ROOSEVELT INSTITUTE

Banking for the People:
Lessons from California on the Failures of the Banking Status Quo

By Emily DiVito
September 2022

rooseveltinstitute.org

INTRODUCTION: THE COSTS OF—AND ALTERNATIVES TO—THE BANKING STATUS QUO

Full and free access to the money you own, and the banking systems through which it can be accessed and stored, is an essential component to building wealth and achieving economic stability—for both individual families and for entire communities that would benefit from more small business loans and direct community investments. But our current banking system is a barrier to economic entry for millions of people and operates as little else than a siphon of punitive fines and fees for millions more.

When individuals and families can't access the banking services and products they need to participate fully in the economy—such as check cashing, debit cards, and secure and reliable account access—they must turn to under-regulated non-bank alternatives, like predatory payday lenders and check cashers, that levy high fees. Low-income families and communities of color wrestle with these barriers to financial security at higher rates, and to greater degrees, than more affluent white families and communities.

In addition to being grossly unfair, our banking system creates a damaging, multitiered economy that locks out families who can't afford to participate and inhibits government policy aimed at helping the most economically vulnerable. For example, when the federal government issued checks to stimulate the economy during the COVID-19 pandemic, individuals and families without active bank accounts registered with the Internal Revenue Service (IRS) had to wait months for a physical check to arrive in the mail—with rent, electric bills, and other basic costs accumulating in the meantime—and then had to shell out sky-high fees to have the check cashed once it arrived (Baradaran 2020a).[1]

In light of the many failures of the current banking system to provide for the needs and circumstances of *all* Americans, alternative options would transform the US banking-money system into one of shared infrastructure in the public interest and alleviate the cost burden for millions

[1] Similar roadblocks to public service program efficacy persist at the state and local level, where many government benefits—like unemployment and food assistance—are often serviced through private providers. In California, Bank of America has an exclusive contract with the state to deliver unemployment benefits on prepaid debit cards. In 2020, the megabank abruptly announced it wanted out of its contract after allegations of fraud and abuse, leaving millions confused and concerned about they would access the program in the future (Finney and Koury 2021).

of families in the process. At the federal level, this could be accomplished through a comprehensive public banking system composed of FedAccounts and postal banking, whereby the Federal Reserve (the Fed) would provide and maintain basic, no-cost bank accounts that could be accessed in person at post offices nationwide (Ricks et al. 2018; Baradaran 2013). At the state and local level, this could mean a state- or city-backed program of no-cost bank accounts, like California's pending CalAccount initiative. The existence of different banking options would allow individuals and families an alternative to the status quo that nickels and dimes how they store and access their own money.

This brief presents findings from a new, on-the-ground field survey of bank branches in California, home of 40 million Americans and nearly 4 million poorly banked households—nearly one in four households in the state. The results underscore the shortcomings of the current banking industry, which, despite its claims (American Bankers Association 2022), fails to adequately serve individuals and families—especially those who are low-income, Black, brown, and/or Spanish-speaking. In particular, the survey found:

1. Race and language disparities in access to information and equal treatment while at bank branches;
2. A prevalence of overdraft-fee-based accounts and a reticence on the part of bank staff to disclose cheaper alternatives when those options exist; and
3. A near-total lack of no-fee, no-minimum balance account options at surveyed banks.

Our entire country suffers when some are excluded from full economic participation. Only through an inclusive, fair, and accessible banking system—that meets the needs of those who have most often been sidelined—can the US reach its full economic and social potential.

BANKING FOR SOME: TRADITIONAL BANKING EXCLUDES MILLIONS AND WEAKENS OUR ECONOMY

The financial services sector—and the companies that dominate it—grew to the central role it plays in our economy through the exploitation of enslaved people, who for centuries were considered valuable financial investments to be bought, sold, and traded. The financial, banking, and insurance industries quickly oriented around, and therefore enabled, this market for chattel slavery (US House Committee on Financial Services 2022; Ramey Berry 2022).

The legacy of the racist origins of this sector is clear today in who can—and can't—afford access to traditional banking services. About 7 million US households—over 5 percent of the country—are "unbanked," meaning that no one in the household has a checking or savings account at a traditional bank or credit union (Kutzbach et al. 2021).[2] Recent estimates put rates of "underbanked" households, or those with insufficient access to traditional banking, at 13 percent (Board of Governors of the Federal Reserve System 2022a). Unbanked individuals and families are disproportionately extremely low-income, Black and brown, Indigenous, and/or have disabilities (Kutzbach et al. 2021).

State and federal fair lending laws, including the Equal Credit Opportunity Act and portions of the Civil Rights Act and the Fair Housing Act, prohibit lenders from considering race, national origin, sex, or disability when applying for certain banking services and loans (FDIC n.d.). These statutes serve a crucial role in ensuring that people can obtain credit and other financial services fairly (CFPB 2022b). Even so, some banks and lending institutions' fine and fee structures functionally, if not overtly, discriminate against the individuals and families these laws are meant to protect.

2 This data is from 2019, the most recent year it was publicly available. As such, it does not reflect the impact of the pandemic on rates of unbanked and underbanked. Though in the years leading up to 2020, unbanked rates had been in decline, the economic turmoil of the pandemic and subsequent recovery has likely pushed some households out of the traditional banking sector in numbers not yet reflected in publicly available data (Kutzbach et al. 2021).

FINES AND FEES: A PARADOXICAL PUNISHMENT FOR INSUFFICIENT FUNDS

Managing your money can be expensive—especially if you are effectively denied access to traditional banking options. The financial barriers to banking access are part and parcel with the traditional banking model, which relies on exorbitant fines and fees to turn large profits. Many standard bank accounts include terms and conditions that trap low-income individuals and families in a no-win situation: They need a bank account to safely store their money, build wealth, and fully interact with an increasingly cash-less economy, but the requisite fines and fees on accounts undermine their ability to save. By far the most-cited reason unbanked households are so is because of the financial burden traditional banks impose. In 2019, 29 percent—more than 2 million households—said not being able to meet minimum balance requirements was the primary reason they didn't have bank accounts (Kutzbach et al. 2021). An additional 8.9 percent—or nearly 632,000 households—cited bank account fees as prohibitive to maintaining accounts (Kutzbach et al. 2021).

Though banks levy a variety of fees—many charging you to access your own money, as is the case with ATM withdrawal fees and early account closing fees—one of the most common is the most paradoxical: overdraft fees, which are the charges incurred when more money is withdrawn than what is in the account. Overdraft fees, which hover around $35 but vary by bank (Moebs Services 2022b), are typically levied *per transaction*. The result is that one single customer can be charged for the same error multiple times in a single day (Lake 2022). Worse still, many banks impose "extended overdraft" fees, levied each consecutive day a customer remains overdrawn (Lake 2022). While certain accounts offer overdraft "protection," which authorizes the bank to cover the amount of a shortfall when a customer overdraws their account and can help account holders cover expenses in a pinch, that guarantee isn't free. It is typically in the form of authorization that your bank can transfer money from one of your secondary accounts, like a savings account, to another if it becomes overdrawn (White 2020). In other words, the "protection" these services provide is one of time: by shifting funds to where you need them when you need them. But this service doesn't much help individuals who don't have sufficient funds in the first place.

By design, the people who tend to be on the hook for overdraft fees are the very ones least able to afford—or recover from—them. In 2021, 11 percent of US adults with bank accounts paid an overdraft fee, but 20 percent of Black and 14 percent of Latino/a account holders paid such fees (Board of Governors of the Federal Reserve System 2022a). Low-income households were three times as likely to have paid an overdraft fee than high-income ones (Board of Governors of the Federal Reserve System 2022a). These fees on low-income customers are immensely profitable: One study estimates that frequent overdrafters generate *half* of banking companies' checking account profits (Stone et al. 2020).

Overdraft fees, which translate to between $15 and $30 billion in revenue annually, are big money for banks and depository institutions of all sizes (Nagypál 2021; Moebs Services 2022a). The nation's three largest commercial banks in total assets—Wells Fargo, JP Morgan Chase, and Bank of America—have brought in 44 percent of the total overdraft revenue since 2015 (Nagypál 2021). And, while small and local banks are often touted as the antidote to huge and exploitative financial conglomerates, they're some of the worst overdraft culprits. Klein (2021) finds that overdraft revenues accounted for more than *half* the net income of several small banks. Three banks in Klein's analysis would not have turned a profit if not for overdraft (Klein 2021). In other words, these banks, which have a physical presence in half of US states despite being relatively small in asset holdings, profited on overdrafts while the rest of their business lost money.[3]

Minimum balance requirements represent a similar catch-22 for consumers: If you don't have "enough" money in your account as defined by your bank, you're charged a fine. These fines bias the higher-wage earners who can count on a consistent stream of income to reliably maintain a certain balance. By instituting these fines and fees, banks are punishing—and profiting from—their customers' economic precarity.

