

U.S. Department of the Treasury
Community Development Financial Institutions Fund
1500 Pennsylvania Avenue, NW
Washington, DC 20220

OMB Control Number: 1559-0028

To Whom It May Concern,

Introduction

The [Cities for Financial Empowerment Fund](#) (CFE Fund) writes in response to this request for comment on the revised policies and application process for organizations to receive Community Development Financial Institution (CDFI) certification. Like the proposed reforms to the Community Reinvestment Act (CRS) regulations¹, we appreciate how the revised CDFI application improves the evaluation of checking and share account offerings of Insured Depository Institutions (IDIs) seeking certification in alignment with the mission to expand economic opportunity for underserved people and communities.

This specialized emphasis on banking account ownership reflects that such accounts are a foundational element for achieving individual financial stability and growth. Evidence from our network of dozens of [Financial Empowerment Center](#) (FEC) municipal partners reveals that even working repeatedly with a professional financial counselor, people without a mainstream bank or credit union account are 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 become *eight times more likely* to go on to improve their finances than those who did not open an account.²

In our work leading the national [Bank On initiative](#) we have seen the IDI industry increasingly respond to the importance of providing safe and affordable certified consumer banking accounts as a key ingredient to their financial inclusion and economic opportunity 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

¹ <https://www.occ.treas.gov/news-issuances/news-releases/2022/nr-ia-2022-47a.pdf>, Pages 291 - 295

² <https://cfefund.org/wp-content/uploads/2017/09/FEC-Eval-Banking-Status-Brief.pdf>

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 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 Federal Deposit Insurance Corporation (FDIC) as primary reasons that individuals are unbanked. The CFE Fund also supports nearly 100 local Bank On coalitions across the country to expand banking access and connect consumers to these Bank On certified accounts.

Responsible Financing Practices – Financial Services

We enthusiastically support how the proposed revision of the CDFI application questions pertaining to checking and share account offerings reflect the safety and affordability needs of underserved communities and those with low or moderate incomes. Moreover, similar to the Community Reinvestment Act's newly proposed Retail Products and Services Test to evaluate the responsiveness of deposit products, we appreciate that the Application's account structure questions align with the CFE Fund's Bank On National Account Standards.³ Promoting accounts that cannot incur overdraft, insufficient funds, and other fees, with a low or no cost monthly fee, will help serve the exact communities that CDFI-certified financial institutions seek to cover.

The proposed questions would reflect and support a thriving new market of safe and affordable consumer transaction accounts among financial institutions. Nearly 30 current CDFIs have already joined the over 300 IDIs that have accounts certified as meeting Bank On Standards. According to FDIC data, financial institutions with Bank On certified accounts already comprise over 60% of the national deposit market share. More than 46,000 branches in every state and Washington, D.C. offer certified accounts – over 53% of all bank branches in the country, in fact. These accounts are bringing new customers into financial institutions; as part of our [data reporting partnership](#) with the Federal Reserve Bank of St. Louis, we found that in 2020 82% of certified accounts opened at reporting institutions were opened by new customers. Additionally, [Bank Policy Institute found](#) that close to 60 percent of Bank On certified accounts opened in one year (2017) were for customers living in areas with more than 50 percent minority

³ Ibid 1

population, revealing that Bank On accounts are reaching and resonating with people of color.⁴

Given our alignment on both mission and approach, we suggest the CDFI Fund include a reference to the Bank On National Account Standards and [certification infrastructure](#) as a tool for guidance to prospective IDI applicants, similarly to the proposed CRA revisions. We would gladly support interested institutions through the account structure modification and certification process.

Conclusion

The CFE Fund greatly appreciates the opportunity to provide our feedback, and we are proud to support the CDFI Fund's mission to expand economic opportunity for underserved populations with tailored financial products and services responsive to their needs.

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

⁴ “‘Bank On’ Transaction Accounts: Making Traditional Banking More Inclusive” <https://bpi.com/bank-on-transaction-accounts-making-traditional-banking-more-inclusive/>