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Office of Financial Empowerment | January 2026 SMART Act Report

Introduction

The Office of Financial Empowerment (“OFE” or “Office”) was created through 2021 legislation to grow the financial resilience and well-being of Coloradans through community-derived goals and strategies. The statute calls for the Department of Law to annually report “on the state of affordable banking access in Colorado, the activities of the [O]ffice of [F]inancial [E]mpowerment, and local partnerships in implementing the objectives of the office as a part of its presentation . . .” under the SMART Act.¹ The statute provides that,

“The report shall address access to secure, safe, and affordable financial products, including:

- (a) Geographic and racial equity considerations;
- (b) An examination of existing financial products regulated by the state of Colorado and other financial products that are being offered within Colorado;
- (c) Recommendations for reforms that would encourage greater access to secure, safe, and affordable financial products or would provide better protections to consumers; and
- (d) An examination of local financial empowerment work and the impact on economic security and mobility of residents.”²

This report builds upon previous SMART Act reports provided by OFE to the Joint Committee and, as new information has become available, provides updates while also detailing OFE’s progress over the past year. It highlights data relevant to OFE’s current focus areas rather than offering a comprehensive overview of Colorado’s financial services or financial well-being landscape. OFE continues to strengthen partnerships across the state through strategic communication, collaborative initiatives, and events. OFE continues to rely on thoughtful guidance and input from the dedicated individuals who serve on the [Financial Empowerment Council](#) (opens window) and its subcommittees³.

Financial Services Landscape

Banking access

Basic accounts are an important part of the financial wellbeing of households, providing safe and secure ways to deposit earnings, pay bills, access credit, and save for emergencies or future expenses.

¹ C.R.S. § 24-31-1102(5).

² *Id.*

³ Currently active Financial Empowerment subcommittees are focused on the following topics: Bank On Colorado, Community Voices, Access to Credit, and Financial Coaching and Counseling Practitioner Development.

According to the Federal Reserve’s report on the *Economic Well-Being of U.S Households*, 6% of adults did not have a checking or savings account with a bank or credit union in 2024.⁴ An increase from the 2023 *National Survey of Unbanked and Underbanked Households*, published by the Federal Deposit Insurance Corporation (FDIC), which found that 4.2% of U.S. households were unbanked.⁵ While the FDIC’s (2024) survey found that an estimated 1.1% of Colorado households were unbanked and 13.2% were underbanked in 2023, despite lower rates of unbanked households nationally and in Colorado, many households still rely on retail, nonbank financial services to meet their household money management needs.

People of color continue to be overrepresented in the number of unbanked and underbanked households. While the demographic breakdown of unbanked Colorado households is not available in the FDIC’s 2023 report due to sample sizes, national trends provide some insight. Differences in 2023 unbanked rates between Black and White households and between Hispanic and White households are present at every income level. For example, 10.6% of Black households and 9.5% of Hispanic households are unbanked, compared to 1.9% of White households.⁶ The Philadelphia Federal Reserve working paper, analyzed bank account ownership and household demographics nationally. The report highlighted that racial and income gaps among unbanked households persist, even as overall bank account ownership has improved over the years.⁷

In Colorado, OFE continues to understand these gaps through the Financial Empowerment subcommittees, Bank On Colorado and Community Voices, composed of financial institutions, community-based organizations, state agencies, and other key stakeholders collaborate in promoting banking access across the state. For example, OFE partnered with the Community Language Cooperative to facilitate listening sessions on banking and credit access. The listening sessions were initiated in response to feedback by the Community Voices and Bank On Committee members, the Office of New Americans Advisory Council, and community-based organization partners on the need to identify and address banking barriers. In October, two listening sessions were held in Durango and Grand Junction to hear directly from unbanked and underbanked community members – during which participants had the opportunity to share their personal experiences and challenges with accessing banking and credit services and products. Three listening sessions are planned for 2026 to continue gathering input directly from community members. The results of the listening sessions will be shared with financial institutions, Community Voices and Bank On Committee members, and other key stakeholders to inform potential solutions.

Discrepancies are also present in the cost of basic banking. Research shows that among banked households, households of color were more likely as compared to White households, to incur at least one overdraft/NSF Fee over the course of 2024.⁸ The most recent Financial Health Network’s brief discusses how increased reporting requirements for credit unions, making data publicly available starting the first quarter of 2024, revealed that they had previously underestimated the amount of overdraft and NSF fees by

⁴ Board of Governors of the Federal Reserve System, *Economic Well-Being of U.S. Households in 2024: Banking and Credit* (May 28, 2025), <https://www.federalreserve.gov/consumerscommunities/shed.htm>.

