

# **Many More Banks in New York**

**(But Only For Some)**



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## **Introduction**

There are 213 more bank branches in New York than there were five years ago. But in the midst of this boom, New York City's low-income neighborhoods are being left behind.

Over the last five years, the number of additional bank branches in New York City has increased by 18.5%. In neighborhoods where the median household income is below \$30,000 there was an additional 185 banks. But, in neighborhoods where the median household income is below \$30,000 there was only a net increase of 28 additional bank branches

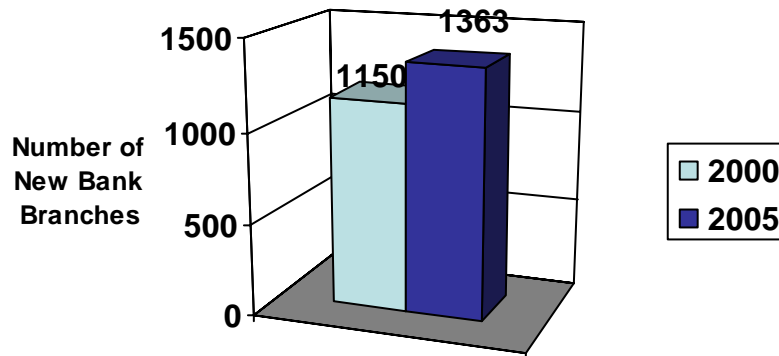
Access to financial institutions is crucial to the mobility of a person struggling from the lower-class to the middle class and beyond. New Yorkers without a personal bank account are forced to use alternative financial services like check cashing stores. Pay day loans, which are used by check cashing stores, are often equivalent to an Annual Percentage Rate (APR) ranging from 391% to 443%. A person making \$12,000 a year will spend roughly \$250 a year just to cash their payroll checks.

This report finds that the number of bank branches in New York City has increased dramatically over the last five years, but disproportionately in wealthier areas.

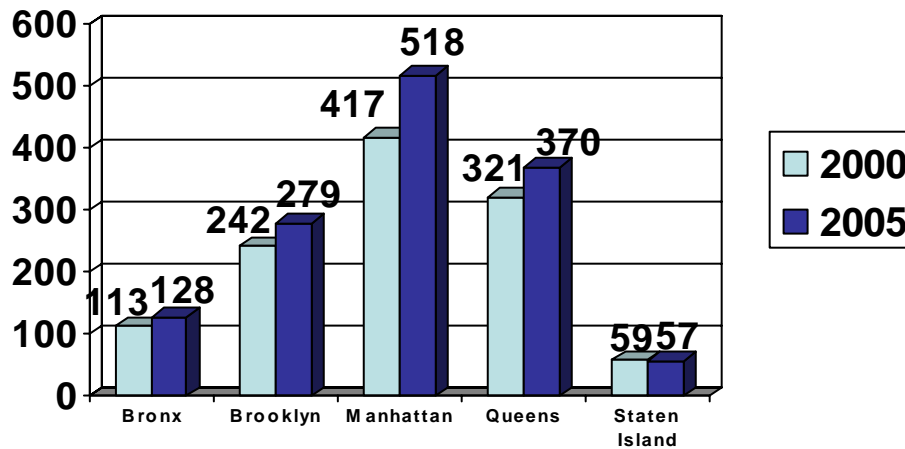
## A Banking Explosion in New York City

Over the last five years New York City has seen a tremendous growth in the number of bank branches.

### Bank Explosion in New York City Over the Last Five Years



### Bank Branches by Borough Over the Last Five Years



Over the last five years, Manhattan, whose median household income is \$47,030, has seen an increase of 101 banks, while the Bronx, whose median household income is only \$27,611, has only had an increase of 15 banks.

Borough	Median Household Income	Change in Number of Banks Over Last 5 Years
Bronx	\$27,611	15
Brooklyn	\$32,135	37
Manhattan	\$47,030	101
Queens	\$42,439	49
Staten Island	\$55,039	11

## Poor Areas are Underserved

There is great disparity between New York City's wealthiest and poorest neighborhood. For example, in the City's 20 poorest neighborhoods, there are a total of 61 banks, with just 3 additional banks in the last five years. In the City's 20 wealthiest neighborhoods, there has been a net gain of 53 additional banks.