When people can't afford to bank at traditional institutions, non-bank check cashers and payday lenders are sometimes their only option to help turn their money into usable cash, thus creating a vicious cycle: Banks' cost-prohibitive fines and fees push people to predatory non-bank companies, which extract even higher fines and fees. Non-bank check cashers charge sometimes as much as 10 percent of the check's value as payment for the service (Muniz 2022).[4] And, despite state-level consumer protections in 16 states, the Consumer Financial Protection Bureau (CFPB) has found that some payday lenders still misrepresent or withhold information from consumers about repayment options in order to protect their profits (CFPB 2022a).

Largely in response to public pressure, some banks announced in 2021 that they were reducing their reliance on fees, particularly overdraft fees (Horowitz and Liang 2022). However, banks' overdraft fee income began rising again in the third quarter of 2021, and they still managed to take in nearly $11 billion in overdraft charges last year (Borné and Zirkle 2022; Leonhardt 2021). The top three banks—Wells Fargo, JP Morgan Chase, and Bank of America—took in nearly $3 billion combined in just the first nine months of 2021 (Borné and Zirkle 2022). These empirics validate consumer sentiment: Consumers reported experiencing an increase in overdrafts last year (Principato 2022).

THE DEMAND FOR—AND VALUE OF—INFORMATIVE IN-PERSON BANKING

While online and mobile banking has been made simpler and more convenient in recent years, many people still depend on an in-person retail option for managing their finances. In 2019, 83 percent of banked households spoke with a teller or other employee in person at a bank branch, and nearly 30 percent visited their bank in person 10 times or more over the course of the year (Kutzbach et al. 2021).

[3] Because the smallest banks—those with assets totaling less than $1 billion—as well as most credit unions are not required to report their revenue from overdraft fees, there are likely many more instances of this behavior than currently documented (Klein 2021).

[4] Some banks may cash checks for non-members but typically also charge a fee for doing so (Muniz 2022).

Guaranteed access to a retail banking experience that is fair and informative is necessary to rectify current imbalances to our banking system and create the financial systems infrastructure that the US needs to thrive.

The opportunity for in-person banking, where staff are available to answer questions and conduct potentially complicated transactions in real time, is especially vital for individuals who don't have access to or fluency with technology, have limited proficiency in personal finance, and/or face language barriers. But non-majority-white neighborhoods tend to have fewer physical bank locations than their majority-white counterparts: There are an average of 41 financial institutions for every 100,000 people in majority-white counties, compared with 27 in non-white counties (Noel et al. 2019). When people can't successfully bank in person, they're cut off from not only their own money and savings but also from the ability to learn how to bank independently.

To meet the banking needs of those who have thus far been prevented from traditional bank access, we need an option available to everyone that offers a no-cost, no-minimum balance, no-fee (including overdraft) basic bank account. Guaranteed access to a retail banking experience that is fair and informative is necessary to rectify current imbalances to our banking system and create the financial systems infrastructure that the US needs to thrive.

THE FAILURES OF THE BANKING STATUS QUO: EVIDENCE FROM A CALIFORNIA SURVEY

California, the most populous US state, is home to one of the highest concentrations of unbanked families and individuals in the country (Federal Reserve Board of Governors 2022a).[5] Nearly a quarter of Californians—or, almost 4 million households—have insufficient access to bank accounts and services (Bagarella et al. 2021). The demographics of California's unbanked mirror

[5] California also has large populations of BIPOC, immigrant, and non-English-speaking households, making it a useful subject of study for issues related to financial inclusion (US Census Bureau 2021).

national trends: They are disproportionately Black, brown, and/or low-income. Forty-six percent of all Black households, 41 percent of all Latino/a households, and 13 percent of Asian and Pacific Islander (API) households in California are unbanked or underbanked (Apaam et al. 2018). Californians earning less than $15 per hour make up 81 percent of unbanked individuals in the state (Bohn et al. 2021). Black households are almost 2 times more likely and Latino/a households 1.4 times more likely to pay overdraft fees than white households (Golden et al. 2022). California's immigrant and undocumented families are particular vulnerable. Facing language barriers and/or legal status concerns that prevent them from seeking access to mainstream financial services, they are often intentionally targeted by exploitive non-bank financial alternatives (Migration Policy Institute 2019; Lin 2022).

Beyond the statistics, the *experience* of in-person banking poses clear barriers to full financial inclusion. To assess that lived experience—and to understand the effect those in-person experiences have on a person's ability to access basic banking services—this survey sent canvassers to bank branches in five California counties: Alameda, Los Angeles, Sacramento, San Diego, and Santa Clara.

Rather than simply relying on the information bank companies publish on their websites about their account offerings and terms, the canvassers visited more than 100 bank branches to seek information in person and pose specific questions to bank staff. In April and May 2022, canvassers visited 106 bank branches of 12 banking companies across five highly populated California counties. In each county, canvassers visited branches of the bank holding companies with the greatest physical presence in the county (as measured by branch count), as well as the branches of smaller competitors. Canvassers visited branches in both majority-white and non-white neighborhoods, and in areas where a majority of residents spoke either English or Spanish for comparison (for more on the methodology, see Appendix I).

This survey was particularly concerned with the banking experiences of Black, Latino/a, and/or Spanish-speaking individuals, who bear the brunt of the costs of banking exclusion. Roughly half of attempted bank visits were by canvassers who identify as Latino/a, a quarter by canvassers who identify as Black, and a quarter by canvassers who identify as white. Canvassers spoke exclusively English in about 60 percent of attempted bank visits and exclusively Spanish in about 40 percent.

On each visit, canvassers asked to speak to a banker about opening an account. If they were able to engage a banker, they requested information about the bank's lowest-cost accounts and any associated fees. The results of each conversation, including whether the canvasser was able to speak with a banker at all, were recorded in an electronic database after each visit. Of 106 attempted bank visits, canvassers were turned away without the opportunity to ask questions directly to bank staff 26 times. Of the 80 completed visits, 69 were to branches of California's—and the US's—three biggest banking companies: Wells Fargo, JP Morgan Chase, and Bank of America.[6] The remaining 11 completed visits were to branches of other bank companies.[7]

[6] Wells Fargo, Chase, and Bank of America combined account for about 52 percent of deposits in California banks and about 43 percent of bank branches in the state, according to analysis of California bank branches extracted from a national bank branch list compiled from the FDIC Summary of Deposits and American Community Survey data. This list was provided by Edlebi et al. 2022.

[7] The other companies where canvassers completed visits were California Bank and Trust, Citibank, City National, First Republic Bank, Fremont Bank, Union Bank, One West Bank and US Bank.

The survey results indicate that banks are not sufficiently offering affordable accounts, and that Black and Latino/a individuals and Spanish speakers face barriers even to obtaining information about the account options that are nominally available to them. In particular, the survey found:

1. Race and language disparities in access to information and equal treatment while at bank branches;
2. A prevalence of overdraft-fee-based accounts and a reticence on the part of bank staff to disclose cheaper alternatives when those options exist; and
3. A near-total lack of no-fee, no-minimum balance account options at surveyed banks.

Though not fully representative of the larger population's banking experiences, the survey's targeting and scope of questioning allow for useful insights into the range of experiences that prospective bank customers, especially those who are low-income, Black, brown, and/or Spanish-speaking, face.

RACE, LANGUAGE, AND PLACE-BASED DISPARITIES IN TREATMENT ARE PROMINENT IN CANVASSERS' IN-PERSON EXPERIENCES AT BANK BRANCHES

The data reveal disparities in the way canvassers of color and Spanish-speaking canvassers were treated compared to their white and English-speaking counterparts. Such unequal treatment exacerbates the mistrust that communities of color have toward the private banking sector, which actively excluded them for decades through racist banking policies (Price 2020).

When canvassers of color went into banks to request account information, bank staff turned them away nearly one-third of the time. The reasons bank staff provided for turning prospective customers away included: that the canvasser needed to make an appointment, that staff were too busy to talk or were at lunch, and that all relevant information was available on the bank's website.

