OPPORTUNITIES AND CHALLENGES OF PUBLIC BANKING IN THE WINDY CITY: PERSPECTIVES OF CHICAGO RESIDENTS

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INTRODUCTION

There has been a groundswell of interest in public banking in recent years. Public banking coalitions are active in about 35 cities with a combined 43 million residents, such as in Los Angeles, New York, Philadelphia, and Washington, D.C. Many of the cities where coalitions are active have majority Black and brown populations. Over the last decade, grassroots organizers have presented public banks as new models of finance that are better equipped to create shared opportunity and redistribute political and economic power. For instance, supporters contend that public banking can redistribute wealth and invest in the resources that communities need, such as building grocery stores and affordable housing, financing reliable public transportation, and divesting from harmful fossil fuels and other environmental pollutants. Organizers and advocates have proposed democratically-informed models of banking at local, state, and federal levels, in tandem with the actions and demands of social movements including Movement for Black Lives, Occupy Wall Street, and Indigenous-led divestment campaigns.

Public banking has the potential to reverse or mitigate the financial industry’s negative effects by replacing private shareholder profit with public investment, which would remove a linchpin that perpetuates inequalities. Local governments have an estimated $7 trillion to $12 trillion of combined public money invested in private banks, such as monies from pension funds and tax revenues. Coalitions contend that, unlike their private counterparts, public banks can reinvest these monies locally and chart a course toward anti-racist and sustainable economic futures.

In Chicago, the idea of public banking has been a familiar topic of conversation among local politicians in recent years. In 2019, Ameya Pawar, co-author of this brief and at the time a 47th Ward Alderman and candidate for City Treasurer, proposed establishing a city-owned bank to focus on affordable housing and economic development. In 2022, mayoral candidate Ja’Mal Green proposed creating a “public Bank of Chicago” to redress the city’s long history of racist redlining, while candidate Paul Vallas proposed a public bank to finance a new casino and other redevelopment projects. In 2023, Saqib Bhatti, co-executive director of the Action Center on Race & the Economy (ACRE), a policy organization focused on racial and economic justice, called on newly-elected Mayor Brandon Johnson to establish a public bank. Bhatti wrote, “Traditional banks have failed poor and working-class Black and brown Chicagoans time and again. ... Mayor-Elect
Johnson can help us break free of their stranglehold and chart a new path for building wealth by establishing a public bank.”

In comparison, and to the best of our knowledge, grassroots organizing and advocacy for public banking in Chicago has been limited. The Illinois Public Banking Coalition formed in 2020 with a focus on state-level public banking; though, the group’s activities appear to be intermittent. People in Chicago may be actively organizing around public banking in many ways, even when these activities are not observable on websites or social media or in news coverage. Though, the limited social media and news coverage suggests that Chicago residents may not be convening around public banking in connection with or among their other important political and economic demands. At the very least, grassroots organizing or advocacy is not observable by outside audiences. Residents may also be unfamiliar with public banking efforts in other cities.

To understand people’s perspectives, we talked with residents of Chicago and discussed their interests, ideas, questions, and concerns about a city-owned public bank. This report is the second in a two-part series on public banking in Chicago. The first report analyzed complaints about the private banking industry that Chicago residents submitted to the Consumer Financial Protection Bureau (CFPB) and considered public banking as a potential mitigating response to problems with bank accounts, lending, and credit. This second, and current, report describes findings from interviews with Chicago residents about public banking.

We undertook this project as part of ongoing research on banking and finance; though, serendipitously, our interviews coincided with the 2023 Chicago mayoral election in which public banking was a topic of conversation. Given the timing of our project, the findings from interviews with Chicago residents can be useful to the newly-elected mayor and local politicians as well as to grassroots organizers working toward establishing a city-owned public bank.

THE CURRENT STUDY: INTERVIEWS WITH CHICAGO RESIDENTS

We conducted in-depth interviews with Chicago residents to begin to understand their interests, ideas, questions, and concerns related to public banking. We completed 35 interviews between March and June 2023, with the majority of interviews occurring in April and May.

