

COMMUNITY FINANCIAL ACCESS PILOT



US DEPARTMENT OF THE TREASURY

Office of Financial Education and Financial Access

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EXECUTIVE SUMMARY

The Community Financial Access Pilot (CFAP) began in 2008 and was implemented through December 2009 by the U.S. Department of the Treasury (the Treasury) to increase access to financial services and financial education among low- and moderate-income families and individuals, especially individuals who have no bank or credit union account. Through the Treasury's Office of Financial Education (now the Office of Financial Education and Financial Access), eight locations, representing a diverse set of urban, suburban, metropolitan, and rural areas of the U.S., were selected for a pilot project designed to enhance local capacity to build collaboratives that would increase the availability and use of mainstream financial services and financial education for the low- and moderate-income (LMI) population. The CFAP communities were: Fresno, California, Jacksonville, Florida, Eastern Region of Kentucky, Delta Region of Mississippi, St. Louis Metropolitan Area, Missouri/Illinois, Philadelphia, Pennsylvania, Brownsville, Texas and Cowlitz County, Washington.

This report summarizes the pilots during the 2008-2009 pilot period in order to provide guidance to local organizations wishing to replicate similar programs in their communities. Communities may use the examples in this report and the reference materials in the Appendix, as a resource to build or enhance similar initiatives that are tailored to use local resources to meet local needs. Additionally, the lessons learned from the CFAP inform the Treasury's policies relating to ensuring a fair and inclusive financial system in the U.S., including the development of the Bank On USA initiative, which, if funded in Fiscal Year 2011, will provide support to community-based financial access and financial education initiatives, among other activities.

Findings

Approaches used by local pilots varied substantially according to each community's needs, priorities and resources. Some of the pilots principally focused on providing opportunities for LMI individuals to obtain financial education and a "second chance account," if they had previous difficulties managing accounts. Other sites promoted accounts more broadly to individuals who were outside of the banking system. A third set of communities focused principally on developing the infrastructure to deliver high quality financial education for LMI individuals, including children, as a precursor to providing access to financial services.

Despite these different approaches, similar findings were found in multiple communities. These common findings include: financial institutions are critical partners in delivering appropriate products and services; effective delivery of financial education is critical to promote sound use of financial products and services; both financial access and financial education can and should be delivered in diverse venues; and a strong collaborative effort can lead beyond accounts and education to provide new initiatives and ideas to address the many complex challenges facing LMI individuals.

Role of Financial Institutions and Accounts Opened

Committed financial institutions play a crucial role in financial access collaboratives. Some pilot communities found that many financial institutions already have low-cost accounts available, or can rename and revamp old products, such as by making youth accounts available to a broader market. Other products and services were more challenging to provide, especially "second chance" checking accounts for people who were in the Chex Systems database, and had prior negative experiences managing checking accounts. By offering basic services, valuable information and a customer-friendly environment, a financial institution can enhance the likelihood that the customer will remain a part of the mainstream banking system. In the face of changes affecting financial institutions, new challenges and opportunities may arise for financial institutions in providing such low-cost and lower-risk services.

It should be noted that the number of accounts opened varied significantly across CFAP sites. The reported numbers of accounts range from 624 in Cowlitz County, WA (with a population of approximately 100,000) to 31,000 in Fresno (with a county population of approximately 1,000,000). Two sites, in Eastern Kentucky and

Brownsville, TX focused on financial education and building coalitions during the pilot period, and did not focus on opening accounts during the pilot period. A number of the sites which did focus on account opening had significant challenges in gathering and reporting the data on the number and types of accounts opened. These data collection challenges appear to have resulted in a significant undercounting of accounts opened during the CFAP. Further discussion of the data collection challenges can be found in the Conclusion of this report.

Effective Financial Education

Many financial education materials and curricula covering a wide range of topics and addressing various audiences are readily available, and were used by CFAP sites, along customized information tailored to meet the needs of the population served. The principal content of this financial education, whether delivered in small groups or one-on-one, included tracking spending and managing an account. A number of financial education resources can be found in the Appendix.

Delivery Channels and Strategies

Both financial access and financial education are most effectively delivered in partnership with social service providers and other places where the unbanked population already is, needs or wants to be. Whether optional or mandatory, connecting with other services, benefits and incentives is an effective strategy to provide financial access and financial education. To optimize service delivery, it is valuable for staff at all levels of the partner organizations to understand, be committed to, and be able to explain the financial access initiative to its clients. Commitment by institution leadership to provide staff members with sufficient training, encouraging their support of the goals of the initiative are critical.

Beyond Financial Access

Many organizations are interested in promoting the financial stability of local residents, as a way of promoting community well-being. Therefore, collaborations on financial education and access initiatives can include a diverse range of partners, including financial institutions, local and state government agencies, policy and constituent advocacy groups, faith-based entities, educational institutions, non-profit organizations, as well as employers and businesses; interested individuals, such as retired financial or education professionals, can also be valuable partners. Many collaboratives have found it effective to begin working with a core group of committed organizations and individuals to initiate a financial education and/or account opening effort, building on the existing strengths of the partners; the successes of this group can attract further interested participants and partners. Effective collaboratives change over time, but shared objectives will help withstand changes and maintain focus, while also allowing the collaborative to take on new efforts to enhance outcomes for community residents. Financial access, which is an important step on a path to financial security, is not the only challenge facing LMI families, and collaboratives of strong partners can begin to address other challenges.

Future Directions

The Department of the Treasury is developing a Bank On USA initiative which will promote access to affordable and appropriate financial services and basic consumer credit products to benefit LMI individuals and households. Bank On USA will build on lessons learned from the CFAP and other local initiatives to expand access to financial services and financial education; these findings will help promote financial empowerment of underserved populations and innovation in financial services that meet the needs of LMI populations. The President's proposed FY 2011 budget, if funded, would include a Bank On USA Initiative with several components, including:

Supporting Community-Based Efforts

- Provide grants to local, regional, statewide or other collaborative efforts to implement and improve community-based initiatives.
- Offer technical assistance to communities to engage in collaborative, community-based approaches.
- Share best practices and innovations in communities throughout the country.
- Enhance program evaluation, research, and pilots to improve collaborative, community-based models.

Promoting Product, Service, and Delivery Innovation

- Promote market innovation to meet consumer needs for lower cost and increased service.
- Provide grants, awards, and competition opportunities for community development financial institutions, credit unions, and other financial providers to create new products and channels to support “Bank On” efforts and the financial services available for LMI individuals in the larger marketplace.

A successful initiative will hopefully provide more American households with new financial opportunities and the chance to build assets for the future and contribute to the rebuilding of American communities.

Introduction

Through the Treasury's Office of Financial Education (now the Office of Financial Education and Financial Access) eight locations, representing urban, suburban, metropolitan, and rural areas, were selected for a pilot project which ran from early 2008 to the end of 2009. The pilot was designed to build local capacity to build community collaboratives to increase the availability and use of mainstream financial services and financial education for the LMI population. The CFAP was also intended to test and demonstrate effective and replicable, sustainable approaches to meeting these challenges.

Communities may use the examples in this report and the reference materials in the Appendix, to build or enhance an initiative that is tailored to use local resources to meet local needs. Additionally, the lessons learned from the CFAP inform the Treasury's policies relating to ensuring a fair and inclusive financial system in the U.S., including the development of the Bank On USA initiative, which, if funded in Fiscal Year 2011, will provide support to community-based initiatives, among other activities.

Approximately 30 million households are currently considered to be financially underserved—that is, they do not fully participate in the mainstream financial system.¹ According to a 2009 Federal Deposit Insurance Corporation (FDIC) study, an estimated nine million households are unbanked and another 21 million are underbanked.² Unbanked individuals are defined as those who have neither a checking, nor a savings account, whereas underbanked individuals are those who have one of these accounts, but regularly use alternative financial services.³ Many LMI households move from being banked to unbanked, and having an account does not necessarily guarantee mainstream banking usage, nor does it ensure a consumer will avoid alternative financial services, such as check cashers.⁴ Unbanked and underbanked consumers are lower-income and more diverse than the population as a whole. Median incomes range from \$26,390 for unbanked consumers to roughly \$47,300 for underbanked consumers, compared to the overall household median income of \$52,029.⁵ In general, minorities, such as Blacks or African Americans, Hispanics or Latinos, and Native Americans, American Indians and Alaska Natives are more likely to be unbanked and underbanked, compared to Whites.⁶

In addition to building the Bank On USA initiative, the Treasury is also undertaking and planning other efforts to find new ways to assist those Americans who are most vulnerable to financial shocks be better served by the nation's financial system. These activities include ensuring implementation of strong consumer protection laws, consistent with the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. In addition to promoting enforcement of consumer protection laws, Treasury, in conjunction with partners across the federal government, in state and local governments, academia, and the private sector, seeks to improve the financial literacy and financial capability of all Americans. For example, the federal Financial Literacy and Education Commission, a 22-agency body led by the Treasury, recently released a National Strategy for Financial Literacy, which outlines strategic direction for policy, education, practice, research, and coordination in the financial literacy and education field in the U.S. Along with the National Strategy, the Commission released financial capability core competencies, which provide a baseline for content and outcomes for financial education programs. The core competencies may be found in Appendix 5 of this report, and the National Strategy is available at www.mymoney.gov. Treasury will also work closely with the President's Advisory Council on Financial Capability, which will provide the Treasury with input from private-sector leaders regarding how to maximize the effectiveness of existing private and public sector efforts and identify new approaches to increase financial capability.

1 FDIC National Survey of Unbanked and Under-banked Households (2009), available at: <http://www.fdic.gov/householdsurvey/>.

2 FDIC, 2009.

3 The FDIC National Survey defined underbanked as those who have used non-bank money orders, non-bank check-cashing services, payday loans, rent-to-own agreements or pawnshops at least once or twice a year, or refund anticipation loans at least once in the past five years.

4 Michael S. Barr, et. al., *And Banking for All?*, Federal Reserve Board Finance and Economics Discussion Series (2009).

