



TESTIMONY FOR ASSOCIATION OF NEIGHBORHOOD AND HOUSING DEVELOPMENT, BEFORE THE NEW YORK CITY BANKING COMMISSION

May 5, 2025

The Association for Neighborhood and Housing Development (ANHD) thanks the New York City Banking Commission for the opportunity to submit testimony on the applications for NYC Designated Banks. ANHD applauds the Banking Commission's continued efforts to increase transparency and accountability by providing opportunities for New Yorkers and advocates to share public testimony; spaces for community input must be created in these processes.

It is crucial to contextualize this testimony within the current state of our political landscape and the concerning acts that have transpired in the last few weeks in the federal regulatory landscape, and how it affects us locally, here in New York City. It is in this context, now more than ever, that we encourage the Banking Commission to take additional efforts to bring greater transparency to the public regarding banks holding city deposits by increasing scrutiny and oversight. We have witnessed no shortage of vulnerabilities in the US banking system, with the regional banking crisis of 2023 as a prime example. The city's Banking Commission has the potential to be a valuable tool for local stakeholders and elected officials to better understand how banks are serving the city's marginalized communities and also how carefully banks are stewarding our city's deposits.

ANHD has been closely monitoring financial institutions as part of our multi-decade-long bank reinvestment work. The regulatory rollbacks of recent months are deeply concerning and stand to impact community well-being. Issues such as consent decrees, debanking practices, loan forbearance, foreclosure, vehicle repossession, and bank branch closures are critical concerns for supporting and serving low-income and marginalized communities in New York City. Consent decrees, when enforced effectively, can hold financial institutions accountable for discriminatory practices and ensure fair treatment of all customers. However, the rapid closure of consent orders and regulatory rollbacks can undermine these protections, potentially exposing vulnerable communities to predatory lending and unfair financial practices.

Debanking, where financial institutions discontinue services to certain customers or neighborhoods, disproportionately affects low-income individuals and communities of color who may already face barriers to accessing traditional banking services. This practice exacerbates financial exclusion, making it difficult for affected individuals to manage their finances, build credit, or access affordable loans. Coupled with instances of loan forbearance, where borrowers are placed into forbearance without consent, these actions can harm credit scores and hinder access to future financial opportunities. Senator Elizabeth Warren has been vocal in highlighting bad behavior, and in a recent memo to the U.S. Senate Committee on Banking, Housing, and Urban Affairs titled "Analysis of CFPB consumer complaints related to debanking", dated February 2025.¹

¹ U.S. Senate Committee on Banking, Housing, and Urban Affairs. (n.d.). *Debanking complaints analysis*. https://www.banking.senate.gov/imo/media/doc/debanking_complaints_analysis.pdf

Foreclosure and wrongful vehicle repossession are particularly detrimental to low-income and marginalized communities in New York City. Foreclosure not only displaces families from their homes but also contributes to the erosion of affordable housing options, disproportionately impacting communities of color and economically vulnerable households. The loss of a home due to foreclosure can have devastating long-term effects on financial stability, mental health, and community cohesion. Similarly, wrongful vehicle repossession disrupts individuals' ability to maintain employment and access essential services, such as healthcare and education, further exacerbating economic hardship. These practices not only deepen poverty but also perpetuate cycles of financial instability, making it harder for affected individuals and families to recover and rebuild their lives.

The closure of bank branches in underserved areas not only limits access to essential financial services but also exacerbates economic disparities in New York City. Residents in these neighborhoods, already facing challenges of limited transportation and financial resources, are disproportionately affected by the closure of local bank branches. Forcing individuals to travel long distances to access basic banking services not only imposes additional financial burdens but also perpetuates inequality. Moreover, the shift towards digital banking solutions, while convenient for some, widens the digital divide as many low-income and elderly residents lack reliable internet access or the digital literacy skills needed to navigate online banking platforms effectively. This exclusionary trend not only isolates communities from critical financial resources but also undermines local economic development and community cohesion, further deepening disparities in financial well-being.

Addressing these multifaceted challenges requires comprehensive regulatory oversight, community engagement, and proactive policies that prioritize financial inclusion and equitable access to banking services. It is imperative for policymakers and regulatory bodies to collaborate with community stakeholders to develop solutions that safeguard the financial well-being of all New Yorkers, particularly those who are most vulnerable to economic instability and exploitation.

Lastly, we must continue to explore solutions and options that provide sustainable, equitable, and fair access to banking services for all New Yorkers. New Yorkers deserve solutions that work to undo the legacies of redlining and predatory lending, which were pervasive throughout the practices of mainstream financial institutions. The City and the NYC Banking Commission 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 mainstream 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 \$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.² We hope that in the near future, our testimony before the NYC Banking Commission will discuss the designation of a NYC public bank.

Thank you for your attention to this important matter. ANHD continues our long-standing commitment to ensuring banks are providing the responsible and equitable lending and service that all our New York City communities need, deserve, and are due.

Please feel free to contact ANHD if you have any follow-up questions at:

Association for Neighborhood and Housing Development (ANHD)
50 Broad Street, Suite 1402
New York, NY 10004
steven.m@anhd.org

² Parrott, J., & Mattingly, K. (2023, June 28). *The economic impact of a NYC public bank*. Center for New York City Affairs.
<https://static1.squarespace.com/static/53ee4f0be4b015b9c3690d84/t/649c505e04d0f74901cdd1e2/1687965792310/The+Economic+Impact+of+a+NYC+Public+Bank+Parrott+%26+Mattingly+CNCA.pdf>