Launching Innovative Employer-Based Financial Initiatives

National Federation of Community Development Credit Unions Annual Conference

June 6, 2013
Mission of DCA
Empowering consumers and businesses to ensure a fair and vibrant marketplace.

Overview of OFE
Founded by Mayor Bloomberg in December 2006, OFE is the first local government initiative in the nation with a mission to educate, empower, and protect New Yorkers with low incomes so they can build assets and make the most of their financial resources.
### Unbanked Landscape in New York City

<table>
<thead>
<tr>
<th>Borough</th>
<th>Number of adults</th>
<th>Number of households</th>
<th>Percent of households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronx</td>
<td>269,213</td>
<td>134,293</td>
<td>28.7%</td>
</tr>
<tr>
<td>Brooklyn</td>
<td>288,432</td>
<td>137,625</td>
<td>15.7%</td>
</tr>
<tr>
<td>Manhattan</td>
<td>166,414</td>
<td>95,306</td>
<td>13.0%</td>
</tr>
<tr>
<td>Queens</td>
<td>108,413</td>
<td>47,926</td>
<td>6.2%</td>
</tr>
<tr>
<td>Staten Island</td>
<td>6,305</td>
<td>2,989</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>New York City Total</strong></td>
<td><strong>827,334</strong></td>
<td><strong>405,573</strong></td>
<td><strong>13.4%</strong></td>
</tr>
</tbody>
</table>

*The New York City Total may not equal the Borough totals due to overlap between Community Districts.*

Source: DCA’s Citywide Financial Services Study, 2010
NYC’s Approach to Safe Banking

Identify Opportunities

Create Supply

Leverage Demand
NYC’s Approach to Safe Banking

- **Identify Opportunities**
  - Payments, stipends, tax refunds, financial counseling

- **Create Supply**
  - Negotiating account terms which try to meet consumers’ needs

- **Leverage Demand**
  - Program enrollment, onboarding, tax filing, City brand
NYC SafeStart Example

- Basic savings (limited transaction) account to help New Yorkers avoid costly fees and charges
- No monthly or overdraft fees
- Minimum balance requirements of $25 or less
- ATM card; no debit card
- ChexSystems leniency with financial counseling
- Offered at 7 banks and 4 credit unions
Why Employer-Based Efforts?

- Helping employees keep hard-earned dollars
- Connecting unbanked employees to accounts
- Cost savings for employers & increased productivity
- Environmental benefits
Making Savings Automatic

- EasySave was OFE’s first bank account for City employees
- Financial institution partner: Municipal Credit Union
- Piloted the product with select City agencies: DCA, DFTA, DHS, DoITT, HRA, Parks
Connecting Youth to Banking

• OFE partnered with the Department of Youth and Community Development (DYCD)
• Negotiated a safe, affordable checking account for the Summer Youth Employment Program (SYEP)
• Offered by six financial institutions
Using Lessons Learned

- Importance of account terms and features for LMI consumers
- Allow choice in terms of banks and credit unions
- Offer transactional account options
- On-site activities help increase uptake

Helped guide the creation of NYC Direct Deposit
Initial NYC Direct Deposit Stakeholders

- Office of Payroll Administration
- DCA Office of Financial Empowerment
- Mayor’s Office of Operations

NYC Direct Deposit Initiative
NYC Employee Statistics

Unbanked
- Estimated over 12,000 NYC employees are unbanked

Not using Direct Deposit
- Approximately 60,000 employees receive standard pay via paper check (20%)

Sources: DCA’s City Employee Survey & Office of Payroll Administration
Employees’ Reasons for Not Using Direct Deposit

- Planned to enroll but never did
- Lack of bank account
- High banking fees
- Minimum balance requirements
- Fear of creditors or frozen bank accounts

Source: DCA/OFE focus groups, Fall 2011
Financial Institution Partners

Participating financial institutions met criteria outlined in a Request for Statements of Qualification (RFQ)
Sample Campaign Materials

www.nyc.gov/NYCDirectDeposit
Targeted Outreach
Parks Opportunity Program Participants

Source: Preliminary analysis of AFCO baseline survey data n=1,034 (Jan-May 2012)
Unbanked Immigrant New Yorkers

Employers offer a tacit endorsement of financial institutions in a marketplace full of options.

<table>
<thead>
<tr>
<th></th>
<th>Mexican (443)</th>
<th>Ecuadorean (417)</th>
<th>Chinese (464)</th>
<th>Total (1,324)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banked</td>
<td>43%</td>
<td>65%</td>
<td>95%</td>
<td>68%</td>
</tr>
<tr>
<td>Unbanked</td>
<td>57%</td>
<td>35%</td>
<td>5%</td>
<td>32%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>53%</td>
<td>47%</td>
<td>100%</td>
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<tr>
<td></td>
<td>52%</td>
<td>48%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>50%</td>
<td>50%</td>
<td>100%</td>
</tr>
</tbody>
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Source: OFE’s 2012 Immigrant Financial Services Study, n=1,324.
Expansion

• Inviting other employers to participate
• Sharing a dedicated website, customizable materials, and employer toolkit
• Connecting employees to financial institutions, financial counseling, and technical assistance
Key Takeaways

- Role & importance of employer
- Cost savings
- Year-round promotion & targeted outreach
- On-site & online account opening
- Process changes
Challenges

- Employer, agency, or staff buy-in
- Voluntary vs. mandatory; high touch
- Certain segment denied accounts
- Multiple partners = multiple needs
- Measuring impact
Next Steps

- Securing additional partners
- Targeting new audiences
- Further integrating consumer protections
- Creating additional products that meet unmet needs
Department of Consumer Affairs
www.nyc.gov/consumers

Office of Financial Empowerment
www.nyc.gov/ofe

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