

BANKING ON STUDENT DEBT

Banks derive most of their profits by charging us fees for each transaction. Customers have simply become an income stream that banks' purpose is to exploit. **Students are blocked from attaining the American dream due to overwhelming debt from loans and credit cards.** Without proper regulation, banks will continue to implement a predatory system of financial products on our communities.

- ➔ According to the Consumer Financial Protection Bureau, more than 40 million families collectively owe \$1.3 trillion in student debt.
- ➔ The student loan market has exploded: it doubled from under \$600 billion in 2006.
- ➔ There was a 353% increase in student loan borrowing between 1990-2012.

BANKS PREY ON CAPTIVE STUDENT AUDIENCES¹

Banks market accounts or all-in-one student ID debit cards for banking and financial aid disbursement on campus. Banks' partnerships with colleges are often exclusive, creating a captive student customer base for banks on campus.

- ➔ Banks market financially harmful products to students like accounts that allow high-cost and abusive overdraft fees. These fees can drain students' financial aid funds meant for books and living expenses, and push students even farther into debt. The heaviest student overdrafters paid about \$700 a year in fees.
- ➔ Over 850 post-secondary institutions, which enroll 40% of college students, offered these products in 2014.
- ➔ The exclusive partnerships payoff: revenue is generally shared and based on the number of students opening accounts. Banks also rent space on campus to provide account-related services.

PREDATORY SALES GOALS HURT STUDENTS

Big banks have internal systems of penalties and rewards that pressure bank employees to push financial products such as accounts with abusive overdraft fees onto customers who would be better off without them.

- ➔ In 2016, more than two-thirds of college graduates graduated with an average \$35,000 in debt, an amount which has tripled in two decades.
- ➔ Student loan debt has exceeded credit card debt in 2010 and auto loan debt in 2011.
- ➔ Students who graduate with excessive debt are about 10% more likely to say that it caused delays in major life events, like buying a home, and 20% more likely to say it influenced their employment, such as causing them to work more than one job.

THE LOS ANGELES COMMITTEE FOR BETTER BANKS (LA-CBB) is a coalition of bank workers, community and consumer advocacy groups, and labor organizations coming together to improve conditions in the bank industry. Our mission is to hold banks accountable for their predatory practices that fleece it's customers and harm its workers. We also work for just wages, uplifting career paths and job security for front-line bank workers. **ITS TIME TO MAKE OUR BANKS WORK FOR US.**

¹ http://www.responsiblelending.org/student-loans/research-policy/overdraft_u_final.pdf