We attempted to prioritize interviews with residents living in majority Black and brown neighborhoods that have received comparably limited investments from the city. We focused on talking with residents of neighborhoods including Belmont Cragin, Englewood, Pilsen, Pullman, and Roseland. Several of these neighborhoods were highlighted in our first report about public banking in Chicago.

People were offered a $50 gift card for completing an interview, which generally lasted 60 minutes. During interviews, we asked people open-ended questions about their ideas, interests, questions, and concerns related to public banking. For many, this was the first time they had heard of a public bank. It was common for us to spend about 10 minutes during each interview describing public banking, while being intentional not to convey advocacy for public banking nor overstate its challenges or opportunities e.g., “Some advocates say a public bank could reduce discrimination in lending,” rather than indicating one way or another whether this could be true. We encouraged participants to consider ideas about public banking on their own terms and in their own words and then asked follow-up questions.

Of the 35 people we spoke with, 43% identified as Black or African American. Twenty-six percent identified as Latino, 17% identified as Asian, and 6% identified as White. The average age was approximately 40 years old. About half reported being parents. People described working a range of jobs including teacher, mail courier, nail technician, caregiver, consultant, artist, and homemaker, and only two people reported their labor as unemployed.

Figure 1 provides a visual representation of Chicago ZIPcodes and where residents were living at the time of our interview. The most common ZIPcodes included neighborhoods on Chicago’s South Side. [Please see next page]
Note: ZIP codes offer a rough approximation of participants’ neighborhoods; though, the boundaries of ZIP codes and communities or neighborhoods do not perfectly overlap.

CHICAGO RESIDENTS WANT INVESTMENTS IN THEIR COMMUNITIES

Centering the needs, concerns, and hopes that Chicagoans have for their neighborhoods and city helped to contextualize the opportunities that public banking might present. In any public banking proposal, a deeper understanding of place is crucial. Even in comparatively sized cities with similar challenges, residents might envision vastly different solutions than those in Chicago. Many of our interviewees were eager to share what they found to be the most pressing concerns in their communities.

One such dilemma revolved around infrastructure and transportation. One interviewee, a 28-year-old Black woman born and raised in Chicago, noted:

“The road[s] are atrocious right now. ... There’s potholes every two minutes. You know what I’m saying? It’s not well taken care of. I feel like if we took better care of our city and where we live, then I feel like [there] wouldn’t be so much violence here. [There] wouldn’t be so much crap happening. That’s what I think.”

In addition, those who do not drive and instead rely on public transportation also expressed their stake in the infrastructure discussion. One interviewee, a 27-year-old Asian man who moved to Chicago seven years ago after growing up in the suburbs of the city, expressed:
“[P]ublic transportation ... [is] a hot topic right now ... public transportation schedules, more specifically, train schedules. The reliability of trains and public transportation hasn’t been the greatest over the last couple of years. Just hopeful of the idea that the public would get some say in terms of the actual decision-making process that goes along with that.”

Another theme that arose in our conversations with residents was about food accessibility. Residents in low-income neighborhoods talked to us about the lack of affordable grocery stores with quality produce and merchandise as well as how much more likely they were to encounter overpriced convenience stores that solely offered nutrient-deficient food. Bringing the issues of transportation and food accessibility together, a 49-year-old Black man interviewee who spent most of her life living in Roseland, communicated the desire to make this tangible for those who do not experience food apartheid:

“I would love to take hold of someone’s hand and walk ‘em through our store. ... There’s no green lettuce. ... It’s all yellow. ... I know that sounds mundane, but it’s not. Keep telling me [about] my neighborhood, everyone’s fat and overweight and blah, blah, blah. No. We’re doing what we can with what we got. I have a car, I can drive anywhere I want to get what I want, but everybody doesn’t have that luxury.”

