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**Testimony of Abigail R. Marquez
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**Public Hearing on the Community Reinvestment Act Regulations
Tuesday, August 17, 2010—Los Angeles, CA**

Testimony:

- The Community Reinvestment Act is an important legislation that encourages financial institutions to invest in our community.
- Many of our low-income neighborhoods need responsible banks that offer low-cost products and services to help people manage their household budgets, save for the future, and build assets.
- Unfortunately, because of the lack of bank activity in some communities, many people utilize check-cashers and payday lenders that charge them usurious fees. While these institutions are providing a service, they don't offer products that help people build wealth.
- **Studies from the Brookings Institution and the Center for Financial Services Innovation estimate that Los Angeles has 500,000 unbanked people.**
- **In addition, recent research from the Pew Charitable Trusts concludes that substantial segments of the Los Angeles population continue to find existing banking products and services unsatisfactory.**
- To help educate people about the value of having a bank account, the Mayor's Office launched the "Bank on LA" Campaign last year to promote banking and refer people to low-cost bank accounts.
- The campaign brought together 12 financial institutions and recruited nonprofit organizations in partnership with the United Way of Greater Los Angeles.
- **The Community Development Department of the City of Los Angeles has also made a significant investment in helping families become economically self-sufficient. With the recent redesign of our Human Service delivery system, our City now has the infrastructure in place**

to support low-income families. Our department manages 21 centers, referred to as the FamilySource Centers that are providing coordinated, outcome-driven services to families most in need. Our FamilySource Centers have also adopted initiatives such as Bank on and are expected to promote the campaign, deliver financial education, refer unbanked clients to local banks, and track their progress over time.

- However, because our centers are located in areas of the city with the highest concentrations of poverty, many of them do not have a local financial institution in their neighborhood where they can refer clients.**
- The city's system to support the unbanked is expected to touch thousands of people and we hope to work with banks more and more to serve this population.**
- As the CRA is being revised, the needs of the unbanked in Los Angeles should be considered and programs like this should be supported.