### New York City's 20 Poorest Neighborhoods

Median Household Income	Neighborhood	Borough	Number of Banks in 2000	Number of Banks in 2005	People Per Bank	Change in Banks Over Last 5 Years
\$14,271	Mott Haven	Bronx	1	1	34976.0	0
\$14,896	Washington Heights	Manhattan	3	3	10900.7	0
\$16,339	Co-Op City	Bronx	5	5	2270.8	0
\$16,664	Morrisania	Bronx	0	0	NA	0
\$17,370	Lincolnton/ East Harlem	Manhattan	0	1	21737.0	1
\$17,498	Longwood	Bronx	4	4	9770.0	0
\$17,970	Harlem	Manhattan	0	1	25847.0	1
\$18,661	Williamsburg-Bedford Stuyvesant	Brooklyn	4	3	23010.7	-1
\$19,233	Tremont	Bronx	1	1	69048.0	0
\$19,389	Fordham- Little Italy	Bronx	4	4	9366.3	0
\$19,517	West Farm	Bronx	3	4	13426.8	1
\$20,307	Concourse Village-Melrose	Bronx	6	6	6826.8	0
\$20,606	Highbridge	Bronx	3	3	24046.0	0
\$20,839	Brownsville	Brooklyn	2	2	42580.5	0
\$21,109	Hunts Point	Bronx	3	3	25591.7	0
\$21,281	Coney Island	Brooklyn	4	4	12801.3	0
\$22,072	Mount Carmel/Botanical Gardens	Bronx	4	6	12973.3	2
\$22,232	Hell Gate/ East Harlem	Manhattan	6	5	15078.0	-1
\$22,305	Bedford Stuyvesant	Brooklyn	3	3	25454.3	0
\$23,104	Bushwick	Brooklyn	2	2	24455.0	0

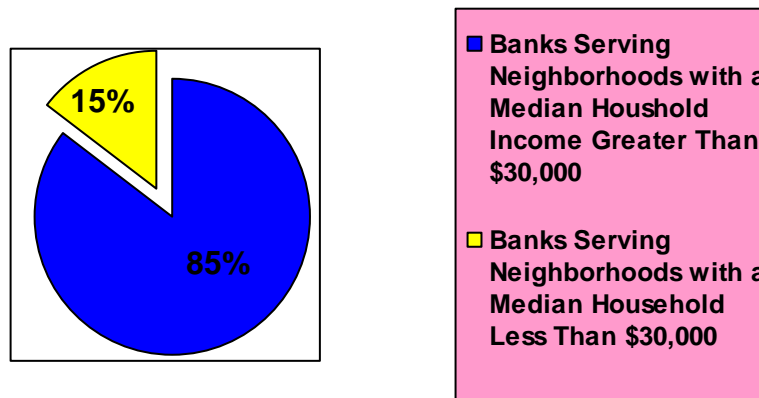
### New York City's 20 Wealthiest:

Median Household Income	Neighborhood	Borough	Banks 2000	Banks 2005	People Per Bank	Change in Banks Over Last 5 Years
\$112,947	Battery Park City	Manhattan	9	10	352.2	1
\$101,868	Bowling Green	Manhattan	9	8	153.1	-1
\$80,406	Midtown	Manhattan	48	56	547.2	8
\$79,517	Wall Street	Manhattan	6	8	110.5	2
\$78,066	Upper West Side	Manhattan	5	8	8051.8	3
\$77,565	Gracie/ Yorkville	Manhattan	13	16	2811.7	3
\$75,472	Lenox Hill/ Upper East Side	Manhattan	27	36	2853.0	9
\$72,424	Ansonia/ Upper West Side	Manhattan	13	14	4443.3	1
\$71,295	Floral Park	Queens	9	7	3644.4	-2
\$70,031	Colonial Park/ Washington Heights	Manhattan	3	4	14964.0	1
\$69,273	Grand Central/ Murray Hill	Manhattan	37	47	344.7	10
\$67,728	Eltingville	Staten Island	7	8	7358.4	1
\$67,550	Little Neck	Queens	3	3	2305.7	0
\$66,601	West Village	Manhattan	5	6	5444.5	1
\$66,342	Murray Hill	Manhattan	24	31	1652.2	7
\$65,397	Princes Bay	Staten Island	4	8	3400.9	4
\$64,159	Tottenville	Staten Island	2	3	3893.0	1
\$62,467	Madison Square/ Union Sq.	Manhattan	14	18	1467.1	4
\$62,352	East Meadow	Queens	4	4	3341.5	0
\$62,071	Cambria Heights	Queens	0	0	NA	0