⁵ Federal Deposit Insurance Corporation, *2023 FDIC National Survey of Unbanked and Underbanked Households: Full Report* (Nov. 2024), <https://www.fdic.gov/household-survey/2023-fdic-national-survey-unbanked-and-underbanked-households-report>.

⁶ *Id.*

⁷ Federal Reserve Bank of Philadelphia, *[Title of the Working Paper]*, Working Paper No. 25-02 (2025), <https://www.philadelphiafed.org/-/media/FRBP/Assets/working-papers/2025/wp25-02.pdf>.

⁸ Financial Health Network, *Overdraft, NSF Fees Bigger Burden Than Previously Estimated* (Mar. 24, 2025), <https://finhealthnetwork.org/research/overdraft-nsf-fees-bigger-burden-than-previously-estimated/>.

approximately \$3.8 billion when only using the data available for banks.⁹ And while overdraft/NSF revenue continues to drop as banking policies around these fees evolve, the percentage of U.S. households that incur these fees over the course of a year (17%) remains steady.¹⁰

These findings highlight the importance of the partnership with Bank On Denver and Pueblo Coalitions working with OFE's Bank On statewide initiative to encourage Colorado based financial institutions to offer a Bank On certified account. These accounts meet the national Bank On standards¹¹, which set minimum requirements such as, low minimum deposit, low monthly fees, no overdraft or non-sufficient fees, and strongly recommended features that ensure no surprise fees, high functionality, and consumer safety. Bank On accounts are designed to support unbanked and underbanked households in reducing barriers to mainstream banking. More than 58,780 new Bank On accounts were opened by Coloradans in 2024 at just a third of the financial institutions that offer these accounts in the state.¹² Approximately 87% of these accounts were opened by new customers to the financial institution.¹³

OFE also collaborates with state agencies such as the Colorado Department of Public Health and Environment to increase awareness, particularly during tax season via the Get Ahead Colorado campaign, ensuring residents know about safe, affordable banking options to receive their tax refunds via direct deposit. This is particularly important, as the U.S. Department of Treasury ended paper checks and transitioned to electronic payments for most federal payments in September 2025.¹⁴ Following the federal executive order, *Modernizing Payments To and From America's Bank Account*, recipients of Social Security, Veterans benefits, tax refunds, and other federal payments will need a banking account to receive payments.¹⁵ OFE will continue partnering with state agencies and community organizations to ensure everyone has access to low-cost banking accounts that meet the financial needs of Colorado communities.

Consumer lending landscape and credit building

Similar to banking services, access to credit is critical component of the financial wellbeing of households. Access to credit supports long-term asset building and helps households maintain financial stability during periods of economic uncertainty. However, the Federal Reserve's *Economic Well-Being of U.S. Households in 2024 Report* found that nationally households were less likely, than in 2023, to meet key financial health indicators such as spending less than income, paying all bills on time, and having manageable or no debt – representing a decline in financial health compared to 2023.¹⁶ Approximately

⁹ Notably, the National Credit Union Administration has since reversed this decision and will no longer publish overdraft revenue data for individual credit unions beginning in 2025. National Credit Union Administration, *Hauptman Announces Changes to NCUA's Overdraft/NSF Fee Collection* (Mar. 3, 2025), <https://ncua.gov/newsroom/press-release/2025/hauptman-announces-changes-ncuas-overdraftnsf-fee-collection>.

¹⁰ Financial Health Institute, *FinHealth Spend 2025: The Cost of Financial Services for American Households* (Oct. 2025), <https://finhealthnetwork.org/research/finhealth-spend-2025-the-cost-of-financial-services-for-american-households/>.

¹¹ Cities for Financial Empowerment Fund, *Bank On National Account Standards: 2025–2026* (Nov. 2024), <https://bankon.wpenginepowered.com/wp-content/uploads/2024/11/CFE-Bank-On-NAS-2025-2026.pdf>.

¹² The [Bank On National Data Hub](#) (opens window) aggregates data from financial institutions with Bank On certified accounts from across the country, including account openings, usage, and online access. The 2023 report features data from 44 reporting institutions. Participating Colorado financial institutions include the following: Academy Bank, Armed Forces Bank, Bank of America, Chase Bank, Key Bank, PNC Bank, U.S. Bank, Wells Fargo, and Vectra Bank Colorado.

¹³ Cities for Financial Empowerment Fund, *Bank On National Data Hub (BOND Hub) Data Tool* (2024), <https://joinbankon.org/bondhubdata/>.

¹⁴ U.S. Department of the Treasury, *Treasury Announces Federal Government Will Phase Out Paper Checks on September 30th* (Aug. 14, 2025), <https://home.treasury.gov/news/press-releases/sb0223>.

