



NEW YORK STATE SENATOR

James Sanders Jr.

Senator Sanders Holds Public Hearing on Disparities in New York's Banking Industry

JAMES SANDERS JR. February 27, 2024

| ISSUE: **PUBLIC BANKING, RACIAL EQUITY**



Albany, NY – February 28, 2024 – Yesterday, **Senator James Sanders**, Chairman of the Senate Committee on Banks, hosted a public hearing at the Legislative Office Building in Albany, NY, to address the issue of disparities in New York's banking industry and their impact on consumer and small business access to financial services. The hearing was convened by the Senate Banks Committee, with members Senator Brisport, Senator Cleare, Senator Kennedy, Senator Parker, and Ranking Member Senator Borrello, along with Senator Tedisco.

Senator Sanders opened the hearing by emphasizing the purpose of the hearing: to look on knowing about the problem only so that he can solve the problem. He is not interested in how we fell into a hole but far more interested in how to get out of the hole.

Samantha R. Darche, Deputy Superintendent, Consumer Examination Unit, Consumer Protection and Financial Enforcement Division, New York State Department of Financial Services, was the first witness called to testify. She expressed gratitude to Senator Sanders, Ranking member Borrillo and other distinguished members of the Senate Banking Committee.

The DFS provides an average of nearly \$1 billion to New Yorkers every year, through restitution to consumers and health providers, penalties paid to the state general fund and DFS assessment revenue reappropriated to other state entities. The department's operating expenses are assessed upon regulated entities under section 206 of the financial services law and do not cost New York taxpayers, said Samantha R. Darche. She continued in her testimony by sharing the proactive steps the department is taking to create more equitable financial systems for all New Yorkers. The DFS, under the leadership of Superintendent Harris, has facilitated consumer access to financial services and products, including through the Banking Development District Program. To date, The New York State Department of Financial Services, (DFS) has approved 55 BDDs across the state and 4 banking development branches 2 in Bronx, 1 in Poughkeepsie and 1 in Brooklyn.

Sen George M. Borrello emphasized the need to be careful about what is regulated and to ensure an environment that allows businesses to prosper.

Dedrick Asante?Muhammad, President Joint Center for Political and Economic Studies Washington, D.C, one of the witnesses, thanked Sen. Sanders for the invitation. He stated that much work remains to be done to eradicate poverty in the US and that serious

intervention is needed to address the Black and white economic divide. He noted that unemployment has been at historically low rate for Black Americans.

“All New Yorkers should have access to safe and affordable banking services, no matter where they live or their income level. It’s a resource that can further financial stability, provide the credit needed to start or run a business, and participate more fully in society,” **said Senator George Borrello, Ranking Member of the Banks Committee.** “Today’s hearing underscored the fact that we still have much work to do to ensure underserved communities have the access they need. My thanks go out to Senator Sanders for holding this important forum, which is a step towards developing workable and effective solutions.”

Senator Cordell Cleare, Member of the Banks Committee, stated: "I commend Chair James Sanders for addressing the critical issues that affect our communities. Banks and other financial institutions have a long and sordid history of discriminating against Black People in housing, financial and other matters. We have many miles to go before the harm is corrected and I hope today's hearing will give us insight and an actionable plan to forever correct and eradicate banking disparities.

“New York State ranks 46th out of 50 states for disparities in banking access for consumers and small businesses. Our state must do better in terms of taking a holistic approach to increasing access to safe and affordable banking services for New Yorkers. I appreciate Chairman Sanders holding this hearing to shine a spotlight on this important financial issue that impacts millions of New Yorkers,” **said Senator Jim Tedisco (R,C-Ballston Lake).**

Senator Jabari Brisport said: "It’s clear that long after formal red-lining, the private banking sector continues to harm BIPOC New Yorkers. We cannot continue to rely on the private sector for banking and expect equitable service."

State Senator Kevin S. Parker said: "Thank you, Senator Sanders, for your leadership on addressing the disparities in NYS' banking services. We must confront the existence of banking deserts in our communities. They leave people wandering without hope or opportunity. Instead we must plant the seeds of financial inclusion for consumers and small businesses."

Assembly Member Khaleel M. Anderson said "As the legislature continues to look at solutions to serve the under-banked and under-served of New York State, it is clear that a critical piece of this solvency is Public Banks. Based on panelists' testimonies during the Senate hearing, institutions view public banking as a path forward to ensure all New Yorkers are adequately served and given equitable financial services. As the Chair of the Subcommittee on Banking in Under-served Communities, I will continue to fight for banking equity through legislation and advocacy.

Witnesses who testified at the hearing included:

Samantha R. Darche, Deputy Superintendent, Consumer Examinations Unit, Consumer Protection and Financial Enforcement Division, New York State Department of Financial Services

Dedrick Asante Muhammad, President Joint Center for Political and Economic Studies Washington, D.C.

John J. Witkowski, President & CEO Independent Bankers of New York State

William J. Mellin, President & CEO New York Credit Union Association

Dr. Darrick Hamilton, Henry Cohen Professor of Economics and Urban Policy The New School

Sen. Sanders emphasized the need for equality of opportunity, which is the essence of the American dream. In conclusion, he commended the **intrepid** participants for their valuable insights and expressed his commitment to working toward solutions. He stated, "I am grateful to everyone who participated in today's hearing." He also expressed his gratitude to the Senate Majority Leader, Andrea Stewart-Cousins, for the opportunity to be the Chair of Banking and reiterated **her** commitment to seeing a positive change in the New York banking system.

Senator Sanders remains committed to ensuring that all New Yorkers have equal access to the financial services they need to thrive.

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Watch Full Clip of the Public Hearing