
HOUSE 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;
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 - 26 (2) Expectations for having a bank account;
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 - 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;
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- 4 (5) Unstable living situation;
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- 6 (6) Cultural conflict including bank practices that vary
7 with personal beliefs;
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- 9 (7) Cultural bias within financial institutions against
10 the unbanked population;
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- 12 (8) Financial institutions' lack of market data and the
13 need for high volumes of unbanked business;
- 14
- 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
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21 WHEREAS, the most common groups of unbanked people in the
22 United States include:

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- 24 (1) Low-income individuals and families;
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- 26 (2) The less educated;
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- 28 (3) Female-headed households;
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- 30 (4) Young adults;
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- 32 (5) Senior citizens and the elderly;
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- 34 (6) Families living in rural communities and select urban
35 areas; and
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- 37 (7) Immigrants; and
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39 WHEREAS, because the underbanked may move in and out of the
40 banking system over time, this population can consist of
41 educated immigrants, middle-income individuals with bad credit,
42 and even military personnel. In one survey, of the thirty per
43 cent of the people identified as being unbanked, half had a bank
44 account in the past; and



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WHEREAS, it is estimated that African Americans are four times more likely to be unbanked than whites in America, and the unbanked population also includes the "formerly banked" who have negative credit histories that prevent them from opening financial accounts; and

WHEREAS, handling payments through a bank account provides a gateway for households to enter the financial mainstream and become owners of financial assets; and

WHEREAS, those who own bank accounts are more likely to own other assets, including accounts related to savings, credit, and insurance, while those without financial accounts are less likely to own a home and a car; and

WHEREAS, consumers without a relationship with a mainstream financial institution also pay high transaction fees for services, such as check cashing, and pay interest rates to purchase items through rent-to-own companies; and

WHEREAS, in the American economy, banked people have the tools to save, build assets, and become part of what has recently been called the ownership society, which includes those who, through a lifetime of bank account ownership, enhance their ability to manage money and make significant financial decisions regarding education, homeownership, health care, self-employment, and retirement; now, therefore,

BE IT RESOLVED by the House of Representatives of the Twenty-fifth Legislature of the State of Hawaii, Regular Session of 2009, the Senate concurring, that the State and the counties are encouraged to take 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; and

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

BE IT FURTHER RESOLVED that the State and the counties are further encouraged to collaborate with local financial institutions to integrate the unbanked and underbanked



1 populations into the financial mainstream and to encourage local
2 financial institutions to redouble their efforts to recognize
3 and pursue the potentially huge and previously untapped unbanked
4 and underbanked markets; and
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6 BE IT FURTHER RESOLVED that certified copies of this
7 Concurrent Resolution be transmitted to the Governor, the mayors
8 of the counties of Kauai, Maui, Hawaii, and the city and county
9 of Honolulu, and the Commissioner of Financial Institutions who,
10 in turn, is requested to transmit additional copies to all state
11 financial institutions.
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