

FEB 02 2009

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# SENATE 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.

1           WHEREAS, in the United States, forty million households are  
2 financially underserved, comprising about twenty-eight million  
3 unbanked individuals and almost forty-five million underbanked  
4 individuals; and

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6           WHEREAS, the unbanked consist of diverse groups of people  
7 who do not have checking or savings accounts and who remain  
8 outside the banking mainstream for many reasons; and

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10           WHEREAS, the underbanked consist of people or businesses  
11 that have poor access to mainstream financial services such as  
12 banks and so rely upon alternative financial services targeted  
13 at poor people such as check cashers, loan sharks, and  
14 pawnbrokers. The underbanked are distinct from the unbanked who  
15 have no banking facilities at all; and

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17           WHEREAS, thirty-six per cent of unbanked consumers have  
18 never opened or maintained a bank account; and

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20           WHEREAS, the unbanked and underbanked populations face  
21 various barriers to entry including:

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- 23           (1) Lack of understanding about the United States banking  
24           system;
  - 25
  - 26           (2) Expectations for having a bank account;
  - 27
  - 28           (3) Past negative banking experience in the United States  
29           or in their homeland;
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- 1 (4) Lack of appropriate identification or documentation
- 2 needed to open a bank account;
- 3
- 4 (5) Unstable living situation;
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- 6 (6) Cultural conflict including bank practices that vary
- 7 with personal beliefs;
- 8
- 9 (7) Cultural bias within financial institutions against
- 10 the unbanked population;
- 11
- 12 (8) Financial institutions' lack of market data and the
- 13 need for high volumes of unbanked business;
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- 15 (9) Difficulty of forming partnerships to facilitate the
- 16 delivery of banking services to the unbanked
- 17 population; and
- 18
- 19 (10) Regulatory restraints; and
- 20

21 WHEREAS, the most common groups of unbanked people in the  
 22 United States include:

- 23 (1) Low-income individuals and families;
- 24
- 25 (2) The less educated;
- 26
- 27 (3) Female-headed households;
- 28
- 29 (4) Young adults;
- 30
- 31 (5) Families living in rural communities and select urban
- 32 areas; and
- 33
- 34 (6) Immigrants; and
- 35
- 36

37 WHEREAS, because the underbanked may move in and out of the  
 38 banking system over time, this population can consist of  
 39 educated immigrants, middle-income individuals with bad credit,  
 40 and even military personnel. In one survey, of the thirty per  
 41 cent of the people identified as being unbanked, half had a bank  
 42 account in the past; and

43



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1           WHEREAS, it is estimated that African Americans are four  
2 times more likely to be unbanked than 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  
11           WHEREAS, those who own bank accounts are more likely to own  
12 other assets, including accounts related to savings, credit, and  
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  
17 financial institution also pay high transaction fees for  
18 services, such as check cashing, and pay interest rates to  
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  
23 recently been called the ownership society, which includes those  
24 who, through a lifetime of bank account ownership, enhance their  
25 ability to manage money and make significant financial decisions  
26 regarding education, homeownership, health care, self-  
27 employment, and retirement; now, therefore,

28  
29           BE IT RESOLVED by the Senate of the Twenty-fifth  
30 Legislature of the State of Hawaii, Regular Session of 2009, the  
31 House of Representatives concurring, that the State and the  
32 counties are encouraged to take action to stimulate individual  
33 savings and development of credit and to formulate an inventory  
34 of banking services available to low-income persons and those  
35 with no credit history in the State; and

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37           BE IT FURTHER RESOLVED that the State and the counties are  
38 encouraged to take steps to accurately identify the unbanked and  
39 the underbanked populations in Hawaii; and

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41           BE IT FURTHER RESOLVED that the State and the counties are  
42 further encouraged to collaborate with local financial  
43 institutions to integrate the unbanked and underbanked  
44 populations into the financial mainstream and to encourage local



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1 financial institutions to redouble their efforts to recognize  
2 and pursue the potentially huge and previously untapped unbanked  
3 and underbanked markets; and  
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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.  
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12  
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