

## RECOMMENDATION

### Human Rights Commission City of San Jose

#### **Recommendation**

The Human Rights Commission recommends the following:

- 1) The City of San Jose provide ongoing support of the BankOn Program by:
  - a. Maintaining a link to the program on the City's website
  - b. Encourage City officials to include "BankOn" when conducting outreach to communities that may benefit from the program
- 2) The City implement a policy which requires businesses operating as a "Payday Advance", "Short-Term Loan" or "Check Cashing" or similar entities, except banking institutions, be required to provide information about the "Bank On" Program:
  - a. Such information shall be available in areas accessible to the public in font large enough to read without assistance and should be available in languages read or spoken by San Jose residents.
  - b. And shall be required for approval of new and renewal applications for required city permits and licenses of such businesses.

#### **Background**

Many San Jose residents, including low-income and working class families, currently do not use traditional financial institutions for their banking. This can be because of past financial problems, lack of information or education, cultural or immigration concerns, which can cause some residents to be distrustful of traditional banks and financial institutions.

#### **Analysis**

As a result of any of the reasons listed above, some residents rather carry large amounts of cash on their person or within their home. This can result in victimization including robbery and theft.

Some individuals also use businesses to cash their paychecks, often paying significant fees for the privilege. Often times, the individuals who use "Check-Cashing" businesses often get into continuum of taking "Pay-Day" loans because they need immediate funds as a result of not having enough funds due to the "Check-Cashing" fee. Many of these businesses target low-income, minority and immigrant communities because their clientele had limited options.

#### **Outcomes**

BankOn programs have been implemented throughout the country with great success. In 2008, The Governor of the State of California announced the creation of BankOn California, including a program in San Jose. Mayor Reed is supportive of the program and stated in a press release, December 12, 2008, "The BankOn California Initiative will

connect our diverse population to local banks and financial institutions, helping families to achieve financial stability”.

The Human Rights Commission fully supports any program which helps individuals and families avoid the traps of poverty.

On May 14<sup>th</sup>, 2009, the Outreach Committee of the Human Rights Commission invited Jim Dale from the United Way to provide information about BankOn. Mr. Dale’s presentation was insightful and allowed the Committee to ask how the City can assist in Bank On’s success.

As a result of the discussion, the Committee sees “Check Cashing”, “PayDay Advance” and other “Short-Term” loan businesses have no incentive for encouraging the stability that can occur within a traditional bank or financial institution.

### **Public Outreach**

The Outreach Committee conducted properly noticed meetings on May 14<sup>th</sup> and June 11<sup>th</sup>, 2009 and the Human Rights Commission conducted a properly noticed meeting on May 21<sup>st</sup>, 2009 in which BankOn was a topic on the agenda. Mr. Dale also informed the Committee there will be outreach conducted on VTA trains, buses and shelters in June, July and August 2009.

As of May 14<sup>th</sup>, 2009, over 300 participants have enrolled in BankOn and its supporting financial education classes.

### **Coordination**

If adopted, these recommendations would likely require a coordinated effort by Council and the City Manager, to direct all impacted city departments, which provide the necessary licenses and permits for the creation or continued operation of these businesses.

David Parker  
Vice-Chair, Human Rights Commission