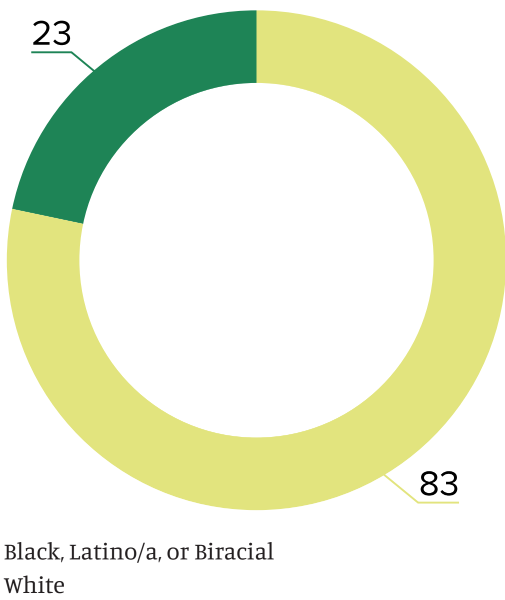
Several canvassers of color, including some of those who were able to complete visits, reported feeling unwelcome at the bank. One banker told a Black canvasser they would need proof of US citizenship to open an account, which is not required by law (Egan 2021). The canvasser reported feeling "like I was being rushed, the answers were very short. Even though they weren't very busy, it felt like he [the banker] didn't want to spend too much time explaining things to me. It did not feel like they wanted me as a customer."[8]

[8] Reported after a canvasser visited a Santa Clara County Chase branch.

TABLE 1. VISITS BY CANVASSER RACE/ETHNICITY				
Canvasser Race/Ethnicity	Number of Visits Completed	Number of Visits Turned Away	Total Attempted Visits	Percent of Visits Turned Away
Black, Latino/a, or Biracial	58	25	83	30%
White	22	1	23	4%
Total	**80**	**26**	**106**	25%

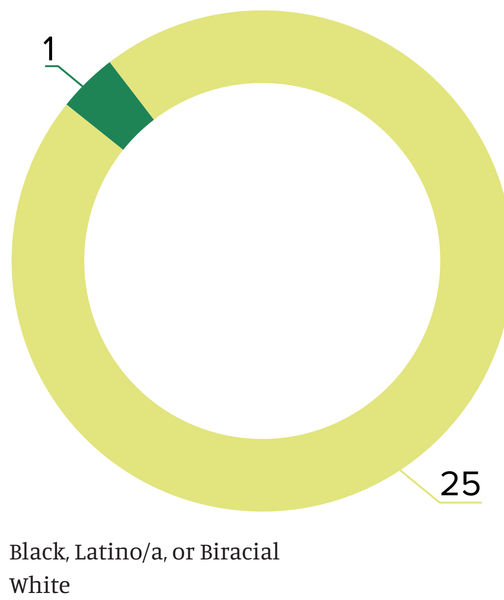
By contrast, bank staff turned away a white canvasser only once out of 23 attempted visits by white canvassers. White canvassers often reported that they felt bankers wanted their business and were willing to expend time and energy to satisfy their requests. One white canvasser remarked that when she visited a suburban bank branch and asked for more information, she first met with a relationship manager "who answered all of my questions," before bank staff brought in an assistant vice president who, the canvasser reported, "asked me what I was looking for in a bank and how could they help me."[9] The bank employees then offered to set up additional appointments for the canvasser to open an account and meet individually with a loan specialist.

FIGURE 1. TOTAL ATTEMPTED VISITS BY CANVASSER RACE/ETHNICITY



Total number of attempted visits: 106

FIGURE 2. TURN AWAY VISITS BY CANVASSER RACE/ETHNICITY



Total number of turn away visits: 26

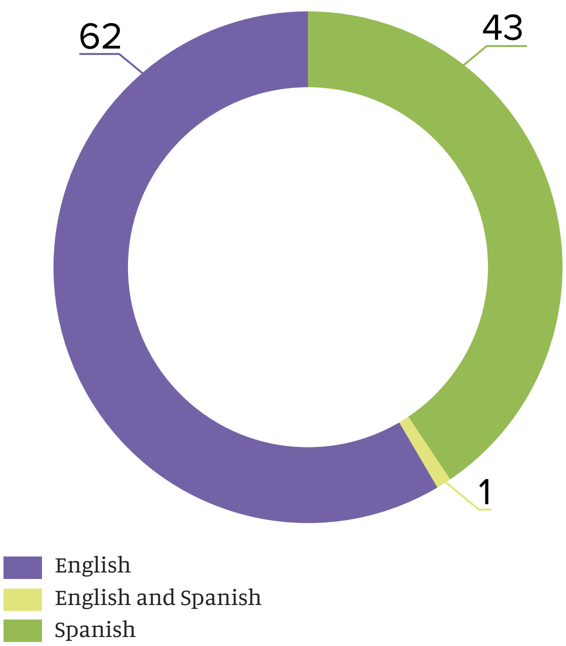
[9] Reported by a canvasser who visited a Bank of America branch in Sacramento County.

The survey findings also reveal a failure on the part of banks to serve the linguistic needs of the communities in which they operate.

TABLE 2. VISITS BY CANVASSER LANGUAGE				
Language(s) Spoken During Visit	Number of Visits Completed	Number of Visits Turned Away	Total Attempted Visits	Percent of Visits Turned Away
English	53	9	62	15%
English and Spanish	0	1	1	100%
Spanish	27	16	43	37%
Total	**80**	**26**	**106**	25%

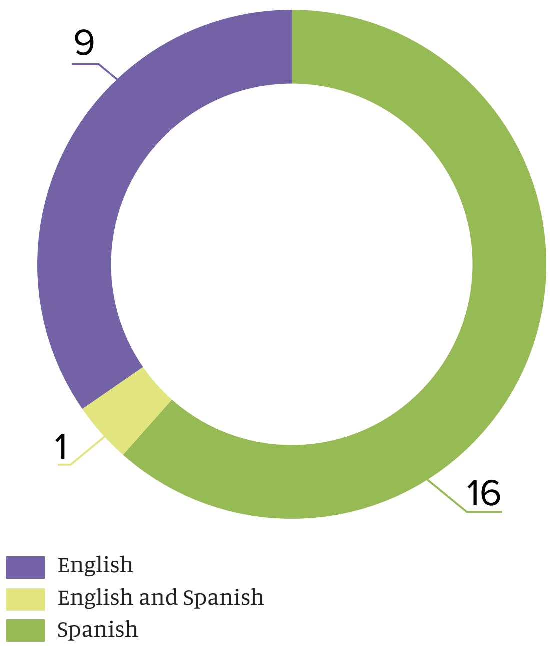
Nearly 40 percent of attempted visits—17 out of 44—by canvassers speaking Spanish were turned away.[10] By contrast, English-speaking canvassers were turned away just 15 percent of the time, or in 9 visits out of 62 attempts.

FIGURE 3. TOTAL ATTEMPTED VISITS BY CANVASSER LANGUAGE



Total number of attempted visits: 106

FIGURE 4. TURN AWAY VISITS BY CANVASSER LANGUAGE



Total number of turn away visits: 26

[10] In 16 of the 17 visits in which canvassers were turned away, the tester spoke only Spanish. In one visit attempt, the tester started the conversation in Spanish and then switched to English before being turned away.

Staff at two different banks in Sacramento neighborhoods, where nearly a quarter of residents speak Spanish, said there was nobody at the branch who spoke Spanish.[11] One canvasser reported that a banker at a Los Angeles bank—located in an area where 87 percent of residents are Spanish speakers—became curt and standoffish once the canvasser began speaking in Spanish, even though the staffer had first appeared friendly and eager to help.[12] After a day of bank visits, a Spanish-speaking, Latina canvasser remarked, "I have never felt so discriminated against in my life. Imagine, if they are treating us like this before they even take our money, how will they treat us once they get our money?"[13]

> After a day of bank visits, a Spanish-speaking, Latina canvasser remarked, "I have never felt so discriminated against in my life. Imagine, if they are treating us like this before they even take our money, how will they treat us once they get our money?"

Canvassers of all races visiting banks in "majority-minority" neighborhoods were turned away far more often than canvassers visiting branches in mostly white areas, suggesting that banks serving in communities of color may be worse-staffed—or otherwise unwilling to engage directly with customers—than those in predominantly white neighborhoods. Specifically, canvassers were turned away in over a third of visits—21 out of 58—in neighborhoods where most residents were people of color. One Black canvasser at a bank in a predominantly Black and brown neighborhood in Oakland reported feeling like the banker "did not want to help me personally at the visit to learn how to set up [an] account or give basic information about setting up accounts. All my specific questions were answered that I should go online to find what I need."[14]

TABLE 3. VISITS IN AREAS WITH MAJORITY RESIDENTS OF COLOR

Canvasser Race/Ethnicity	Number of Visits Completed	Number of Visits Turned Away	Total Attempted Visits	Percent of Visits Turned Away
Latino/a or Hispanic	18	16	34	47%
Black or African American	17	5	22	23%
Biracial	1	0	1	0%
White	1	0	1	0%
Total	**37**	**21**	**58**	36%

[11] This was the case in visits to a Citibank and a Bank of America, both in Sacramento County. The census tract encompassing both branches contains 23 percent Spanish speakers according to an analysis of a bank branch list with appended American Community Survey data provided by Edlebi et al. 2022.