5 *The CFSI Under-banked Consumer Study Fact Sheet*, available at: http://cfsinnovation.com/system/files/imported/managed_documents/underbankedconsumerstudy_factsheet.pdf; *American Community Survey Reports*, available at: <http://www.census.gov/prod/2009pubs/acsbr08-2.pdf>

6 FDIC, 2009.

With financial knowledge and skills as the foundation for decision-making, Treasury also seeks to encourage improved access to financial products and services that meet the needs of LMI Americans through a number of approaches. As described at the conclusion of this report, the Bank On USA initiative will seek to support community-based collaboratives as well as innovative market-based ideas to increase the availability of appropriate financial products and services. Treasury can also use its unique position to increase access to fair and affordable financial services directly. For example in the 2011 tax season, Treasury will pilot an initiative to improve tax administration by offering selected low-and-moderate income households an opportunity to receive their tax refund on a debit card. This pilot will give these households an alternative to waiting for a tax refund check, or using a higher priced refund anticipation loan or refund anticipation check. Additionally, the Treasury already provides a “Direct Express” card option to 1.4 million federal benefit recipients, including LMI individuals receiving Social Security or Supplemental Security Income. Direct Express is a debit-card account platform offered by a bank according to requirements established by Treasury, which provides users with access to quick electronic payments onto a debit card linked to an FDIC-insured account, that enables convenient use and a safe place to keep savings, while avoiding alternative financial services fees for check cashing, that could otherwise take a toll on their benefits amounts.

Prior Treasury Efforts to “Bank the Unbanked”

Over the past decade, the Treasury has been engaged in several efforts to expand financial access and design affordable financial services for LMI households, most notably, the First Accounts program and the Regional Conferences on Reaching Unbanked People. Treasury incorporated the best practices learned from these efforts in creating the CFAP. These experiences, along with practice and research outside of Treasury inform Treasury’s more recent policies to promote a fair and inclusive financial system for all Americans, including the development of Bank On USA, described at the end of this report. The Fiscal Year 2001 Consolidated Appropriations Act for the Department of the Treasury (PL 106-554, 114 Stat 2763, 2763A-126) appropriated funds to the Treasury to develop and implement programs to expand access to financial services for low- and moderate-income individuals. The Treasury’s initiatives to date, described below, derive from this appropriation.

First Accounts Program

In 2002, the Treasury initiated the First Accounts program, a program targeted at “banking the unbanked” LMI population. Through this program, Treasury provided funds to various organizations to pilot different models to open accounts for unbanked LMI individuals. The program ultimately awarded fifteen grants to banks, credit unions, credit union partnerships, and community-based organizations throughout the country.

The First Accounts Program included several important findings. 37,825 accounts were opened and 70% of those for which data was available were kept open beyond the end of the grant period. Balances for these accounts ranged throughout the grant period from \$28 to more than \$600 in savings accounts, and from \$65 to \$725 in checking accounts. Notably, most participants opened savings accounts, which evidence suggests is a logical first step for many unbanked persons; these individuals are often unfamiliar with established financial institutions and may have concerns about the costs of checking accounts and the risks of overdraft fees from bounced checks. Most accounts had a low opening balance, a low minimum balance, and a limited number of transactions allowed.

Many of the First Accounts Program grant recipients provided financial education, either as an optional or required prerequisite to opening an account. The financial education components varied in number of hours, although most grantees which offered a standard financial education component provided a one-and-a-half to two hour financial education or counseling session.⁷ Overall, the grantees reported that financial education was most useful for and appealing to participants when it was provided in a manner that was convenient for participants and/or part of other services.

⁷ Findings from the First Accounts Program. U.S. Department of the Treasury, January 2009.

A report of the First Accounts Program was released in 2009 that includes profiles of the 15 grant programs and general information about the program findings. A copy of the executive summary of the report is available at: <http://www.treas.gov/offices/domestic-finance/financial-institution/fin-education/firstaccounts/>. For a complete copy of the report, contact the Office of Financial Education and Financial Access at first.accounts@do.treas.gov.

Regional Conferences on Reaching Unbanked People

Between May 2006 and October 2007, four regional conferences on reaching unbanked individuals were held across the country as part of the implementation of *Taking Ownership of the Future: The National Strategy for Financial Literacy*, developed by the Congressionally-created Financial Literacy and Education Commission. The conferences were coordinated by Treasury, along with the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and other federal agencies, to share best practices on how to bring the unbanked into the mainstream financial system. The conferences assembled community-based organizations, financial service providers, and federal, state, and local regulators to broker partnerships and discuss the latest developments and strategies in bringing people into the financial mainstream.

The Midwest Regional Conference focused on exploring ways to serve the unbanked, and provided a forum for participating banks, community organizations, and other interested individuals to share observations and ideas with convening agencies and other practitioners. Key themes from the Northwest Regional Conference included the importance of partnerships, working with youth, working with immigrant populations, and identifying appropriate incentives and delivery strategies for banking the unbanked. The Southwest Regional Conference discussed unbanked people in border and immigrant communities, the role of financial institutions in financial literacy, individual and community impacts of being unbanked, and a survey of Latino Earned Income Tax Credit filers in border communities. Finally, the Eastern Regional Conference focused on understanding the challenges of serving unbanked individuals, the need for financial institutions to tailor products to meet market needs; outreach strategies for immigrant communities; and the need for collaboration with financial institutions to ensure that all Americans are able to participate in the economic financial mainstream, save, and build their assets for better futures. Identified key factors to reaching the unbanked included basic bank services at a lower cost, building credit, responding to emergencies, and asset-building such as home purchases.

More information about the Regional Conferences can be found at:

http://www.treas.gov/offices/domestic-finance/financial-institution/fin-education/council/regional_conferences_summary.pdf

Electronic Transfer Accounts

In 1998, as part of the implementation of the Debt Collection Improvement Act (DCIA) of 1996, which called for the Treasury to assure that federal payment recipients have access to a reasonably priced account in order to receive electronic payments the Treasury launched Electronic Transfer Account (ETA). ETAs were intended to provide all federal payment recipients access to a low-cost account at a federally-insured financial institution for the purpose of receiving payments by electronic Direct Deposit. The ETAs were created as an optional account for individuals without other bank or credit union accounts. Treasury encouraged financial institutions to offer the ETA and provided a one-time reimbursement to set up the account of \$12.60 per account.

Account features included:

- an individually owned account at a federally-insured financial institution;
- available to any individual who receives a federal benefit, wage, salary, or retirement payment;
- accept only electronic federal payments;
- a maximum price of \$3 per month;
- a minimum of four cash withdrawals per month, to be included in the monthly fee through any combination of proprietary ATM and/or over-the-counter transactions;

- provide the same consumer protections that are available to other account holders at the financial institution;
- allow access to point-of-sale (POS) networks, if available;
- require no minimum balance, except as required by federal or state law; and
- provide a monthly statement.

As of October 2010, there are 121,221 reported active ETA's nationwide. Information about ETAs can be found at: <http://www.fms.treas.gov/eta/index.html>.

Efforts Outside of the Department of the Treasury

The Treasury is also aware of a number of other efforts to expand access to banking services to underserved populations. These activities, notably, Bank on San Francisco, Bank on California, the FDIC's Alliance for Economic Inclusion, and the National League of Cities, have helped inform the development and implementation of the CFAP.

Bank on San Francisco

Bank on San Francisco started in December 2005, when San Francisco Mayor Gavin Newsom and Treasurer José Cisneros challenged every local financial institution to partner with the City to help remove barriers which have historically kept the unbanked out of the financial mainstream. A steering committee (comprised of the San Francisco Treasurer's Office, the Federal Reserve Bank of San Francisco, and the non-profit organization EARN) worked with local community organizations, banks, and credit unions to develop a program that would change bank products and policies to increase the supply of starter account options for this market; raise awareness among consumers about the benefits of account ownership; provide qualified San Franciscans with the opportunity to open low-cost, starter bank accounts; and provide quality financial education. This continuing collaborative approach to help residents save for their future has been highly successful at reaching unbanked residents, with over 45,000 residents opening accounts in the first three years. Bank on San Francisco has been very helpful to other efforts by openly sharing its model, tools, and marketing materials with other communities interested in replicating its approach, serving as a trail-blazer for other communities around the country. More information about Bank on San Francisco can be found at: <http://www.bankonsf.org>.

Bank on California

Bank on California is a state-wide initiative launched by California Governor Arnold Schwarzenegger in 2008 to engage financial institutions doing business in California, mayors, federal and state regulatory agencies, community groups, and others in expanding the number of Californians with bank and credit union accounts. A January 2008 opinion editorial published in the Wall Street Journal by Governor Schwarzenegger and former President William J. Clinton expressed the intention behind the initiative. They noted:

The American dream is founded on the belief that people who work hard and play by the rules will be able to earn a good living, raise a family in comfort and retire with dignity. But that dream is harder to achieve for millions of Americans because they spend too much of their hard-earned money on fees to cash their paychecks or pay off high-priced loans meant to carry them over until they get paid at work. Here is one initiative that can unite progressives and conservatives as well as business leaders and community activists: helping the "unbanked" enter the financial mainstream by opening checking and savings accounts, and working collaboratively with financial institutions and community groups to develop and market products that work for this untapped market. This will put money in the pockets of individuals and grow the economy. And it won't cost taxpayers a dime.⁸

A number of the largest cities in the state participate in the initiative, including Fresno, Los Angeles, Oakland, Sacramento, San Francisco, San Jose and Santa Ana. The initiative developed baseline product criteria for starter

⁸ "Beyond Payday Loans." William J. Clinton and Arnold Schwarzenegger, *Wall Street Journal*, January 24, 2008.

accounts to be offered by all participating financial institutions; encourages providing education and encouragement regarding opening accounts; supports forming diverse coalitions of financial institutions, regulators, city mayors and nonprofits to market the accounts to Californians without bank accounts; and building the money management skills of California teen and adults. As of October 2010, participating communities have opened nearly 190,000 accounts.

