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Contact: Harvey M. Rice
215-686-6696

CITY CONTROLLER BUTKOVITZ LAUNCHES BANK ON PHILADELPHIA

Partnership with the U.S. Department of the Treasury is intended to connect low to moderate income Philadelphians with the financial mainstream

Nearly 100 local banking, credit union, non-profit and faith-based leaders joined City Controller Alan Butkovitz on Wednesday, October 22, 2008, for the launch of "Bank on Philadelphia," an initiative designed to bring low to moderate income families into the financial mainstream.

"I have for some time sought to address the issue of the unbanked in Philadelphia, which has a disproportionately large number of individuals and families living outside the financial mainstream," Butkovitz said. "More than 220,000 Philadelphians could either qualify for a second chance account or benefit from creative efforts to engage them in mainstream financial products and services."

The goal of the Bank on Philadelphia initiative is to have a large number of unbanked Philadelphians open bank accounts and learn and benefit from financial education.

Philadelphia is one of eight communities around the country working in partnership with the U.S. Department of the Treasury's Community Financial Access Pilot (CFAP) to assist low to moderate income families open and maintain savings and checking accounts.

The inaugural meeting of this project brought together financial institutions, financial education providers, and community organizations for a presentation on the initiative at the Pennsylvania Convention Center.

"We need to harness the energy in this room to come up with products and services for people who, for various reasons, are outside the financial mainstream," Butkovitz said. "If we can connect these folks to banks, they will be able to keep more of their hard earned cash in their pockets. Having a checking account and a savings account with a mainstream financial institution is the best way to lay the foundation for your family's financial future."

Butkovitz stated, “The disadvantages of being unbanked are all too clear: exorbitant fees for cashing checks, the lack of a track record and credit history crucial to qualify for mortgages, small business loans and other credit products; increased vulnerability to theft and robbery because cash is kept in the home; and difficulty in saving money for emergencies.”

The inaugural summit formally began a process of cooperation between the Controller’s Office, financial institutions, and financial education providers to create and promote banking services targeted at the unbanked in Philadelphia.

Each city has its own particular needs, said Butkovitz, but some ideas to consider include Second Chance checking accounts and financial education for people who have had trouble managing accounts in the past; bounce proof features that can reduce the likelihood of overdrawing an account; and no fees and no monthly minimum balance requirement.

“These are only preliminary ideas it should be emphasized that there are medium and long term benefits to banks that market to the unbanked,” Butkovitz said.

The inaugural meeting included presentations on the nature and scope of the unbanked by the Controller, representatives from the U.S. Treasury Department, key financial institutions and financial education providers in Philadelphia. Butkovitz was joined at a press conference following the event by Dan Iannicola, Deputy Assistant Secretary for Financial Education at the U.S. Department of the Treasury, and by Acting U.S. Attorney Laurie Magid, whose office has targeted predatory lenders and others who prey on those outside the financial mainstream.

Butkovitz concluded, “I am very pleased with the turnout and the commitment demonstrated at the launching of Bank on Philadelphia. Working together, I believe we will be able to assist unbanked Philadelphians into banks and credit institutions.”

Financial services providers and community organization interested in participating in the Bank on Philadelphia initiative should contact the Controller’s office at 215.686.6691.