[12] Reported after a canvasser visited a Chase branch in Los Angeles County.

[13] Comment provided in a debrief session after bank visit.

[14] Reported after a canvasser visited a Wells Fargo branch in Alameda County.

In contrast, canvassers in majority-white areas were turned away in only 10 percent of visits—5 out of 48. One canvasser in a predominantly white neighborhood reported that staff were willing to bend the rules to assist her: A banker was willing to meet with her even though she didn't have an appointment. The canvasser recalled that the bank staffer, "definitely wanted my business, gave me his direct number and said not to call the main line."[15]

TABLE 4. VISITS IN AREAS WITH MAJORITY WHITE RESIDENTS

Canvasser Race/Ethnicity	Number of Visits Completed	Number of Visits Turned Away	Total Attempted Visits	Percent of Visits Turned Away
Latino/a or Hispanic	17	4	21	19%
Black or African American	5	0	5	0%
Biracial	0	0	0	N/A
White	21	1	22	5%
Total	**43**	**5**	**48**	10%

OVERDRAFT FEES: A CONFUSING—AND STILL PREVALENT—COMPONENT OF MANY BANK ACCOUNTS

Although public outcry has prompted banks to make some reforms to their overdraft practices, overdraft fees are still responsible for a major proportion of banks' revenues, to the tune of tens of billions of dollars a year (Valenti 2022). This survey sought to determine the extent to which California banks promoted—or even mentioned—accounts that don't include automatic overdraft fees.

Determining the precise details of various banks' overdraft policies is difficult, partly because banks tend to obfuscate their terms and conditions (Iacurci 2022). During canvassers' visits, bankers often provided information on multiple overdraft fee schemes for the same type of account and/or information on overdraft policies for more than one type of account. Bankers even tried to sell canvassers on accounts with overdraft coverage—and the fees that typically come with it—even though canvassers explicitly stated they were seeking a no-fee account or the lowest-cost alternative.

[15] Reported after a canvasser visited a Wells Fargo branch in Alameda County.

Because bank staff promoted such a wide breadth of account names and options during the survey, the following analysis focuses on visits to the three largest banks—Wells Fargo, JP Morgan Chase, and Bank of America—and compares what these companies' employees identified as their closest alternative to a no-fee, no-minimum balance account and the overdraft policies for those accounts as stated on each bank's website.[16]

In 60 percent of completed visits—31 of 51—to these companies' branches, the bank employee mentioned an account with default overdraft protection costing $34 or $35 per overdraft, capped at three or four fee charges per day.[17] Of these 31 visits, the banker mentioned only an account with fee-based overdraft protection during 21 visits. During the other 10 visits, the bankers mentioned both a fee-based overdraft protection account and a basic account with no overdraft protection or fees.

In at least some of the visits during which a banker mentioned both types of accounts—one with overdraft protection and one without—the canvasser had relative difficulty obtaining information about the basic, no-overdraft fee account option. One canvasser noted that a Chase banker led with and was "really pushing" their Total Checking account, which has a default $34 overdraft fee. Only later did the banker tell the canvasser about an account, called Secure Checking, with a monthly fee but no overdraft fees.[18] In a reflection account from a canvasser at a Bank of America branch, the bank employee emphasized the company's Advantage Plus account, which allows for up to four $35 overdraft fees per day. Only after the canvasser "pressed," did the banker provide information about the basic account option, Safe Balance Banking.[19]

TABLE 5. TYPES OF ACCOUNTS MENTIONED BY BANKERS

	Basic *(No-Overdraft Fee)* Mentioned Exclusively	Overdraft Fee-Based Account Mentioned Exclusively	Both Basic *(No-Overdraft Fee)* AND Overdraft Fee-Based Accounts Mentioned	Total
Wells Fargo	7	6	6	19
Chase / JPMorgan Chase	7	11	3	21
Bank of America	6	4	1	11
Count Total	**20**	**21**	**10**	51
Percent Total	**39%**	**41%**	**20%**	100%

16 If the bank website required a zip code to access account terms, we entered "90210."

17 During the other 20 visits, bankers at Wells, Chase, and Bank of America referred canvassers exclusively to their bank's basic accounts with no overdraft protection, named Advantage Plus Banking, Total Checking, and Everyday Checking, respectively.

18 Reported after a canvasser visited a Chase branch in Los Angeles County.

19 Reported after a canvasser visited a Bank of America branch in Los Angeles County.

BANKS RARELY OFFER A NO-FEE, NO-MINIMUM BALANCE ACCOUNT OPTION

Almost none of the surveyed banks offered a no-fee, no-minimum balance account option. Of 80 completed visits, only two bank companies (at a combined total of three locations) were identified as offering customers a no-fee, no-minimum balance account.[20]

The banking industry has touted accounts with "Bank On" certification as an adequate affordable option for low-income customers (American Bankers Association 2022). A national program managed by the Cities for Financial Empowerment (CFE) Fund, Bank On is a certification that private banks can obtain by offering an account that meets certain guidelines issued by CFE, including no overdraft fees, low or waivable monthly maintenance fees, and debit account access (Cities for Financial Empowerment Fund 2021). However, Bank On accounts, intended to expand access to basic, low-cost accounts, are not universally available, and rely instead on individual banks opting in (Bank On n.d.).

TABLE 6. BANK ON ACCOUNTS OFFERED IN LOS ANGELES-AREA BANKS

	Bank On Account Name	Visits Where Bank On Accounts Were Mentioned out of Total Completed Visits
Bank of America	Safe Balance Banking	2 out of 7
Chase / JPMorgan Chase	Secure Banking	3 out of 9
Citibank	Access Account	0 out of 1
Wells Fargo	Clear Access Banking	4 out of 7
Total	**N/A**	**9 out of 24**

This table includes all visits to LA County branches of bank companies listed as offering Bank On accounts. For the full list see (LA County Consumer & Business Affairs 2022).

The result is only patchwork availability of affordable accounts in certain areas. Even where official Bank On accounts are available, as they are in Los Angeles County, the survey reveals that bank employees tended not to promote them (Bank On Los Angeles County 2019). Canvassers

[20] The banks and branches at which affordable accounts were available were two Union Bank branches in Oakland and San Jose, and a One West branch in San Diego. In three other visits to Wells Fargo branches, canvassers were told the bank offered a no-fee account—but only for depositors younger than 24.

completed 24 visits to branches of four (out of eight) bank companies that were listed as offering Bank On accounts on the LA County Department of Consumer and Business Affairs website (LA County Consumer & Business Affairs 2022).[21] Only in fewer than 40 percent of visits—9 out of 24—did bankers mention an account that was Bank On-compliant. For the remaining 60 percent of visits—15 out of 24—bankers did not mention the account (that their website claims to offer) by name. If banks don't proactively provide information about Bank On accounts to prospective customers—even when customers are asking about low-fee accounts—Bank On will never sufficiently fill the gap in account access for unbanked and underbanked individuals and families.

A BETTER SYSTEM IS POSSIBLE: PROPOSALS FOR MORE INCLUSIVE BANKING

The failure of the banking industry to meet all people's banking needs, especially those of lower-income consumers and communities of color, indicates the need for more affordable and accessible options.

MORE DISCLOSURE AT ALL LEVELS IS CRUCIAL TO MAPPING THE PATH FORWARD

As the survey findings show, even canvassers who were proactively seeking out accurate information about affordable bank accounts were given confusing and sometimes misleading information. Individuals without the same time or ability to advocate for their own bank access are at an even greater disadvantage. To create accountability and achieve transparency in our financial sector, policymakers must strengthen data disclosure requirements to include more banks and credit unions—too many of which have long been able to hide their fee revenue from their regulators—as well as require data disaggregation by race and other demographic indicators.

[21] The four bank companies listed as offering Bank On accounts that canvassers visited in LA County were Bank of America, Chase, Citibank, and Wells Fargo. A canvasser also attempted to visit a California Bank & Trust branch but was turned away because they did not have an appointment.

