



NEW YORK STATE SENATOR

Velmanette Montgomery

## Senator Montgomery's Credit Union Bill Passes New York State Senate

VELMANETTE MONTGOMERY June 17, 2019

| ISSUE: **CREDIT UNIONS, FINANCIAL EMPOWERMENT, BANKING DEVELOPMENT DISTRICT, INVESTING IN OUR COMMUNITIES, ACCESS TO BANKING AND FINANCIAL SERVICES**



## **SENATOR MONTGOMERY'S CREDIT UNION BILL PASSES NEW YORK STATE SENATE**

June 17, 2019

FOR IMMEDIATE RELEASE

Thursday, Senator Montgomery's Credit Union Bill (S727-A/A3320-Zebrowski) passed the New York State Senate and now awaits a vote in the Assembly. It would allow credit unions to receive the same economic incentives as banks to operate in underserved communities through the Banking Development District (BDD) program.

The BDD program was enacted to incentivize banks to locate branches in communities designated as underserved by the Department of Financial Services. Participating banks are eligible to receive up to \$10 million in subsidized deposits from the state of New York to lower financial risk and encourage lending in these communities. Many of these areas have few to no banking institutions and instead have to rely on alternative, costly and sometimes predatory options to fill in the gaps.

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*“There are entire communities across our state where major banking institutions are nowhere to be found to provide financial services. This leaves residents, many of whom are already low income, to deal with operations that charge exorbitant fees and interest rates,” said State Senator Velmanette Montgomery. “I believe in credit unions and I believe in the role they can play in making sure more New Yorkers have access to quality, local financial institutions that reinvest in communities.”*

There are 355 credit unions in New York, serving over 5 million members and they are uniquely positioned to advance the goals of the BDD program. Credit unions are nonprofit, locally owned institutions that answer to their members. They make less risky investments and earnings are returned to their members through lower interest rates on loans and more favorable rates on savings and retirement accounts. Their structure makes them highly responsive to the needs of their clients and they prioritize being present and giving back to

the communities they serve.

New York Credit Union Association President/CEO William J. Mellin said, “Credit unions are not-for-profit financial institutions that are locally owned by their member-owners. Because of their unique structure and mission, New York’s credit unions are by their very nature well-positioned to participate in the Banking Development Districts. Despite being the financial capital of the world, countless New Yorkers sadly lack basic access to the financial system. Thanks to this bill and the efforts of Sen. Velmanette Montgomery, Banking Chair Senator James Sanders Jr., Deputy Leader Michael Gianaris and Leader Andrea Stewart-Cousins, New York is now one step closer to ensuring every consumer has a shot at a better financial future.”

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#### RELATED LEGISLATION

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### **2019-S727A**

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- Introduced
  
- ○ In Committee Assembly
  - In Committee Senate
  
- ○ On Floor Calendar Assembly
  - On Floor Calendar Senate

- ○ Passed Assembly
  - Passed Senate
- Delivered to Governor
- Signed By Governor
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Relates to the banking development district program

January 08, 2019

Signed by Governor

Sponsored by **Velmanette Montgomery**

Do you support this bill?