More information about Bank on California can be found at: <http://www.bankoncalifornia.ca.gov/>.

FDIC's Alliance for Economic Inclusion

The Alliance for Economic Inclusion (AEI) is the FDIC's national initiative to establish broad-based coalitions of financial institutions, community-based organizations and other partners in several markets across the country to bring all unbanked and underserved populations into the financial mainstream. The focus is on expanding basic retail financial services for underserved populations, including savings accounts, affordable remittance products, small-dollar loan programs, targeted financial education programs, alternative delivery channels and other asset-building programs. The FDIC expanded its AEI efforts during 2009 to increase measurable results in the areas of new bank accounts, small-dollar loan products, remittance products, and delivery of financial education to more underserved consumers. During 2009, over 60 banks and organizations joined AEI nationwide, bringing the total number of AEI members nationwide to 967. More than 162,000 new bank accounts have been opened; thirty-five banks are in the process of offering or developing small-dollar loans; twenty-six banks are offering remittance products; and more than 115,000 consumers have been provided financial education.

Information about the Alliance for Economic Inclusion can be found at: <http://www.fdic.gov/consumers/community/AEI/index.html>

National League of Cities Institute for Youth, Education and Families' Bank on Cities Campaign

Since 2008, the National League of Cities' (NLC) Institute for Youth, Education and Families has implemented two rounds of their Bank on Cities campaign. Through this campaign, NLC, a membership organization of elected municipal government officials, works with city governments to implement efforts to help residents build and protect their savings and enhance family financial stability by connecting households to the financial mainstream. Through the campaign, NLC has provided cross-city peer exchanges, connecting the cities with national experts and resources, site visits and one-on-one guidance to city teams, and assisting in developing action plans and goals to eighteen participating communities. These communities have launched Bank On initiatives and other similar projects.

Information about the Bank on Cities campaign can be found at: <http://www.nlc.org/IYEF/fes/asset/assistance.aspx>

CFAP Implementation and Overview of Case Studies

The CFAP sites were selected after consulting with other federal agencies, non-profit organizations, and financial institutions to identify appropriate, diverse communities. In order to implement the CFAP, Treasury hired two staff members as Community Consultants to provide technical assistance to the eight sites. Each Community Consultant acted as a consultant to four of the communities for approximately two years, providing professional assistance to develop and implement local initiatives. The Community Consultants researched and identified potential partners in each site, identified challenges and strengths specific to the communities and convened representatives of local organizations which agreed to participate in the initiatives to develop approaches appropriate to the community and begin to implement the approaches. Their wide-ranging efforts included planning and facilitating meetings, recommending and assisting working groups, guiding community needs assessments, and assisting in developing guidelines for financial products and financial education. Guided by the philosophy that “if the needs are there, the solutions are there,” the Community Consultants brought ideas and examples from research and previous approaches to local leaders committed to improving the economic outcomes for community residents. This approach resulted in strategies that varied significantly from community to community, yet shared common themes. The remainder of this report provides profiles of each of the eight community initiatives.

Every pilot description provides a summary of each community’s characteristics and needs; approach, which identifies the local focus; organization and leadership strategies; outcomes as of the end of the pilot period; and future directions.

DESCRIPTIONS OF CFAP SITES

California: Fresno

With a joint belief that the American dream is a far reach for many Americans, former President William J. Clinton and California Governor Arnold Schwarzenegger partnered to launch Bank on California to encourage cities to adopt local “Bank On” initiatives. Fresno was selected as a pilot city, and as a result, Bank on Fresno was initiated to help the financially underserved population access mainstream financial products and services.

Community Characteristics and Needs

Fresno, the largest city in California’s agricultural Central Valley and the geographic center of the state, has a diverse and growing county population approaching one million, including many immigrants, low-wage earners, and members of minority groups. Over 100 languages are spoken in the area, and in 2009 nearly 50% of Fresno County residents identified themselves as Latino or Hispanic.⁹ Additionally, between 1980 and 2000, poverty increased significantly on the south and west sides of Fresno.¹⁰ By 2000, Fresno ranked first in the U.S. in concentrated poverty — the degree to which its poor were clustered in high-poverty neighborhoods¹¹ — particularly in West Fresno, which is socially and economically isolated and historically not served by mainstream financial institutions.¹² In these conditions, according to one estimate, there are 54,000 unbanked households in Fresno County.¹³

Approach

The Bank on Fresno initiative consists of a coalition of federal agencies, community-based organizations and financial institutions doing business in Fresno with a goal to open 10,000 starter and second-chance accounts¹⁴ and provide basic financial education to unbanked LMI residents.

Organization and Leadership Strategy

As part of the Bank on California initiative, the Office of the Governor encouraged involvement from all banks and credit unions with branches in the state to offer financial products that met a common set of standards and report on accounts opened on a quarterly basis. The statewide initiative also reached out to local partners including mayors and community-based organizations — including United Way agencies around the state. In Fresno, United Way of Fresno County was selected to serve as the convener, and would gather account opening data from all partner financial institutions locally. Bank on California provided resources to Bank on Fresno including access to shared outreach materials and design of a website and brochures. The Treasury also supported the Bank on Fresno effort by helping identify and engage key community partners and financial education providers, and helped the United Way of Fresno County in data identification and collection.

The Fresno coalition determined that financial education needed to connect consumers with financial institutions to overcome misconceptions, misinformation, and cultural and linguistic barriers. Partners agreed to focus on the following content: budgeting and money management, checking and savings accounts, and understanding banks and credit unions. The coalition also planned to provide questionnaires to financial education participants in order to measure effectiveness and track demographic data. Partners also agreed that the initiative would be run by the entire

9 US Census Bureau, <http://quickfacts.census.gov/qfd/states/06/06019.html>.

10 Alan Berube, *Confronting Concentrated Poverty in Fresno*, The Metropolitan Policy Program, The Brookings Institution (2006). (pg. 9 of presentation); available at: http://www.brookings.edu/~media/Files/rc/speeches/2006/0906metropolitanpolicy_berube/20060906_fresno.pdf. at 10.

11 Berube, 2006.

12 *The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S.*, Federal Reserve System and Brookings Institution 29, (2008)..

13 Matt Fellowes, *Banking on California: Assessing the Market Opportunity*, The Pew Charitable Trusts 3, 2008 Available at: <http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Speeches/080509%20Bank%20on%20California-Fresno.pdf>.

14 Second-chance accounts are checking accounts opened for people who are listed in the Chex Systems database, meaning they have had previous difficulties in managing a checking account (either intentionally or unintentionally), such as multiple overdrafts.

coalition, informed with direction from the following identified subcommittees: Data Collection, Financial Education and Marketing and Training. A design team was put in place to oversee and approve all initiative operations.

Standard Account Features

The chart below summarizes account features offered by Bank on Fresno participating financial institutions.

Account Features – Bank on Fresno	
Minimum Opening Deposit	Varies: \$0 to \$100.
Minimum Opening Balance	No minimum balance requirement.
Monthly fees	Varies from \$0 to \$9.50, per financial institution.
Overdraft fees and features	First set of NSF/OD fees waived; after which fees vary from \$0 to \$35.
ATM fees in or out of network	Varies per financial institution; in network transactions are free; out of network transactions range from \$0 to \$5.
Other fees (e.g. Live customer service, receiving copy of balance, etc.)	Varies per financial institution; some charge a check processing fee.
Special Features (e.g. Bill payment, direct deposit, savings, electronic statements)	Varies per financial institution. Some Special Features: cashier's checks, direct deposit, electronic statements, financial education training, money orders, online bill pay, remittance products, special savings account features, travel cards, wire transfers, 24/7 access to phone bankers and ATM access.

Financial Education

On-going financial education workshops, with the goal of four per month, were held by financial institutions at the sites of community-based organizations based in targeted zip codes with high concentrations of LMI residents and/or those with limited access to financial institutions. If the financial institution did not have its own curriculum, FDIC's Money Smart curriculum was provided. Host organizations that were non-profits could apply for a mini-grant from the United Way for up to \$400 for costs associated with hosting each financial education workshop and related activities, such as food, childcare, printing, and space rental, provided that the organization ensure at least 15 attendees. According to Bank on Fresno representatives, at most sessions a survey of participants was collected, along with a feedback form of the presenter and observer to evaluate satisfaction with the workshop.

The Bank on Fresno initiative focused on finding financial institutions with various language capabilities, as well as providing translators and enhancing financial institutions' ability to provide linguistically and culturally appropriate education sessions. In conjunction with the FDIC, Bank on Fresno held four "train-the-trainer" sessions where representatives from the FDIC have taught financial institutions, community-based organizations and any other entity interested in implementing a financial education program how to train others using the FDIC's Money Smart curriculum.

Outreach

Bank on Fresno used a number of approaches to reach community residents including: creating a webpage; participating in public events and festivals; partnering with local colleges and universities to share information to students; press releases; flyers distributed door-to-door; and collaborating with a wide array of community-based organizations. Bank on Fresno also effectively used media and new media to communicate with residents, including radio public service announcements (in twelve languages)¹⁵ recorded by local Univision network station and shared with local radio stations. Bank on Fresno also used social networking sites such as Facebook, MySpace, Twitter and Mindhub to reach the large young adult population with information about news and events.

Partnership Roles and Responsibilities

Partnerships were formed between government agencies, financial institutions, non-profit organizations, and educational institutions. Partners included the following:

Government Agencies:

City and County of Fresno
Federal Deposit Insurance Corporation
Office of the California Governor
Office of the Fresno City Mayor
U.S. Department of Housing and Urban Development
U.S. Department of the Treasury

Financial Institutions:

Bank of America
Bank of the Sierra
Bank of the West
BBVA Compass (formerly Guaranty Bank)
Central Valley Community Bank
Chase
Citibank
Finance and Thrift
Rabobank
Security First Bank
Union Bank
United Security Bank
Wachovia Bank
Wells Fargo Bank

Non-profit Organizations:

Twenty-eight community-based nonprofit organizations partnered with the initiative including many health and human services organizations, faith-based organizations, the Fresno County community action organization, legal services, neighborhood resource centers, and the Central Valley Financial Education Collaborative. United Way of Fresno County served as the convening entity.

