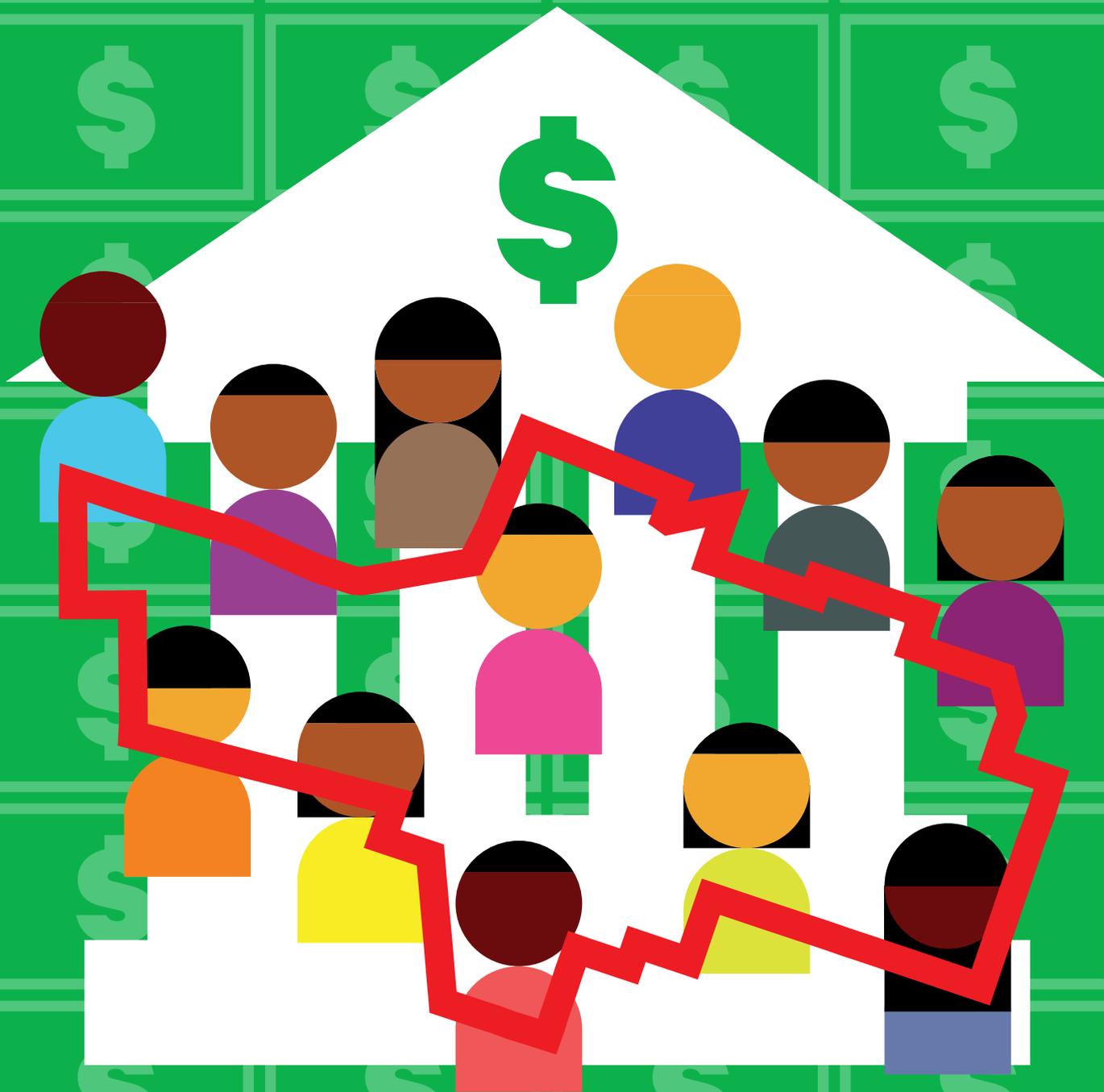


CHANGE IT UP!



How Banks Shape Neighborhoods and the Economy

AND WHAT YOU CAN DO ABOUT IT

MAKING
POLICY
PUBLIC

BANKS PLAY A ROLE IN SHAPING NEIGHBORHOODS

Neighborhoods don't just happen, they are shaped by many forces. Banks are one of the biggest forces affecting neighborhoods.

Start Here →

Public Money



The government has decided to support banks with public money because banks are critical to the economy.

What's a big bank?

The 6 biggest U.S. banks hold \$9.5 trillion in assets — equal to more than half the entire U.S. economy.

