

# FBO Advocate's Response to the Fleet/BankBoston Merger

Public Information Meeting ♦ Federal Reserve Bank, Boston, MA  
July 7, 1999 ♦ Frank Kelley, testifying

## I. The Introduction

- A. My voice is one of many. The Faith Based Organizations, a constituency of over 200 strong, will be sent a press release along with a copy of my request to testify here and this statement.
- B. In greater Boston, over 200 Faith Based Organizations, or "FBO's" as they are popularly known, service over 100,000 people and that includes 25,000 plus families. My affiliation with these FBO's grew out of my early career of twenty years in Boston banking. From there I was called out into full time community service in 1987 and then into the pastoral ministry in 1990. Founding and chairing the United Christian Financial Services Association, a broad-based non-profit corporation, opened doors for networking and relationship building.

## II. The Concern: Questionable Resources and Options

- A. There are questionable resources for the people.
- B. There are questionable facilities and options for the community, i.e., our neighborhoods and the FBO's that serve them.

### 1. Significant Gaps

- a. 5000 Job losses – Family wipeout.
- b. 270 Branch closings - Introduces barriers to service access.
- c. **Two banks having "Committed Monies" down to one bank – Commitments could be withdrawn or significantly changed.**

### 2. The Resulting Need

- a. Viable programs written into the plans of the new mega bank, to address these gaps.
- b. A *Community Voice* is needed now as a necessary tool in program planning:
  - to be present at the planning tables,
  - to provide input on specifics of programs to address these gaps,
  - and to link the community with the approval process.

III. The Necessary Tool – Boston’s Network of Faith Based Organizations (FBO’s)

A. The Faith Based Organizations are continuously being challenged to grow; challenged by the community and, lately, by government and other sectors – AND THEY HAVE “GROWN UP”!

1. Under the IRS guidelines of the 501(C)3 and related nonprofit structures, a diverse representation of the city have increasingly taken on responsibility for the prosperity of their neighborhoods and surrounding communities, resulting in corporate financial accountability as never before. Listed here are 12 examples of the many who edify our urban community:

Black Church Capacity Building Project	Mattapan Dorchester Churches in Action
Black Ministerial Alliance	NETWORK
Boston Education Collaborative	Organization Leadership Training Center
Christian Economic Coalition	TenPoint Coalition
Emmanuel Gospel Center	United Christian Financial Services Association
Greater Boston Interfaith Organization	United Pentecostal Ministers Conference

2. Since dismantling the old welfare system and proposing more local solutions, the Federal Government and others are looking to the FBOs for proven expertise in service delivery at the community level.

- a. City of Boston Empowerment/Enterprise Zone Initiatives (Round I & II)
- b. A Faith Based Organization Initiative tied to the Boston Empowerment Zone.

3. Interest has been heightened among University Academicians toward the Faith Based Organizations in recent years.

- a. Harvard University – Kennedy School of Government
- b. Brandeis University – The Thermostat Institute for Political & Social Action
- c. Yale University – Campus Chaplain’s Initiative.
- d. AND OTHER ...several colleges and universities have been reorganizing curriculum through the experienced participation and leadership of the FBO’s.

IV. A Three Step Call to Action

- A. Be intentional about being inclusive when addressing the above mentioned gaps and needs!
- B. Provide a seat at the table for representatives of the organized FBO community to contribute their knowledge and networking resources to the research and proposal writing process.
- C. Call upon the FBO community to issue support for the merger approval process from the needs assessment through the program writing and approval sign-off.

Continuous community input is welcome through an FBO voice mailbox at 617-929-0352.

# VALLEY OPPORTUNITY COUNCIL, INC.

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## Fleet Merger Comments Page 1

My name is Gail Pisacane and I am the Deputy Director of the Valley Opportunity Council, the Federally designated Community Action Agency for the cities of Chicopee and Holyoke, MA. With an annual budget of approximately nine million dollars we provide services to all 24 cities and towns of Hampden County including Westfield, Ludlow, West Springfield and on occasion, Springfield. Last year we provided direct services to over 26,000 low income and disadvantaged residents of our service areas.

I testify today on behalf of the Valley Opportunity Council and the low-income residents we represent.

John Rubins, author of Main Street, Not Wall Street (Morrow, 1998) writing in the July/August 1999 edition of Consumers Digest writes, "With few exceptions, big banks have traditionally been inhospitable places for small savers... And their penchant for combining into bigger entities doesn't seem to be changing that. The recent mergers are producing higher fees, fewer branches, fewer ATM's and fewer tellers." He cites Brian O'Connor, managing editor of Bank Rate Monitor.

Our experiences suggest that low-income individuals cannot be expected to maintain minimum balances, which might qualify them for lower or no cost services within the bank. They need inexpensive checking and ways to access their minimal savings without accruing service charges. They need bank branches and/or ATM's located in their neighborhood. Few, if any, banks seem willing to accommodate to these needs.

According to O'Connor. We are seeing banks charging \$25-\$35 to print a couple of hundred checks when a customer can get that done for \$5 by mail. Some banks hit you for \$20, \$25 or even \$30 for a bounced check when returning the check costs approximately \$2. "When you open a checking account with a large bank you're inviting (it) to find every way (it) can to rake you over the coals".

Why then should we, or any organization that serves the poor and low income, support this merger? Without some assurances that the needs of those whom we represent will be addressed, we would be remiss in our duty as an advocate for the poor were we to do so.

In human services there is an expectation that as the number of clients increase, that costs per client decrease. "Economy of scale" is the mantra of those who espouse the "bigger is better" theory of service provision.

In the private sector however, the elimination of competition through merger frequently serves as the prelude to increased costs to the consumer.

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In addition to the effect of the merger on clients, we must consider the effects on the Valley Opportunity Council itself. As an agency that has been involved in housing development, rehabilitation and management, we have had cordial relationships with the local banking community. As the merger takes place and decision making is centralized, our ability to deal with decision-makers on the local level is impaired. Currently, the only way to call the Fleet Bank Branch located across the street from our headquarters is to call Boston.

We would hope that prior to approval of this merger the Federal Reserve will require that Fleet and BankBoston develop a detailed and publicly verifiable reinvestment plan which has been negotiated with community organizations and elected officials, with specific commitments ensuring a net benefit to low and moderate income and minority communities. We also ask that the public comment period be extended for two weeks after such a plan has been released to the public and that no approval be issued unless and until these conditions are met.

It is essential that if and when this merger is approved that stipulations regarding lifeline-banking service for the poor, access to branches and ATMs and economies of scale for service fees are attached to said approval. We would also hope that some allocation of money to support local non-profit needs and committed bank involvement in the local community is considered.

Thank you for the opportunity to comment.