15 The twelve languages were Armenian, Cambodian, English, French, Hindi, Hmong, Lao, Punjabi, Gujarati, Russian, Spanish and Thai.

Educational Institutions:

California State University, Fresno
Fresno County schools
Fresno Unified School District
State Center Community College District

The Office of the California Governor, FDIC, United Way of Fresno County and other coalition members led the strategic plan to expand access to financial education, services, and products to consumers. The United Way of Fresno County managed the fiscal and administrative responsibilities, organized planning activities for meetings, prepared and disseminated minutes, and kept all parties informed on project status. The Treasury helped identify community-based organizations as partners and hosted meetings with the United Way of Fresno County to showcase Bank on Fresno. The Treasury contacted community-based organizations to explain the initiative and how the organizations' missions could be enhanced through this initiative.

An example of an effective partnership with an educational institution is that with California State University, Fresno. The partnership led to a completed study assessing financial literacy among Hispanics in California's Central Valley,¹⁶ a survey of the student population about their financial practices, and conversations with financial aid advisors about ways to educate the student body about proper financial practices and saving money. These initiatives all inform subsequent efforts of the Bank on Fresno partners.

Outcomes

Bank on Fresno far exceeded its original goal of opening 10,000 bank accounts by opening over 31,000 between December 2008 and December 2009. Bank on Fresno estimates that these accounts saved individuals over \$12.7 million in check cashing and service fees.¹⁷

A Fresno city-wide financial education program was implemented to address the financial literacy needs of the LMI population. Of the 466 financial education workshop participants between August and December 2009, 350 completed a survey. This non-scientific survey indicated that 55% of participants were female and 44% were male, and the two largest ethnic groups were African-Americans (41%) and Hispanics (34%). Twenty-nine percent (29%) had attended some college, 23% percent attended high school but did not graduate, and 16% each had a high school or college diploma. Participants reported that the training taught them most about budgeting (42%), checking accounts (28%) and savings accounts (20%), and the information received was either very important (64%) or important (25%).

Personal, individual stories are also important to consider. An example is Angel,¹⁸ a immigrant from Mexico living in Fresno and working as a painter. After losing his wallet on payday, he knew he needed a bank account to safeguard his money. After he received his next paycheck, he opened an account which offered free money wiring to Mexico, allowing him to save \$35 each time he sends money home, which he had previously spent through fees. He is also less vulnerable to being robbed of his cash.

Future Directions

Bank on Fresno's coalition plans to continue its efforts, focusing on providing access to highly effective financial education and free tax preparation services by expanding outreach efforts and the number of Volunteer Income Tax Assistance (VITA) sites in the community, to ensure qualified tax payers can retain Earned Income Tax Credit (EITC) dollars. Recent research indicates that California will miss out on more than a billion dollars in economic

¹⁶ *Assessing Financial Literacy Among Hispanics in California Central Valley*, Dr. Antonio Avalos and Dr. Janice Peterson, Department of Economics, California State University, Fresno, Center for Economic Research and Education of Central California, October, 2009.

¹⁷ Cited in Bank on Fresno 2010 Report at www.bankonfresno.ca.gov.

¹⁸ Last name withheld for privacy.

activity and thousands of jobs that could have been generated by the EITC. This is because an estimated 800,000 eligible Californians will neglect to claim over \$1.2 billion in EITC dollars in 2010.¹⁹ By working closely with the VITA/EITC coalition, Bank on Fresno can provide EITC information to taxpayers in the financial education workshops and, information on opening a checking account at the VITA sites at tax time.

The coalition also looks to better provide financial services and education to the underserved rural areas in the region. Additionally, Bank on Fresno also plans to work with high school and college students to promote accounts among the young population. The initiative seeks to gain greater engagement with universities, colleges, and high schools. The goal is to work more closely with campuses to promote checking and savings accounts and financial education, in order to influence the younger generation in their financial practices.

Additionally, the United Way of Fresno County is seeking funding to expand the work in its Income Building Block by launching an innovative initiative for economic prosperity. It plans to build a family-friendly Financial Services Collaborative Center — aimed to help low-wage workers — by bringing together financial institutions, non-profits, businesses and government agencies (many of the same partners in Bank on Fresno and VITA/EITC programs) to offer integrated, complementary services in one location. Financial access and education classes will be offered at the Center along with credit counseling, foreclosure prevention assistance, workforce training, tax preparation, home-ownership workshops and referrals to banking services, and savings programs. If funding is secured, Bank on Fresno would be incorporated into the proposed Financial Services Collaborative Center.

Local Thoughts

“Participants from Bank on Fresno workshops hosted by Entrepreneurial Training Center are asking for more classes because they feel like the classes are extremely beneficial to them.”

–Betty Sanders, Founder and CEO of Entrepreneurial Training Center

“The services provided by Bank on Fresno is a great value to community-based organizations and members of the community.” –Artie Padilla, Executive Director, Every Neighborhood Partnership

“Bank on Fresno is an excellent program, I am glad they were able to open an account for me.” –Jeffrey from Fresno

“This morning individuals and families in Fresno County woke up one step closer to realizing the American Dream of owning a home because they are one step closer to financial stability. The Bank On initiative gave them that.”

— Patricia A. Clary, former President/CEO United Way of Fresno County

¹⁹ *Left on the Table: Unclaimed Earned Income Tax Credits cost California's economy and low-income residents \$1 billion annually*, Antonio Avalos and Sean Alley, jointly with the New America Foundation, Center for Economic Research and Education of Central California, California State University Fresno, 2010.

Florida: Jacksonville

Community Characteristics and Needs

A rapidly growing city on Florida's Atlantic Coast, Jacksonville has an economy that has evolved from relying on retail to embracing a port and new economic development ventures. However, many of the city's underserved neighborhoods, including the Northwest and Westside, are not positioned to benefit from these new developments. These neighborhoods have many residents on ChexSystems, and therefore are likely to face challenges in opening accounts. According to a recent report, Northwest Jacksonville, a predominantly African-American neighborhood, has a poverty rate of 29% and "has been unable to grow opportunities adequately for its residents or business sector, connect to the growing prosperity of the larger region, or develop clear and sustainable pathways out of poverty and decline."²⁰ Moreover, 36% of Northwest Jacksonville residents have less than a high school education, 45% earn less than \$20,000 per year, 31% of households are female-headed, 37% of the working age population is disabled, and 41% spend more than 30% of their household income on housing.²¹ This report found a strong need for financial literacy and financial services in the city to address this area's challenges, help the community take advantage of its growth potential, and encourage asset-building among residents. Anecdotal reports indicate that these residents are more likely to use alternative financial service providers than other areas in the community. Recent research by the Pew Charitable Trusts found at least 24,400 households in the city are unbanked;²² a number comparable to the FDIC's finding of 28,000 unbanked households in the metro area.²³

Approach

The Jacksonville Community Financial Access Initiative, grew out of the CFAP collaborative of banks, credit unions, youth development organizations, faith-based organizations, credit counseling services, local and federal government agencies, educational organizations and others. The CFAP worked with existing service providers to expand financial services and education provided in LMI neighborhoods, especially "second chance" accounts. The University of Florida Cooperative Extension program led the financial education effort by providing the "Get Checking" curriculum, which focuses on helping people who need a second chance account and a number of financial institutions committed to providing second chance accounts, known as Fresh Start accounts to participants. Additionally, the CFAP leveraged other community asset-building resources, including financial counseling and free tax preparation. Initially, the CFAP focused on serving the Northwest and Westside areas of Jacksonville where ChexSystems had the most entries.

Organization and Leadership Strategy

The following committees were organized to carry out important components of this initiative:

- Marketing Committee: This committee provided guidance in logo design and marketing materials; worked with liaisons of partner organizations to ensure production of marketing materials; and provided guidance of the development of a comprehensive marketing campaign. Sample marketing materials are found in Appendix 2.
- Outreach Committee: This committee identified promotion venues for outreach to clients and the community and for informing clients and community of available services; and served as liaisons to assist in the engagement of other potential coalition members.
- Products & Services Committee: This committee reviewed and ensured that a comprehensive financial education curriculum and services were available; reviewed and identified other financial education services and products needed (credit counseling, investment planning, specially designated savings accounts, etc.); and provided guidance on development of innovative feasible financial products (when needed).
- Tracking & Evaluation Committee: This committee provided recommendations on the initiative's performance measures; and identified processes for tracking and data collection of accounts with participating coalition members.

20 *Northwest Jacksonville Community Asset Analysis*, The Institute on Assets and Social Policy, Brandeis University, for War on Poverty Florida Inc., June, 2007.

21 The Institute on Assets and Social Policy, 2007.

22 Pew Charitable Trusts' Safe Banking Opportunities Project. Provided to Department of the Treasury by Mia Mabanta.

23 FDIC, 2009.

Partnership Roles and Responsibilities

Partners for the Jacksonville CFAP included financial institutions (banks and credit unions), which provided financial education, opened second chance accounts, promoted financial services, and served on committees. Also providing financial education, local government agencies and community-based organizations promoted the Jacksonville CFAP initiative and available services, participated in committee meetings, conducted direct outreach, promoted networks, and made referrals to services. Similarly, the University of Florida Extension Service provided financial education, outreach through volunteers, and expanded Get Checking and Money Smart classes. Key assistance was also provided by the Jacksonville Branch of the Federal Reserve Bank of Atlanta, the FDIC, and the Office of the Comptroller of the Currency (OCC).