Residents also reported that the response to these problems is gentrification rather than genuine community investment. One participant, a 39-year-old Latina woman who moved to Chicago as a toddler, described this phenomenon:

“I’ve seen neighborhoods already [being] wiped out. Every year it starts more and more as they build houses, like I said, people sell, developers come fix ‘em up. Then sell ‘em for [a] ridiculous amount of [money]. Yeah. People are definitely getting displaced from their neighborhoods.”

For most of the residents that we interviewed, investing in their communities was a priority and many had ideas on what that would look like. One such interviewee, a Black man in his 50s who lived most of his life in Englewood, conveyed to us that:

“I want money to go back into the community to help the community build up. People build up savings and then people invest in their own community like small businesses, real estate, and stuff like that. Reinvest back into the community. Help the community to grow.”

Through these interviews, our team got a glimpse of the issues that community members care about as well as some of their thoughts on how they might go about solving them. Public banking could potentially be a means of making these ideas come to life — but first they would need to be familiarized with the concept.

RESIDENTS ARE MOSTLY UNFAMILIAR WITH PUBLIC BANKING

Most residents we spoke with were unfamiliar with the concept of public banking. One resident knew that the U.S. Postal Service used to offer bank accounts. Though, all residents were interested in or curious about the idea and had suggestions for how to introduce public banking to Chicago residents. Many suggested hosting workshops or seminars at public libraries and holding roundtables with aldermen and other local politicians. A 73-year-old Latina woman and lifelong Chicago resident suggested the following:

“If they would have, like at a public library, they always have kinds of things going on there, like workshops and seminars. I think that would be a good idea [to] go to a public library and say, ‘Hey, we want to have a seminar about this public banking. Could you advertise it out there?’ Or, put it in the neighborhood newspaper.”

Residents also thought their communities would be receptive to learning about public banking if they were approached authentically and by people with good intentions. Residents suggested knocking on doors, spending time with people, and patiently teaching and learning together about public banking. These suggestions revealed the importance of developing an intentional process for engaging with the city of Chicago on the idea of public banking. In other words, Chicago residents could build trust with each other and with city leaders through the process of learning about public banking. A 49-year-old Black woman from Roseland, who lived at the same address as when she was born, told us:

“I would love for someone to be able to honestly, with the right intentions, talk to people and get an idea of what the people want. ... Just explain what it is. Explain the benefits. A public bank can get you a grocery store. A public bank can help someone who’s not on a higher income, get more things or get more things done. Education. Education is the key to everything. If I know exactly what it is and how it works, I can make a better decision. ... And no matter how poor someone is, they always have an opinion, they always have a thought. And sometimes [they have] really good thoughts because they know how they don’t want to live versus how they would like to live.”

While most residents hadn’t heard of public banking, several were familiar with Chicago’s guaranteed income program that launched in 2022. Residents wondered if public banking was
related. One interviewee, a 41-year-old Black woman who lived on the city’s West Side, asked:

“Where did this idea come from? Because I guess I was very, very surprised when I saw it. I found it very interesting about a public bank, especially in Chicago, because I’ve seen other articles. I think it was Mayor Lightfoot where she was trying to do … guaranteed income. … I look at that program and then I see a public bank, and then I question, ‘How did this get started? What direction are they heading into?’ Especially now that you see across the U.S., there are some banks that are failing again.”

While policy conversations about public banking and guaranteed income in Chicago have emerged through somewhat different pathways, this resident’s question was insightful. Public banking can be a way for cities to deliver programs like guaranteed income, such as by managing the financial infrastructure to distribute cash payments.

RESIDENTS ASKED PRACTICAL QUESTIONS ABOUT HOW PUBLIC BANKS WORK
Residents were curious and inquisitive about how a public bank would work. In our conversations, residents raised practical questions about ownership, governance, mandates, and capitalization. In several cases, residents did not believe they knew enough information to ask questions that were relevant. This sentiment likely has to do with the facts that the financial system is confusing and that people are generally discouraged from talking about money and banks. However, residents’ curiosities about public banking and their difficulties in expressing questions are both useful for considering the wide range of information that Chicago residents would need in order to evaluate any proposals for a city-owned bank. One interviewee, a 28-year-old Asian man who grew up in Chicago before moving away and returning to live in Old Town, shared some of his practical considerations:

“It’s just me thinking out loud. I guess, why would a [person] use a public bank? … [What are] the benefits, also, what are some of the drawbacks? Also, if it is operated by the public — let’s just go back … I was just gonna ask about how different people are put in charge and then, I guess, what their roles are?”