Disclosure requirements on consumer fees exist so that regulators and researchers can identify troubling trends and make recommendations for industry reform. However, it is currently impossible to determine—let alone analyze—the fee schemes of many financial institutions, as banks with assets under $1 billion and all credit unions are exempt from publicly disclosing their fee revenue (Klein 2022). In other words, more than 3,500 commercial banks and 4,903 credit unions—more than 8 percent of which have assets totaling more than $1 billion—are not required to report how much revenue they extract from overdraft fees (Federal Reserve Bank of St. Louis 2020; NCUA 2022). Exempting these institutions creates a deep chasm whereby their fee models are shielded from scrutiny. While rectifying this problem for federally chartered institutions would require congressional action, state reform could address this problem for the 1,827 credit unions under state charter (NCUA 2022).[22]

FEDERAL POLICIES TO ACHIEVE PUBLIC BANKING OPTIONS

Truly inclusive banking requires access to both affordable accounts and the systems and staff that help consumers understand and navigate them. At the federal level, the way to simultaneously achieve both, as described below, is through a blend of FedAccounts for account provision and postal banking for in-person service and retail delivery.

FedAccounts would allow the Fed to offer and operate no-cost, no-fee, no-minimum balance bank accounts, and make them available to all American citizens, residents, and domestically domiciled businesses and institutions (Ricks et al. 2018). Such a policy would extend most of the privileges that private banks already receive by banking at the Fed directly to individuals and families, including unlimited secure balances, instant payments clearing, and the Fed's "interest on reserves" (IOR) rate, which is often higher than that offered by private banks to their customers (Ricks et al. 2018).[23] Instant payments clearing, in particular, would dramatically and disproportionately benefit low-income Americans, who under the current system are often pushed toward predatory check cashers and/or payday lenders when there is a lag in processing time between deposit and eligible withdrawal (Baradaran 2020b).

A FedAccount policy, which primarily refers to the bank account itself, could include tangible provisions like debit card issuance and ATM access (Ricks et al. 2018). However, it would not, on its own, supply the physical and staff infrastructure necessary to create opportunities for in-person banking. To accomplish a holistic program of public banking, FedAccounts should be paired with

[22] Currently pending before the California state legislature is a bill that would require annual credit union reporting on revenues from overdraft fees (*SB 1415* 2022).

[23] In summer 2022, the Fed's IOR was 2.4 percent, but the average interest on ordinary checking accounts was a mere 0.03 percent, and 0.08 percent on savings accounts (Board of Governors of the Federal Reserve System 2022b; FDIC 2022). Expanding the reach of the Fed's IOR rate, one of its primary monetary policy tools, would also enhance its efficacy to control inflation and respond to changing macroeconomic conditions (Ricks et al. 2018).

elements of postal banking to deploy the United State Postal Service's (USPS) 31,000 post office locations and 500,000-plus staff in service of greater financial inclusion (USPS 2022).[24] Indeed, for much of the 20th century, the US offered and operated a Postal Savings System, whereby individuals could open basic savings accounts at post offices nationwide (DiVito 2022). Hugely popular with immigrant communities in particular, these government-backed post office accounts provided a uniquely safe and reliable deposit option for millions (DiVito 2022). By pairing the USPS's vast physical infrastructure with their earned public trust,[25] FedAccount provision through the USPS would not only ensure that everyone has access to a bank account, but also that everyone can interface with trained staff who can provide individualized assistance.

A postal banking program would democratize banking and provide basic, low-cost financial services even without accompanying FedAccounts, as Mehrsa Baradaran (2013) has proposed. Under such a program, the USPS could serve as a basic credit intermediary—as many non-bank companies do already—to offer check cashing and payday lending. But whereas private, non-bank intermediaries charge exorbitant fees for these services, the USPS could do so at significantly lower cost to consumers, and without the formal barriers to entry of traditional banks like burdensome documentation and bank approval (Baradaran 2013).

STATE AND LOCAL POLICIES TO ACHIEVE AFFORDABLE BANKING OPTIONS

Though members of Congress have introduced bills to authorize postal banking and public banking programs similar in goal to FedAccounts, none have thus far made legislative headway (*S.3891* 2022; *S.3571* 2020). With federal policy unlikely in the near future, and to provide an initial proof-of-concept to better enable future federal policymaking, champions of more inclusive banking are actively campaigning for similar reforms at the state level—with notable successes.[26]

California has perhaps made the most strides in establishing inclusive banking programs at both the state and local levels. Since 2019, the state's cities and counties have had a legal pathway to creating local public banks, and many are actively advancing along that path (*AB 857* 2019; Wick 2021). The cities of Long Beach, Los Angeles, San Diego, and San Francisco are all at different stages of planning for instituting municipal public banks (Perry Abello 2022). And, in 2021, Governor Newsom signed a bill into law authorizing and subsequently funding a commission to study the feasibility of creating a CalAccount: a no-fee, no-penalty debit account option that would be available to all Californians (*AB 1177* 2021; California Reinvestment Coalition 2022).

---

[24] In 2021, the USPS announced it was embarking on a check-cashing pilot program. However, the program is only being piloted in four post office locations, and the checks, which can be valued no more than $500, can only be exchanged for single-use gift cards (Dayen 2021). Still, the pilot is a welcome move toward an eventual more comprehensive postal banking system.

[25] Americans have more trust in the USPS than in any other private brand, and more than in most other public institutions (Huddleston 2020; Pollard and Davis 2020).

[26] North Dakota is currently the only state with an active, state-run—though limited—public bank. Founded in 1919 to offer farmers favorable loans, the Bank of North Dakota (BND) functions mainly as a bank for bankers, creating a secondary market for loans and mortgages originated by commercial banks and credit unions (Mitchell 2015).

CalAccount would create a statewide retail banking option operated through participating depository financial institutions (the processes for how and which institutions will contract with the state to provide these services will be delineated via future state legislation) (*AB 1177* 2021; CalAccount 2022). Crucially, CalAccount would mandate that participating depository financial institutions provide basic, no-cost services—including by eliminating overdraft fees and minimum balance requirements and by providing no-cost debit accounts, debit cards, and ATM access, as well as direct deposit and automatic bill pay—thereby removing many of the financial barriers to banking access (CalAccount 2022). As such, upon implementation, CalAccount will immediately benefit the millions of individuals and families thus far prevented from accessing these basic financial products and services, *and* it will helpfully install much of the technological and systems infrastructure necessary to expanding the program in the future (CalAccount 2022).

California's recent momentum has proven contagious: Other jurisdictions considering inclusive banking legislation include Hawaii (*HB 1103* 2021), Massachusetts (*H.1223* 2021), New Jersey (Office of Governor Phil Murphy 2019), New Mexico (*HB 236* 2021), New York (*S.1762* 2021), Oregon (*SB 339 2021*), Washington (*SB 5188* 2021), and the city of Philadelphia (Allen 2022).

CONCLUSION

Money is a public good, and providing full and free access to the physical and civic infrastructure through which it is stored is a necessary public service. But America's current banking and payments system is exclusionary and expensive, creating a tiered and dysfunctional economy wherein millions of individuals and families are left—or pushed—out of the formal banking sector and toward predatory non-bank alternatives that coerce them into paying exorbitant fees to access their own money.

Recent results from a field survey conducted in California shed light on the obstacles millions of Americans encounter when trying to bank. Though not representative of the universal experience when banking—if such a thing exists—this survey finds persistent and specific barriers to full financial inclusion facing prospective consumers, especially those who are Black, brown, Spanish-speaking, and/or living in communities of color.

To fix the distortions that pervasive financial exclusion has wrought on the US economy, we need more inclusive banking options. This could be accomplished through a variety of policies, including FedAccounts and postal banking at the federal level and local public banks and state-run no-cost, no-fee account programs at the local level. This analysis of the status quo provides clear evidence that the current banking system has left coverage gaps that it will inevitably always sustain without federal, state, and/or local interventions.

APPENDIX I – BANK SURVEY METHODOLOGY, APRIL-MAY 2022

I. BRANCH SELECTION

In selecting bank branches to visit, the team sought to maximize the relevance of the survey findings and assess the experience of potential banking customers of different racial/ethnic backgrounds, whether English- or Spanish-speaking. To accomplish these goals, the survey team chose full-service bank branches:

- In five counties: Alameda, Sacramento, Santa Clara, Los Angeles, and San Diego;
- Of the leading banks in each county by branch count as well as branches of significant competitors;
- In zip codes of contrasting income, racial/ethnic, and predominant language characteristics; and
- With the highest bank deposits in the selected zip codes.

