

## **Bank On Illinois Commission Meeting Minutes**

Date of Meeting: Wednesday, June 5<sup>th</sup>, 2024

Time: 10:00 am

In person meeting: 555 W Monroe Street, 10<sup>th</sup> Floor, Rockford Room, Chicago, Illinois 60661

Online meeting access: Webex

Commission members in person: Barbara Martinez

Commission members via Webex: Mike Lee, Staci Mayall, Beth Witczak, Francisco Menchaca, Tracy Frizzell, Paul Lopez, Rep. Debbie Meyers-Martin

Advisory members attended via Webex: Chasse Rehwinkel

Staff in person: Bola Delano, Samantha Alonso, Louisa Keefe, Ted Cox, Jessica Velez, Wendy Onofre

Other attendees via Webex: Sarah Stennis on behalf of Senator Christopher Belt, Kari Beyer on behalf of IDFPR, Matthew Parrott, Kevin Guzman, Tere Wang, Anjenita Davis, Patrick Basler, Arielle Townsel, Ernesto Martinez, Cesar Orozco, Julie Ayres, Gwen Peebles, Grecia Tures.

### **Call to Order/Roll Call:**

On behalf of Illinois State Comptroller Susana Mendoza, Bola Delano welcomed commission members to the second Bank On Illinois commission meeting this year. Samantha Alonso conducted the roll call and Louisa Keefe will be taking the minutes.

### **Review of Meeting Minutes 3/6/24:**

Bola Delano stated that participants should have received meeting minutes from the last commission meeting on March 6<sup>th</sup>, 2024. She asked if there were any questions or comments regarding the minutes. As no participants had any comments, the meetings minutes were approved.

### **Financial Empowerment Centers:**

Bola referred to a link on the agenda: <https://cfefund.org/project/financial-empowerment-centers> that highlighted how to partner and get funded to create a financial empowerment center. There are currently a few financial empowerment centers located in Aurora, Rockford, Elgin and Evanston. She encouraged members to inform local Mayors, elected officials of the process and encourage them to apply. Matthew Parrot mentioned they are looking into having a financial Empowerment center in the East St Louis area. Bola Delano encouraged him to partner with elected officials, a university and/or other local partners to help make this happen. Mr. Parrott said that they are in communication/discussions with the University because after looking at their membership they found many resided in the West Belleville, East St Louis area and they were hoping to potentially have a center in the University. Ms. Delano encouraged members to apply and that it was a rolling program so there were no end dates. Tracy Frizzell asked the question if there is a specific elected official that should be contacted especially in the case of the City of

Chicago where there are several areas/different leaders that may be interested in an initiative like this. Bola Delano responded and informed members that guidelines for financial empowerment centers are specific about working with elected officials or other partners and added that the Bank On Chicago working relationship with the city community colleges will be a good place to start discussions.

### **CFE/Bank On National Updates:**

Bola Delano thanked everyone for their time and commitment to date. There were no specific national updates, but she informed Commission members that Tracy Frizzell (Bank On Chicago) and herself will be at the Bank On leadership conference in Boston next week, June 12-13, 2024, where coalitions share information and develop new initiatives as well as identify challenges. She highlighted that one of the initiatives that had been addressed at the conferences in the past was the use of ChexSystems bundles that are designed to monitor the performance of new accounts as well as provide educational reports for the account applicants to improve their financial literacy and management skills. This has enabled people who have extreme difficulties opening accounts due to bad financial management, are not penalized and are able to open Bank On accounts.

### **Subcommittee Updates:**

**Financial Products:** - Andrea Ramirez-Justin, V.P., Government/NFP Banking & Community Outreach, Old Plank Trail Community Bank

Andrea Justin was not in attendance; Samantha Alonso provided an update. She highlighted the following:

- The total number of Bank On Illinois financial empowerment products/accounts - 54
- The financial product committee is currently reviewing data provided by a study done by CFE data hub in 2022 to identify the total number of new accounts opened by clients. This information will be included in the Bank On Illinois annual report.
- IOC staff are working on creating a guide that discusses the identity theft trends that students are experiencing as well as a detailed guide on investments and retirement opportunities.
- Members of the subcommittee will also continue to develop a virtual toolbox that highlights affordable lending products available under the program.

Bola Delano added that Wintrust Bank had recently released a booklet about fraud and scams targeting young people and informed members that if anyone interested should reach out to her for a copy. Tracy Frizzell commented that the issue of identity theft and scams among young people is prevalent. She added that young people are a large portion of the underbanked population but with proper education and programs such as One Summer Chicago, they can be successfully banked, and the education provided will enable them to be more aware of fraud/scams.

