

GR 21 - SB 933 - Access to Banking & Financial Ser

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SB 993 – Financial Regulation – Access to Banking and Financial Services – Reporting
Senate Finance Committee
March 18, 2021
Support

The Maryland Bankers Association represents FDIC-insured community, regional and nation-wide banks that employ 28,000 Marylanders and have over 1,400 branches across our State. The Maryland banking industry serves about 6 million customers across the State and provides an array of financial services including business lending, residential mortgage lending, business banking, estates and trust services, consumer banking and more.

SB 993 requires the Commissioner of Financial Regulation to submit a report that analyzes the banking environment in the State to the General Assembly. Areas of focus for the report are: the number and types of State and federal banks and other financial institutions by jurisdiction; possible banking deserts in the State where citizens have limited access to financial services or are living in areas without a credit union or bank branch; and recommended strategies to ensure residents of underserved jurisdictions have access to financial services.

According to the FDIC, nationally 5.4% of Americans do not have a bank account (“unbanked”) —the lowest number recorded in the history of FDIC’s survey. In Maryland, the number of unbanked is 3.8%. However, this percentage varies across different segments of the population and during these especially challenging times, banks are stepping up efforts to develop a banking relationship with underbanked or unbanked consumers to ensure their money is safe and they have access to affordable financial products and services that meet their needs. For some, there is a perception that it is too expensive to be banked. However, the reality is that it is too expensive to be unbanked. Fees from alternative financial services like check cashing add up fast.

The Maryland banking industry is committed to our State’s communities and citizens. Expanding access to financial services and expanding financial inclusion are goals we fully support. MBA and MBA’s member banks have been actively involved in a variety of ways working with a number of stakeholders, including federal agencies and banking regulators, national trade groups, the U.S. Treasury, the Small Business Administration, business and consumer groups and more to help individuals, families and business meet their current and developing financial needs.

An example of this collaboration is the Federal Deposit Insurance Corporation’s (FDIC) “Get Banked” initiative designed to help low-to-moderate income families and individuals attain access to safe, affordable, and functional bank accounts. Similarly, [Bank On](#) is a national movement that allows customers affordable, functional, and safe access to bank and credit union accounts. Customers can use these certified accounts, which are specifically designed for individuals or families who currently don’t have access to a bank account, to receive their stimulus payments and other emergency payments. Attached is a copy of MBA’s recent press release with additional information on these important programs.

Maryland banks stand by Marylanders and their communities and are committed to serving as a source of strength and stability, especially during times of need, such as the pandemic. Over the past year, MBA member banks, serving as economic first responders, immediately jumped into action to respond to the needs of individuals, homeowners, small businesses, customers and communities by delivering thousands of Paycheck Protection Program loans, federal and state stimulus payments, and responding to a host of individual and business needs. The study created by SB 933 will provide greater insights and recommendations as to how the financial services industry can better meet the needs of underserved individuals and areas. **MBA thanks the bill sponsor for her leadership on these issues and urges a favorable Committee report.**



MBA PRESS RELEASE

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FOR IMMEDIATE RELEASE: March 12, 2021

MBA Supports FDIC’s “Get Banked” and National “Bank On” Initiatives, Helping Customers Open Bank Accounts Online, Receive Tax Refunds and COVID-19 Related Payments

ANNAPOLIS, MARYLAND (March 12, 2021) — The Maryland Bankers Association has announced its support for the Federal Deposit Insurance Corporation’s (FDIC) “Get Banked” and other national “Bank On” initiatives – programs designed to help low-to-moderate income families and individuals attain access to safe, affordable, and functional bank accounts.

The FDIC has provided a dedicated [#GetBanked webpage](#) for consumers interested in opening a bank account at one of many approved FDIC-insured banks. Its webpage details the importance and benefits of having an account and shares the resources available to help consumers open a bank account online, along with useful resources related to Economic Impact Payments (EIPs) and other covid-19 related payments.

With tax season currently in full swing, the IRS has advised customers to sign up for direct deposit benefits in order to receive any EIPs owed to them along with their annual return payments. The most efficient and effective way for individuals to receive these funds is electronically, which is why promoting financial literacy through this initiative is so fundamental as customers continue to experience challenges due to the current pandemic.