To select branches for survey visits by canvassers, the team:

- Identified the bank holding companies with the most branches in each of the five counties to be surveyed.[27]
- Identified the zip codes with the highest proportion of African Americans in each county using data from the Census Bureau's American Community Survey.[28]
- Identified the zip codes with the highest proportion of people speaking Spanish at home for each county using ACS data.[29]

[27] For Sacramento County, the top two banking companies by branch count were Wells Fargo and Bank of America. For the remaining four counties, the top two were Wells Fargo and JP Morgan Chase. The top banks were identified by analyzing a list of all bank branches in California, with data on total deposits for each branch, and basic income and racial characteristics of the census tract in which each branch is located. This list was provided by the authors of a recent bank closure study (see Edlebi et al. 2022). The authors' list combines data from the FDIC (branch location and deposits) with data from the Census Bureau's American Community Survey. The list codes the census tract for each branch by income (low to moderate income or middle to upper income) and by race (majority white or "majority-minority").

[28] Specifically, the team selected up to the top 15 zip codes in each county that are in the top decile for proportion of residents who identify as Black or African American. To avoid including zip codes with unusually small populations, they excluded zip codes with less than half of the average population of all zip codes in each county (see US Census Bureau 2020a).

[29] Specifically, they selected up to the top 15 zip codes in each county that are in the top quintile for proportion of residents who speak Spanish at home. To avoid including zip codes with unusually small populations, they excluded zip codes with less than half of the average population of all zip codes in each county (see US Census Bureau 2020b).

- Identified the top banking company in the county by branch count.
    a. Sorted the branches from largest to smallest deposits.
    b. Selected two branches of the top banking company and two alternates for visits in predominantly African-American, predominantly Spanish-speaking, and predominantly white neighborhoods:
        i. *African-American neighborhoods*: Selected the top two branches, by deposits, in low/moderate-income and majority-minority census tracts and in zip codes identified as high-African American zip codes. Selected as alternates the next two branches by total deposits that met the income and racial/ethnic criteria.
        ii. *Spanish-speaking neighborhoods*: Selected the top two branches, by deposits, in low/moderate-income, majority-minority census tracts and in zip codes identified as high Spanish-speaking. Selected as alternates the next two branches by total deposits that met the language criteria.
        iii. *Majority-white, English-speaking neighborhoods:* Selected the top two branches, by deposits, in census tracts coded as middle to upper income and majority white.
        Selected as alternates the next two branches by deposits that met the income and racial/ethnic criteria.
- Selected two branches of the banking company ranking second in each county by branch count, plus two alternates for visits: Followed the same sorting and selection process for the second-ranked banking company as outlined for the top-ranked banking company
- Selected for visits the branches of any banking companies other than the top two, sorting and selecting using the racial/ethnic and language criteria outlined for branches of the top banking company.[30]

II. BANK VISITS BY CANVASSERS

In advance of the bank visits, canvassers were trained on questions to ask in advance of the bank visits. At each branch, canvassers took the following steps:

- Canvassers asked to speak with a banker (not a teller) to get information about accounts.
- If told that a banker was not available and/or that an appointment was required, canvassers exited the bank and reviewed the attempted visit on the phone with a debriefer.

[30] If testers were unable to complete visits at one or more of the four branches originally selected through this process—either because the branch was closed temporarily or permanently or because the tester was unable to engage a banker—an additional branch or branches of the relevant bank company meeting the selection criteria were chosen. In a few cases, there were not branches of the relevant bank company that met all the criteria, in which case the team selected a branch of the relevant bank meeting as many of the criteria as possible. In all cases, the criteria of high percentage of African Americans and/or high percentage of Spanish speakers in the neighborhood were met.

- The debriefer recorded in an online form the date, time, bank company, and location of the branch the canvasser attempted to visit; the canvasser's name, basic contact, and demographic information; and the reason the visit was not completed.
- If able to speak with a banker, canvassers asked whether the bank offered a basic account with a debit card, no minimum balance, and no fees or penalties. If such an account was not available, canvassers asked for information about the closest product available to such a no-fee, no-minimum balance account.
- Canvassers who spoke with a bank employee also asked a series of questions about overdraft fees and other fees and policies associated with the account(s) about which the banker chose to provide information.
- Canvassers ended the conversation, exited the bank, and then reviewed the conversation on the phone with a debriefer.
- The debriefer recorded in an online form the date, time, bank company, and location of the branch visited; the canvasser's name, basic contact, and demographic information; and the canvasser's reports of the answers the banker provided to the canvasser's questions as well as the canvasser's observations about the visit and their reception and treatment while at the bank.

APPENDIX II – BANK VISIT SUMMARY

TABLE 7. BANK VISIT SUMMARY						
	Visits Completed Out of Total Attempted					
Bank Company	Alameda County	Los Angeles County	Sacramento County	San Diego County	Santa Clara County	Total
AvidBank	0/0	0/0	0/0	0/0	0/1	0/1
Bank of America	5/5	7/7	3/4	1/2	2/2	18/20
California Bank and Trust	0/0	0/1	0/0	0/0	1/1	1/2
JPMorgan Chase	4/7	9/11	0/0	6/7	5/7	24/32
Citibank	0/0	1/2	0/2	0/0	0/0	1/4
City National	0/0	1/1	0/0	0/0	0/0	1/1
First Republic Bank	1/1	0/0	0/0	1/1	0/0	2/2
Fremont Bank	1/1	0/0	0/0	0/0	0/0	1/1
MUFG/ Mitsubishi	1/1	0/0	0/0	0/0	1/1	2/2
One West Bank	0/0	1/1	0/0	1/1	0/0	2/2
U Bank	0/0	0/0	0/0	1/1	0/0	1/1
Wells Fargo	2/6	7/11	6/7	5/6	7/8	27/38
Total	**14/21**	**26/34**	**9/13**	**15/18**	**16/20**	**80/106**

BIBLIOGRAPHY

AB 1177 - California Public Banking Option Act. 2021. 2021-2022 Session of the California State Legislature. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1177.

AB 857 - Public Banks. 2019-2020 Session of the California State Legislature (2019). https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB857.

Act to Establish a Massachusetts Public Bank. H.1223, 192nd General Court of Mass. (2021). https://malegislature.gov/Bills/192/HD3247.

Allen, Taylor. 2022. "Philadelphia Inches Closer to Creating a Public Bank." *Axios*. March 7, 2022. https://www.axios.com/local/philadelphia/2022/03/07/philadelphia-closer-creating-public-bank.

American Bankers Association. 2022. "Join the Bank On Movement." Inclusive Banking. Accessed August 24, 2022. https://www.aba.com/banking-topics/consumer-banking/inclusive-banking/bank-on.

Apaam, Gerald, Susan Burhouse, Karyen Chu, Keith Ernst, Kathryn Fritzdixon, Ryan Goodstein, Alicia Lloro, et al. 2018a. *2017 FDIC National Survey of Unbanked and Underbanked Households*. Washington, DC: Federal Deposit Insurance Corporation (FDIC). https://www.fdic.gov/analysis/household-survey/2017/2017report.pdf.

———. 2018b. "Unbanked and Underbanked for California, 2017 by Selected Household Characteristics." 2017 FDIC National Survey of Unbanked and Underbanked Households. FDIC Accessed August 24, 2022. https://economicinclusion.gov/surveys/2017household/documents/tabular-results/2017_banking_status_California.pdf.

Bagarella, Giacomo, Andrea Batista Schlesinger, Kate Owens, and Garrett Rapsilber. 2021. *The Cost of Financial Exclusion: Understanding the Impact of the Unbanked in California*. HR&A Advisors. https://static1.squarespace.com/static/602cbf4db6168b10a62817f3/t/60cce903cca7252f8cd69dac/1624041732571/CostOfFinancialExclusion_May2021.pdf

Bank On. n.d. "97 Coalitions." Bank On. Accessed July 8, 2022. https://joinbankon.org/coalitions/.

Bank On Los Angeles County. 2019. *Bank On: Your Money Is Worth Protecting*. Bank On It. Los Angeles: Bank On Los Angeles County. https://dcba.lacounty.gov/wp-content/uploads/2020/04/Bank-On-Brochure-Final-English-2019.pdf.

Banking for All Act. S. 3571, 116th Cong. (2020). https://www.congress.gov/bill/116th-congress/senate-bill/3571.

Baradaran, Mehrsa. 2013. "How the Poor Got Cut Out of Banking." *Emory Law Journal* 62, no. 3: 483. https://scholarlycommons.law.emory.edu/cgi/viewcontent.cgi?article=1247&context=elj

———. 2020a. *Rethinking Financial Inclusion: Designing an Equitable Financial System with Public Policy.* New York: Roosevelt Institute. https://rooseveltinstitute.org/publications/rethinking-financial-inclusion-designing-an-equitable-financial-system-with-public-policy/.