Mike Lee added that KCT's partnership with Elgin CC and the Aspen Institute designed to assist their growing Latino population resulted in them creating a Juvenile Checking account, that prevents overdraft fees. This product has training/education attached to it.

Matthew Parrot mentioned that his financial institution has an uptick of auto loan/other expense requests from international students. He asked whether anyone else had similar requests. Tracy Frizzell responded that due to the migrant situation in Chicago, the financial institutions were well prepared to address that issue. She added that the financial institutions accept matricula and ITINs for identification. In addition, the City of Chicago City Key, which allows migrants to have a local identity has also helped with the process.

Mike Lee added that some students use their passports and that they have a good relationship with Western Union which is helpful for international students/bank accounts.

Patrick Basler from Great Lakes Credit Union added that his credit union had amended their banking product to accept City Key ID. He added that they have not had requests for loans, but it is something they will consider in the future. GLCU had just rolled out a 6-month credit builder loan offered at 0% interest rate, and that they have had a lot of success with the migrant population since they had translated a lot of their marketing documents into Spanish.

Bola Delano spoke about earlier discussions with Secretary Of State offices and highlighted the fact that Secretary of State and BMO Harris Bank are working on some form of legislation to ensure that banks can/will accept alternative Ids.

Action: Bola will reach out to them and provide an update at the next meeting.

**Predatory Lending:** - Matthew Parrot, President/CEO, SIUE Credit Union

Matthew Parrot said that the committee had a detailed discussion about the Rent – a- Bank program which was evolving and becoming prevalent in Illinois. He gave a brief outline of the program highlighting that Rent-a-Bank arrangements allow online lenders to exceed state limits on loans used to finance the purchase of anything, including expensive debt consolidation loans made to people already struggling to meet their monthly obligations. Some of the loans are typical triple-digit payday products, others are very large loans with a 36% annual percentage rate (APR) or higher. A 36% interest rate is appropriate for small, short-term loans.

This predatory practice has moved online, and it exploits a provision of federal law that allows banks to export their interest rates across the country, ignoring state laws meant to protect borrowers from abusive high-rate lending that can lead to a debt trap.

Matthew Parrot informed the Commission that he was in discussion with Brent Adams of Woodstock Institute to discuss potential legislation.

**Research:** - Paul J. Lopez, VP Community Development Manager, Old National Bank

Paul Lopez mentioned that the committee is currently working on informational flyers that discuss the difference between a conventional loan and an FHA loan. Paul added that there is a trend pushing minorities into the FHA loans so these fliers will provide more information.

The committee is also working on the pros and cons of buy now pay later apps. Barbara Martinez asked why FHA loans were worse for minority populations. Paul Lopez said these loans

sometimes have a higher upfront fee and higher mortgage insurance fee and that in most case FHA loans tend to be refinanced because of the high interest rates. Paul added that grants cannot be used with FHA loans, however the advantages of the FHA program is that many people are able to get approved for the loan despite having a low credit score. Tracy Frizzell added that she is excited the committee is looking into this issue because it is not appropriate for individuals to be pushed into using a product that is more expensive.

**Financial Empowerment:** - Mike Lee, President/CEO, KCT Credit Union

Mike Lee mentioned that the financial empowerment subcommittee had a lot going on and he highlighted the work his group was doing with Senator Castro. The group were working to address the recommendation in the financial empowerment taskforce report by working on legislation to create a Commission for financial empowerment. He added that Senator Castro and Bola Delano spoke at the Illinois Credit Union league legislative event and raised awareness of Bank On Illinois, certification and the financial empowerment. He also said that he was able to meet Senator Belt and other elected officials to share information about Bank On Illinois, etc. Mr. Lee also stated that KCT credit union has been able to share information about Bank On Illinois on the WGN Home Sweet Home Chicago program which has approximately 4.5 m listeners. Patrick Basler of Greater Lakes Credit Union added that they are on the Money Matters show once a month to discuss topics and it's a great partnership and good way to highlight Bank On Illinois, credit unions and financial empowerment.

