H.C.R. NO. 16

HOUSE CONCURRENT RESOLUTION

ENCOURAGING STATE AND COUNTY ACTION TO STIMULATE INDIVIDUAL SAVINGS AND DEVELOPMENT OF CREDIT AND TO FORMULATE AN INVENTORY OF BANKING SERVICES AVAILABLE TO LOW-INCOME PERSONS AND THOSE WITH NO CREDIT HISTORY IN THE STATE.

WHEREAS, in the United States, forty million households are 1 financially underserved, comprising about twenty-eight million 2 unbanked individuals and almost forty-five million underbanked 3 4 individuals; and 5 WHEREAS, the unbanked consist of diverse groups of people 6 7 who do not have checking or savings accounts and who remain outside the banking mainstream for many reasons; and 8 9 WHEREAS, the underbanked consist of people or businesses 10 that have poor access to mainstream financial services such as 11 12 banks and so rely upon alternative financial services targeted at poor people such as check cashers, loan sharks, and 13 14 pawnbrokers. The underbanked are distinct from the unbanked who have no banking facilities at all; and 15 16 17 WHEREAS, thirty-six per cent of unbanked consumers have never opened or maintained a bank account; and 18 19 20 WHEREAS, the unbanked and underbanked populations face various barriers to entry including: 21 22 (1)Lack of understanding about the United States banking 23 24 system; 25 Expectations for having a bank account; (2) 26 27 (3) Past negative banking experience in the United States 28 or in their homeland; 29 30



Page 2

H.C.R. NO. 🚺

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1 2 2	(4)	Lack of appropriate identification or documentation needed to open a bank account;
3 4 5	(5)	Unstable living situation;
6 7	(6)	Cultural conflict including bank practices that vary with personal beliefs;
8 9 10	(7)	Cultural bias within financial institutions against the unbanked population;
11 12 13	(8)	Financial institutions' lack of market data and the need for high volumes of unbanked business;
14 15 16	(9)	Difficulty of forming partnerships to facilitate the delivery of banking services to the unbanked
17 18		population; and
19 20	(10)	Regulatory restraints; and
20 21 22 23		EAS, the most common groups of unbanked people in the ates include:
24	(1)	Low-income individuals and families;
25 26 27	(2)	The less educated;
27 28 20	(3)	Female-headed households;
29 30 31	(4)	Young adults;
32 33	(5)	Families living in rural communities and select urban areas; and
34 35 36	(6)	Immigrants; and
37 38 39	WHEREAS, because the underbanked may move in and out of the banking system over time, this population can consist of educated immigrants, middle-income individuals with bad credit,	
40 41 42 43	and even military personnel. In one survey, of the thirty per cent of the people identified as being unbanked, half had a bank account in the past; and	

HCR LRB 09-0957.doc

H.C.R. NO. 1

WHEREAS, it is estimated that African Americans are four 1 2 times more likely to be unbanked that whites in America, and the 3 unbanked population also includes the "formerly banked" who have 4 negative credit histories that prevent them from opening 5 financial accounts; and 6 7 WHEREAS, handling payments through a bank account provides 8 a gateway for households to enter the financial mainstream and 9 become owners of financial assets; and 10 WHEREAS, those who own bank accounts are more likely to own 11 other assets, including accounts related to savings, credit, and 12 13 insurance, while those without financial accounts are less 14 likely to own a home and a car; and 15 16 WHEREAS, consumers without a relationship with a mainstream financial institution also pay high transaction fees for 17 services, such as check cashing, and pay interest rates to 18 19 purchase items through rent-to-own companies; and 20 21 WHEREAS, in the American economy, banked people have the 22 tools to save, build assets, and become part of what has recently been called the ownership society, which includes those 23 who, through a lifetime of bank account ownership, enhance their 24 ability to manage money and make significant financial decisions 25 regarding education, homeownership, health care, self-26 27 employment, and retirement; now, therefore, 28 29 BE IT RESOLVED by the House of Representatives of the Twenty-fifth Legislature of the State of Hawaii, Regular Session 30 31 of 2009, the Senate concurring, that the State and the counties are encouraged to take action to stimulate individual savings 32 33 and development of credit and to formulate an inventory of 34 banking services available to low-income persons and those with no credit history in the State; and 35 36 37 BE IT FURTHER RESOLVED that the State and the counties are 38 encouraged to take steps to accurately identify the unbanked and the underbanked populations in Hawaii; and 39 40 41 BE IT FURTHER RESOLVED that the State and the counties are further encouraged to collaborate with local financial 42 43 institutions to integrate the unbanked and underbanked 44 populations into the financial mainstream and to encourage local HCR LRB 09-0957.doc

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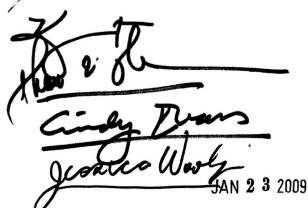


financial institutions to redouble their efforts to recognize
and pursue the potentially huge and previously untapped unbanked
and underbanked markets; and

5 BE IT FURTHER RESOLVED that certified copies of this 6 Concurrent Resolution be transmitted to the Governor, the mayors 7 of the counties of Kauai, Maui, Hawaii, and the city and county 8 of Honolulu, and the Commissioner of Financial Institutions who, 9 in turn, is requested to transmit additional copies to all state 10 financial institutions.

OFFERED BY: We Carroll

rara Marumoto



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