———. 2020b. *Inclusive Banking During a Pandemic: Using FedAccounts and Digital Tools to Improve Delivery of Stimulus Payments*. Washington, DC: House Committee on Financial Services. https://docs.house.gov/Committee/Calendar/ByEvent.aspx?EventID=110778.

Board of Governors of the Federal Reserve System. 2022a. *Report on the Economic Well-Being of U.S. Households in 2021*. Washington, DC: Board of Governors of the Federal Reserve System. https://www.federalreserve.gov/publications/2022-economic-well-being-of-us-households-in-2021-executive-summary.htm.

———. 2022b. "Interest on Reserve Balances." Board of Governors of the Federal Reserve System. Accessed July 28, 2022. https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm.

Bohn, Sarah, Caroline Danielson, and Patricia Malagon. 2021. *Poverty in California*. San Francisco: Public Policy Institute of California. https://www.ppic.org/publication/poverty-in-california/.

Borné, Rebecca, and Amy Zirkle. 2022. "Comparing Overdraft Fees and Policies across Banks." *Consumer Financial Protection Bureau* (blog). February 10, 2022. https://www.consumerfinance.gov/about-us/blog/comparing-overdraft-fees-and-policies-across-banks/.

CalAccount. 2022. "Building Financial Stability and an Equitable Recovery for All Californians." CalAccount. 2022. https://www.calaccount.com/.

California Reinvestment Coalition. 2022. "Governor's Budget Blueprint Affirms California's Commitment to Closing Financial Services and Racial Wealth Gap." Press release, May 16, 2022. https://calreinvest.org/press-release/governors-budget-blueprint-affirms-californias-commitment-to-closing-financial-services-and-racial-wealth-gap/.

Cities for Financial Empowerment Fund. 2021. *Bank On National Account Standards 2020-2021*. New York: Cities for Financial Empowerment Fund. https://2wvkof1mfraz2etgea1p8kiy-wpengine.netdna-ssl.com/wp-content/uploads/2020/10/Bank-On-National-Account-Standards-2021-2022.pdf.

Consumer Financial Protection Bureau (CFPB). 2021. "Data Point: Overdraft/NSF Fee Reliance Since 2015 — Evidence from Bank Call Reports." Press release, December 1, 2021. https://www.consumerfinance.gov/about-us/newsroom/cfpb-research-shows-banks-deep-dependence-on-overdraft-fees/.

———. 2022a. "CFPB Finds Payday Borrowers Continue to Pay Significant Rollover Fees Despite State-Level Protections and Payment Plans." Press release, April 6, 2022. https://www.consumerfinance.gov/about-us/newsroom/cfpb-finds-payday-borrowers-continue-to-pay-significant-rollover-fees-despite-state-level-protections-and-payment-plans/.

———. 2022b. "CFPB Issues Advisory Opinion on Coverage of Fair Lending Laws: Equal Credit Opportunity Act Continues to Protect Borrowers after They Have Applied for and Received Credit." Press release, May 9, 2022. https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-advisory-opinion-on-coverage-of-fair-lending-laws/.

Dayen, David. 2021. "USPS Begins Postal Banking Pilot Program." *The American Prospect*, October 4, 2021, sec. Economic Policy. https://prospect.org/economy/usps-begins-postal-banking-pilot-program/.

DiVito, Emily. 2022. "Banking for All: How the USPS Could Provide Public Banking." Roosevelt Institute, June 30, 2022. https://rooseveltinstitute.org/2022/06/30/banking-for-all/.

Edlebi, Jad, Bruce C. Mitchell, and Jason Richardson. 2022. *The Great Consolidation of Banks and Acceleration of Branch Closures Across America*. Washington, DC: National Community Reinvestment Coalition. https://ncrc.org/the-great-consolidation-of-banks-and-acceleration-of-branch-closures-across-america/.

Egan, John. 2021. "How to Open a Bank Account as a Non-U.S. Citizen." *Forbes*, October 11, 2021, sec. Forbes Advisor. https://www.forbes.com/advisor/banking/non-us-citizen-open-bank-account/.

Federal Deposit Insurance Corporation (FDIC). n.d. "Fair Lending." FDIC Banker Resource Center. Accessed August 3, 2022. https://www.fdic.gov/resources/bankers/fair-lending/.

———. 2022. "National Rates and Rate Caps." Federal Deposit Insurance Corporation. Last updated June 21, 2022. https://www.fdic.gov/resources/bankers/national-rates/2022-06-21.html.

Federal Reserve Bank of St. Louis. 2020. "Commercial Banks in the U.S. with Average Assets under $1B." FRED, Federal Reserve Bank of St. Louis. Last updated December 10, 2020. https://fred.stlouisfed.org/series/US1NUM.

Finney, Michael, and Renee Koury. 2021. "EXCLUSIVE: BofA Says It Wants out of Unemployment Benefits Contract as EDD Renews." *ABC7 San Francisco*, July 2, 2021. https://abc7news.com/bofa-edd-debit-card-bankofamerica-fraud-news-california-unemployment/10854177/.

Golden, Elaine, Hannah Gdalman, Meghan Greene, and Necati Celik. 2022. *FinHealth Spend Report* 2022. Chicago: Financial Health Network. https://finhealthnetwork.org/research/finhealth-spend-report-2022/.

HB 236 - Public Banking Act. 2021. 2021 Session of the New Mexico Legislature. https:/k/www.nmlegis.gov/Legislation/Legislation?Chamber=H&LegType=B&LegNo=236&year=21.

HB 1103 - Relating to Public Banking. 2021. 31st Legislature of the House of Representatives of Hawaii (2021). https://www.capitol.hawaii.gov/Archives/measure_indiv_Archives.aspx?billtype=HB&billnumber=1103&year=2021.

Horowitz, Alex, and Linlin Liang. 2022. "Large Banks Improve Overdraft Policies and Cut Fees." Pew Research, June 21, 2022. https://pew.org/3zYL51T.

Huddleston, Jr., Tom. 2020. "Millennials Trust the Postal Service More than Amazon." *CNBC*, January 24, 2020. https://www.cnbc.com/2020/01/24/millennials-trust-usps-more-than-amazon-morning-consult-study.html.

Iacurci, Greg. 2022. "Consumer Watchdog Signals Broad Crackdown on Hidden Fees for Banks, Credit Cards." *CNBC*, January 26, 2022. https://www.cnbc.com/2022/01/26/cfpb-signals-crackdown-on-hidden-fees-for-banks-credit-cards.html.

Klein, Aaron. 2021. "A Few Small Banks Have Become Overdraft Giants." *Brookings* (blog). March 1, 2021. https://www.brookings.edu/opinions/a-few-small-banks-have-become-overdraft-giants/.

———. 2022. *Examining Overdraft Fees and Their Effects on Working Families*. Washington, DC: Senate Committee on Banking, Housing, and Urban Affairs. https://www.banking.senate.gov/hearings/examining-overdraft-fees-and-their-effects-on-working-families.

Kutzbach, Mark, Alicia Lloro, and Jeffrey Weinstein. 2021. *How America Banks: Household Use of Banking and Financial Services*. Washington, DC: Federal Deposit Insurance Corporation (FDIC). https://www.fdic.gov/analysis/household-survey/index.html.

LA County Consumer & Business Affairs. 2022. "Bank On Matrix." Bank On Los Angeles County. https://dcba.lacounty.gov/wp-content/uploads/2022/02/Bank-On-Matrix-2.10.22.pdf.

Lake, Rebecca. 2022. "How Many Overdraft Fees Can Bank Charge in One Day?" *MyBankTracker*, June 22, 2022. https://www.mybanktracker.com/news/how-many-overdraft-fees-can-your-bank-charge-you-in-one-day.

Leonhardt, Megan. 2022. "Americans Are Spending Less on Overdraft Fees, but It Still Adds up to Billions." *Fortune*, April 28, 2022, sec. Personal Finance and Banking. https://fortune.com/2022/04/28/americans-are-spending-a-lot-less-on-overdraft-fees/.

Lin, Sonia. 2022. "Identifying and Addressing the Financial Needs of Immigrants." *Consumer Financial Protection Bureau* (blog). June 27, 2022. https://www.consumerfinance.gov/about-us/blog/identifying-and-addressing-the-financial-needs-of-immigrants/.

Migration Policy Institute. 2019. "Profile of the Unauthorized Population - CA." Accessed August 24, 2022. https://www.migrationpolicy.org/data/unauthorized-immigrant-population/state/CA.