Partners included the following:

Financial Institutions:

Bank of America
Citi
Coastline Federal Credit Union
Community First Credit Union
Essential Capital Finance, Inc.
Everbank
Fifth Third Bank
First Florida Credit Union
Florida Telco Credit Union
Healthcare Cooperative Credit Union
Jax Federal Credit Union
Regions Bank
SunTrust
Synovus Bank
VyStar Credit Union
Urban Trust Bank
Wells Fargo/Wachovia

Government Agencies, Non-Profit and Educational Organizations, and Others:

Duval County Extension Service
Family Foundations
Federal Deposit Insurance Corporation
Federal Reserve Bank of Atlanta
Florida Department of Financial Services
Fresh Ministries
Goodwill Industries of Florida
HOLA Jax
Internal Revenue Service/SPEC
Jacksonville Housing Authority
Jacksonville Network for Strengthening Families
Jacksonville Public Libraries
Jacksonville Urban League

Mayor's Office – City of Jacksonville
Northeast Florida Financial Planning Association
RealSense Prosperity Campaign
United Way's 2-1-1 Information and Referral
University of Florida
War on Poverty- Florida, Inc.
Wealth Watchers Inc.

Outcomes

The free “Get Checking” program was expanded and offered to community residents. 856 individuals participated in the program during the CFAP period, more than double the prior two years. The more general Money Smart education was provided to more than 4,000 individuals in at least 388 classes. A total of 140 outreach events reached over 20,000 individuals.

Participating financial institutions did not regularly report on the number or nature of the accounts opened through the CFAP period, therefore account data is not available for this report. Some financial institutions did anecdotally report that participation in the education programs resulted in better account performance and maintenance. For example, post-education accounts opened at one credit union had an average account balance of \$140, and 72% had four or fewer overdrafts during the quarter. Additionally, partners reported increased awareness of services needed in the market for the unbanked, such as second-chance accounts.

Future Directions

The Jacksonville Community Financial Access Initiative is being converted into a Bank On Jacksonville with leadership, coordination, and support from War on Poverty — a leading community service organization; Bank on Jacksonville launched in October 2010. More community-based organizations and financial institutions are expected to join this effort, and there is potential for expansion of asset development programs, such as a small dollar loan program.

Local Thoughts

“The Community Financial Access Pilot initiated by Treasury served as the catalyst for the Jacksonville Bank On initiative. It was instrumental in helping to create a unique collaborative involving social service agencies, nonprofit organizations, local government, and financial institutions that has resulted in a strong partnership focused on providing financial services to the unbanked and underbanked.” — George Owen, Regions Bank

“The RealSense Prosperity Campaign is proud to be a part of the Bank On Jax (CFAP) program. Never before has there been such a concerted effort by as many financial institutions to tailor specific products to help meet the financial needs of our community's most economically-challenged citizens.” — Jeff Winkler, Director, RealSense Prosperity Campaign

Kentucky: Eastern Region

Community Characteristics and Needs

Encompassing the heart of the Appalachian Mountains, the Eastern Kentucky region is known for both its rich cultural history and its persistent economic challenges. The area is roughly defined as those predominantly rural, mountainous counties east of Interstate 75, although definitions vary. According to the U.S. Census, in 2008, 17.3% of Kentucky's population lives below the poverty level.²⁴

It has been reported that low-income families in Kentucky pay higher fees and prices than average for basic necessities and financial services depending on where they live and the combination of services they use. These families “can pay more than higher-income consumers every year for basic financial services, cars, car loans, car insurance, home insurance, home loans, furniture, appliances, electronics and other basic necessities.”²⁵ According to the FDIC study, 11.9% of all households in Kentucky were unbanked—the fourth highest statewide rate in the country, equating to 208,000 households statewide. Kentucky, it should be noted, has the highest rate of unbanked white households in the country (11.0%), compared to the 3.3% national average.²⁶ Given the concentration of poverty in Eastern Kentucky, and the relative scarcity of financial institutions, it is likely that a higher percentage of these unbanked households can be found in the eastern part of the state. According to Kentucky Treasurer Todd Hollenbach, “A number of our counties are blessed with a lot of resources, but the vast majority do not have the resources that counties with large cities do.”²⁷

Approach

Having access to more information may enable Eastern Kentuckians to make better financial decisions and over time build savings and assets. Through the CFAP, both Kentucky Community and Technical College System (KCTCS) and Eastern Kentucky University (EKU) are taking steps to promote financial literacy to residents and develop new, innovative, practical, and low-cost initiatives to help Kentuckians make sounder financial decisions. The Eastern Kentucky CFAP consists of two projects focused on providing financial education and financial access in Eastern Kentucky counties. The first project involves the incorporation of financial education and account opening opportunities for specified groups enrolled in KCTCS, and the second project is the development of a Financial Literacy Certificate Program at EKU.

Financial Education and Financial Access Initiative at KCTCS

The KCTCS program's goal was to pilot the financial education and financial access initiative on the Ashland campus with the intention to roll out the initiative to other community and technical colleges located in Eastern Kentucky. This initiative included the provision of a two-hour financial education session and access to a low-cost account to adult students, general students, and participants in career training programs. KCTCS, with the assistance of the Treasury, developed a two-hour presentation and participant module addressing core financial management skills. An outline of the curriculum is included in the Appendix.

KCTCS also created a kit which includes a survey, pre- and post-class skills assessment, participant manual with glossary, and class evaluation. This “Money Matter\$” course was available as a free class offering to the public in late 2009 at the Ashland KCTCS Campus. The session was offered to the following groups to spread knowledge and build interest in the session: KCTCS faculty and staff, Student Support Services and Advising staff as a train-the-

²⁴ US Census Bureau, <http://quickfacts.census.gov/qfd/states/21000.html>.

²⁵ “High Cost of Being Poor in Kentucky: How to Put the Market to Work for Kentucky's Lower-Income Families,” The Brookings Metropolitan Policy Program 4, 2007.

²⁶ FDIC, 2009

²⁷ Quoted in the *Richmond (KY) Register*, February 3, 2010.

trainer opportunity, and Lifelong Learning participants. Plans are in development to create an online self-study course and webinar, as well as to expand the course to the remaining 15 campuses statewide.

Eastern Kentucky University (EKU) Community Change Program

EKU's Community Change Program—a Financial Literacy Certificate program—had the goal of developing of a pool of “home grown” qualified financial educators who would provide financial education training to non-profit organizations, employers, schools, community centers, and other entities located in Eastern Kentucky. Through training ECU students, this program strived to enable trainers to help individuals and families in Eastern Kentucky move to the economic mainstream by:

- 1) understanding financial literacy needs of LMI communities, and developing appropriate training;
- 2) enhancing knowledgeable financial behavior through financial literacy training;
- 3) improving access to affordable financial products that enable asset accumulation; and
- 4) identifying community partners that can create on-going opportunities for training.

The objectives of this initiative included: training and certifying students returning to their home counties to help spread financial literacy more effectively in Eastern Kentucky; a recognized certificate program to provide ECU students legitimacy in creating their financial education programs and a solid foundation on which to build a business; and students experienced in creating and delivering financial education programs. The certificate program involves classroom courses and a practicum in which the student works with a local community organization to develop and provide financial education. The model also allowed for a flexible curriculum designed to meet the financial education needs of individuals and groups that would add value to other existing or planned programs.

The Community Change Program “without a doubt makes (EKU) a leader in the Commonwealth and, from what I can tell, in the nation,” said Kentucky State Treasurer Todd Hollenbach at a news conference announcing the program. Financial literacy “is an absolute necessity for anybody to be successful.”²⁸

Organization and Leadership Strategy

Through CFAP, both educational institutions embarked on efforts to expand the financial capability of Kentuckians. KCTCS launched an effort directly aimed at helping people make constructive financial decisions as well as to facilitate financial access for KCTCS students and communities to mainstream financial services rather than access alternative financial providers. Similarly, ECU also developed its financial literacy program to enable asset accumulation for individuals and families in Eastern Kentucky. Both of these initiatives have been organized largely internally; however partnership building with local financial institution and community-based partners has begun.

Partnership Roles and Responsibilities

KCTCS's achievements and contributions to Kentuckians made it the ideal vehicle by which to deliver financial education and prepare them for greater financial stability. KCTCS worked with Treasury to adapt a curriculum, created presentation and train-the-trainer guide, identified measurement processes, trained staff, conducted outreach through trainers, and reached out to community and financial institutions and promoted initiative. The Treasury developed the curriculum, training plan, and provided technical assistance.

EKU's Financial Education Certificate Program was developed in collaboration with industry sources and advisors, the Treasury, and educators from ECU's College of Business and Technology and other university sectors. The Program supports university priorities of student success, regional stewardship, and the University's Quality

²⁸ Quoted in the *Richmond (KY) Register*, February 3, 2010.

Enhancement Program, which calls for the University to develop informed critical and creative thinkers who communicate effectively. In addition to Treasury, and the partners described above, partners for both projects include banks, businesses, the Louisville Branch of the Federal Reserve Bank of St. Louis, the Cincinnati Branch of the Federal Reserve Bank of Cleveland, the FDIC, and other organizations serving LMI individuals and families.

Kathy Samples, CEO of Citizens Guaranty Bank, a lead financial institution partner of EKU, noted, “We’re real excited to be a part of the program....I challenge other financial institutions to become involved in the program and support it, too.”²⁹

Outcomes

Both initiatives are in the early stages of implementation as of the writing of this report. It took longer than expected to identify capable and willing partners interested in collaborating with the Treasury and thus development and implementation began toward the end of the CFAP pilot period. Among these challenges were identifying committed partners, and working across a large rural area which included many individual counties.

KCTCS uses pre- and post-assessments to measure participant learning and obtain input for building the program. EKU has begun to plan to track both activity metrics and outcomes. The activity metrics will focus on financial literacy trainers (the number of trainers taking the course, the number of trainers completing the course, and the improved knowledge of financial literacy); improved financial literacy (the number of financial literacy sessions held, the number of participants, the number of referrals made directly to financial institutions, and the number of asset-building financial products); and operational effectiveness (marketing and community outreach, such as the number of referrals from key sources and the number of outreach events).

