

CHAPTER 318

AN ACT establishing the “Unbanked and Underbanked Consumers Study Commission.”

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. As used in this act:

“Alternative financial services” means financial services offered by providers that operate outside of federally insured banks and thrifts. Check-cashing outlets, money transmitters, payday lenders, pawnshops, and rent-to-own stores are all considered alternative financial service providers.

“Financial institution” means a bank, insurance company, credit union, savings and loan association, investment trust or other organization held out to the public as a place of deposit of funds or medium of savings or collective investment.

“Unbanked” means persons without a checking or savings account at an insured financial institution.

“Underbanked” means persons that have a checking or savings account at an insured institution but rely on alternative financial services. Specifically, underbanked persons have used non-bank money orders, non-bank check-cashing services, non-bank remittances, payday loans, rent-to-own services, pawn shop loans, refund anticipation loans, or auto title loans at least once in the last 12 months.

2. a. The Unbanked and Underbanked Consumers Study Commission is established in, but not of, the Department of Banking and Insurance. The commission shall be independent of any supervision or control by the department except as expressly authorized under this act.

b. The study commission shall consist of nine members:

(1) The Governor shall appoint five members. Of the five members appointed by the Governor, one shall be upon the recommendation of the United Ways in New Jersey, one shall be upon the recommendation of the New Jersey Bankers Association, one shall be upon the recommendation of the New Jersey Credit Union League, one shall be upon the recommendation of the New Jersey Coalition for Financial Education, and one shall be an academic specializing in consumer financial management and protection upon the recommendation of the President of Rutgers, The State University of New Jersey;

(2) the Mayor of Camden or the mayor’s designee;

(3) the Mayor of Paterson or the mayor’s designee;

(4) the Mayor of Newark or the mayor’s designee; and

(5) the Commissioner of Banking and Insurance or the commissioner’s designee.

c. Any vacancy in the membership of the commission shall be filled in the same manner as the original appointment.

d. Members of the commission shall be appointed within 60 days after the effective date of this act, and shall hold their initial organization meeting as soon as practicable, but no later than 30 days following the appointment of a majority of its authorized membership. At the initial organizational meeting, the members shall elect a chairperson and vice-chairperson from among the members of the study commission by a majority vote. The vice-chairperson shall also serve as secretary and shall be responsible for keeping all records of the committee. The commission may formulate and adopt rules of procedure and operation in furtherance of its responsibilities.

e. A majority of all the authorized members of the study commission shall constitute a quorum, and no action of the study commission shall be taken without the affirmative vote of a majority of all the authorized members of the study commission, except for the election of

the chairperson and vice-chairperson at the initial organizational meeting pursuant to subsection d. of this section.

f. Members of the study commission shall serve without compensation, but shall be entitled to reimbursement for all necessary expenses incurred in the performance of their duties.

g. Excluding the organizational meeting, the commission shall hold not less than four meetings.

h. The Department of Banking and Insurance shall provide primary staff support to the study commission.

3. The purpose of the Unbanked and Underbanked Consumers Study Commission is to evaluate the inclusiveness of the banking system in New Jersey and review access to credit enhancement services for unbanked and underbanked New Jerseyans. The objectives of the committee shall include, but are not limited to, the following:

(1) evaluate how to create better access to financial services in this State, including use of financial service centers and check cashers;

(2) review changes, if any, needed to address predatory banking practices in New Jersey;

(3) examine the availability of banking locations in underserved areas, including a review of the banking development districts;

(4) evaluate potential business models and regulatory economic incentives that could serve to transition and graduate consumers from sub-prime to prime credit scores resulting in increased chances for consumers to accumulate wealth;

(5) assess whether lending processes are understandable, fair, and efficient and what would constitute optimum disclosures to consumers so that consumers can understand and make reasoned decisions with regards to the products being offered;

(6) analyze the economic impact of requiring wider reporting and creditor consideration of payments for alternative credit-like accounts, including rent and utilities to major credit bureaus;

(7) evaluate the costs, potential benefits, and impact of providing free or reasonably priced financial counseling services through a State agency;

(8) develop strategies to work with financial institutions to offer basic checking accounts and other low interest, no minimum products;

(9) evaluate the Department of Banking and Insurance financial literacy program, including measures of its success and ways to improve the program; and

(10) consult with the academic community, federal and State agencies, and for-profit and non-profit entities for expertise and input concerning the objectives listed in paragraphs (1) through (9) of this subsection.

4. The commission shall prepare and submit a report on its findings, conclusions, and recommendations to the Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), the Legislature, no later than the 365th day following its organizational meeting.

5. This act shall take effect immediately and shall expire on the 30th day after the study commission submits its final report.

Approved January 13, 2020.