

# Public Banking for Financial Justice



## Big Banks. Big Problems.

Wall Street banks continue to redline Black and brown neighborhoods, perpetuating racial wealth inequality across the state. New Yorkers face ongoing exploitation as banks flagrantly discriminate against Black and brown loan applicants and drive people out of the banking system with predatory overdraft fees and more. Check cashers, pawn shops and other high-cost financial services fill the void, leading to massive wealth extraction from New York communities.

Here's what this looks like around the state:

- ▶ In the first year of the pandemic alone, banks siphoned \$1 billion in predatory overdraft fees from struggling New Yorkers.
- ▶ In the Bronx, nearly one in five residents has no bank account, and Buffalo ranks among the ten most "unbanked" large cities in the U.S.
- ▶ More than 75% of Black-owned small businesses have no borrowing relationship with a bank.
- ▶ In both Rochester and Syracuse, banks made proportionately twice as many mortgages in predominantly white neighborhoods as they did in neighborhoods of color.

## Public Banks for Public Good.

A public bank is what it sounds like – a bank created by a local government, accountable to the people, and chartered to serve the public interest. Public banks give local governments a powerful tool to expand fair lending and banking access, while helping to level the playing field for small credit unions and other responsible lenders that build community wealth.

- ▶ **Strengthen the Local Banking Sector**  
Public banks partner with local banks and credit unions to promote responsible lending and other financial services. They provide community-based lenders with key support – such as liquidity, secondary capital, and credit enhancements – that helps them expand and diversify their lending.
- ▶ **Expand Access to Responsible Financial Services**  
Public banks invest in community credit unions and other responsible lenders that serve historically-redlined neighborhoods. In this way, public banks expand access to safe and affordable banking products and services that build community wealth.
- ▶ **Provide Needed Capital for Community-Led Economic Development**  
Public banks meet the credit needs of communities that the private banking sector has long failed to serve. They channel investment to equitable economic development, such as permanently-affordable housing, community land trusts, minority- and women-owned businesses, worker cooperatives, small farms, and more.

### Public Banking: A Proven Model

More than 900 public banks exist globally, from national development banks to municipal banks that provide everyday financial services. In the U.S., the century-old public Bank of North Dakota (BND) is credited with bolstering local financial institutions. The BND has a loan portfolio of nearly \$2 billion, lent out in partnership with community banks and credit unions. As a result, North Dakota has more local banks and credit unions per capita than any other state and nearly six times the number of financial institutions per capita than the U.S. overall.

**Take Action:** Tell your state legislators to pass the New York Public Banking Act and give local governments the tools they need to address persistent banking inequality in New York State.