March 14, 2019

Ms. Janet R. Kincaid  
Deputy Regional Director  
Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
25 Jessie Street at Ecker Square, Suite 2300  
San Francisco, CA  94105

Dear Ms. Kincaid:

Thank you for the opportunity to provide some additional thoughts and concerns on Square Inc.’s application to establish an industrial bank. Woodstock Institute enthusiastically joins California Reinvestment Coalition’s (CRC) letter stating various objections to Square’s application, especially CRC’s comments regarding the inadequacy of Square’s Community Reinvestment Act (CRA) plan.

Woodstock is a leading nonprofit research and policy organization in the areas of equitable lending and investment, wealth creation and preservation, and access to safe and affordable financial products and services. We work locally and nationally to create a financial system in which lower-wealth persons and communities of color can safely borrow, save, and build wealth so that they can achieve economic security and community prosperity. Woodstock plays a leading role in helping to ensure banks invest in and provide safe and affordable services to low- and moderate-income (LIM) communities, communities of color, people with disabilities, and older people.

If and when Square undertakes to develop a CRA plan that is sufficient in terms of scope and commitments, Woodstock believes that activities designed to help older entrepreneurs in LMI communities would be particularly suitable for a fintech company such as Square, given that Square represents the next generation of lending and payments processing, among other things. Older entrepreneurs, just like older consumers, adopt new technology at lower rates than younger people. A recent Mercator Advisory Group study found that only 15 percent of people age 65 and over used a smartphone to research products...
and services.¹ Low adoption of technology means that older people are being left out of the financial mainstream. This fact can be especially harmful for older entrepreneurs who rely on their business to supplement inadequate retirement savings. Woodstock, therefore, believes that for fintechs, in particular, activities that help older people in LMI communities bridge the digital divide are especially appropriate. For example, Square could provide age-appropriate education and technical assistance targeted at older entrepreneurs in LMI communities.

Woodstock urges the FDIC to reject Square’s application unless Square significantly enhances its CRA commitments. In the meantime, we call on the FDIC to extend the comment period, conduct public hearings in San Francisco and Fresno, and reject this application unless substantial conditions are imposed to address the foregoing concerns and the concerns stated in CRC’s letter.

Very truly yours,

Dory Rand
President

¹ Payments Journal, What Age Segment is Least Likely to Research Products and Services on Their Smartphone? (Sept. 4, 2018), http://www.paymentsjournal.com/research-products-and-services-on-their-smartphone/