Future Directions

The stages for future directions for KCTCS are described above. Ultimately, the project hopes to deliver the financial education curriculum to all 68 campuses of the 16 members of the KCTCS system. EKU will begin training students in the 2010-2011 academic year, with students working with community organizations by the spring of 2011. EKU is expected to establish in the summer of 2010 the Center for Financial Literacy as a base of operations for the program and to further enhance the program by creating space for student interns to work alongside a full-time faculty member. With the establishment of the center, EKU will demonstrate its commitment to growing the Community Change program into other areas of financial literacy beyond the train-the-trainer program.

Local Thoughts

“The Money Matters course that Karen Coburn implemented at our college in partnership with the Department of the Treasury addresses the challenge of low financial literacy within our communities. Students and community members lacking an understanding of even rudimentary financial knowledge are limited in their ability to transform their work and ideas into assets on which to build lives. This program supports our overarching goal of impacting those we serve in a way that could drastically impact their future and their children’s futures.” — Larry Ferguson, PhD., Dean, Community Workforce & Economic Development Ashland Community & Technical College

²⁹ Quoted in the *Richmond (KY) Register*, February 3, 2010.

Mississippi: Delta Region

Community Characteristics and Needs

According to the U.S. Census, Mississippi's population consists of 2.9 million individuals and the median annual income is \$29,295.³⁰ The FDIC Study indicated Mississippi has the highest statewide rate of unbanked households in the country –16.4% (compared to a national average of 7.7%). In particular, the rate of unbanked households among the black (African-American) population is 33.6%, or approximately 132,000 unbanked black households in the state.³¹ Local sources report additional challenges such as lack of financial institution branches and inadequate transportation system as limiting access to existing financial institutions. The Mississippi Delta region is marked by high and persistent poverty, particularly among African-American residents, and primarily consists of rural counties and small municipalities. Economic disparities, especially correlating to race, are long standing, and local economies and employment have lagged behind the transformation from labor-intensive to machinery-intensive agriculture in the region. A recent description of Holmes County, in the middle of the Delta region, described factors such as a lack of an entrepreneurial middle class, lack of job training and education opportunities, and insufficient coordination, all contributing to economic challenges in the county³² – which bear on the Delta region as a whole.

In the face of widespread needs, and much deliberation about how to select areas in which to focus efforts, the Mississippi CFAP determined to initially focus on 23 counties which are widely considered to be “Delta” counties and which correspond to the Second Congressional District.³³ In assessing the needs of the community, the Treasury, together with local partners, identified the top issues and concerns among local residents, including 1) no savings for emergencies; 2) high credit card debt; 3) late bill payment; and 4) no formal relationship with financial institutions.

Approach

Given the limited resources available in the community and the widely dispersed population throughout the state, the Treasury, with the assistance the FDIC's Community Affairs Memphis office, worked to contact and build collaboratives of partners in three different areas. Partners were drawn from non-profit organizations and others working to address the many needs of low-income residents, especially in the Delta region, including those working on affordable housing, providing support to teen parents, and those providing early childhood education. All of these partners saw the need to incorporate financial education into their efforts. However, forging collaboration among partners was a challenge, with a number of people expressing the view that residents in the communities did not want to change.

Organization and Leadership Strategy

The CFAP partnered with Delta State University's Center for Community and Economic Development, attempting to address the needs of teen parents, to provide financial education and access to financial services to AmeriCorps/VISTA volunteers. This initiative strived to enhance the financial literacy of VISTA volunteers in the region and gave them access to financial products to develop assets and achieve their financial goals. CFAP also partnered with the Institute of Community Services, Head Start Inc.(ICS), to attempt to address the economic needs of the low-income residents by providing financial education and access to low-cost financial services to the parents of the Head Start program participants. One goal of this initiative was to help parents educate their children about sound financial behaviors and plan for their children's higher education. Additionally, CFAP partnered with South Delta Housing Regional Authority, which focused on providing pre- and post-home ownership education to the LMI

30 U.S. Census 2008, <http://quickfacts.census.gov/qfd/states/28000.html>.

31 FDIC, 2009. The FDIC report uses the term “black.”

32 *The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities across the US*, Community Affairs Offices of the Federal Reserve System and Metropolitan Policy Program, Brookings Institution, 2008.

33 The counties included are: Attala, Bolivar, Carroll, Claiborne, Coahoma, Copiah, Hinds, Holmes, Humphreys, Issaquena, Jefferson, Leake, Leflore, Madison, Montgomery, Quitman, Sharkey, Sunflower, Tallahatchie, Tunica, Warren, Washington, and Yazoo.

population throughout Mississippi Delta counties. These separate coalitions eventually merged into a single, sustainable coalition convened by Delta State University Center for Community and Economic Development, with the key assistance of Bilbrew Consulting Services, LLC and the FDIC. Toward the end of the pilot, the three separate groups came together to create the Mississippi Community Financial Access Coalition (MCFAC).

Partnership Roles and Responsibilities

Partners were recruited based upon mission compatibility, level of commitment to the efforts, and accessibility directly to the LMI populations. Once agreements were established, teams were formed based on partners' areas of interests, knowledge, skills and abilities, and networking strengths and work groups were structured based on the coalition strategic plan structure. Partnerships included a variety of different organizations consisting of the following, as of the end of the pilot.

Financial Institutions:

Cleveland State Bank
ECD Hope Community Credit Union
Southern BanCorp

Government Agencies, Non-Profit and Educational Organizations, and Others:

AJFC Community Action Agency Head Start Program
Bilbrew Consulting Services
Canton Housing Authority
Children's Defense Fund
Delta State University Center for Community and Economic Development
Education Services Foundation
eHome America
Federal Deposit Insurance Corporation
Federal Reserve Bank of St. Louis
Foundation for the Mid-South
Greenwood Housing Authority
Holly Springs Independent School District
Institute of Community Services Head Start Program
Mid South Delta LISC
MinCap
Mississippi Action for Community Education (MACE) Inc.
Mississippi Center for Justice
Mississippi Delta Service Corps AmeriCorps/AmeriCorps Volunteers In Service To America (VISTA)
Mississippi State University Extension Services
MS Home Corporation
Office of Congressman Bennie Thompson
Region VI Housing Authority
Rust College Family Assistance Program
South Delta Regional Housing Authority
Tougaloo College – Delta Health Partners
U.S. Department of Agriculture
U.S. Department of the Treasury

These partners carried out several important roles. For example, the FDIC Community Affairs Specialist provided assistance to certify local volunteers as Money Smart trainers. The FDIC along with Delta State University Center for Community and Economic Development, and Bilbrew Consulting Services, LLC actively supported the CFAP initiative by organizing the activities of financial education programs, conducting continual outreach to expand the coalition network, and explaining CFAP efforts to interested parties. The ICS served the parents of Head Start children and their employees. Delta State University Center for Community and Economic Development served VISTA volunteers by providing financial education and the skills to serve as volunteer financial educators for the community. The South Delta Housing Regional Authority focused on providing pre- and post- home ownership education to the LMI population.

Outcomes

By December 31, 2009, an estimated 4,488 LMI Mississippians received financial education in the areas of money management, pre- and post-homeownership education, and foreclosure prevention through the Mississippi CFAP activities. Participants, predominantly African-American female heads of household, included Head Start parents, elderly individuals, GED students, AmeriCorps members, homeless shelter residents, elementary and high school students, and faith-based and community organizations. While the CFAP partners believe that accounts were opened as a result of the initiative, consistent data was not gathered nor reported to the Treasury, so no accounts are documented. The CFAP did lead to the opening of a Volunteer Income Tax Assistance (VITA) site, in order to provide free income tax preparation assistance for low- and moderate-income community residents while also offering financial education.

The Treasury fostered a relationship between Delta State University Center for Community and Economic Development and Natchez Community Action Agency. Through this relationship, an Individual Development Accounts (IDA) program will serve 52 individuals and families in the Delta region.

The Mississippi Community Financial Access Coalition (MCFAC) was formed by the Mississippi CFAP partners as a longer-term approach to move the work of the CFAP forward by addressing the LMI population's financial education needs, advocating for change in alternative financial products regulations, and eventually establishing a microenterprise development program. The mission of the statewide coalition is to coordinate, promote and expand access to personal financial education, economic inclusion, and consumer protection for individuals and families in Mississippi with special emphasis on the Delta region, as defined by the Mississippi CFAP, the unbanked, underbanked and underserved.

Bringing together partners who work in diverse ways to meet the needs of the Delta region's low-income families has resulted in significant progress, although there is much work which remains to be done. For example, Tougaloo College Delta Health Partners (DHP)—a project focused on reducing infant mortality rates and the attendant problems of teen pregnancy—is planning to incorporate financial asset management as part of their curriculum for the educational sessions that are held in 18 schools in seven counties in the Delta. Working with the FDIC Community Affairs Specialist, DHP's staff will be trained and certified as Money Smart trainers during the summer of 2010.

Future Directions

The Center for Community and Economic Development Center is launching "Developing Personal Wealth" in Leflore County, Mississippi in July 2010. This program will teach financial topics to over 100 individuals using the Money Smart curriculum. Through a grant from the Foundation for the Mid-South, the opportunity for individual development accounts will be made available to 25 LMI individuals to purchase a home. As a result of training provided to housing authority clients, a local housing authority is researching the feasibility of a self-help housing program. Additionally, a homebuyer club has formed to provide monthly mini-sessions on topics such as low-cost banking opportunities, insurance, purchasing new/used automobiles, how to be more energy efficient, and the importance of maintaining a healthy home.

The short-term objectives of the MCFAC include developing a website to link the coalition members and providing train-the-trainer to ensure that financial education is available in every county in the Delta region. MCFAC will also work with statewide and national partners to provide online homeownership education throughout the state. Longer term objectives include using the Coalition to promote microenterprise development and advocate for policy change in the area of financial products and services.