Big Banks

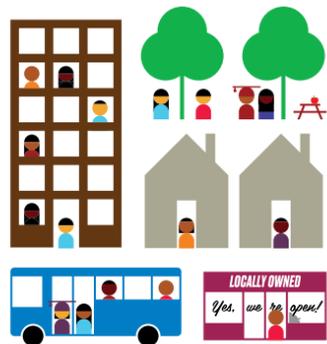


In exchange, banks are supposed to serve the public by providing a safe place for people to put their money, and by making loans and investments that promote affordable housing, small businesses, and other community needs.

How is it supposed to work?

Healthy, thriving communities contribute to a larger tax base and a strong economy.

Thriving Communities



Safe and affordable financial services help communities and local economies prosper.

Loans



Start Here →

Public Money



Public money goes to banks.

Big Banks



Predatory companies are often owned or financed by big banks, so the profits they make come out of communities and end up back at the banks.

How does it really work?

Banks have a long history of denying loans and services to communities of color, based on the race and income of the residents. This practice is called "redlining," and it's illegal.

Predatory Services



People who live in redlined communities are forced to use high-cost or predatory services, like pawn shops and check cashers. Without bank loans, affordable housing can't be built, and local small businesses have a hard time surviving.

Redlining



What do you mean the government supports banks with public money?

The government supports banks with public money from your tax dollars. There are a few ways it does this:

→ Federal Reserve Loans

Banks can borrow money from the government at extremely low or 0% interest rates — a privilege only given to banks.

→ Deposit Insurance

The federal government insures bank deposits up to \$250,000 to make sure it is safe for people to put their money in banks.

→ Bank Bailout

After the 2008 economic crash, taxpayers funded a \$7.77 trillion bailout of the banking industry to keep the economy from total collapse.

Did you know banks are required by law to serve all communities fairly?

The Community Reinvestment Act (CRA) is a law passed in 1977 that says banks have a duty to serve communities fairly. Community groups fought hard for this law and have used it as a tool to fight bank redlining. Despite laws like the

