

CDFIs & Walmart

A primer on Walmart's harmful impact on communities, small businesses, and Community Development Financial Institutions (CDFIs)

“An integrated Walmart system that pushes retail shoppers to MoneyCenters and MoneyCenter customers to retail purchases is a real threat to credit unions.”

- Robert Manning, author of *The Blended Walmart Business Model* and *Credit Card Nation*



About Walmart Free NYC:

Walmart Free NYC is a coalition of concerned workers and residents, small business owners, community leaders, clergy, and elected officials who are committed to increasing economic opportunities, preserving local businesses, and bringing more jobs to communities across New York.
www.walmartfreenyc.org



Brochure produced by
New Economy Project
www.neweconomynyc.org

Take Action!

- Join the campaign
- Share your story
- Engage community members and businesses
- Spread the word
- Stay informed

 facebook.com/walmartfreenyc

 twitter.com/WMTFreeNYC

For more information:
www.walmartfreenyc.org

Walmart's cheap goods come at a high cost to workers, small businesses and communities – including those served by CDFIs. Read on about Walmart's impact on:

WORKERS

- Many Walmart employees live below the poverty line. The average Walmart associate makes \$8.81 per hour – just \$15,500 annually for those working Walmart's definition of full-time (34 hours per week).¹
- Walmart workers are more reliant on public assistance than those of any other company, costing taxpayers more than \$1 billion nationally.²
- Walmart has been repeatedly sued for violations of fair pay and labor laws.³
- Walmart engages in union busting practices, disciplining and terminating employees who advocate union membership.⁴
- Walmart was the defendant in the nation's largest gender-bias class-action lawsuit to date.⁵

¹ Making Change at Walmart, n.d. "What Happened to Sam Walton's Creed of Respect the Associate?" www.makingchangeatwalmart.org/files/2012/03/workers.pdf

² Ibid.

³ Hines, Alice, May 2012. "Walmart Fined by Labor Department For Denying Workers Overtime Pay, Agrees To Pay \$4.8 Million In Back Wages" www.huffingtonpost.com/2012/05/02/walmart-overtime-labor-department-settlement_n_1470543.html

⁴ Callahan, David, September 2013. "The Global Context of Walmart's Illegal Union Busting Tactics" www.demos.org/blog/9/6/13/global-context-walmarts-illegal-union-busting-tactics

⁵ Making Change at Walmart, n.d. "Women's Issues." www.makingchangeatwalmart.org/womens-issues

SMALL BUSINESSES & LOCAL ECONOMIES

- Walmart destroys 3 local jobs for every 2 poverty-wage jobs it creates.⁶
- Big box stores circulate only 16% of revenue back into the local community – less than half that of local businesses.⁷
- Walmart tax abatements and other tax avoidance schemes cost state and local governments over \$300 million per year in lost revenue.⁸
- One Walmart put 25% of neighborhood shops out of business within the first year.⁹
- Walmart threatens the 2 million small businesses in NYS that employ over half of the state's private-sector workers.¹⁰

⁶ Neumark, David, Junfu Zhang and Stephen Ciccarella, January 2007. "The Effects of Walmart on Local Labor Markets." www.nber.org/papers/w11782.pdf?new_window=1

⁷ The Urban Conservancy, in partnership with Civic Economics, September 2009. "Thinking Outside the Box." www.civiceconomics.com/library/

⁸ Matterna, Phillip, February 2011. "Shifting the Burden for Vital Public Services: Walmart's Tax Avoidance Schemes." www.goodjobsfirst.org/sites/default/files/docs/pdf/walmart_shiftingtheburden.pdf

⁹ Davis et al., December 2009. "The Impact of an Urban Wal-Mart Store on Area Businesses: An Evaluation of One Chicago Neighborhood's Experience." www.ecommons.luc.edu/curl_pubs/3

¹⁰ NYS Small Business Development Center. "Small Business Statistics." www.nyssbdc.org/resources/smallbizstats/smallbizstats.html

CDFIs

- Walmart has tried to acquire a U.S. bank since at least 1998, raising concerns about the company's economic influence and the dangers of mixing banking and commerce.¹¹
- Walmart's 1,500 MoneyCenters target the working poor and make 5 million transactions each week – from check cashing and money orders to issuing high-cost prepaid and credit cards.¹²
- Walmart now offers high-cost loans through Progress Financial.¹³
- Walmart's strategy includes selling fee-based transactional products; leasing space to banks and credit unions; and seeking to buy or charter its own bank.¹⁴
- Walmart already operates banks in Canada and Mexico.¹⁵

¹¹ Dash, Eric, March 2007. "Wal-Mart Abandons Bank Plans." www.nytimes.com/2007/03/17/business/17bank.html?_r=0; Gores, Paul, April 2006. "At hearing, State Bankers Oppose Walmart Plan." www.news.google.com/newspapers?nid=1683&dat=20060411&id=jywwAAAAI-BAJ&sjid=c0UEAAAAlBAJ&pg=6399,304620

¹² Mui, Yan Q, January 2011. "Retailers offer financial services to 'unbanked'" www.washingtonpost.com/wp-dyn/content/article/2011/01/31/AR2011013106177.html?hpid=topnews; Walmart, "MoneyCenter." www.walmart.com/cp/walmart-money-center/5433

¹³ Dudley, Renee, July 2013. "Wal-Mart Customers Access Loans With Progress Financial." www.bloomberg.com/news/2013-07-03/wal-mart-customers-access-loans-with-progress-financial.html

¹⁴ Manning, Robert, 2010. "The Blended Walmart Business Model: MoneyCenters, Banco Walmart de México, and the Formidable Challenge Facing Credit Unions." www.fileone.org/assets/pdf-reports/220_Manning_Walmart.pdf

¹⁵ Dougherty, Carter, August 2011. "Banks Vs. Wal-Mart: Round 2?" www.businessweek.com/magazine/banks-vs-walmart-round-two-08112011.html

"We are concerned about the impact that Walmart would have on local small businesses that provide vital goods, services, and jobs in the community. Many of these businesses are members of our credit union, and enterprises that we helped to start or expand...Walmart's high-cost and 'second-tier' financial products undermine our movement's work to bring people into a safe, regulated financial services system."

– Lower East Side People's Federal Credit Union, NYC