

Ridgewood Savings Bank NYSBD BDD Testimony
April 2, 2009

Good Afternoon, on behalf of Ridgewood Savings Bank, thank you to the New York State Banking Department (NYSBD) for the opportunity to express some thoughts about the Banking Development District (BDD) Program.

Ridgewood Savings Bank is the largest Mutual savings bank in New York State and takes pride in its mission to serve its communities. As our Bank continues to grow, it strives to continue to provide “Outstanding” service to its communities.

Currently, the Bank has two branches that are qualified as Enriched Banking Development Districts by the NYSBD – “Enriched” because these districts were pre-selected by the NYSBD for meeting high-unemployment and low-income criteria, and being virtually “unbanked”. I refer to Ridgewood’s Williamsbridge and Soundview locations, opened in the fall of 2006 and the spring of 2007 respectively.

The Bank did not enter into this program naively. We understood very well the need for patience and sustained efforts to develop viable branches in areas that not only lack significant discretionary income, but also have populations that may not trust or be familiar with banks. Summarily, in the last two and a half years we have learned just how challenging this endeavor is – despite being one of only sixteen banks being cited in a recent nationwide survey by the FDIC on the Unbanked and Underbanked as being an innovator in providing financial literacy and other services as a result of our participation in the BDD program. As of today, profitability for either of these branches is not on the visible horizon. Hence, I will briefly address some of the questions posed in your letter and conclude with some thoughts.

As for whether a bank purchasing a BDD branch should be entitled to assume the same benefits as the previous owner?

Absolutely – the purchasing Bank knowingly took on a challenge that requires long-term dedication and patience regarding profitability.

Should the subsidy of two years be extended?

Yes. This subsidy should be a minimum of five years, and open to possible extension afterwards. Our experience shows that an average bank branch takes three to five years to become profitable – BDDs most likely will require additional time.

Should there be a limit on renewal of BDD deposits?

This depends on the uncertainty of the market and other factors – hence no specific limit should be imposed: there needs to be some flexibility as noted earlier. It is also understood that a participating bank show that it will continue to demonstrate its community support as it strives for profitability.

Should there be a financial literacy component required for BDD branches?

Yes. Ridgewood Savings Bank has and will continue to provide diverse financial literacy presentations. Making such programs a required component makes good sense.

Are the Banks meeting the financial needs of the unbanked and underbanked within the District?

We have found that the BDD community relies primarily on a narrow array of financial services such as check-cashing and international wire transfer. The residents of the community tend to be either unfamiliar with traditional banking services or sometimes even distrustful of banks. The fact that the Bank has established itself and promoted and provided its diverse financial services in an area that previously had none at the least gives the residents of the BDD a chance to utilize those services when they are financially ready. While we offer a diverse selection of banking products and services (as well as outreach/workshops), we are still learning the community's needs and will continue to be innovative and flexible to best serve the BDD customers.

So how can the BDD program be improved?

We would like to see:

- 1. The NYSBD and the participating BDD banks establish a cooperative initiative whereby there could be a sharing of ideas and content for products, services, and educational/informative workshops that are relevant to BDD communities. These ideas should be shared with new BDD banks to help clarify the NYSBD's expectations of BDD branches.**
- 2. Increased dialogue between the NYSBD and the City / State Comptrollers resulting in maximizing creative and collaborative opportunities that could be initiated via their community outreach efforts – this would demonstrate a real sense of public/private partnership to a BDD community.**