



Serving Unbanked and Underbanked Americans

Roughly a quarter of Americans are unbanked – those who lack a checking, savings, or money market account – or underbanked – those who have an account but still use costly financial service products like money orders, payday loans and check cashing services. These challenges make it nearly impossible for unbanked and underbanked Americans to achieve their financial goals, further deepening economic disparity across the country.



On December 9th, 2021, the U.S. Select Committee on Economic Disparity and Fairness in Growth held a bipartisan roundtable discussion with representatives from the financial services sector to shed light on how they can work with Congress to expand and improve banking services, increase access to capital, and prioritize consumer protection for all Americans, including low-income and historically marginalized communities. Solving America's unbanked and underbanked crisis will help millions of Americans save more money, increase their access to capital and services, and securing strong consumer protections.

Potential Policy Proposals

During the roundtable, experts offered the following recommendations for consideration:

Expand Access to Basic Financial Services and Streamline Existing Programs

- Banks should offer basic, no-fee or low-fee bank accounts, which the American Bankers Association calls a best practice.
- Encourage the Small Business Administration to identify and remove administrative barriers to Minority Deposit Institutions applying to SBA loan programs.
- The Federal government, FinTech companies and banks should work together to help workers receive paychecks and deposits instantly, removing friction in the payment and settlement space and ensuring financial systems are safe, secure, and instantaneous.
- Provide regulatory certainty to support bank-FinTech partnerships and innovative lending models.
- Revise the Expedited Funds Availability Act to raise the threshold from \$200 and require banks to make real-time payments to bank account holders. Banks would be

pushed to either begin using an existing real-time payment network or to expedite funds immediately and bear a negligible float-risk.

- Work with law enforcement, federal and financial regulatory institutions, and analytics experts to modernize anti-money laundering compliance requirements.
- Tailor supervision of financial institutions according to the size, complexity, and riskiness of the institution. Small community banks should not be regulated as if they were large, global institutions.
- Create a streamlined information sharing process that helps financial institutions and small businesses quickly meet reporting obligations required by the Consumer Financial Protection Bureau.

Support and Protect Vulnerable Consumers

- Encourage state and local governments to create safe and secure digital financial tools that can efficiently deliver government benefits (e.g., SNAP, Economic Impact Payments, natural disaster assistance, etc.), potentially through use of federal funds. Offering and publicizing an effective online option could enable families and households to receive necessary assistance quickly.
- Incorporate more financial data into credit score ratings (e.g., rent payment information).
- Expand access to financial counseling to help Americans avoid exploitative practices.

Other Recommendations to Support Communities of Need

- Revise the Community Reinvestment Act to ensure communities of need more directly benefit from the investment of CRA funds.
- Address historical banking issues in the Black community and ensure trust by adopting acceptable levels of security and technology in the banking system.

Expert Hearing Panelists

The following experts provided the policy recommendations listed above:



- **Robert E. James, II**, Chairman, National Bankers Association; President, Carver Development CDE, LLC, an affiliate of Carver State Bank
- **Wole Coaxum**, CEO, MoCaFi
- **Ines Polonius**, CEO, Communities Unlimited, Inc.
- **Aaron Klein**, Senior Fellow, Economic Studies, Brookings Institution
- **Justin Fisk**, Director of Research and Policy, Online Lender’s Alliance