Thank you for the opportunity to testify at today’s hearing about the proposed NYC municipal ID card program. My name is Deyanira Del Rio and I am the co-director of New Economy Project (formerly NEDAP), an organization that works with community groups to fight for economic justice and to build a new economy that works for all.

We applaud the City Council for putting forward its municipal ID proposal, which has the potential to help hundreds of thousands of New Yorkers who are currently marginalized from many of the city’s services and institutions because they do not have access to a government-issued ID.

New Economy Project and our ally groups have worked extensively to hold banks accountable to communities, and to eliminate barriers that immigrants, low wage workers, and people living in neighborhoods of color face to fair financial access. **We are excited about, and my testimony will focus on, opportunities for the City to use municipal IDs as a tool to promote financial inclusion for all New Yorkers.**

New York City’s Office of Financial Empowerment estimates that upward of 825,000 adults, representing 13% of households in the city, do not have a bank or credit union account. In the Bronx, the figure jumps to 29% of households. It has been well-documented that having an affordable credit union or bank account helps families save, build assets, and avoid high-cost and predatory services. Without accounts, people can pay hundreds or even thousands of dollars each year to cash their paychecks, access public benefits and pay bills. Expanding financial access could put literally millions of dollars back in the pockets of working poor New Yorkers and in their communities.

People excluded from the banking system incur not only immediate financial costs, but also long-term setbacks. Lack of a banking or credit history, in particular, can unfairly block people from housing, jobs and other economic opportunities, as growing numbers of landlords, employers, insurance companies and others now evaluate and often discriminate against people on the basis of their credit histories.

We have seen that financial access can be particularly important to undocumented immigrants and low wage workers, who have used banking records to demonstrate their
physical presence in the country, for example, or to support their claims in wage disputes with abusive employers. For many reasons, a credit union or bank account continues to be an important stepping stone to financial and economic stability.

**Lack of government-issued identification is a major impediment to financial access.** New and undocumented immigrants, homeless New Yorkers, and people returning to their communities from prison are among populations that face challenges meeting banks’ ID requirements. While federal banking law gives financial institutions flexibility to accept a wide range of identification, many banks have chosen, for example, to require at least two forms of ID to open accounts. Some are reluctant to accept identification from other countries, or do so only on an inconsistent, case-by-case (or branch-by-branch) basis. Others inappropriately inquire about people’s immigration status. The introduction of a NYC municipal ID card could fill an important void in underserved communities and go far toward bridging the financial services divide in our city.

We recommend that New York City:

1. **Design the municipal ID card to meet the minimum requirements set forth by the Patriot Act.** The NYC ID card should contain, for example, a unique identification number and the cardholder’s photo, name, birth date and address. Additional security and anti-fraud features could further encourage broad acceptance of the ID by banks and other institutions.

2. **Press financial institutions to accept the municipal ID as a primary ID to open accounts and to extend credit, as permitted under federal law.** The City should work with diverse institutions – including state- and federally-charted banks, community development and employer-based credit unions, and microenterprise groups – to educate them about the municipal ID card and to encourage its acceptance.

3. **Connect the municipal ID program to other NYC policy initiatives that promote financial inclusion and reinvestment.** The NYC Responsible Banking Act, for example, permits the City to consider banks’ performance in meeting community banking and credit needs, when deciding where to place the City’s deposits. The City could consider the provision of services to municipal ID cardholders in its evaluation of banks.

4. **Press banks and credit unions to recognize the municipal ID as a true government-issued ID.** Anecdotally we have already heard that some banks are viewing the municipal ID as a “less secure” ID or are planning to offer

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1 The USA PATRIOT Act requires financial institutions to collect certain information from new customers, including their name, address, birth date, and a government-issued identification number – such as a Social Security Number or (for non-U.S. citizens) an Individual Taxpayer Identification Number or the number from any government-issued ID card bearing a photo or similar safeguard.
“special” or “niche” products, such as prepaid debit cards, to municipal ID cardholders. We urge the City to press for full and equitable access to all services that financial institutions provide. The municipal ID card is intended to unify and expand access for all New Yorkers—not to create segregated products and systems for people who carry the cards.

5. **Consider requiring that all City agencies and entities that do business with the City (including banks) accept the municipal ID** (as San Francisco did in its municipal ID card law).

Finally, we applaud the City for choosing not to pursue a prepaid debit card function on the card, as some other cities have done. Prepaid cards typically carry high and often hidden fees, and are not uniformly insured and protected under federal law (unlike bank debit and credit cards), among other issues and concerns. We support the City in promoting the NYC ID as a tool that New Yorkers can use to access the financial institutions and services of their choice, rather than steering all cardholders to specific companies or products that may not be properly regulated and over which the City has little control.

Fair lending and economic justice advocates are eager to work with the City to ensure smooth implementation of the NYC ID and to secure its acceptance by a broad range of institutions. Please do not hesitate to contact me should you have any questions.