Many of residents’ inquiries about the ownership and governance of public banks had to do with questions of power and control. For example, one interviewee, a 28-year-old Black woman, born and raised in Chicago and currently living in a West Side neighborhood, wondered what it would mean — practically speaking — for a bank to be owned by the people. She also made connections to the overwhelming police presence in Chicago and to the amount of money the city spends on policing each year. She asked what the relationship would be between banking and policing:

“I’m just curious as to how it’ll work as opposed to a traditional bank. How would it be different outside of it being owned by the people? What does that mean? Would the public bank fund the police then, or would the city still fund the police? Who funds the police? … And see, when you say it’s run by the people, I’m imagining everybody has an app. I don’t know who would be in charge.”

Residents also drew parallels to private banks in questioning how a city-owned public bank would work. One interviewee, a 68-year-old Latino man, asked whether communities in Chicago that private banks have avoided would receive much-needed bank branches and whether a public bank would need to turn a profit, saying:

“I’m assuming [there would be] bank branches in different parts of the city that are underserved by private banks. Would that be the scenario? … How do they make money from that? What way[s] do they make money? I’m thinking it’s through loans to whatever, [investments], buying bonds, being able to raise money to build roads, and all that, and they get paid back with interest from those bonds. I don’t know. I’m just asking out loud. I’m kinda new to this. I’m tryin’ to figure it out.”

Similarly, a 28-year-old Asian woman living in River North, raised a series of questions about a public bank’s customers, capitalization, profitability, and regulation, asking:

“I mean, mine is more logistically. Just curious. Usually in private … banking, they focus on a specific clientele in order to sustain the bank itself. … Is that the same practice that would be done for a public bank? How would [a public bank] plan on actually staying afloat? … Then, because it’s a public bank, would those still fall under the guidelines that private banks are subject to? For example, the FDIC limits and stuff like that?”

RESIDENTS ARE HOPEFUL THAT PUBLIC BANKING COULD RESPOND TO COMMUNITY NEEDS
Many residents were hopeful that a public bank could respond to needs within their communities. Chicago residents discussed public banking in the contexts of grocery stores, transportation, housing, education, small business and entrepreneurship, parks and recreation, violence prevention, and pollution and environmental remediation, among other things.

Three of the people we spoke with worked at nonprofit organizations and shared their perspectives on how a city-owned public bank could support their work. For example,
one interviewee, a Black man in his 60s who has lived most of his life in Roseland, Pullman, and other nearby South Side neighborhoods, led a community-based nonprofit that focused on violence prevention. The work included walking with kids to and from school, providing youth mentoring programs, and showing up to support families at the scenes of shootings. He discussed how hard it was to rely primarily on the generosity of philanthropic funding. He recalled that one time, when the organization was struggling to make payroll, they didn’t respond to a shooting in the community. People criticized him and questioned his motives for doing violence prevention work. Now, he shows up every time, regardless of whether funding is available. Even when philanthropic funding is unpredictable and intermittent, his organization remains committed to its employees and to the community. He described how a city-owned public bank could invest in and commit resources to nonprofit organizations and communities:

“My concerns [about public banking] would be, things that nonprofits want to do all the time. ... We have a grant, but ... usually [the foundations] want to see the work up front [and] then [we] bill them on the backend. With smaller [organizations] such as ours, ... being able to front the money, I mean, to float the money until we do our [work] and wait for the [reimbursement], which is usually 60-90 days. By the time you get your money, you’re looking at maybe 120 days of payroll that you have to float. That’s just standard. Oftentimes, we can’t do that.”