**Commission Appointments:**

Bola Delano provided a brief overview that several Commission positions were either vacant or had poor attendance. Ms. Delano announced that Senator Belt of the 57<sup>th</sup> District is now a member of the Commission (replacing State Representative Greenwood). Sarah Stennis was in attendance on his behalf. Bola highlighted the work of Senator Belt, emphasizing his distinguished background in addressing financial disparities across the state. He has led numerous efforts on financial disparities including SB 3235 and SB 2234, both designed to address financial inequities. SB 2234 creates the small business transparency act which provides protections for small businesses when taking out a loan, including financial terms that need to be clear and succinct; SB 3235 builds off previous legislation that incentivizes state-regulated financial institutions to meet the financial service needs of areas where there is a lack of access to affordable banking, credit for small businesses, reasonable interest rates, mortgages and other lending services. This measure would mandate the Illinois Department of Financial and Professional Regulation to conduct studies to identify areas in Illinois that show significant disparities in relation to race, ethnicity, gender, and other protected characteristics in financial services. All his efforts to pass legislation align with the main objectives of Bank On Illinois which is to promote financial empowerment.

Bola Delano welcomed Beth Witczak to the meeting. Ms. Witczak apologized for her poor attendance but indicated that she is committed to regularly attending the meetings in the future, however, if for some reason she is unable to attend she will send someone to represent her.

Bola Delano announced that Nikki Giancola-Shanks from IDFPR is no longer a member of the commission as she had moved to another position. She informed members that Susana Soriano, Acting Director, Division of Banking IDFPR, will be on the commission. However, due to a scheduling conflict she was unable to attend, and Kari Bayer was in attendance on her behalf. Bola also informed the commission that there was still a vacancy for the community Banks and that she was awaiting a nomination from Mr. Jerry Peck. In addition, since United Way has had challenges in attending meetings if they are no longer able to attend, Bola may reach out Commission members to recommend a community service organization for a commission appointment.

### **Legislative Updates:**

There were no legislative updates from the Illinois Office of the Comptroller.

Bola Delano provided a brief update of the work that the Financial Empowerment task force accomplished, and she mentioned that snippets of the recommendations are showing up in various pieces of legislation, however they are not addressing the overall recommendation of treating financial education/empowerment as a 'cradle to grave' initiative. Barbara Martinez added that it was encouraging to see some movement and that it is great that some work was being done but that there is still a huge gap in some of the pieces of legislation. She added that in May the

The House of Representatives passed HB 1375 [Illinois General Assembly - Bill Status for HB1375 \(ilga.gov\)](#) which mandates high school students beginning in 2028-29 to have at least one semester of personal finance course and that ISBE would set the standard. In addition, the legislation included a financial literacy fund which would enable and allow money to be raised from the public sector. She went on to add that in as much as the Young Invincibles initiated this work to ensure that the education system as a personal course requirement, the bill does not address the digital divide issues or the need/use of emerging financial technologies. Bola Delano agreed and went further to add that the legislation still does not include young adults. Mike Lee added that this was why he, Senator Castro, and State Representative Debbie Meyers-Martin want to develop new legislation that would support the development of a Financial Empowerment Commission. This was a long-term recommendation, because it will promote better coordination. The intent is not to duplicate but to coordinate efforts across the state. Bola Delano highlighted the need to conduct a financial empowerment disparity study across the state. State Representative Debbie Meyers-Martin agreed and is committed to pursue/file the legislation in the house in the next veto session. She had tried earlier this year, but SB 3117 (filed by Senator Castro) was a shell bill and the Legislative Reference Bureau had difficulty putting the language together.

Barbara Martinez asked what the vision for the Commission was and Tere Wang responded that the commission should be focused on long term strategic coalition to support and ensure the those in underserved communities have access to information and empowerment across the board.

### **Outreach/Webpage Updates:** - Samantha Alonso, IOC

Samantha Alonso provided the following updates:

- In April during Financial Literacy week IOC was invited to the Mexican Consulate to provide financial literacy and Bank On Illinois information
- Attended the 'Know Your Rights' workshops for refugees/immigrants in the 40<sup>th</sup> ward
- Attended Parent University in Pilsen which is a family focused resource fair hosted by the Haitian American Museum in Evanston
- IOC staff are working to update the Bank On Illinois webpage, focusing on updating data for the heatmap and updating pictures/bios for commission members
- Bola Delano thanked Wintrust, BMO Harris and Old National Bank for attending the events and being available for individuals to open bank accounts on site.

**Public Comment:**

Bola Delano asked whether anyone from the public would like to make a comment. There were no public comments.

**Adjournment:**

Bola Delano asked if there were any final comments from Commission members. She added that due to the poor attendance at the in-person meetings she will be sending out a poll asking members to indicate their preference for in-person or virtual meetings.

The next meeting is on September 4<sup>th</sup>, 2024, at 10 00 am. Note: Virtual meeting.

Future Meetings:

Wednesday, September 4<sup>th</sup>, 2024, 10:00 am (virtual)

Wednesday, December 4<sup>th</sup>, 10:00 am (virtual)