



# NHCSL

THE NATIONAL HISPANIC CAUCUS OF STATE LEGISLATORS

## RESOLUTION

**No. 2019-07**

### **Encouraging Electronic Payments for the Unbanked**

Reported to the Caucus by the NHCSL  
Banking, Affordable Housing and Credit Task Force  
Sen. Luz Escamilla (UT), Chair

**Sponsored by Sen. Luz Escamilla (UT) and Asw. Maritza Dávila (NY)**

Unanimously ratified by the Caucus on December 5, 2019

1 **WHEREAS**, the National Hispanic Caucus of State Legislators (NHCSL) recognizes that  
2 more than one in five Americans is unbanked or has limited access to financial  
3 services and that certain demographic and socioeconomic groups, like Hispanic  
4 Americans, African Americans, and the impoverished, are disproportionately affected  
5 by this;<sup>1</sup> and,

6 **WHEREAS**, cash will always have a role in the financial system and access to cash  
7 should be protected for those who have limited access to a means of making and  
8 receiving electronic payments; and,

9 **WHEREAS**, despite the importance of protecting it, cash is not the solution to the  
10 underlying disadvantages faced by the unbanked; and,

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<sup>1</sup> 2017 FDIC National Survey of Unbanked and Underbanked Households, accessed at:  
<https://www.fdic.gov/news/news/press/2018/pr18077.html>.

11 **WHEREAS**, there are many examples of initiatives by governments and non-  
12 governmental organizations aimed at accelerating a widespread transition from cash  
13 to digital payments in order to reduce poverty and drive inclusive growth, including  
14 the United Nations-based *Better Than Cash Alliance*, a partnership of governments,  
15 companies, and international organizations; and,

16 **WHEREAS**, access to electronic payments creates opportunities for increased  
17 financial capability for unbanked populations, bringing them closer to the benefits of  
18 the financial mainstream, with high levels of convenience, safety and reliability when  
19 compared with cash or paper-checks, and even a path to credit-building; and,

20 **WHEREAS**, well designed electronic payment systems offer an improvement in cost  
21 over cash or paper-checks; and,

22 **WHEREAS**, since 2011 the federal government has issued the Direct Express Prepaid  
23 Debit Mastercard<sup>2</sup> to 4.5 million beneficiaries, a program that has radically increased  
24 financial capability for this majority unbanked population, while saving the federal  
25 government millions of dollars annually; and,

26 **WHEREAS**, prepaid cards affiliated with a payments network, including employer-  
27 provided payroll cards, bring significant advantages to unbanked users, allowing a  
28 higher degree of financial capability and empowerment; saving the cost and time  
29 invested in cashing a check; ensuring payments are received on time, every time;  
30 protecting payments against the risk of loss or theft of cash; and allowing electronic  
31 payments to be made at the point-of-sale, over the telephone, or online; and,

32 **WHEREAS**, government-issued prepaid debit cards can be of special value in the  
33 event of some natural disasters, particularly those where the electric grid is still  
34 functioning, allowing governments to rapidly put funds in the hands of victims and  
35 relief workers for use in ATMs and at the point-of-sale to immediately purchase food,  
36 water and other essentials.

37 **THEREFORE, BE IT RESOLVED**, that The National Hispanic Caucus of State  
38 Legislators recognizes the value of electronic payments as tools of financial capability  
39 and encourages the widespread use of electronic payments by unbanked populations,  
40 with a special emphasis on ensuring that policies to protect cash access do not impede  
41 the spread of electronic payments; and,

42 **BE IT FURTHER RESOLVED**, that NHCSL underscores that, in order to encourage the  
43 unbanked to adopt these electronic payments, the systems should have reasonably  
44 economical fees which ensure that they are an improvement in cost when compared  
45 to those typically faced by the unbanked; and,

46 **BE IT FURTHER RESOLVED** that programs such as the US Treasury's Direct Express

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<sup>2</sup>Direct Express Program, accessed at: <https://directexpress.info>.

47 program and initiatives such as the Better than Cash Alliance be applauded for the  
48 work they are doing increasing financial capability among the unbanked; and,

49 **BE IT FINALLY RESOLVED**, that a copy of this resolution be transmitted to the  
50 President of the United States, the Vice President of the United States, members of the  
51 United States House of Representatives and United States Senate, and other federal  
52 and state government officials as appropriate.

53 THE NHCSL EXECUTIVE COMMITTEE UNANIMOUSLY APPROVED THIS RESOLUTION  
54 ON MAY 6, 2019 AT ITS SPRING MEETING IN WASHINGTON, DC.

55 THE NATIONAL HISPANIC CAUCUS OF STATE LEGISLATORS UNANIMOUSLY  
56 RATIFIED THIS RESOLUTION ON DECEMBER 5, 2019, AT THE ANNUAL MEETING  
57 IN SAN JUAN, PR.