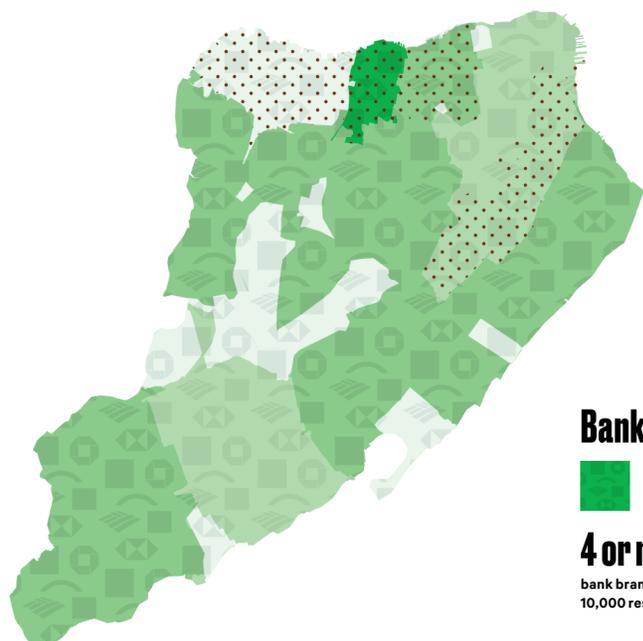
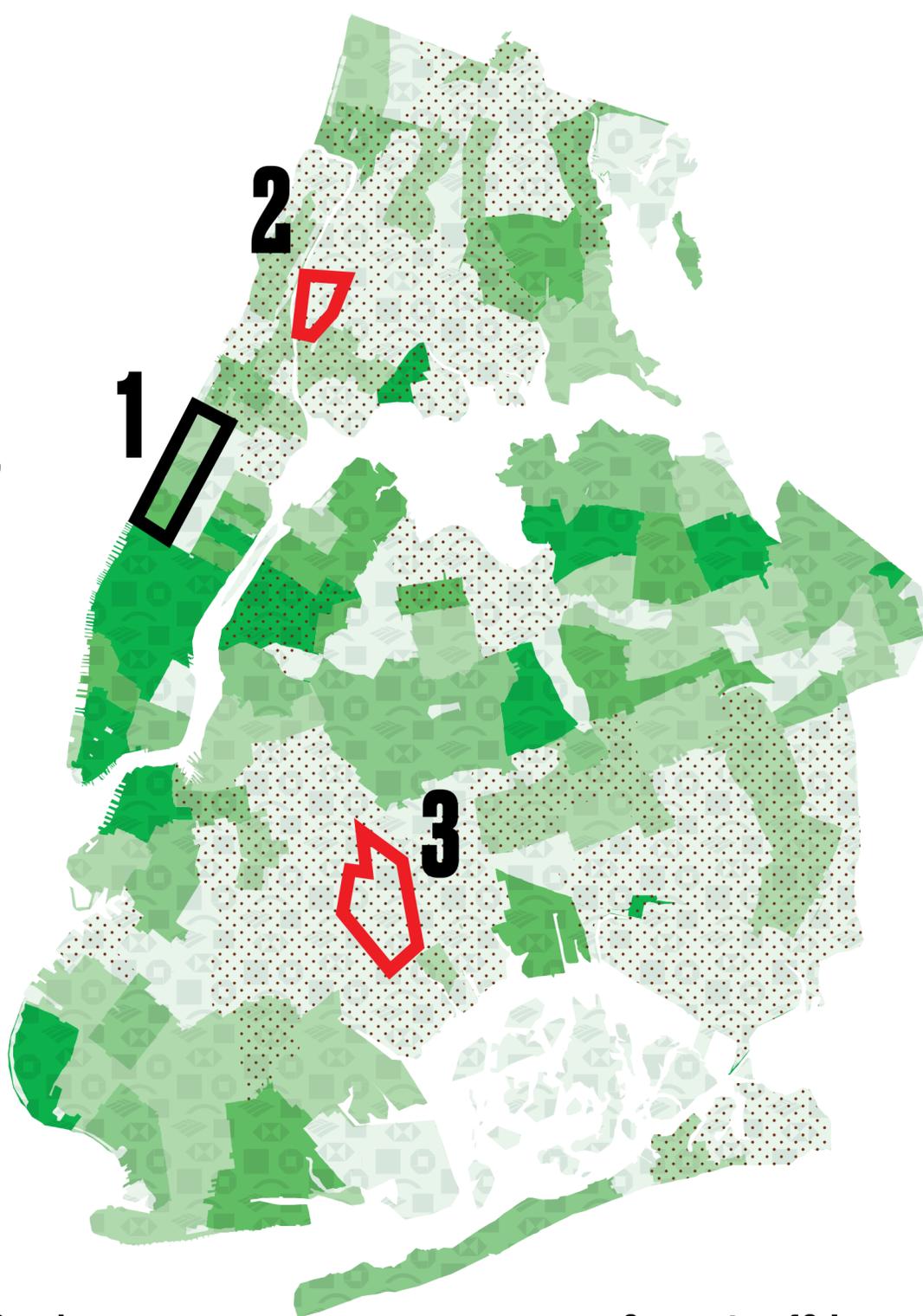
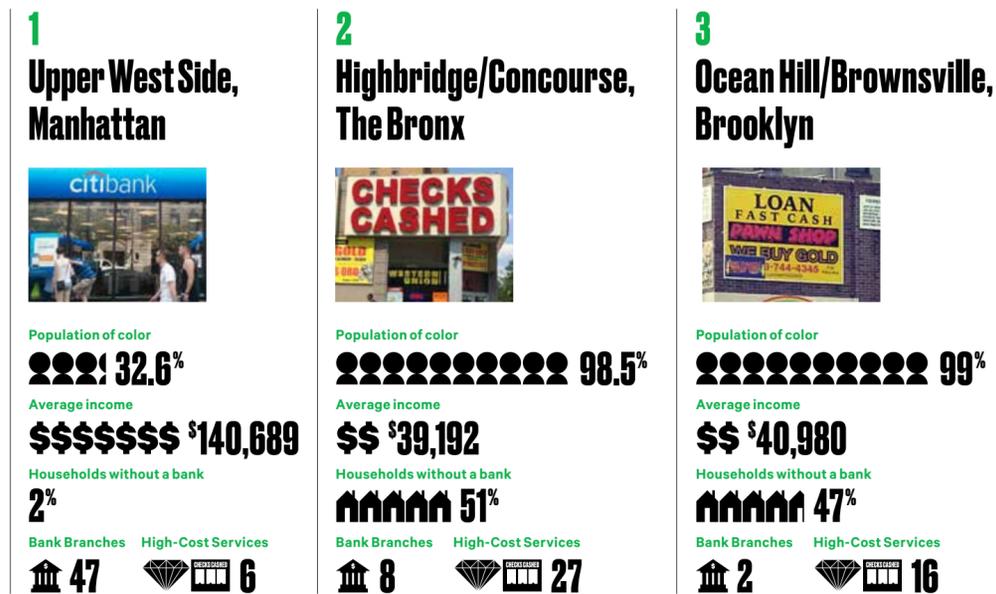
CRA, banks are still failing to serve low-income neighborhoods and communities of color fairly. In 2014, banks in cities around the country, like Providence, Buffalo, and Los Angeles, were sued for redlining practices.

BIG BANKS DON'T SERVE NEW YORK CITY COMMUNITIES EQUALLY

50% of NYC neighborhoods are communities of color, but only 22% of all bank branches in the city are located in these neighborhoods. Neighborhoods without bank branches have the highest number of high-cost loans, foreclosures, and debt collection lawsuits.