Similarly, [Bank On](#) is a national movement that allows customers affordable and safe access to bank and credit union accounts. Customers can use these certified accounts to receive their stimulus payments and other emergency payments, which are specifically designed for individuals or families who currently don’t have access to a bank account.

“Through the use of these accounts, Marylanders can bank entirely online, gaining access to their stimulus payments, avoiding unnecessary fees, paying bills remotely, and directly depositing funds, which demonstrates the value of virtual account access during COVID-19.” Said Ramon Looby, President and CEO of the Maryland Bankers Association. “By using these available resources, everything can be done safely and comfortably from home.”

In Maryland, there are currently two specific “Bank On” coalitions – [Bank On Gaithersburg](#) and [Bank On Maryland](#) – and a number of Maryland banks both large and small offer Bank On accounts.

For example, MBA Chairman and Middletown Valley Bank President & CEO BJ Goetz stated, “Middletown Valley Bank is proud to offer a Bank On certified product, the *SimpleSpend Account*. Our product provides access to MVB’s convenient banking services, with safeguards to help customers develop sound banking practices and improve financial stability. The *SimpleSpend Account* is a checkless checking account with no minimum balance requirement. It offers four non-MVB ATM fees waived per statement cycle and e-Statements at no charge.”

If interested in locating an FDIC-insured bank in your area, please visit the FDIC’s BankFind tool [here](#).

About the Maryland Bankers Association

Founded in 1896, MBA represents community, regional and large nationwide banks and thrifts of all sizes and charter types with more than 1,400 branches across the State. Maryland banks employ about 28,000 professionals who dedicate on average 100 hours of community service annually. MBA serves member banks as a legislative and regulatory advocate at all levels of government, as the public relations voice for the industry, as a provider of professional education to members and a promoter of financial education to the community. The MBA will celebrate its 125th Anniversary in 2021.

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March 18, 2021

To: The Honorable Delores Kelley
Chair, Finance Committee

From: Steven M. Sakamoto-Wengel
Consumer Protection Counsel for Regulation, Legislation and Policy

Re: Senate Bill 933 – Financial Regulation – Access to Banking and Financial Services – Reporting (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 933, sponsored by Senator Benson, which would require the Commissioner of Financial Regulation to report on the availability of banking services in Maryland, particularly in disadvantaged communities, and recommend strategies to ensure that those communities have access to financial services.

Despite the Community Reinvestment Act's requirement that financial institutions invest in low income and minority communities, more and more banks are shutting down branches in disadvantaged communities, making it more difficult for those residents to access traditional financial services. The Federal Reserve found that, in 2019, about one-fourth of American adults were unbanked or under-banked, meaning that they lacked a bank account or had to rely upon check cashing services. The COVID-19 pandemic has only exacerbated the problem, as travel outside of citizens' immediate neighborhoods to access banking services has become more difficult and presents the risk of catching COVID-19. Senate Bill 933 will help provide a better understanding of where in Maryland traditional banking services are not available, which will provide essential information to begin addressing the problem.

For the past six months, more than 300 stakeholders across the public and private sector have been meeting as part of the Attorney General's COVID-19 Access to Justice Task Force to confront this growing disaster by developing strategies for reforming longstanding inequities in housing access and several other civil legal areas. The resulting Report, "Confronting the COVID-19 Access to Justice Crisis" is available online at

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www.marylandattorneygeneral.gov/pages/A2JC/default.aspx. As Attorney General Frosh noted in his introduction to the Report:

COVID-19 did not create the systemic failings and inequities of our social safety net and civil justice system. Those most vulnerable to any setback have disproportionately experienced the effects of these deficiencies for generations. Yet the pandemic exacerbated and brought to light with painful clarity these deficiencies and the suffering that they cause. We must, therefore, seize this unprecedented chance and collectively work together to fix them.

Senate Bill 933 will start addressing the disproportionate impact of banking deserts in low income and minority communities and we ask that the Finance Committee return a favorable report on Senate Bill 933.

cc: The Honorable Joanne Benson
Members, Finance Committee