¹⁵ The White House, *Modernizing Payments to and from America's Bank Account* (Exec. Order, Mar. 25, 2025), <https://www.whitehouse.gov/presidential-actions/2025/03/modernizing-payments-to-and-from-americas-bank-account/>.

¹⁶ Board of Governors of the Federal Reserve System, *Economic Well-Being of U.S. Households*, *supra* note 4.

12.5% of Coloradans have limited credit history, which can significantly restrict their ability to access mainstream financial products.¹⁷ Consumers who lack access to mainstream credit products and robust credit histories are more likely to be unbanked, have lower incomes, and belong to communities of color – factors that compound financial vulnerability and limit opportunities for economic mobility.^{18,19}

Emerging credit products such as the Buy Now Pay Later (BNPL) are short-term financing options that allow consumers to split purchases into installments. In 2025, the CFPB reported that BNPL users are typically younger and have lower average credit scores than credit card users, with many relying on both BNPL and revolving credit.²⁰ While BNPL often offers interest-free installments, concerns include overextension from multiple loans, late fees, and inconsistent credit reporting. These factors raise questions about consumer financial health and regulatory oversight as BNPL becomes a mainstream payment option. A recent study by the Center for Responsible Lending found that low-to-moderate income Coloradans who rely on stacking high-cost lending products have not seen improvements in their financial situations. In fact, many have depleted their savings and become trapped in cycles of debt.²¹

Coloradans’ reliance on consumer credit to cover household expenses continues to increase, often attributed to economic pressure, such as the high cost of housing, childcare, and other household goods and expenses. In alignment with one of OFE’s statutory purposes “access to safe, affordable, low-cost credit offered at costs that do not exceed the finance charges permitted by Colorado Law,”²² a sub-committee of the Financial Empowerment Council was established to explore strategies around access to credit. The sub-committee brings together cross-sector partners, including financial institutions, financial services providers, nonprofit loan programs, governmental agencies, and community-based organizations to discuss strategies that expand access to small dollar credit and entry-level credit building opportunities among historically underserved, unbanked, and limited-income consumers. As part of this effort, OFE partnered with ideas42 to host a webinar that explored opportunities for banks and credit unions to expand access to credit in Colorado, with a focus on the role small-dollar loans can play in promoting financial inclusion. The webinar discussion emphasized that small-dollar loans, with transparent terms and affordable repayment options offer an alternative to high-cost credit products. These products not only meet urgent liquidity needs but also support financial stability and credit-building for vulnerable populations. OFE and the Access to Credit subcommittee will continue to explore strategies to increase awareness and availability of accessible, affordable credit products that meet the financial needs of Colorado households.

Expanding Community Wealth-Building Strategies

The national dialogue and data on wealth continues to emphasize a stark and persistent racial wealth gap, with wide disparities in assets and net worth between White households and households of color. With many low- and moderate-income communities still relying on homeownership as a primary wealth-building strategy, the opportunity to pursue homeownership remains out of reach for many. In addition, liquid asset poverty further impedes the pursuit of wealth building for many households of color.²³

¹⁷ Federal Reserve Bank of Philadelphia, *Consumer Credit Explorer* (accessed Dec. 2025), <https://www.philadelphiafed.org/surveys-and-data/community-development-data/consumer-credit-explorer>.

¹⁸ FDIC, *2023 National Survey*, *supra* note 5.

¹⁹ Federal Reserve Bank of Philadelphia, *Consumer Credit Explorer*, *supra* note 17.

²⁰ Consumer Financial Protection Bureau, *The Buy Now, Pay Later Market: Data Spotlight* (Dec. 2025), https://files.consumerfinance.gov/f/documents/cfpb_bnpl-market-report_2025-12.pdf.

²¹ Center for Responsible Lending, *Buried in Debt: High-Cost Credit Products Harm Working Coloradans* (Dec. 2025), <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-buried-in-debt-dec2025.pdf>.

²² C.R.S. § 24-31-1102(1)(b).

²³ National Community Reinvestment Coalition, *The Racial Wealth Gap 1992 to 2022* (Oct. 2024), <https://ncrc.org/the-racial-wealth-gap-1992-to-2022/>.

Wealth is an important component of long-term financial stability for Colorado households, providing resilience through economic shocks, opportunities for upward mobility, and transfer of assets.²⁴

Aligned with OFE’s statutory purpose of expanding community wealth-building strategies, the OFE continues exploring opportunities with guidance from the Financial Empowerment Council and subcommittees. Public programs play a critical role in supporting wealth-building by offering safe vehicles for saving. For example, the Colorado SecureSavings program has enabled over 85,000 savers—previously without access to employer-sponsored retirement plans—to accumulate more than \$140 million.²⁵

Beyond savings, community wealth-building strategies such as cooperative housing, employee ownership, and community-owned real estate present promising avenues for exploration. While OFE’s work to date has focused primarily on expanding access to financial products and services that include banking, credit, and financial coaching. These strategies are foundational to intergenerational wealth creation. Colorado benefits from strong partners and programs working to increase homeownership, small business ownership, and community wealth-building opportunities. OFE remains committed to learning, collaborating, and advancing partnerships that strengthen financial resilience across communities.

