



DREXEL UNIVERSITY

Center for

Hunger-Free Communities



My Power. My Money.

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Testimony for public hearing on BILL NO. 180943

Ban of Cashless Business

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NOTE: Opinions in this testimony are those of Kevin Thomas, Jr. & The Center for Hunger-Free Communities, and not those of Drexel University nor the (Fry) Administration

Cashless business is discriminatory, and prepaid cards are not a solution
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Thank you, Councilman Greenlee, Councilwoman Sanchez, and all other distinguished members in attendance. My name is Kevin Thomas, Jr. and I am the Associate Director of Operations & Asset Building for the Building Wealth & Health Network, a trauma-informed financial literacy program run by the Center for Hunger Free Communities at Drexel University. Over the past few years we have worked with over 500 low-to-no income Philadelphians to help build their assets, lift their credit scores, and more importantly, lower their depression, and break the isolation many of us feel in the community. Our goals have always been to seek solutions to poverty that are based on empirical evidence and human experience. We know that one of the most important drivers of poverty is exposure to violence and trauma, so all solutions to address poverty, must also include time for healing and repair. So, our program combines trauma-informed care with financial literacy. The connection of the two is so simple for us; You can't separate money from life. If we hope to develop each other financially, we implicitly must consider each other's life experiences and each other's traumas.

I've been invited today to discuss the discriminatory practice of businesses going cashless, how the trend will negatively impact the citizens of Philadelphia.

When I told my team I would appear to discuss the topic at hand, they asked me "if the city went cashless, how would we give a dollar to the homeless guy outside, and if we did, where would he go to spend it?" I think their response perfectly encapsulates the concerns we have about this trend. It doesn't consider all of us. More explicitly, it discriminates against a good portion of us. Philadelphia has 400,000 citizens¹ that live at or below the poverty line. That's over a quarter of the city. Studies show that poorer citizens are more likely to use cash than wealthier citizens.

There are several reasons for this. Many have been disenfranchised from the financial system and can no longer get a bank account to facilitate electronic payments. Some may consider prepaid cards a solution to this problem, but those who do are ignoring the enormity of fees associated with prepaid cards, an industry notorious with predatory practices. Digital apps go a long way in helping ease this issue, but that's under the assumption you have a smart phone or access to a computer.

At its core, the issue with prepaid cards goes beyond fees. Prepaid cards are a form of mental captivity on the community. They create the illusion of inclusion, as citizens can shop online and in stores, without establishing a relationship with the bank or building credit. This means they are included in the commerce, but not in ownership as they won't be able to leverage their relationships or credit to access the capital needed to buy homes, start businesses, or take advantage of investment opportunities. We also must consider the process of loading a prepaid card, and where someone would do this. How do you put cash on your card, late at night when you need to buy formula for your baby? Where is that machine located?

So, prepaid cards are not a solution. Prepaid cards are just another way to leave people behind under the guise of caring for and helping people living in poverty.

¹ <https://www.pewtrusts.org/research-and-analysis/reports/2018/09/26/philadelphias-poor-experiences-from-below-the-poverty-line>

Some may argue that the world is going cashless and you can't stop innovation from happening. Nor do I think you should. My support of this bill isn't about preventing the inevitable. It's about making sure that all of our citizens are included in our future. We need innovation to create pathways for everyone, so that everyone's money is valuable to every business. So that when businesses make a decision they believe will help their business, they can do it in a way that doesn't discriminate against or isolate our citizens. A few years ago, the government switched from analog to digital TV, and while it was a somewhat bumpy ride, they made sure that most of the citizenry was able to move in the direction the technology was going. They gave deadlines, and then extended them, to make sure as many people as possible didn't lose access. We should do the same. This bill stops discrimination and gives innovation and inclusion a chance to catch up. It gives opportunities for new ideas such as no-fee starter bank accounts, broader and more appropriate financial education, and perhaps a city-owned credit union especially for families with low-to-no income can get developed.

Some are concerned that a ban on cashless sales will scare big business away or stop businesses from coming to the city. To which I ask, if there was a place with 1.5 million people and one of the fastest growing job and housing markets in the country, wouldn't you find a way to do business there? Or, would you ignore the potential profits, because you had to operate your business in the "antiquated as of this month" method of accepting cash. Any big business that chooses the latter, opens a door for a local small business to step in. And that small business will be more in tune with the community.

As a city, we cannot let the businesses disguise discrimination as efficiency. We must support the ban on cashless businesses and push the business community to innovate new pathways for everyone to be included. Even those with just a dollar to spend.

Thank you for the opportunity to provide this testimony.