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MAYOR MICHAEL R. BLOOMBERG, COMPTROLLER WILLIAM C. THOMPSON JR. AND FINANCE COMMISSIONER MARTHA E. STARK ANNOUNCE INITIATIVE TO SPUR BANKING SERVICES AND DEVELOPMENT IN NEIGHBORHOODS WITH FEW OR NO BANKS

City Will Deposit \$100 million at Below-Market Rates in Banks to Spur Economic Activity in Developing Neighborhoods

New York City Mayor Michael R. Bloomberg, Comptroller William C. Thompson Jr., Finance Commissioner Martha E. Stark President and CEO of Independence Community Bank Alan H. Fishman today announced the start of the City's "Banking Development District" program, which will use City deposits to spur banking services, economic development and job growth in neighborhoods with few or no banks. The Mayor, Comptroller and Finance Commissioner were joined by representatives from participating banks as well as officials from the State Banking Department, which designates underserved communities as "Banking Development Districts," or BDDs. The announcement was made at the Independence Community Bank in Red Hook, Brooklyn.

BDDs are for communities that are underserved by banks and other financial institutions, and are meant to help promote economic activity in developing communities. BDDs have been established in the South Bronx, Sunset Park, South Central Harlem, St. George, Red Hook and Roosevelt Island.

"With this program, the City will encourage banks to open branches in communities with few or no banks, making it easier for thousands of New Yorkers to buy a home, obtain a business loan and utilize services that many of us take for granted," Mayor Bloomberg said. "Using the City's below-market rate deposits, these banks will offer reduced-rate loans and help neighborhood residents open checking accounts, use debit cards and take advantage of other important services. BDDs help underserved neighborhoods by increasing banking activity that leads to economic development and jobs."

Under the program, the City will deposit up to \$10 million in current and future branches located in the BDDs, for a total City investment of \$100 million. The City will receive below-market rates from the banks. In return, these branches will provide reduced rate loans and offer financial literacy classes for residents, describing ways to take advantage of banking services to improve their lives. The State Banking Commissioner designates BDDs and the City will be soliciting applications for banks in BDDs to apply for the up to \$10 million in City deposits.

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These banks will have to report at least annually to the Finance Department and the Comptroller on their community activities, and meet criteria set by the Banking Commission, which is chaired by the Mayor and includes the Comptroller and the Finance Commissioner. If the banks do not fulfill their obligations to the community, the City may withdraw its deposits.

“Neighborhood banks can encourage and help to sustain economic development in the communities they serve,” Comptroller Thompson said. “Unfortunately, there are communities in our City that are under-banked and therefore undercapitalized, which hinders the area's economic development activity. The Banking Development District program is an ideal vehicle for the City to deposit money into under-banked neighborhoods in order to enhance banking services and promote community development.”

“Creating opportunities and offering better services for New Yorkers is what effective government is all about,” Commissioner Stark said. “We’re depositing City funds that will translate into huge dividends for residents in underserved neighborhoods.”

“This is exactly what Governor Pataki envisioned when he created the Banking Development District program,” said State Banking Superintendent Diana Taylor. Mayor Bloomberg and Comptroller Thompson deserve congratulations for putting municipal muscle and money into the BDD program to encourage banks to put down roots in underserved areas. These banks will provide a foundation to stimulate the local economy by enhancing access to capital for local businesses and promote long-term economic development, foster job creation, and promote community stabilization and revitalization. Residents of this great city can be sure that they have elected officials and businesses willing to invest in their neighborhoods despite the bad economic times. Through the Banking Development District program, banks have a real incentive to dedicate their resources and capital to underserved areas. And that's what New Yorkers deserve.”

“We established our Red Hook branch in 1997 and have worked closely with the community to add capital and financial services,” said Alan H. Fishman of The Independence Community Bank. “Independence is proud to support Banking Development District status for the community. The program announced today will help make branch offices such as ours in Red Hook more viable. It will also encourage other banks to provide much-needed banking services in other underserved areas. I applaud the Governor, Mayor and Comptroller and Finance Commissioner for this initiative that will increase financial resources for consumers and stimulate economic growth in their communities.”

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