

December 4, 2020

Honorable James Sanders, Jr.
Chair, New York State Senate Banks Committee
Legislative Office Building, Room 711
Albany, NY 12247

Honorable Thomas J. Abinanti
Chair, Standing Committee of Banks, New York State Assembly
Legislative Office Building, Room 424
Albany, NY 12248

Chair Sanders and Chair Abinanti:

As leaders of local financial institutions that provide responsible loans and other financial services to underserved communities across New York State, we write to urge passage of S.5565-D/A.9665-E (“New York Public Banking Act”).

Our institutions serve communities throughout the state, including in Buffalo, the Capital Region, New York City, Rochester, and the Southern Tier. We promote local economic development through lending that stimulates small business development, job creation, affordable housing development and preservation, homeownership, and more.

We strongly support public banking as a needed approach to promote economic resilience and opportunity, particularly in communities hardest-hit by COVID-19. Through public banks, local governments could ensure that public money is used to support local economic development—advancing equity, resilience, and sustainability in low-income communities and communities of color statewide.

Importantly, public banks would partner—rather than compete—with local banks and credit unions to drive responsible lending in communities throughout the state.¹ We see in public banking a tremendous opportunity to strengthen institutions like ours that serve historically redlined communities. For example, public banks would:

- Partner with community banks and credit unions to make larger loans, and increase lending overall, for affordable housing, small business development, and other critical needs.
- Support the growth of small banks and credit unions, allowing us to expand branches and retail services in communities not served by mainstream banks.
- Provide secondary capital, credit enhancements, and other support to community-based lenders, enabling us to grow, expand and diversify our loans and services statewide.

¹ Jason Judd, Heather McGhee, *Banking On America: How Main Street Partnership Banks Can Improve Local Economies* (2011), available at www.demos.org/sites/default/files/publications/Demos_NationalBankPaper.pdf

The New York Public Banking Act is a historic bill that would create a safe and appropriate regulatory framework and consistent statewide guidance for New York cities, counties, and regions seeking to establish public banks. As the COVID-19 crisis exacerbates inequality and poverty in New York, we need bold solutions, like public banking, to ensure a just recovery and future for all New Yorkers.

Thank you for your time and attention.

Sincerely,

[list in formation]

Genesee Co-op Federal Credit Union

Lower East Side People's Federal Credit Union

Southern Chautauqua Federal Credit Union

Pan-African Community Development Initiative (credit union in development)

Inclusiv (fka The National Federation of Community Development Credit Unions)

The Center for NYC Neighborhoods

Community Loan Fund of the Capital Region

Westminster Economic Development Initiative

The Working World

cc: Honorable Andrea Stewart-Cousins, Honorable Carl E. Heastie, Elizabeth Nowicki, Teri Kleinmann