

New York City Banking Commission
Testimony by Colin Kent-Daggett on behalf of TakeRoot Justice

May 5, 2025

Good afternoon members of the Banking Commission. My name is Colin Kent-Daggett, and I am an Advocacy Coordinator/Paralegal with the Housing team at TakeRoot Justice. Thank you for the opportunity to testify today regarding the designation of banks eligible to hold municipal deposits—a matter of fundamental public concern. We urge the Mayor, Comptroller, and Commissioner of Finance—who together make up the Banking Commission—to use their leadership and authority to bring a public bank to New York City and end the big banks’ stranglehold over public money.

TakeRoot Justice has been an advocate around Signature Bank and its eventual receivership by the Federal Deposit Insurance Corporation (FDIC). Signature’s business model and eventual collapse serves as an example of how big banks exploit New Yorkers. Signature had a long history of funding landlords with loan terms that were only financially feasible if residents were displaced and replaced – often illegally – with higher-paying tenants. These mortgages pushed landlords to ignore much-needed repairs in service of making loan payments and raising revenue. The bank’s collapse put a large portion of its rent stabilized apartment stock at risk - some of New York City’s most important assets for maintaining an affordable and livable city.

TakeRoot Justice commends the Banking Commission for making important changes to increase transparency and public participation in this process. Today’s hearing marks a significant improvement over past years. We continue to urge the Commission to create even more advanced opportunities for the public to weigh in, to ensure full and deliberate engagement on these critical decisions.

The City's continued reliance on private, profit-driven banks—rather than establishing a public bank—is a choice, not a necessity. We urgently need leadership that prioritizes the public interest over the status quo.

Recent events have only made this clearer. Earlier this year, the federal government seized \$80 million from the City's account at Citibank—without warning and without proper authorization. Even more alarming, Citibank processed the reversal without questioning it, overdrafting the City’s account and forcing New Yorkers to absorb the loss. A public bank, chartered to serve the public interest, would safeguard public funds from federal overreach and ensure our public money is protected and put to work for our communities. As a matter of fiduciary responsibility, the City must reject Citibank’s application to hold public deposits.

And the problems go far beyond the recent Citibank debacle. The City's designated banks continue to actively undermine New York's policy goals. Big banks like Bank of America, Citi, JPMorgan Chase, and TD—among the City's main depositories—have pumped over \$1.34 trillion into fossil fuel projects since 2016, in direct conflict with the City's climate commitments. These banks reportedly hold more than three-quarters of the City's total deposits.

The record of harm by these banks is overwhelming. For decades, big banks have systematically extracted wealth from Black, brown, and low-income New Yorkers while failing to provide affordable credit and service to communities of color. As exemplified in the case of Signature Bank, these financial institutions orient entire business models around gentrification and displacement, regardless of the costs to the lives of residents or even the maintenance and basic conditions of the underlying assets.

It is simply not in the City's financial interest to continue doing business with institutions that extract wealth from New Yorkers and fuel systemic harm. The City must move toward establishing a public bank: a democratically controlled financial institution, chartered to serve the public interest, and committed to equitable, community-driven investment.

A public bank would allow New York City to invest billions of dollars in affordable housing, small and worker-owned businesses, renewable energy, and other critical needs—particularly in low-income, Black, brown, and immigrant communities that Wall Street banks routinely fail or exploit. A study by economists at The New School's Center for New York City Affairs found that, *in just its first five years*, a public bank would add 70,000 jobs, build or preserve nearly 18,000 units of affordable housing, invest one \$1 billion into climate infrastructure, and direct \$6 billion in new loans to Black and brown neighborhoods, in partnership with local CDFIs and other responsible lenders.

Thank you again for the opportunity to testify. Please do not hesitate to contact me with any questions: ckent-daggett@takerootjustice.org