, at institutions representing two-thirds of the national deposit market share – to safely and productively connect consumers to the financial mainstream. The vast range of Bank On certified account options, coupled with the technology advancements represented by NASWA's Open UI Initiative, provide a powerful opportunity to move un- and underbanked Americans into the financially stabilizing mainstream, and to do so at scale.

Conclusion

The CFE Fund appreciates the opportunity to provide input on NASWA's request for information on its Open UI modernization effort. Creating a seamless experience for accessing unemployment benefits through safe and affordable banking accounts would be transformative and provide a foundation for longer-term financial stability.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jonathan Mintz', with a stylized flourish at the end.

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