



New York City Banking Commission

Testimony by Alicia Portada on behalf of

Lower East Side People's Federal Credit Union

May 25, 2023

Good morning members of the NYC Banking Commission. I am Alicia Portada, the Director of Communications and Community Engagement at Lower East Side People's Federal Credit Union. I appreciate this opportunity to provide testimony on the designation of banks eligible to hold city deposits. The allocation of public funds is increasingly crucial for our community, and we would like to emphasize the significance of ensuring that our public money serves the best interests of the public.

LES People's is a local not-for-profit financial cooperative dedicated to serving our community. We have branches in East Harlem, the Lower East Side, and the North Shore of Staten Island, along with a mobile branch that serves partners throughout New York City. Our commitment lies in providing quality and affordable financial services to our nearly 10,000 members, a significant portion of whom belong to marginalized communities such as low-income individuals, people of color, and immigrants.

We wholeheartedly support the establishment of a Public Bank as it will greatly enhance the capacity of community development credit unions (CDCUs) and community development financial institutions (CDFIs) like ours to meet the needs of those in our community who require financial assistance. Throughout the recent public health and economic crises, we have remained at the forefront, providing crucial capital to individuals and communities that have been severely impacted. Establishing a Public Bank would enable us to expand our reach further, delivering vital financial resources to those who need them the most, especially those who have historically been neglected by the mainstream financial system.

Our organization primarily generates income through interest charges on loans rather than fees. Most of this income is derived from loans provided for affordable housing and small businesses, which are locally focused. The average loan amount for our mortgages is \$180,000, and for our small business loans, it is \$35,000. A NYC Public Bank that leverages

the hundreds of millions of dollars of City deposits to facilitate affordable housing projects of a significantly larger scale would greatly amplify the impact of our community investments. Furthermore, it would attract new investments to the city, opening better opportunities for CDCUs and CDFIs to directly lend to projects and empower individual consumers to benefit from these opportunities.

Moreover, a Public Bank would foster increased collaboration and loan participation among community development lenders. While occasional collaboration already exists among community development credit unions to facilitate larger sound investments while mitigating individual risk, a Public Bank's investment oversight would enable such collaborations to occur more frequently and with greater security.

LES People's Federal Credit Union commends the Banking Commission for taking steps to hold the City's designated banks "more accountable to the public." We are also pleased to learn that the Commission will now require banks applying to hold city deposits to submit detailed plans to prevent lending and employment discrimination in their operations.

We urge the Commission to exercise its full authority to ensure that public funds are utilized for the public good. We believe that the establishment of a public bank is the most effective way to ensure that public funds are reinvested locally in a manner that advances the public interest.

With a public bank, created by the City and chartered to serve the public interest, we can ensure that public funds are managed accountably for the benefit of all New Yorkers. A public bank would enable the City to leverage billions of dollars toward investments in affordable housing, small and worker-owned businesses, renewable energy, and other critical needs in low-income, Black, brown, and immigrant communities that the big banks routinely fail to serve.

Thank you again for the opportunity to testify today. Please do not hesitate to contact me with any questions at aportada@lespfcu.org.