

California
Department of
Business Oversight

BANK ON CALIFORNIA PROGRAM
Annual Report



2015-2016





STATE OF CALIFORNIA

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BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY

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BANK ON CALIFORNIA PROGRAM: 2015-2016 ANNUAL REPORT

Introduction

Effective January 1, 2016, the statewide Bank On California Program was placed within the Department of Business Oversight (DBO) by AB 1292 (Dababneh), which added sections 80000-80002 to the Financial Code.

Financial Code section 80002 requires the DBO to provide a “brief summary” of the program’s activities annually to the chairpersons of the Senate Committee on Banking and Financial Institutions and the Assembly Committee on Banking and Finance. The report is due by August 30 of each year.

This report summarizes the Bank On California Program’s activities. Additionally, the report provides background and historical information, and describes current issues.

Background

The statewide Bank On California Program was officially launched Oct. 29, 2008 by then-Gov. Arnold Schwarzenegger, former President Bill Clinton, Federal Deposit Insurance Corporation officials and mayors from four cities around the state. At its inception, the statewide Program functioned as the umbrella organization for regional Bank On programs located in five cities. California was the first state in the nation to launch a statewide Bank On initiative.

The Bank On California Program, however, was not the first of its kind in the U.S. That claim belongs to the City and County of San Francisco, which started the Bank On San Francisco initiative in 2006. San Francisco’s program served as the model for the statewide initiative.

The Bank On California Program seeks to help low- and moderate income individuals and families access checking and savings accounts through the collaborative efforts of government officials, financial institutions, nonprofit groups and community organizations. The goal is to help unbanked and underbanked Californians avoid higher-cost alternative financial services and start saving for the future.

The Bank On California Program initially set a statewide goal of opening 100,000 starter bank accounts over a two- year period. The Program met that goal in its first year. By August 2012, more than 214,000 accounts had been opened with help from the program.

The Program initially received \$680,000 in funding, which came from four private-sector sources:

Walter S. Johnson Foundation	\$180,000
Wachovia Bank (now Wells Fargo Bank)	\$150,000
Bank of America	\$200,000
Visa Inc.	\$150,000
	<hr/>
	\$680,000

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With this funding, the Bank On California Program focused its resources on paying full-time local coordinators, expanding opportunities for financial education, and marketing and outreach.

Though some of the money was spent to promote the statewide effort, the majority of the funds were used at the local level. The \$680,000 of funding was depleted in 2011, and to date no further funding has been provided.

Significant Recent Developments

The Bank On National Account Standards (2015-2016) – Developed by the Cities for Financial Empowerment Fund (CFE Fund), the account standards identify both core and recommended features for safe and affordable banking products. The standards include transaction functionality, such as point of sale capability, electronic bill payment, online banking and no overdraft fees.

Nationally, accounts that meet these standards are available at almost 11,000 branches in 41 states and Washington, DC. Local Bank On coalitions can use these standards to identify local and regional banks and credit unions that offer qualifying accounts.

Bank On Capacity Grant Fund – Through the Bank On Capacity Grant Fund, the CFE Fund supports local coalitions' efforts to partner more effectively with financial institutions and other key collaborators.

Current Issues

Funding – As mentioned above, the Bank On California Program exhausted its \$680,000 of original funding in 2011. The DBO has received no funding for the Program. The regional programs are looking for additional funding and/or guidance on funding sources.

There is no fiscal agent serving the Bank On California Program. A fiscal agent is required to receive and allocate funds to city and county programs because government agencies are not statutorily authorized to raise or accept funds directly from private sources.

Reporting – There are no reporting standards for either the statewide or regional programs, no requirements for reporting by either the programs or financial institution partners, and no common data definitions. The Bank On programs sought to address these issues by creating a data collection committee and adding definitions to data submission. However, consistent data collection has not been achieved.

The inconsistency in reporting and lack of standards has led to a lack of reliable information about key performance metrics, including: number of accounts established; average monthly balance; delinquent/non-sufficient funds accounts; referrals; and zip code information.