Local Thoughts

“Financial education is the key to moving individuals and communities out of poverty. Teaching an individual how to spend less, save more, and make investments will open the door to wealth building and acquisition of assets”

— Deborah Moore, former Director, Center for Community and Economic Development, Delta State University

Missouri: St. Louis Metropolitan Area

Community Characteristics and Needs

In 2000, the Greater St. Louis³⁴ area had a population of approximately 2.6 million³⁵ with areas of significant population decline, unemployment, and low median incomes. According to estimates by the Pew Charitable Trusts, there are at least 17,600 unbanked households in St. Louis³⁶ although the FDIC Study indicates approximately 88,000 households are unbanked in the broader metro area.³⁷ Importantly, the FDIC Study found that 31% of black (African-American) households — totaling 75,000 families — were unbanked. It should also be noted that an estimated 77% of unbanked households in the region have household incomes below \$15,000 per year, with another 19% with incomes between \$15,000 and \$30,000.³⁸ While there were a number of financial education providers and programs serving the metro area, programs had not been especially focused on serving some of the communities lowest-income residents and neighborhoods.

Approach

The CFAP built upon the financial education and asset building initiatives already in place across the community, expanded upon offered services, and enhanced coordination among service providers. A diverse group of financial institutions, educational institutions, social service providers and government agencies convened to show support for an initiative to provide financial education and access. The group felt it was necessary to assess what was already happening in the community, and what the needs of LMI individuals were, prior to starting a broad initiative. The group decided to research different populations, including surveying the many organizations providing financial education to obtain an understanding of what education was already being provided in the community; surveying LMI individuals; and surveying very low-income individuals. During this assessment, some social service providers partnered with a credit union and banks to conduct “town hall” meetings which allowed consumers to have a dialogue with financial institutions and express their concerns about prior banking experiences. These meetings identified the educational needs of the consumers, provided education and referrals, and gave the ability to open bank and credit union accounts.

During the CFAP period, the initiative’s goals and objectives included the following: 1) increase access to financial education programs; 2) establish strategies for increasing access to financial products and services for all consumers; 3) determine effective approaches to increase use of accounts for LMI individuals; and 4) identify issues and those willing to advocate for the policy change to reduce barriers and challenges which negatively impact financial stability. This approach focused on serving very low-income individuals (incomes under \$9,000 per year—the average income served by Human Development Corporation (HDC)) especially those residing on the north side of St. Louis and communities in St. Louis County outside of St. Louis City. These individuals are largely outside of the financial mainstream and needed basic money management skills and relationships with financial institutions.

Organization and Leadership Strategy

After meeting with community coalition partners, the Treasury recommended that the CFAP coalition partners embrace the concept of forming individual partnerships between financial institutions and non-profit organizations as a way of “testing the waters.” The first entities to engage in this approach were St. Louis Community

34 The St. Louis MSA, comprises the City of St. Louis, Franklin, Jefferson, Lincoln, St. Charles, St. Louis, and Warren Counties in Missouri; the Crawford County portion of the City of Sullivan (together with the Franklin County portion) and the Counties of Clinton, Jersey, Madison, Monroe and St. Clair in Illinois. Cited at: Population Committee of the American Statistical Association, St. Louis Chapter, posted by County of St. Louis, at <http://www.co.st-louis.mo.us/plan/asa/>.

35 Cited at: Population Committee of the American Statistical Association, St. Louis Chapter, posted by County of St. Louis, at <http://www.co.st-louis.mo.us/plan/asa/>.

36 Pew Charitable Trusts’ Safe Banking Opportunities Project. Provided to the Department of the Treasury by Mia Mabanta.

37 FDIC, 2009.

38 The FDIC report uses the term “black.”

Credit Union (SLCCU), a credit union with a community charter committed to serving LMI individuals and neighborhoods, and two community action agencies. The community action agencies, HDC and Community Action Agency of St. Louis County (CAASLC) are non-profit organizations each with a primary mission of providing social and emergency services to low-income residents. HDC serves the City of St. Louis and Wellston, MO while CAASLC serves other parts of St. Louis County. The Treasury assisted these partners in identifying the financial needs of the population and in identifying starter accounts and financial education that would meet those needs.

Partnership Roles and Responsibilities

The various partners included SLCCU, the United Way of Greater St. Louis, CAASLC, and HDC. HDC, CAASLC, and SLCCU led the project implementation, while the United Way acted as convener throughout the project, hosting meetings and ensuring communications among collaborative members.

HDC provided direct access to their clients by allowing their clientele to be interviewed prior to appointments, and surveyed while waiting to be helped, as well as providing a venue for financial education sessions. HDC also conducted a mass-mailing campaign, promoting financial education opportunities. CAASLC surveyed its clientele to identify financial needs and provided financial education workshops in partnership with financial institutions. SLCCU facilitated and staffed financial education workshops, opened accounts, and offered low-cost loan products.

Standard Account Features

The chart below summarizes account features offered by SLCCU as part of the St. Louis CFAP.

Account Features — St. Louis Community Credit Union	
Minimum Opening Deposit	\$1
Minimum Opening Balance	\$1
Monthly fees	\$0
Overdraft fees	\$15
ATM fees in or out of network	\$1 out of network
Other fees	Money order \$0.49, Wire transfer \$15 domestic, \$25 overseas, statement copy \$5
Special Features (e.g. Bill payment, direct deposit, savings, electronic statements)	Free on-line banking, free bill pay, direct deposit, no minimum balance savings, \$300 minimum balance CDs for same high rates.

In addition to checking and savings accounts, SLCCU also made available a Credit Matters loan — a savings-secured loan which enables a member to improve his or her credit history. The proceeds of the loan are placed in a restricted savings account for the borrower; as payments are made, the amount becomes available to the borrower. This structure is based on the idea that it will help customers re-build their credit histories and help encourage savings. SLCCU also offers a Freedom “Payday” Loan Alternative, a version of a small dollar loan, with a maximum amount of \$500, and a 10% of the balance into savings, to help borrowers become savers.

Outcomes

Through CFAP, financial education was provided to over 4,400 LMI individuals through more than 250 training sessions. In total 6,584 accounts were opened – 3,292 each of checking and savings accounts (each new credit union member opens both a checking and a savings account). It is noteworthy that 1,084 accounts are reported to actively use direct deposit and 694 use online banking. Also, CFAP participating financial institutions placed LMI residents into lower cost financial products, such as car and signature loans, during workshops and one-on-one consultations. According to Treina Lind, Assistant Vice President, Business and Community Relations, of SLCCU, out of 1,500 Freedom loan borrowers: “we have moved at least 75 to 85 percent of those people into the mainstream.”

CFAP coalition partners implemented a financial education program that was absorbed into the structure of the Community Action Agencies serving over 100,000 residents yearly. Other social service providers have also incorporated financial education and access to accounts through their initiatives. For example, the CFAP helped facilitate a partnership between SLCCU and an after-school program for LMI inner-city youth, incorporating lessons on money management skills, nutrition, and physical education. Additionally, the collaborative has begun to engage in local policy efforts on issues believed to affect community residents, including payday lending.

Future Directions

CFAP will continue to be a part of St. Louis’ financial fabric as it is integrated into all of the social service providers programs designed to assist the LMI population. It is expected that additional financial institutions and community organizations will participate in the future. Additionally, the SLCCU has committed to developing additional financial products to serve the needs of underserved consumers, including a payday loan consolidation program and additional checking and savings products. SLCCU is also developing ways to distribute information, such as through a DVD. Finally, CFAP will continue to engage in activities to affect state and local policies related to fringe financial services and lending.

Pennsylvania: Philadelphia

Community Characteristics and Needs

With over 1.4 million residents,³⁹ Philadelphia has a diverse population and economy. Many of Philadelphia's LMI families spend much of their hard-earned money on high fees to cash their paychecks, conduct regular financial transactions, and have little savings or assets. For nearly every basic necessity, "low wage families in Philadelphia pay higher prices than other households."⁴⁰ As of 2005, state law allowed check cashing establishments, predominately located in LMI neighborhoods, to charge up to \$450 every year.⁴¹ The Pew Charitable Trusts estimated in 2008 there were 81,300 unbanked households in Philadelphia,⁴² and it is estimated that over \$500 million in checks are cashed at non-bank check cashers yearly.⁴³ These numbers are consistent with the FDIC Study's finding that there are 168,000 unbanked households in the larger Philadelphia metropolitan area.⁴⁴

Approach

Through CFAP, several agencies and organizations, such as the Philadelphia City Controller, financial institutions, and community-based non-profit organizations, became actively involved in tackling financial access and financial education in order to reduce the number of people who are unbanked in the city. The Philadelphia CFAP named itself "Bank on Philadelphia" (BoP). This initiative was created to leverage a wide distribution of community based organizations, banks, and credit unions to connect LMI consumers to lower-cost or no-cost accounts and alternatives to pay-day loan products. Additionally, BoP sought to increase access to financial education and credit counseling services and help Philadelphians establish and improve their credit scores. BoP is open to all interested national and regional banks, community banks, and credit unions doing business in Philadelphia. Additionally, two financial institutions and about 15 community based organizations provided financial education to consumers needing a fresh start account (second chance account for people on ChexSystems) and individuals interested in enhancing their competencies and knowledge in budgeting, account management, savings, and general financial management.

Organization and Leadership Strategy

The Philadelphia City Controller was instrumental in the BoP initiative, providing local leadership to convene, guide and coordinate the various participating organizations. Treasury assessed community needs, facilitated partnerships, and worked with local organizations to develop or identify appropriate financial products and implement financial education services.

Partnership Roles and Responsibilities

The Controller's office dedicated in-kind resources including staff, web development resources, website hosting, meeting coordination, marketing support, printing, and other resources. The Controller's office and the Treasury shared coordination activities including convening steering committees and work groups; providing presentations to organizations interested in joining BoP; and offering meeting space to BoP partners. The Controller's office developed, hosted and updated the BoP website, which includes information and support materials, including marketing and promotional tools, implementation guide, sample pre- and post-tests for financial education sessions event schedule, financial partners, BoP Financial Education Network, and the BoP Financial Education Certificate; and providing access to BoP information and resources for the general public and partners. Materials were developed by work groups of the initiative, assisted by the Treasury and the Controller's office. The Implementation Guide and

39 US Census Bureau, <http://quickfacts.census.gov/qfd/states/42/4260000.html>.

40 "The Price is Wrong: Getting the Market Right for Working Families in Philadelphia," The Brookings Institution Metropolitan Policy Program, 2005.

