Integrating Financial Services & Products for Employees in the Workplace

New York Coalition of CDFIs Statewide Conference

October 1, 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

Estimated Unbanked Households by Borough

<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>New York City Total</td>
<td>827,334</td>
<td>405,573</td>
<td>13.4%</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

1. Identify Opportunities
2. Create Supply
3. 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
OFE’s Employer-Based Initiatives

EasySave
- 2009
- Making saving automatic

NYC First Account
- 2010
- Connecting youth to banking

NYC Direct Deposit
- 2011
- Free checking accounts with direct deposit
Why Employer-Based Efforts?

- Helping employees keep hard-earned dollars
- Connecting unbanked employees to accounts
- Cost savings for employers & increased productivity
- Environmental benefits
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’s City Employee Survey & Fall 2011 Focus Groups
Financial Institution Partners

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

Are you still getting a paper paycheck from the City OR paying high fees?

Announcing NYC Direct Deposit

FREE checking if your City of New York pay is deposited directly
NO monthly or debit card fees
NO overdraft or debit card purchase or ATM withdrawals
NO minimum balance requirements
FREE online banking and bill pay
FREE in-network ATM withdrawals

For more information: e-mail NYCDirectDeposit@dca.nyc.gov or call (212) 407-2105.

www.nyc.gov/NYCDirectDeposit
Strategy: Targeted Outreach by Agency
Parks Opportunity Program Participants

Source: Preliminary analysis of AFCO baseline survey data, n=1034 (Jan-May 2012)
Strategy: Reaching Unbanked Immigrants

<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>
</tbody>
</table>

Total: 100% 100% 100% 100%

Source: OFE’s 2012 Immigrant Financial Services Study, n=1324.

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

- Role & importance of employer
- Cost savings
- Year-round promotion & targeted outreach
- On-site & online account opening
- Structural or 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 products that address unmet needs
Department of Consumer Affairs  
www.nyc.gov/consumers

Office of Financial Empowerment  
www.nyc.gov/ofe

Questions? Please contact:  
Monica Copeland  
mcopeland@dca.nyc.gov  
(212) 436-0205