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Giannoulas announces “Anti-Bailout”

State to deny banks that refuse community investment pledge

Illinois State Treasurer Alexi Giannoulas is demanding that Illinois financial institutions reinvest in the communities they serve if they expect future state money.

Beginning June 1, Giannoulas will require all financial institutions to sign a three-point community reinvestment pledge before receiving or renewing state deposits.

Currently, Illinois has deposits worth \$1.4 billion in 205 banks, 26 credit unions and 20 savings and loans. The new pledge goes further than what's required under current state and federal laws.

"This is the anti bailout," Giannoulas said. "We are going to hold financial institutions' 'feet to the fire' and ensure that state deposits go to good corporate citizens."

Giannoulas worked in conjunction with the Monroe Foundation to develop the pledge that will specifically benefit traditionally underserved, low- to moderate-income and rural areas. Community residents can use the pledge form as leverage with financial institutions that do not provide sufficient services to their communities.

"We're pleased Treasurer Giannoulas has shown leadership and the willingness to work with community reinvestment leaders to hold financial institutions accountable," said Otis Monroe, president and CEO at the Monroe Foundation. "This revised policy of commitment will provide Illinois citizens more transparency and an understanding of which banks have a real commitment to community reinvestment."

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The pledge will ask each financial institution to employ its best efforts to provide:

- **Homeownership and foreclosure prevention products.** As of March, 1 in 135 housing units in Illinois received a foreclosure filing, and research shows that minorities (regardless of their income) are more likely to receive high-cost or predatory mortgage offers. Giannoulas encourages banks to offer refinancing assistance to homeowners and to default to offering 30 year, fixed rate mortgages to homebuyers unless applicants request otherwise.
- **Access to conventional banking and savings products for traditionally unbanked residents.** More than 24 percent of minority families nationwide do not have a checking account and turn to high-priced currency exchanges or payday loan stores for their banking needs. Giannoulas encourages financial institutions to offer and market free checking accounts with no minimum balance to members of unbanked communities.
- **Small business loan and community development products to spur economic growth and fuel job creation.** Small business owners often turn to credit cards, home equity, commercial lenders or angel investors for their start-up funding. Giannoulas encourages financial institutions to work with the Small Business Administration to offer traditional loan products.

“If financial institutions are going to benefit from state deposits, they need to show they are benefiting the people of the state,” said Tom Feltner, policy and communications director for the Woodstock Institute. “This policy makes community reinvestment expectations clear, and holds banks accountable when they fail to meet those expectations.”

The public can determine if the Treasurer’s Office is doing business with a particular financial institution by checking the Finances-Time Deposits menu item at www.treasurer.il.gov. The list is updated monthly.

If residents believe a financial institution on the list is not fulfilling its community investment pledge, they should contact the Treasurer’s banking division. The state will work with the residents to mediate a solution with the bank and consider nonrenewal of future deposits.

“We want to help the public police their financial institutions,” Giannoulas said. “If banks are going to benefit from state money, they need to show that they are working for the people of the state.”