

**Testimony Before the New York City Council Committee on
Consumer Affairs and Business Licensing
February 14, 2019**

**Delivered by Andy Collado, Assistant Director of Services
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RE: Int. 1281 - In relation to prohibiting retail establishments from refusing to accept payment

Good morning. My name is Andy Collado, and I am the Assistant Director of Services at The Financial Clinic. Founded in 2005, The Financial Clinic builds the financial security of working poor New Yorkers by providing free, 1-on-1 financial coaching in collaboration with nonprofits and social service agencies across the city. Our job is to meet financially insecure people where they are, support and empower them to achieve the financial goals that matter the most to them, and to help them navigate the many systemic economic barriers that keep them from living secure and prosperous lives.

I would like to start by thanking committee Chair Espinal, and the other members of the Consumer Affairs Committee, for holding today's hearing, and for the opportunity to give testimony in support of regulating the ability of retail establishments to refuse cash payment (Int. 1281). I would also like to thank Councilmember Torres for taking, seriously, the unequal impact that cashless businesses have on many New Yorkers and for introducing this bill.

I feel lucky that I get to go to work every day as a financial coach. I have the opportunity to see the challenges and barriers affecting financially insecure New Yorkers, challenges and barriers that others might miss. I am especially attuned to these issues, being a first generation American myself, a proud son of Dominican immigrants. At first glance, an issue like shops and restaurants going cashless might not seem like a big deal to most people. But for a significant number of New Yorkers, new immigrants, our undocumented, the low and mid-income many, it means they are unable to shop at the same stores or restaurants as everyone else. This may start with a restaurant but trickles quickly become floods. It means they are effectively cut off from participating in the economic systems that can mean the difference between food or water for dinner, clothes on their backs, or roofs over their heads.

It's perhaps worth pointing out that, reports of the death of cash notwithstanding, recent data from the Federal Reserve shows that consumers still use cash more frequently than any other form of payment¹. Cash is overwhelmingly the preferred way to pay for purchases under \$25, and the method used most often in general by lower income folks and people over 65. Something I re-confirm every day.

¹"2018 Findings From the Diary of Consumer Payment Choice" Federal Reserve Bank of San Francisco. 2018. <https://www.frbsf.org/cash/publications/fed-notes/2018/november/2018-findings-from-the-diary-of-consumer-payment-choice/>

Of course, New Yorkers do not always rely on cash, out of preference. Many in the city do not own a bank account. Data on banking status collected from nearly 5000 low-income New Yorkers we have served across the city shows that 28% of them report not owning a bank account².



Research commissioned by the City’s Office of Financial Empowerment, with whom we are grateful to partner to provide financial coaching services across the city, shows that nearly 12% of New York City households are unbanked, compared with about 6.5% of households nationally. In the Bronx, the number of unbanked households is nearly 22%³.

The poor, the undocumented, and people of color are disproportionately more likely to be unbanked and face greater barriers to opening up credit and debit cards (because they lack a social security number or have poor credit or Chexsystems profiles). These groups are effectively locked out of patronizing a shop or restaurant that chooses to go cashless. The impact on these communities alone should give us pause. The gains in time, efficiency, or “customer experience” that opponents of these regulations purport surely are not worth the exclusion imposed on our friends and neighbors.

I want to take a moment to highlight the unique impact of the cashless trend on the undocumented. As the members of this committee no doubt are aware, New York City is home to over half a million undocumented immigrants and The Financial Clinic is proud to serve hundreds of them through our partnerships with organizations like Make the Road⁴.

² These data are collected from customers during financial coaching appointments using The Financial Clinic’s online coaching platform Change Machine. To learn more about Change Machine visit www.change-machine.org

³ “2017 FDIC National Survey of Unbanked and Underbanked Households” Federal Deposit Insurance Corporation, October 2018. <https://www.fdic.gov/householdsurvey/2017/2017report.pdf>; Caroline Ratcliffe, Signe-Mary McKernan, Emma Kalish and Steven Martin. “Where Are the Unbanked and Underbanked in New York City?” Urban Institute an NYC Office of Financial Empowerment. 2015. <https://www.urban.org/sites/default/files/publication/71511/2000430-Where-Are-the-Unbanked-and-Underbanked-in-New-York-City.pdf>

⁴ “Economic Contribution, Taxes Paid, an Occupations of Unauthorized Immigrants in New York State” Fiscal Policy Institute. March 2017. <http://fiscalpolicy.org/wp-content/uploads/2017/03/fpi-brief-on-undocumented.pdf>

They are vital members of our communities, they are small business owners, they are our family members, and our friends.

According to the Fiscal Policy Institute, undocumented immigrants in New York contribute over **a billion dollars** every year in state and local taxes⁵. Thanks to Mayor de Blasio and the members of this City Council, the ID NYC allows many undocumented New Yorkers to get a bank account. Their options though are not unlimited - less than 30% of banks accept ID NYC for the purpose of opening a bank account - and in the current national climate you could understand a healthy skepticism in the immigrant community of sharing their personal information with anyone, even a bank. I have yet to sit with an undocumented New Yorker who knew they could open an account with the NYC ID. So should we accept, as opponents of these rules do, that there will be some places where undocumented New Yorkers just will not be able to shop?

Lastly, it's important to be clear that this issue is not just about pitting the unbanked against the banked, though that should be a critical concern. There are also many New Yorkers that own bank accounts but for any number of reasons mostly need - or just prefer - to use cash. Tipped workers, for example, see much more of their income in cash. Here too though there is a dynamic of inequality. Many New Yorkers are forced to rely mostly on cash because it is inconvenient or impractical for them to regularly visit a bank or ATM because there is not one near them.

A 2015 report by the New York City Comptroller's office found that majority white neighborhoods have over 3 times more bank branches per 1000 residents than neighborhoods that are majority non-white. The same report finds that the Bronx has fewer bank branches per resident than any county in the nation.

In Sunset Park, where our offices are located, there is only 1 bank branch to serve every 8,500 residents. When payday comes or maybe that tax refund check, many underbanked customers in these neighborhoods will go to one of the city's many check cashers because paying the fee is easier for them than getting to their bank. Forty-three percent (43%) of the customers The Financial Clinic assists with filing their taxes do not use direct deposit for their tax refund. And when they've cashed that check, they turn around and buy food, right? Can we agree that access to that food should be a human right? And that they should never be turned away for not providing a piece of plastic?

I strongly urge this committee to end this discriminatory practice, protect all New Yorkers' right to pay for food or services in the way that is right for them, and **pass Introduction 1281**. Thank you for your time and attention this morning.

For more on The Financial Clinic and our work please visit www.thefinancialclinic.org.

⁵ Ibid.

⁶ "Take It to the Bank: A New Yorker's Guide to Affordable Checking Options" Office of the New York City Comptroller. 2015. <https://comptroller.nyc.gov/takeittothebank/report.html>

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