Households with a median income under \$19,000 have a bank for every 17,299 people, while households with a median income of \$60,000 and above have a bank for every 2,496 people.

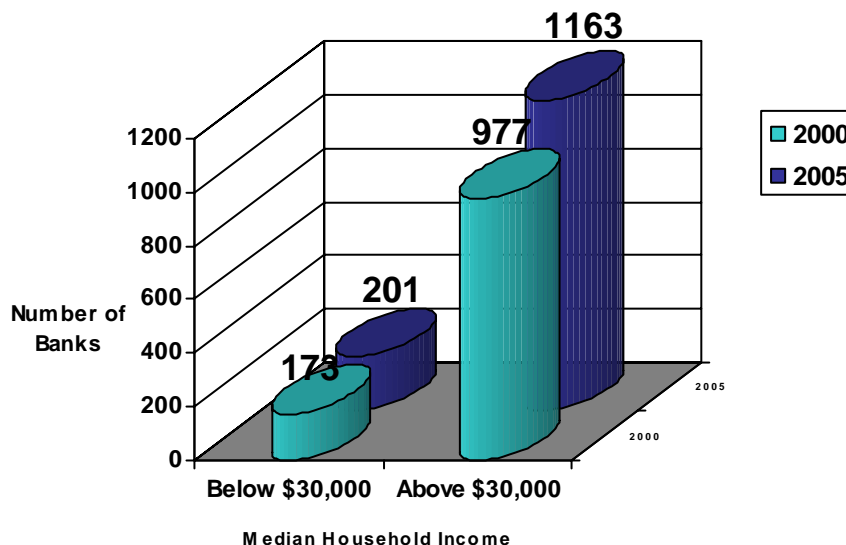
Median Household Income	People Per Bank 2005
Under \$19,000	17,299
\$19,000-\$34,999	9,470
\$35,000-\$59,999	5,054
\$60,000 and above	2,496

Only fifteen percent of the banks located in New York City are located in neighborhoods where the median household income is under \$30,000 a year.



And the problem is not improving. While there are 185 additional banks in communities that have a median household income of over \$30,000, there are only 28 additional banks in communities with a median household income under \$30,000.

### Number of Bank Branches in 2000 and 2005



## **Solution**

In 1977, Congress created the Community Reinvestment Act (CRA) because financial institutions were under serving low-income areas. CRA intended to provide these areas with access to housing finance resources, consumer and business lending, community investments, and low-cost services.

But the federal agencies selected to rate banks on their effort to serve the needs of low-income neighborhoods are largely without authority and power. For instance, in 1998 the four regulators rated over 98% of banks as either Outstanding or Satisfactory even though the banking industry continues to deny the mortgage loan applications of African Americans and Latinos twice as frequently as those of whites.

We should strengthen the CRA by prohibiting any bank found with a failing grade from receiving a new national banking charter, a certificate required each time a bank wants to open a new bank. Additionally most banks get passing grades under the CRA. We should make reviews more frequent – and we should ensure they accurately reflect each bank’s commitment to serving the poor.

## **Conclusion**

Access to banking institutions is an essential ingredient for college savings, home ownership, personal savings and many other important aspects that promote economic mobility. Over 25 years ago, Congress passed the Community Reinvestment act to make sure banks were not neglecting poor neighborhoods. Strengthening the CRA will help increase the presence of banks in poor communities.

## **Methodology**

All data in this report was taken from the Federal Deposit Insurance Cooperation’s (FDIC) summary of deposits and the 2000 U.S. Census. The number of banks for 2000 and 2005 was determined from banks filings of their summary of deposits to the FDIC for the years of 2000 and 2005. All median household income levels and population figures were taken from the 2000 U.S. Census.