

New York
State
Banking
Department
Hearing

Thursday, April 2

2009



Testimony of Cross County Federal Savings Bank
on the effectiveness and need for an expanded
Banking Development District Program.

J. Antonio Quesada
Assistant Vice President
Community Reinvestment Act Officer/
New Business Development
79-21 Metropolitan Avenue
Middle Village, NY 11379
718.326.6309
aquesada@crosscounty.com



MEMBER
FDIC



79-21 Metropolitan Avenue • Middle Village, NY 11379 • 718.326.6300
www.crosscounty.com

Thursday, April 2, 2009.

Good afternoon ladies and gentlemen.

My name is Antonio Quesada and I am the Community Reinvestment Act Officer for Cross County Federal Savings Bank.

Before I begin, I would like to thank you for providing us with the opportunity to appear before you today to speak about the importance of the Banking Development District program, and how this unique partnership has successfully leveraged the resources required to stimulate local economies, fostered the creation of career opportunities, and the overall revitalization of the communities in which we live and work.

Specifically, I would like to inform you of the work Cross County has been able to do as a result of the Banking Development District program in the communities of Greenpoint and Williamsburg.

The communities of Greenpoint and Williamsburg were developed more than 100 years ago during Brooklyn's great industrial age, when both sides of the East River were dominated by large factories, oil refineries, and shipyards. Over the years, Greenpoint and Williamsburg have adapted to changing economic conditions.

The refineries and shipbuilders have gone, and new generations of businesses, entrepreneurs, artists and residents have emerged. What has not kept pace however, and remained largely non-existent, were financial institutions offering basic financial services to a community of more than 50,000 residents, and many more visitors.

In 2003, however, Cross County made an investment where others would not and opened its sixth branch on Bedford Avenue --in the heart of this underserved, and under-banked community.

Today, our Bedford branch remains as the only financial service institution within a one-mile radius of Bedford Avenue and North 7th Street. Our Bedford branch is the only source of essential access to banking products and services to an otherwise marginalized community largely made up of low-to-moderate income families and small business owners.

Although Cross County is a small community bank, we take great pride in providing affordable and accessible banking products and financial services that meet the needs of the communities in which we live and work. We offer banking products without hidden fees,

costly service charges, and complicated balance requirements. We make banking as plain and simple as it could possibly be.

But don't get me wrong, a simple approach does not prevent us from offering the services our communities require.

Every year, the Public Advocate for the City of New York conducts a review of banks with five or more branches within New York City's five boroughs, and rates the top checking, savings, and basic banking accounts. I am very happy to report to you today that Cross County was rated number 1 on the list of *Top 5 Basic Bank Accounts*, and number 2 on the list of *Top 5 Interest Checking Accounts* in its December 2008 *Get More for Your Money* report.

Whether it is a passbook savings account, a free checking account, a mortgage, a commercial loan or financial education services, our staff is able to provide in-language services to the residents and small businesses that would otherwise not have access to banking and financial services.

In September of 2006, our Bedford Avenue branch was designated as a Banking Development District branch. We sought this designation because although we offered the type of services our communities required, we were missing the capital resources needed to make it financially viable for us to maintain our low fees, extend our operating hours, and perform the necessary community outreach.

In our original application, we stated that our goals were to provide employment for community residents, extend our product offerings, and increase our operating hours to meet the needs of a community that was underserved, underbanked, and in desperate need of essential access to basic low-cost banking and financial services.

Since our designation, we have worked diligently to customize our operating hours, services and product offerings to ensure that the established and growing commercial and residential community of Greenpoint and Williamsburg had the access and services it required.

We have also been able to tap into, and benefit from the "human capital" that exists in the community. 7 out of the 11 employees that work at our Bedford branch live in Greenpoint and Williamsburg, and we continue to seek and hire bi-lingual employees to serve our Polish and increasingly growing Hispanic community.

In addition, and although costly to undertake, we extended our Saturday banking hours from 9 a.m. to 3 p.m. to meet the increased demand for services.

Our efforts are bearing fruit. To give you an example of the importance of the Banking Development District designation, before our designation, our Bedford branch had a balance of \$2.9 million in Passbook and Statement Savings accounts. As of this past month, March 2009, our Bedford branch had a balance of \$4.3 million in Passbook and Statement Savings accounts.

In addition, we have seen a tremendous growth in our Free Checking accounts. Prior to our Banking Development District designation, our branch had approximately 157 Free Checking accounts with a total balance of \$282 thousand. As of March 2009, the Bedford branch has 398 Free Checking accounts with a total balance of \$809 thousand. This represents a growth of 45 percent in our Passbook and Statement savings accounts, a 153% growth in the number of Free Checking accounts, and a 186% growth in the balance of our Free Checking accounts.

As strong as our commitment is, however, there is very little we would be able to do without the support and active participation of our community stakeholders.

Together with our elected officials, community leaders, community organizations and our local public schools, Cross County has been able to provide banking and financial services that address the needs of the communities in which we live and work.

I would like to take this opportunity to publicly thank Assemblyman Joseph Lentol, Assemblyman Vito Lopez, Councilman David Yassky, and Councilwoman Diana Reyna for continually acting as active participants in our financial education initiatives and supporting our community outreach efforts.

In closing, the Banking Development District program has been the catalyst for many financial education initiatives and financial service initiatives necessary to promote and uplift our communities. But our work is not complete, and although we have taken great strides, there is still much work to be done to meet the needs of the unbanked and underbanked.

That is why I believe the importance of this hearing lies not so much in its review of the current program, but in the opportunity it offers to lay the groundwork for an expanded Banking Development District program.

I hope that I've been able to express why the Banking Development District designation is vital to the economic viability of our Bedford Avenue branch and to the overall economic development of the community it serves.

Without the Banking Development District program, the community would lose the services necessary to stimulate economic growth, and the catalyst for the development of financial education initiatives which are so desperately needed.

Thank you for your time and attention. I will answer any questions you might have at this time.

###