Promising practices to support financial well-being

The OFE is tasked by statute to “*grow the financial resilience and well-being of Coloradans through community-derived goals and strategies, including but not limited to . . . (c) Expanding access to free individual financial counseling and coaching . . .*”²⁶ Financial coaching and counseling services help individuals improve their financial capability, address challenges, and achieve financial health and asset-building goals. These strategies are successful in that they are tailored to individuals’ needs and circumstances, culturally responsive, outcome and data driven, and can be integrated into a wide array of public service programs.

Over the past two years, OFE has awarded \$3 million in grants to 10 organizations statewide to expand access to free, individualized, and culturally responsive financial coaching and counseling. These grants funded community-based programs designed to improve financial health and stability, particularly in underserved areas. While the grant period concludes at the end of 2025, their impact is evident in communities like Pueblo, where a new Financial Empowerment Center opened, and in Southeast Colorado, where residents gained access to tailored financial literacy services. Hundreds of Coloradans have benefited from coaching, counseling, workshops, and resource referrals supported by these grants, marking a significant step toward long-term financial resilience.

In addition to supporting financial coaching and counseling programs through grant funding, OFE recognized an opportunity to strengthen connections among grantees and build a broader network of financial capability professionals. To achieve this, OFE launched the Colorado Financial Coaching Community (CFCC), statewide community of practice designed to foster alignment, cohesion, and innovation across programs serving Colorado communities. Through virtual and in-person events, the CFCC provides opportunities for learning, professional development, and peer networking, while creating space for partnership building, resource sharing, and referral mapping. To date, more than 111 financial capability professionals from over 64 organizations have subscribed to CFCC updates. Throughout the year, the CFCC has hosted diverse training sessions and informal discussions on topics such as *Coaching Clients Through*

²⁴ Bell Policy Center, *Growing Wealth Inequality in Colorado* (2024), <https://bellpolicy.org/growing-wealth-inequality-in-colorado/>.

²⁵ Colorado Department of the Treasury, *Colorado SecureSavings Surpasses \$140 Million in Assets as Strong Growth Continues* (Aug. 5, 2025), <https://treasury.colorado.gov/press-release/colorado-securesavings-surpasses-140-million-in-assets-as-strong-growth-continues>.

²⁶ C.R.S. § 24-31-1102(1)(c).

Debt Reduction, Know the Score: Unpacking Credit Reports and Scores, Ethics for Financial Coaches and Counselors, and more.

Beyond convening partners, the CFCC plays a vital role in supporting skill-building and leadership development among practitioners. In 2025, CFCC and other OFE-hosted events provided opportunities to more than 41 individuals to share their expertise, lead substantive and dynamic discussions, and showcase innovative strategies and best practices. As part of its commitment to professional growth, CFCC helped 23 financial capability professionals strengthen coaching skills through NeighborWorks America's *HO310 Financial Coaching* eight virtual study group session and a four-week virtual study group, while 16 professionals enhanced their personal finance knowledge through the Association for Financial Counseling & Planning Education's *Money Management Essentials* online course, paired with eight virtual study group sessions, eight-week participatory study group.

Looking ahead to 2026, OFE will deepen its role as a convener by bringing together partners and leveraging insights from its Financial Coaching and Counseling Practitioner Development subcommittee, among other community leaders, to design impactful activities and events that advance professional growth and strengthen the financial empowerment ecosystem.

2026 Recommendations and Conclusion

This report highlights OFE's progress in 2025 amidst the context of the newest data and insights about Coloradans' health and well-being. The office submits the following recommendations for how Colorado can continue to prioritize the financial resilience and well-being of residents, and in particular for those communities that have faced historic and systemic barriers to financial security.

- Continue efforts to increase the number of households using safe and affordable banking and credit products.
 - Banks and credit unions can become certified to offer a Bank On nationally certified product, actively participate in Bank On Colorado and/or local Bank On coalitions, and strengthen commitments to financial inclusion through language access and other services that are responsive to financially vulnerable communities.
 - Banks, credit unions, non-profit loan funds, and other financial services companies can explore how to offer affordable and responsible small-dollar credit that meet household cashflow needs, while also offering opportunities for building credit and providing opportunities for graduation to other forms of asset-building financial products.
- Expand and strengthen financial counseling and coaching programs statewide.
 - Support and promote access to high-quality professional financial coaching and counseling services that support the financial capability and asset-building goals of Colorado households.