One interviewee, a White man in his 40s, worked at a nonprofit organization located in a South Side neighborhood that focused on community organizing and leadership development. Affordable housing was an important part of their organization’s work, and he thought a public bank could support their efforts. Though their community-based nonprofit was relatively successful at convincing private banks to make zero- or low-interest loans (even though this took a lot of time and work, and he thought a public bank could support their efforts.

“A public bank should … invest in the future, not invest in fossil fuel or nothing like that. So, invest in alternative energy like bringing technology and stuff like that. ‘Cause that is the future. That’s here and now. That’s here and way beyond. Don’t invest in nothing that’s not going to be around for a long time that hurts the environment.”

Many Chicago residents thought that a public bank should be fully inclusive; that is, residents believed a city-owned public bank should support the needs of older adults, immigrants, and people who are returning to their communities after being incarcerated. Residents recognized that private banks often exclude vulnerable and marginalized community members. In their view, a public bank should operate with a different ethos and be responsive to all communities and to all residents’ needs. For example, one interviewee, a Black woman living on Chicago’s West Side, explained:

“[C]an [people with felony convictions] open bank accounts? I feel like [they] can’t. I feel like it should be a bank for the people, for all the people, whether you have a record or not. Everybody needs somewhere to put their money. Yeah, I feel like everybody should be able to open a bank account regardless of your criminal history.”

A few residents mentioned the role a public bank could play in advancing environmental justice. Chicago residents described garbage and pollution in their communities. They also connected hot temperatures in the city with concerns about gun violence — making explicit links between climate change and violence. One interviewee, a Black man in his 50s who lived in Englewood, talked about paying people to clean up the tires dumped in his community and wanting long-term investments in the environment:

“Chicago’s notorious for people not necessarily being transparent and fair with things. ... Who are these people that are running it? ... We’ve always had just such a bad reputation with people. Politicians have issues and police have issues.”

Another interviewee, a 25-year-old Latino man, had similar concerns related to distrust of local politicians and police:

“I think that generally, the view I have and the view of those around me, or, I guess, the connotation with the local government in Chicago is that it’s not really well organized
Residents raised a specific issue of how a public bank could be co-opted or undermined by drawing parallels to the recently-elected Community Commission for Public Safety and Accountability (CCPSA). Chicago voters elect members to serve on the CCPSA, which was established in 2021 in response to activists’ demands in the years following the police murder of 16-year-old Laquan McDonald. The CCPSA is intended to function as a civilian police oversight committee; however, several candidates backed by the police union won elections in their districts in 2023. These election results raised questions about conflicts of interest and the outsized influence of the Chicago Police Department (CPD). Residents wanted to avoid a similar situation with a city-owned public bank. One interviewee, a White man working at a nonprofit organization that served Chicago’s South Side neighborhoods, said:

“I think that just needs to be thought about with the structure. We just went through this process for the very first time to elect some people who will eventually work to oversee the police from a civilian capacity. The Fraternal Order of Police ran a lot of people for elections and got some of them into those slots. I don’t think that was the intent for what people originally wanted to have happen.”

One resident expressed their concern about a city-owned public bank by sharing an example of the Tax Increment Financing (TIF), a funding tool used by the city to steer public and private monies into communities. The purported benefits of the TIF program are similar to those of a public bank, such as repairing roads and cleaning up pollution. In other words, the city is supposed to use the TIF to invest in the resources and infrastructure that communities need. Ideally, the TIF program would prioritize communities that have been historically marginalized or are economically disadvantaged. However, critics claim that the TIF program is not transparent and that most of the monies are spent in Chicago’s wealthiest and Whitest neighborhoods. This Chicago resident, a 41-year-old Black woman living on the city’s West Side, believed local politicians would similarly use a city-owned public bank to funnel more resources into White communities while continuing to neglect Chicago’s Black and brown communities:

“...and not really all too confident in the government here. Specifically when it comes to handling crime and policing.”