Regional Bank Ons

San Francisco was one of the five original regional programs, along with Oakland, San Jose, Los Angeles and Fresno. After the statewide program's launch, other regional Bank Ons were established. They include: American Canyon, Central Coast, Capital Region, Napa Valley, Santa Ana/Orange and Stanislaus. Of the 11 regional programs, only five appear to be currently active: San Francisco, Oakland, Capital Region, Napa Valley and American Canyon.



Bank On California Program Website and Social Media Accounts

The Bank On California Program maintains a website that provides links to regional Bank On programs, as well as information about opening accounts and financial literacy material. Additionally, the Bank On California Program has a presence on Facebook and Twitter, and continually monitors and updates those accounts.

Following are social media statistics for the Bank On California Program:

- The Bank On California Program website received 7,186 visitors from July 2015 – June 2016.
- The Bank On California Program Facebook account has 122 Likes.
- The Bank On California Program Twitter account has 630 followers.

APPENDIX 1: Financial Code Division 23. Bank On California

DIVISION 23. BANK ON CALIFORNIA PROGRAM [80000 - 80002] (Division 23 added by Stats. 2015, Ch. 750, Sec. 1.)

80000. (a) The Legislature finds and declares that “Bank On California” is a voluntary collaborative initiative that assists Californians in opening a bank or credit union account and saving for the future.

(b) There is hereby established within the department the Bank On California Program. (Added by Stats. 2015, Ch. 750, Sec. 1. Effective January 1, 2016.)

80001. For purposes of this division, the following terms shall have the following meanings:

(a) “Department” means the Department of Business Oversight.

(b) “Program” means the Bank On California Program.

(Added by Stats. 2015, Ch. 750, Sec. 1. Effective January 1, 2016.)

80002. Commencing in 2016, the department shall provide the respective chairpersons of the Senate Committee on Banking and Financial Institutions and the Assembly Committee on Banking and Finance with a brief annual summary on the activities of the program. The summary shall be submitted no later than August 30 of each year.

(Added by Stats. 2015, Ch. 750, Sec. 1. Effective January 1, 2016.)

APPENDIX 2: NATIONAL ACCOUNT STANDARDS

Core Features	
Descriptions and Terms	
Transaction Account at Banking Institution	Checking account (including checkless checking); bank- or credit union-offered prepaid
Point of Sale (POS) Capability	Debit card/prepaid card
Minimum Opening Deposit	\$25 or less
Monthly Maintenance Fee	If not waivable: \$5 or less
	If waivable: \$10 or less; offer at least two options to waive fee with a single transaction (e.g. direct deposit with no minimum deposit, online bill pay or debit card purchase)
Overdraft or Non-Sufficient Funds (NSF) Fees	None, structurally not possible (e.g. via checkless checking)
Dormancy or Inactivity Fees	None
Customer Service	
Branch Access	Free and unrestricted
Telephone Banking	Free and unrestricted (including live customer support)
Use of In-Network ATM	Free and unrestricted
Use of Out-of-Network ATM	\$2.50 or less (not including local ATM fee)
Functionality	
Deposit Capability	Free branch, ATM, cash, and direct deposits
Electronic Bill Pay	Free
Check Cashing for Checks Issued by that Bank	Free
Online and Mobile Banking	Free
Banking Alerts	Free
Monthly Statements	Free (paper or electronic with consumer consent)
Insured Deposits	Insured by FDIC or NCUSIF
Strongly Recommended Features	
New Account Screening (e.g. ChexSystems, Early Warning Services)	Only deny new customers for past incidences of actual fraud
Alternative IDs (Municipal, Consular, etc.)	Accept alternative IDs
Remote Account Opening	Accounts can be opened remotely
Linked Savings Accounts	Free savings accounts and account transfers
Recommended Features	
Mobile Deposits	Available, free
Funds Availability	Immediate availability for known customers cashing government, payroll, or same-bank checks
Money Orders	\$1.00 or less
Remittances (International Wire)	Competitively priced (\$5.00 – \$20.00, depending upon country)
Credit-Building Product Offerings	Secured credit card or secured personal loan, e.g.