

AMENDED IN ASSEMBLY APRIL 2, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 385

Introduced by Assembly Member Dickinson

February 14, 2013

An act to add Division 23 (commencing with Section 80000) to the Financial Code, relating to financial institutions.

LEGISLATIVE COUNSEL'S DIGEST

AB 385, as amended, Dickinson. Bank on California ~~program.~~
Program.

Existing law provides for the formation and regulation of state-organized banks and state-certified credit unions by the Department of Financial Institutions. The Governor's Reorganization Plan No. 2 of 2012 provides that, on and after July 1, 2013, the responsibilities of the Department of Financial Institutions and the Commissioner of Financial Institutions shall be transferred to the Department of Business Oversight and the Commissioner of Business Oversight.

This bill would establish the Bank on California Program in the Department of Business Oversight. The bill would require *the Bank on California Program to provide support and coordination to regional programs in California that are voluntary, public-private initiatives led by specified entities in partnership with participating financial institutions. The bill would require participating financial institutions to, among other things, provide low- or no-cost checking accounts and report specified data to the commissioner. The bill would also require the commissioner to report annually to specified committees of the Legislature on the activities of the program, including the data provided*

by participating financial institutions, and to undertake specified activities to promote the Bank on California Program.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Division 23 (commencing with Section 80000)
2 is added to the Financial Code, to read:

3
4 DIVISION 23. BANK ON CALIFORNIA PROGRAM
5

6 80000. ~~(a) The Legislature finds and declares that “Bank on~~
7 ~~California” is a voluntary collaborative initiative that assists~~
8 ~~Californians in opening a bank or credit union account and saving~~
9 ~~for the future. all of the following:~~

10 ~~(b) There is hereby established in the department the Bank on~~
11 ~~California Program.~~

12 (a) “Bank on California” is a voluntary collaborative initiative
13 among local governments, state officials, the department, financial
14 institutions, and community-based organizations that assists
15 Californians in opening a bank or credit union account and helps
16 Californians enter the financial mainstream.

17 (b) The goal of the Bank on California Program is to financially
18 empower lower income consumers by making it easier and more
19 affordable for them to deposit their paychecks, pay their bills, and
20 start saving.

21 (c) The Bank on California Program increases the supply of
22 starter account products that work for the low-income, unbanked
23 Californians by developing baseline product criteria that must be
24 offered by all participating financial institutions.

25 (d) The Bank on California Program raises awareness amongst
26 unbanked consumers about the benefits of account ownership and
27 spurs Californians to open accounts.

28 (e) The Bank on California Program makes quality money
29 management education more easily available to low-income
30 Californians and raises statewide awareness of the unbanked
31 problem and potential solutions.

32 (f) An estimated 7.8 percent of Californians are unbanked and
33 an additional 18 percent are considered underbanked.

1 (g) *The average unbanked Californian pays one thousand*
2 *dollars (\$1,000) to cash a year's worth of paychecks.*

3 (h) *Californians with bank accounts are more likely to save,*
4 *have higher credit scores, and get better priced car and home*
5 *loans.*

6 (i) *Bank on California programs are located in Fresno, Los*
7 *Angeles, Oakland, Sacramento, San Francisco, Napa Valley,*
8 *Orange County, Stanislaus, American Canyon, Central Coast, and*
9 *San Jose.*

10 80000.5. *There is hereby established in the department the*
11 *Bank on California Program.*

12 80001. For purposes of this division, the following terms have
13 the following meanings:

14 (a) *“Commissioner” means the Commissioner of Business*
15 *Oversight.*

16 ~~(a)~~

17 (b) *“Department” means the Department of Business Oversight.*

18 ~~(b)~~

19 (c) *“Program” means the Bank on California Program.*

20 (d) *“Unbanked” means any individual or household that lacks*
21 *any kind of deposit account at an insured depository institution.*

22 80002. (a) *The program shall provide support and*
23 *coordination to regional programs located in communities*
24 *throughout California. Regional programs shall be voluntary,*
25 *public-private initiatives led by local government, in partnership*
26 *with financial institutions and community-based organizations.*
27 *Regional programs shall negotiate with financial institutions to*
28 *provide unbanked, low- to moderate-income individuals with access*
29 *to free or low-cost banked accounts and shall promote financial*
30 *education.*

31 (b) *Participating financial institutions shall agree to do all of*
32 *the following:*

33 (1) *Offer a low- or no-cost checking account with no monthly*
34 *minimum balance requirement.*

35 (2) *Adapt internal systems to allow a customer with a negative*
36 *banking history or Chex Systems record to open an account.*

37 (3) *Accept Consular identity cards and other alternative forms*
38 *of identification as primary identification.*

39 (4) *Waive one set of nonsufficient funds or overdraft fees per*
40 *program participant per year.*

1 (5) Report data to the commissioner on a quarterly basis on key
 2 metrics including, but not limited to, the number of program
 3 accounts opened and closed, the ZIP Codes of program
 4 accountholders, and the average and median monthly balances of
 5 program accounts.

6 (6) Train branch staff on program policies and procedures.

7 (7) Participate in outreach activities to promote the program
 8 to low-income communities.

9 ~~80002.~~

10 80003. Commencing in 2014, the department shall provide the
 11 respective chairpersons of the Senate Committee on Banking and
 12 Financial Institutions and the Assembly Committee on Banking
 13 and Finance with a brief annual summary on the activities of the
 14 program. The summary shall be submitted no later than August
 15 30 of each year. commissioner shall, in coordination with local
 16 programs, conduct the following activities:

17 (a) Request and collect the following data from participating
 18 financial institutions on a quarterly basis, sharing this data with
 19 local programs as necessary.

20 (1) The total number of program accounts opened.

21 (2) The total number of previously opened program accounts
 22 closed.

23 (3) The ZIP Codes of program accountholders.

24 (4) The median and average account balances of all open
 25 program accounts.

26 (b) Provide the respective chairpersons of the Senate Committee
 27 on Banking and Financial Institutions and the Assembly Committee
 28 on Banking and Finance with a brief annual summary on the
 29 activities of the program. The commissioner shall request
 30 information from local programs in order to complete this report,
 31 which shall include, but is not limited to, the following:

32 (1) Data on program account opening, closing, account balance,
 33 and customer ZIP Codes presented by location and quarter, as
 34 well as cumulatively.

35 (2) Adherence by participating financial institutions to
 36 negotiated account features.

37 (3) Financial institution activities in support of local programs,
 38 including branch trainings, data reporting, participation in
 39 meetings and activities, and other program outcomes reported by
 40 local programs.

1 (c) Pursue voluntary agreements with financial institutions with
2 a presence throughout California to offer program-style products
3 throughout their California footprint, not only in localities with
4 programs.

5 (d) Identify geographic localities with a high density of
6 unbanked individuals and households and no existing program
7 and work with local leaders in these locations to support the
8 establishment of new programs.

9 (e) In coordination with local program leadership, provide
10 support to local programs throughout California by:

11 (1) Establishing guidelines and best practices for programs.

12 (2) Providing information and guidance on regulatory and other
13 banking issues.

14 (3) Intervening on behalf of local programs if a participating
15 financial institution is not adhering to program commitments.

16 (4) Providing assistance, as needed, to disseminate program
17 materials and other information.

18 (5) Hosting one convening per year for all programs, including
19 local leadership and participating financial institutions.