Residents described a range of needs in their communities. Several residents described a sense of loss around the experiences of being in a community that they remembered from their childhoods, such as knowing their neighbors and working together to solve local problems. Residents thought that lack of resources and divestment were partly responsible for these changes, including having to travel far away to purchase healthy foods, not having local activities for kids and teens, or needing to relocate for better jobs or affordable housing. Residents were interested in the idea of public banking but weren’t entirely sure how public or private banking worked. Though not uncommon, this made it difficult at times for residents to ask questions about public banking in the ways that they wanted. One way to support residents’ interests in public banking is to provide popular or political education. Popular education related to banking is different from financial literacy education. Whereas financial literacy education provides individualized knowledge often about retail financial products and services (e.g., bank accounts, credit scores), popular education is a collective approach designed to raise critical awareness about systems and to analyze power. A popular education approach to banking in Chicago might review histories of racist redlining by private banks and lenders, compare amounts of money in city budgets allocated to policing versus affordable housing and other community needs, and discuss reports on public banking published by coalitions in other cities.

Connect public banking to community needs. Residents, many of whom had lived in the city of Chicago their entire lives, described a range of needs in their communities. Several residents described a sense of loss around the experiences of being in a community that they remembered from their childhoods, such as knowing their neighbors and working together to solve local problems. Residents thought that lack of resources and divestment were partly responsible for these changes, including having to travel far away to purchase healthy foods, not having local activities for kids and teens, or needing to relocate for better jobs or affordable housing. Residents were hopeful that a public bank could respond to their communities’ wide-ranging needs. Efforts to establish a public bank can consider how a city-owned bank could address residents’ most pressing community needs, which may be more expansive than the priorities identified by local politicians.

Prepare for practical questions about how a public bank would work. Residents’ uncertainty about whether their questions made sense perhaps created space for them to ask fundamental questions about public banking. As such, public
banking efforts in Chicago should be prepared in advance to respond to residents’ practical questions, such as: Who runs the bank and controls the money? What are the public bank’s lending priorities? Are the bank’s deposits insured by the Federal Deposit Insurance Corporation [FDIC]? Where does the money to capitalize the bank come from? Questions about governance or capitalization might be answered based on input from residents and grassroots organizers. Though, public banking efforts can be prepared to share how coalitions in other cities have developed answers to these questions in their own unique contexts.

Address concerns about a public bank forthrightly and transparently. Residents expressed concerns about public banking, particularly the extent to which corruption among local politicians and police would undermine a city-owned banking institution. Residents provided clear and specific examples as evidence of their concerns, including how money was spent through the Tax Increment Financing (TIF) program and recent elections for the Community Commission for Public Safety and Accountability (CCPSA). If politicians and police have histories of corruption in Chicago, then these histories and residents’ ensuing mistrust of local government should be taken into serious consideration by any efforts to establish a city-owned public bank.

Our report reviews Chicago residents’ ideas, interests, questions, and concerns about public banking. Local politicians, grassroots organizers, and other supporters can use this information to begin to consider establishing a public bank in Chicago. Though, if any efforts go forward, it will remain important to seek broad community input, take questions and concerns seriously, and involve Chicago residents directly in the development and design of a public bank.

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CONFLICT OF INTEREST DISCLAIMER

This research project was conducted independently from all 2023 Chicago mayoral election campaigns. While mayoral candidate Paul Vallas cited Pawar’s work for describing his campaign platform on public banking, the authors have no other potential conflicts of interest to declare in conducting this research.
ENDNOTES
1 For more information, visit the Public Banking Institute website: https://publicbankinginstitute.org/
9 For more information on the Illinois Public Banking Coalition, visit the Public Banking Institute website: https://publicbankinginstitute.org/local-groups/
11 This project received an exempt designation from The University of Michigan Health Sciences and Behavioral Sciences Institutional Review Board (IRB).
15 For more information about the City of Chicago’s Tax Increment Financing (TIF), please visit here: https://www.chicago.gov/city/en/depts/dcd/provdrs/tif.html