



SUPPORT A.9634-A (RODRIGUEZ)/S.6985-A (SAVINO)
THE COMMUNITY FINANCIAL SERVICES ACCESS AND
MODERNIZATION ACT OF 2016

The “Community Financial Services Access and Modernization Act of 2016” is a comprehensive revision of Article 9A of the New York Banking Law, which has remained largely unchanged since its enactment during World War II. The changes proposed in the bill address the substantial evolution of the check cashing industry from its origins to providers of a plethora of financial services currently being provided under the authority of the NYS Department of Financial Services. The expansion of services has truly transformed check cashers into “Financial Service Centers” (FSCs).

The industry is composed largely of small businesses that are located in working class neighborhoods that have been abandoned or never served by banks. Collectively though, the industry is a big business and a major contributor to the economic wellbeing of our State. Financial service centers employ 4,000 people in the state and invest dollars into store locations. Their staffs are culturally compatible with customers in the neighborhoods where they are located. Nearly 80% of employees are minorities from Black and Latino neighborhoods.

Some other pertinent facts about the industry:

- There are 530 licensed locations where financial services are offered
- These centers annually serve approximately 1 million New Yorkers
- These centers annually cash nearly 30 million checks
- The checks annually cashed have an aggregate value of \$11-12 billion
- These centers annually process bill payment transactions by 10 million customers amounting to \$1 billion in payments
- These centers annually sell more than 6 million money orders that distribute nearly \$1 billion from the purchasers to their assigns
- These centers annually process 3 million electronic money transfer transactions

The bill will modernize and streamline the licensure and oversight relationship between the Department of Financial Services and the industry. It will integrate technology into the licensure and oversight process and eliminate burdensome and redundant requirements of existing licensees expanding to additional business locations.

The bill would, in part, address the contraction and closure of bank branches by the big banks, especially in the poorer communities, by permitting licensees under Article 9A to offer conduit services in partnership with licensed federal and state banks and credit unions.

The bill would authorize entities licensed under Article 9A to obtain licensure under Article 9 of the Banking Law, as a licensed lender, for the purpose of making business and commercial loans. The bill makes credit more accessible to New York small businesses through licensed and regulated FSCs. This will provide small businesses in minority communities with a trusted and reliable source of capital, as well as a better alternative to predatory, high interest lenders illegally entrapping New York small businesses on the Internet.