Mitchell, Stacy. 2015. "Public Banks: Bank of North Dakota." Institute for Local Self-Reliance, July 2, 2015. https://ilsr.org/rule/bank-of-north-dakota-2/.

Moebs Services. 2022a. "Who Has the Highest Overdraft Limits?" Moebs Services, March 22, 2022. http://moebs.com/news/detail/articleid/421/who-has-the-highest-overdraft-limits.

———. 2022b. "What If Overdrafts are Eliminated?" Moebs Services, April 19, 2022. http://moebs.com/news/detail/articleid/422/what-if-overdrafts-are-eliminated.

Muniz, Katherine. 2022. "Fees to Cash Checks for Non-Customers at the Top Banks." *MyBankTracker*, April 28, 2022. https://www.mybanktracker.com/news/check-cashing-fees-top-banks.

National Credit Union Administration (NCUA). 2022. "Quarterly Credit Union Data Summary 2022 Q1." NCUA. Last updated June 7, 2022. https://www.ncua.gov/analysis/credit-union-corporate-call-report-data/quarterly-data-summary-reports.

Noel, Nick, Duwain Pinder, Shelley Stewart, III, and Jason Wright. 2019. *The Economic Impact of Closing the Racial Wealth Gap*. McKinsey Institute for Black Economic Mobility. McKinsey & Company. https://www.mckinsey.com/industries/public-and-social-sector/our-insights/the-economic-impact-of-closing-the-racial-wealth-gap

Office of Governor Phil Murphy. 2019. "Governor Murphy Signs Executive Order Creating Public Bank Implementation Board." Press release, November 12, 2019. https://www.nj.gov/governor/news/news/562019/20191113a.shtml.

Perry Abello, Oscar. 2022. "East Bay Activists Unveil New Blueprint for a Regional Public Bank." *Next City*, April 26, 2022. https://nextcity.org/urbanist-news/east-bay-activists-unveil-new-blueprint-for-a-regional-public-bank.

Pollard, Michael S., and Lois M. Davis. 2020. *The Role of the United States Postal Service in the Age of COVID-19*. Santa Monica, CA: RAND Corporation. https://www.rand.org/pubs/research_reports/RRA308-5.html.

Postal Banking Act. S. 3891, 117th Cong. (2022). https://www.congress.gov/bill/117th-congress/senate-bill/3891?q=%7B%22search%22%3A%5B%22postal+banking+act%22%2C%22postal%22%2C%22banking%22%2C%22act%22%5D%7D&s=1&r=1.

Principato, Charlotte. 2022. "Overdrafted, Underbanked and Looking for New Providers: A Deep Dive into Consumers Who Overdrafted in 2021." *Morning Consult*, January 11, 2022, sec. Finance. https://morningconsult.com/2022/01/11/overdrafted-underbanked-and-looking-for-new-providers/.

Price, Anne. 2020. *Don't Fixate on the Racial Wealth Gap: Focus on Undoing Its Root Causes*. New York: Roosevelt Institute. https://rooseveltinstitute.org/wp-content/uploads/2020/07/RI_DontFixateRWG_Report_202001.pdf.

Ramey Berry, Dania. 2022. *An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement.* Washington, DC: House Committee on Financial Services. https://financialservices.house.gov/uploadedfiles/hhrg-117-ba09-bio-berryd-20220405.pdf.

Ricks, Morgan, John Crawford, and Lev Menand. 2018. *Central Banking for All: A Public Option for Bank Accounts*. New York: Roosevelt Institute. https://rooseveltinstitute.org/publications/central-banking-for-all-a-public-option-for-bank-accounts/.

SB 339 - Relating to Establishment of a Public Bank. 81st Oregon Legislative Assembly (2021). https://olis.oregonlegislature.gov/liz/2021R1/Measures/Overview/SB339.

S.1762 - New York Public Banking Act. 2021. 2021—2022 Legislative Session of the New York State Senate. https://www.nysenate.gov/legislation/bills/2021/s1762/amendment/original.

SB 1415 - Financial Institutions Law: Annual Report: Overdraft. 2022. 2021—2022 Session of the California State Legislature (2022). https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB1415.

SB 5188 - Concerning the Creation of the Washington State Public Bank. 2021 Regular Session of the Washington State Legislature (2021). https://app.leg.wa.gov/billsummary?BillNumber=5188&Year=2021&Initiative=false.

Smith, Peter, Shezal Babar, and Rebecca Borné. 2020. *Overdraft Fees: Banks Must Stop Gouging Consumers During the COVID-19 Crisis*. Durham, NC: Center for Responsible Lending. https://www.responsiblelending.org/research-publication/banks-must-stop-gouging-consumers-during-covid-19-crisis.

Stone, Corey, Dennis Chira, and Aaron Fine. 2020. *Beyond Overdraft: A Path to Replacing Unsustainable Revenue*. Oliver Wyman. https://www.oliverwyman.com/content/dam/oliver-wyman/v2/publications/2020/jul/Beyond-Overdraft-Report-Finalpdf.pdf.

United States Postal Service. 2022. "Postal Facts: Sizing It Up." United States Postal Service. Accessed March 9, 2022. https://facts.usps.com/size-and-scope/.

US Census Bureau. 2020a. "B02001 RACE: ACS 5-Year Estimates Detailed Tables." 2020 American Community Survey. Accessed August 24, 2022. https://data.census.gov/cedsci/table?q=2020%20ACS&t=Black%20or%20African%20American%3AWhite&g=0500000US06067%248600000.

———. 2020b. "B06007 PLACE OF BIRTH BY LANGUAGE SPOKEN AT HOME AND ABILITY TO SPEAK ENGLISH IN THE UNITED STATES: ACS 5-Year Estimates Detailed Tables." 2020 American Community Survey. Accessed August 24, 2022. https://data.census.gov/cedsci/table?q=language&t=Language%20Spoken%20at%20Home&g=0500000US06001%248600000&y=2019&d=ACS%205-Year%20Estimates%20Detailed%20Tables&tid=ACSDT5Y2019.B06007.

———. 2021. "QuickFacts: United States." Last updated July 1, 2021. https://www.census.gov/quickfacts/fact/dashboard/US/RHI725221.

US House Committee on Financial Services. 2022. "Waters, Green, and Subcommittee Chairs Request Data on Chattel Slavery Financing from Top U.S. Banks and Insurance Companies." Press release, June 7, 2022. https://financialservices.house.gov/news/documentsingle.aspx?DocumentID=409525.

Valenti, Joe. 2022. "Overdraft Fees Can Price People out of Banking." *Consumer Financial Protection Bureau* (blog), March 30, 2022. https://www.consumerfinance.gov/about-us/blog/overdraft-fees-can-price-people-out-of-banking/.

White, Alexandria. 2020. "What Is Overdraft Protection and How Does It Work?" *CNBC*, November 25, 2020, sec. Banking. https://www.cnbc.com/select/what-is-overdraft-protection-and-how-does-it-work/.

Wick, Julia. 2021. "L.A. Takes a Step toward Launching a City-Owned Bank." *Los Angeles Times*, October 5, 2021, sec. California. https://www.latimes.com/california/story/2021-10-05/la-takes-step-toward-launching-city-owned-bank.

ABOUT THE AUTHOR

Emily DiVito is Senior Program Manager for the Corporate Power program at the Roosevelt Institute. She supports the think tank's work identifying, explaining, and advancing solutions for the problem of unchecked corporate power in today's economy. Her previous work at Roosevelt has focused on progressive taxation of wealth and the wealthy, issues at the intersection of labor and filibuster reform, inclusive banking and financial inclusion, and macroeconomic policy following the COVID-19 pandemic and recovery. DiVito holds a BA in American studies from Wellesley College, and an MPA from Columbia University.

ACKNOWLEDGMENTS:

Special thanks to SEIU California, Fight for 15, the CA Public Banking Alliance, and the California Reinvestment Coalition for their continuous inspiration and support. Thanks to Lebaron Sims for feedback and insights. Anamaría López Méndez and Roosevelt staff Sonya Gurwitt, Suzanne Kahn, and Niko Lusiani also contributed to this brief.

ROOSEVELT INSTITUTE

ABOUT THE ROOSEVELT INSTITUTE

The Roosevelt Institute is a think tank, a student network, and the nonprofit partner to the Franklin D. Roosevelt Presidential Library and Museum that, together, are learning from the past and working to redefine the future of the American economy. Focusing on corporate and public power, labor and wages, and the economics of race and gender inequality, the Roosevelt Institute unifies experts, invests in young leaders, and advances progressive policies that bring the legacy of Franklin and Eleanor into the 21st century.