



Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 2055

Docket No. R-1723

RIN: 7100-AF94

To Whom It May Concern,

## **Introduction**

The Cities for Financial Empowerment Fund (CFE Fund) writes in response to this request for comment on the advanced notice of proposed rulemaking to modernize the Federal Reserve Board's ("the Board") Community Reinvestment Act (CRA) framework. The CFE Fund appreciates the Board's commitment to strengthening core goals of the CRA and specifically highlighting the importance of evaluating the retail banking and unique community development needs of low and moderate income (LMI) communities.

Financial institutions are increasingly responding to local needs by recognizing the importance of providing safe and affordable consumer banking accounts and supporting partnerships that address individual financial barriers as key ingredients to an effective overall financial inclusion strategy, and we believe that these efforts should be credited in the CRA examination process. We believe this proposal admirably encourages and rewards these critical partnerships and offer further thoughts on how to strengthen those signals.

## **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 one-on-one financial counseling, asset building, access to safe and affordable banking accounts, and consumer financial protection. These 100 municipal partners represent over 75 million residents.

## **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 reluctant consumers and limit risk for institutions. The Standards require no overdraft fees, low monthly fees, low opening deposit requirements, and bill pay functionality. The 15 required core features in the Standards are purposefully designed to address the issues identified by the Federal Deposit Insurance Corporation (FDIC) as primary reasons that individuals are unbanked. Over 65 financial institutions now have accounts certified as meeting the Bank On Standards, including the seven largest banks in the country. More than 28,000 branches in every state and Washington, D.C. offer accounts that meet these Standards; financial institutions with Bank On certified accounts already comprise over 46% of the national deposit market share. The CFE Fund works with more than 80 local Bank On coalitions across the country to expand banking access and connect consumers to these Bank On certified accounts.

And we know we're making progress. The Federal Reserve Bank of St. Louis' (FRBSL's) Bank On National Data Hub aggregates data from reporting financial institutions with certified accounts. After a successful pilot year in 2017 with a subset of partner institutions, in 2018 the CFE Fund and FRBSL opened the annual reporting opportunity to all financial institutions with an account meeting the Standards. Ten financial institutions with certified accounts submitted 2018 data; the report found that nearly 800,000 Bank On certified accounts were opened in that year alone across those ten reporting banks, and that 75% of those opening these accounts were new banking customers.

*In response to question 29 and 30, we recommend that regulators examine the number of no-overdraft and low-fee transaction accounts (such as nationally-certified Bank On accounts) newly opened per reporting period, and as a percentage of all deposit accounts newly opened in that period. In addition, we encourage the Board to further examine the FRBSL data tracking strategy to inform its approach to evaluating the provision of LMI-focused deposit products. We would specifically point to the collection of zip-code level account opening and usage metrics as indicative of financial institutions' ability to provide beneficial deposit account data with geographic specificity.*

Bank On efforts are focused not only on creating safe, affordable accounts, but also on leveraging existing, large-scale public programs, services, and funding streams as systemic account opening opportunities. As one example, the CFE Fund is supporting 22 cities who have developed partnerships with local banks and credit unions to integrate banking access into municipal summer jobs programs for young workers. As part of the hiring process, workers can easily open accounts and enroll in direct deposit; tens of thousands of first-time workers were also opening their first banking accounts. The CFE Fund also has provided grants and technical assistance to six adult workforce programs run by nonprofit organizations and municipalities to implement banking access into the training curriculum.

A fundamental component of Bank On's programmatic success is the multi-sector partnerships that have aligned around the movement, and CRA support for these partnerships is crucial. This has been particularly underscored during the pandemic.

During the COVID-19 pandemic, the CFE Fund and its partners have highlighted the availability of Bank On certified accounts to receive emergency payments; the Federal Deposit Insurance Corporation (FDIC), Internal Revenue Service (IRS), and the Centers for Disease Control and Prevention (CDC) all guided Economic Impact (stimulus) payment recipients to Bank On certified accounts to receive their stimulus funds. Coalitions across the country also worked to raise awareness of Bank On certified accounts to receive stimulus and other emergency payments: the State of Arkansas advertised Bank On certified accounts on consumer energy bills, in partnership with Bank On Arkansas+; Los Angeles Mayor Eric Garcetti partnered with Bank On Los Angeles County to highlight certified accounts to receive stimulus payments; and Louisville Mayor Greg Fischer hosted Bank On Louisville during his daily COVID briefing to share information about certified accounts. Finally, industry partners like the American Bankers Association and nearly all of the nation's core service processors recently [urged their members](#) to offer a Bank On certified product and to facilitate certified account opening, respectively. These examples show the critical role that banks can play in supporting and strengthening community development and government program outcomes through products and financial support.

*In response to feedback requested on Non-Branch Delivery Channels, we believe that these goal-oriented banking access activities also should receive consideration as part of an overall evaluation of retail services for LMI consumers. Specifically, we recommend that regulators examine the number of account-opening programmatic partnerships newly-begun during the reporting period, and how many people are served in such programs.*

## Financial Empowerment Center Initiative

The CFE Fund's national Financial Empowerment Center (FEC) initiative supports 35 local governments in providing professional, one-on-one financial counseling as a free public service. Since 2013, FEC partners have helped over 116,000 residents address critical financial issues including low credit, high-cost debt, limited savings, and lack of access to mainstream banking products that serve as barriers to financial stability, as well as life goals such as homeownership, increased education attainment, and entrepreneurship.

Our FEC efforts have also demonstrated the importance of a banking account as a cornerstone of financial stability. An [evaluation of FEC counseling](#) found that unbanked clients who became banked during counseling were almost eight times more likely to increase their savings relative to those who never became banked; unbanked FEC financial counseling clients were half as likely to be able to increase savings and over a third less likely to establish a new credit score, even when working closely with trained, professional counselors. Financial institutions are increasingly seeing the value of supporting financial counseling models like the FEC because of the ability to achieve meaningful and quantifiable improvements in core financial indicators at scale.

*In response to question 48 and 49, we would encourage the Board to specifically distinguish and credit support of these programmatic efforts from other traditional financial education efforts by incorporating specific impact metrics such as client credit score improvement, debt reduction, and increased liquid savings into the evaluation of community development service investments.*

### Conclusion

With a focus on addressing financial issues specific to low- and moderate-income communities and the ability to measure and quantify impact, we believe Bank On and FEC successes illustrate the type of initiatives that should be incentivized and encouraged further through the CRA. The CFE Fund thanks the Board for this opportunity to comment and share our experience for this important proposal to modernize and strengthen the CRA.

Sincerely,



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