By not providing branches in these neighborhoods, banks create a vacuum filled by high-cost financial companies, like check cashing stores and pawn shops. Some banks also invest in these high-cost services. People in communities of color end up paying much more for basic financial services that everyone needs. The money they pay in high interest and fees adds up to millions of dollars each year, much of which ends up as profits for banks instead of being reinvested in local communities.

THIS IS WHAT REDLINING LOOKS LIKE TODAY:



Bank Branches



Communities of Color



BIG BANKS CONTRIBUTE TO INEQUALITY AND POVERTY

High-Cost Financial Services



In redlined communities people have to do their "banking" at check cashers, pawn shops, and money transfer companies. Low-income people end up paying high fees for basic services — up to 10% of their incomes just to cash checks and pay bills.

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By redlining neighborhoods, banks create environments where high-cost services thrive. Banks make money from these businesses by making loans to finance their services. Some banks sell high-cost services of their own, like overdraft and payday loans with interest rates of 100% or more.

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Predatory Debt Collection



Debt buyers are companies that buy and try to collect old debts. Debt buyers sue hundreds of thousands of New Yorkers each year, often for debts they do not owe. These lawsuits often lead to people's wages being withheld or bank accounts frozen, and cost New Yorkers \$230 million in 2011 alone.

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Banks drive the debt collection industry. Banks profit from selling their old credit card debts to debt buyers. They also lend debt buyers the money they need to buy old debts. Some banks engage in their own unfair debt collection practices.

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Subprime Lending & Foreclosures



For years, subprime lenders flooded communities of color with high-cost and predatory mortgage loans. Many were unaffordable from the start. These loans devastated communities and led to the foreclosure crisis and financial collapse. In NYC, lenders have filed foreclosures on 69,000 families since 2008.

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Big banks fueled and profited from subprime loans by selling them as investments on Wall Street. Many banks bought or started subprime mortgage companies to make these loans directly and have aggressively foreclosed on homeowners.

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Bank Bailouts



The U.S. financial crisis cost almost 9 million jobs and \$19.2 trillion in household wealth. Communities of color have been hardest hit by foreclosures, unemployment, and massive cuts to social services. Meanwhile, banks have spent millions of dollars lobbying against strong financial regulation that would prevent future crises.

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Even though too-big-to-fail banks were responsible for the financial crisis, the federal government used trillions of dollars of public money to bail them out. The banks are bigger and more powerful than ever. The six biggest U.S. banks hold \$9.5 trillion in assets — equal to more than half of the U.S. economy.

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What can we do about it?

A NEW ECONOMY IS POSSIBLE!

People and organizations across the country – and around the world – are working to create a new economy, based on principles of democracy, cooperation, racial and social justice, and ecological sustainability. The new economy will be made up of institutions that promote healthy communities, shared ownership, and community self-determination.

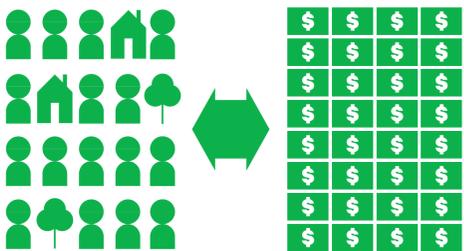


Community Land Trusts (CLTs)

CLTs are nonprofits that separate ownership of the land from what's built on top, and take land out of the real estate market. CLTs are structured to give community residents a say in how their neighborhood develops, and are a way to create truly affordable housing and fight gentrification and displacement.

Public Banks

Public banks are owned by the government, instead of by private shareholders. Today, city and state governments put the public's money in the big banks, which use the money to benefit the bank's shareholders. New York could create a public bank to invest the public's money to benefit local economies instead.



Community Development Credit Unions (CDCUs)

CDCUs are member-owned financial institutions that have a long history of providing responsible banking in low-income communities. They reinvest money back into their local neighborhoods.

Worker Coops

Worker coops are businesses that are owned and run by the people who work there. There are hundreds of them in the U.S. Worker-owners share in decision-making and profits, and often prioritize community benefits and sustainable business practices.

These are just some examples. What else do you want to see?

There is no one blueprint for the new economy. An economy that works for all must be shaped by many voices — including yours.



Help build the new economy by joining a CDCU and supporting worker coops, community land trusts, and public banks.



Challenge Wall Street by demanding a break-up of the big banks and strong regulation of our financial system.



Make your voice heard by joining with New Economy Project on campaigns and demonstrations. NEWECONOMYNYC.ORG

JOIN THE MOVEMENT!

MAKING POLICY PUBLIC