41 The Brookings Institution Metropolitan Policy Program, 2005.

42 Estimate provided to Department of the Treasury by Pew Charitable Trusts Safe Banking Opportunities Project by Mia Mabanta.

43 Philadelphia City Profile from "Banking on Wealth: America's New Retail Banking Infrastructure and Its Wealth-Building Potential," Matt and Mia Mabanta, Metropolitan Policy Program, The Brookings Institution, January 2008, accessed at: http://www.brookings.edu/reports/2008/01_banking_fellowes.aspx.

44 FDIC, 2009.

the Financial Education Guide, which contains these materials can be found at: www.treas.gov/cfap.

Through designated committees and working groups described below, BoP identified the guiding principles, procedures, processes, and resources for development and implementation.

- The Steering Committee — comprised of representatives from local, state, and federal government, non-profits, financial institutions, public agencies, and other organizations. The role of the committee was to guide the development of the strategic plan, timelines, and benchmarks for implementing BoP.
- The Products and Services Subcommittee developed the objectives for BoP and provided guidance in facilitating the availability of comprehensive financial products such as no- and low-cost checking and savings accounts and other products such as Fresh Start Accounts and the A Better Choice small loan product. The subcommittee reviewed and provided recommendations for ensuring availability and access for financial education through the BoP financial education network.
- The Community Outreach Subcommittee identified new partners, employers, community venues, groups, and events to create opportunities for connecting people to accounts. The committee collaborated with the Design Group and the other committees to ensure that the promotional materials, outreach strategy, and promotional activities were conducive and appropriate for reaching the unbanked and supportive of the identified performance measures.
- The Design Group was responsible for drafting, designing, developing, and coordinating the marketing pieces. Members identified and recommended a marketing plan for review and approval by BoP partners. Sample materials may be found in Appendix 2.

The financial institutions also played a crucial role by providing access to available no-cost and low-cost financial products and services; they also trained staff on goals of BoP and internal processes for assisting consumers who are interested in opening BoP accounts. Among other roles, they participated in special on-site or community outreach events when available and appropriate, and they encouraged community partners to support and promote BoP with their constituents.

A number of financial education providers were a part of this initiative. This includes non-profit providers, such as Arbor EARN center, Greater Philadelphia Urban Affairs Coalition (GPUAC), KRA Corporation, as well as two financial institutions — Philadelphia Federal Credit Union and PNC Bank. The financial education providers were encouraged to provide materials on budgeting, savings, account management, banking products, general financial management, and other competencies. In addition to these materials, the financial education providers were to also hold comprehensive sessions of 1 ½ to 2 hours, and to issue a certificate to all participants who completed the course. This certificate could be provided by the participant to a participating financial institution to allow him or her to open a Fresh Start (second chance) account.

There was an extensive group of community partners involved in this project, helping connect consumers to financial institutions and financial education. These partners included the Financial Freedom Network, the Empowerment Group, Catholic Social Services, and the Consumer Credit Counseling Services of Delaware Valley. These types of organizations are best positioned to give consumers the information they needed to access and wisely use mainstream financial products and services. Each of these larger community partners networked with smaller and neighborhood based organizations to reach the LMI population.

Standard Account Features

The chart below summarizes account features offered by BoP financial institutions.

Account Features – Bank on Philadelphia	
Free Checking	All
No Monthly Balance Checking	All
Low Monthly Fee Checking	All (\$0-\$9)
Fresh Start (Second Chance) Account	Most <ul style="list-style-type: none"> • may require repayment of outstanding overdraft fees • may require financial education
No or Low Fee Savings Account	Most
Minimum Deposit Savings Account	\$5-\$100 minimum opening balance
Youth Accounts	Some
Better Choice Loan Product	2 CUs
Direct Deposit	Most
Online Banking	Most
Online Bill Payment	Most
One Waiver of NSF/OD per year	Some
Checking Account linked to Savings Account	Most
Incentives with Savings Account	Most
Overseas Wire Transfers	Some
Domestic Wire Transfers	Some
Safe Deposit Boxes	All
Spanish Language Services	Some

Financial Education Guidelines

Given the number and diversity of financial education providers, BoP Financial Education Provider Network developed a set of recommended guidelines to ensure that education provided through the program was strong and consistent. The guidelines include the following recommended minimum content:

- **Spending Plan (i.e. Budgeting):** Learners gain an understanding of elements for preparing and managing a personal spending plan (budget).
- **Saving:** Learners are introduced to the benefits of saving and how to set reasonable and achievable savings goals. In addition, strategies for establishing a savings account and developing savings habits will be reviewed.
- **Account Management:** Learners will review: the importance of record keeping and be introduced to a variety of record keeping strategies; the functionality of the debit card as well as common mistakes and pitfalls that can come with debit card use; and common banking procedures (i.e. writing checks, deposits, withdrawals, and deposits availability); choosing and opening an account.
- **Banking Products:** Learners are introduced to no- or low-cost financial products specifically designed to help lower their costs in conducting daily financial transactions.
- **Cost of Financial Resources:** Learners are introduced to the high cost of using alternative financial services such as pay-day lenders, check cashers, and the effect these services have in depleting their personal earnings.

Additionally, the Financial Education Provider Network encourages providers to ensure that their curriculum meets the diverse needs of their learners, by addressing the following items:

- **Literacy:** The reading level is appropriate for the learners.
- **Diversity:** Materials reflect diversity in areas such as age, race, gender, and household income.
- **Culturally Sensitive:** Text, illustrations, and learning activities are culturally sensitive and appropriate for the learners. Text is translated if necessary.
- **Comprehension:** Sessions are 1 1/2 hours to 2 hours in length.
- **Achievement:** The BoP Certificate or PNC Certificate of Completion is provided to all participants upon completion of financial education session. A pre- and post-session survey will also be distributed in class to measure knowledge gained and the impact of the learning session on the learner.
- **Delivery:** The delivery of the financial education material is flexible for the learners (one-on-one, group or class instruction, self-study via CD, or online study).

Outcomes

As of March 2010, 950 participants of the EARN System received training using a curriculum provided by PNC Bank. This resulted in over 400 BoP accounts opened with local credit unions and close to 400 accounts opened with local banks. Additional accounts may have been opened, with other financial institutions and financial education received by other individuals through the BoP, but the data have not been collected or compiled, and therefore are not available for this report.

Future Directions

This initiative will continue to be promoted throughout the city and the Controller's Office continues to be the leading convener, coordinating meetings and providing leadership at least through 2010. In the spring of 2010 additional city-wide promotion through bus ads, gas company mailings, and public service announcements generated further interest in BoP. As well, additional financial institutions have joined the collaborative.

Texas: Brownsville

Community Characteristics and Needs

The City of Brownsville is located at the southernmost tip of Texas, where the Rio Grande meets the Gulf of Mexico. In this city of 172,437 people, on the U.S.–Mexico border, bi-national, bilingual and bicultural households are common, with 91% of households identified as Hispanic or Latino origin.⁴⁵ Low median wages result in a household poverty level of 36% (in 2007).⁴⁶ According to estimates by the Pew Charitable Trusts’ Safe Banking Project, there are at least 6,400 unbanked households in this region.⁴⁷ However, informal assessments by local leaders indicate a much higher number of individuals, families, and even small businesses are outside of the financial mainstream and in the cash economy. Using the statewide number for Hispanic households from the FDIC Study, nearly 21% of all Hispanic households in Texas are unbanked; therefore one can reasonably estimate a higher level of nearly 8,000 Brownsville households that are likely to be unbanked.⁴⁸

Approach

Consulting with community leaders, and additional research revealed that there was significantly more interest in the community in focusing first on financial education, using trusted local partners to reach the LMI population, than on opening accounts, and that a gradual process might be needed to address the high level of unbanked households. It was also apparent that messages on the need for financial education and entering the financial mainstream would most effectively be delivered by reaching families through educating their children. Factors that influenced this decision were the children’s bilingual abilities and greater acceptance by families, especially immigrant families, on information, ideas and ideals brought home by the children from school. Inspired by the television show “Are You Smarter than a Fifth Grader,” and the need to teach children while they are young, impressionable, and eager to practice and teach others, the Brownsville CFAP (BCFAP) decided to provide financial education to upper elementary school children through the Brownsville Independent School District (BISD) and private schools. Community leaders, including BISD Board Members, supported this approach, which was seen as important to reaching future leaders of the Brownsville community. Additionally, the approach reached parents through existing parent education channels of the BISD.

Organization and Leadership Strategy

The Treasury convened various meetings in Brownsville to gain support and partners for the CFAP initiative. These meetings generated interest among community advocates, such as the local Chamber of Commerce, and local financial institutions. International Bank of Commerce (IBC), a south Texas based financial institution led the effort to work in the schools to provide financial education, building on some financial education efforts on which the bank had previously worked.

The Treasury coordinated with the FDIC Community Affairs Office in Dallas to facilitate train-the-trainer Money Smart workshops for youth and adults. IBC, Treasury, FDIC, and the local Financial Literacy Advocacy Group (a youth group focused on providing financial education to youth) reviewed and adapted the Money Smart curriculum to meet financial education needs of local youth. IBC managed the administrative aspects of the financial education program by organizing train-the-trainer workshops and assigning certified instructors to schools. The partners worked with BISD to gain support from elementary school principals, and identify and vet certified volunteer instructors.

45 US Census Bureau, <http://quickfacts.census.gov/qfd/states/48/4810768.html>.

46 Brownsville Poverty Rate Data, <http://www.city-data.com/poverty/poverty-Brownsville-Texas.html>.

47 Estimate provided to Department of the Treasury by Pew Charitable Trusts Safe Banking Opportunities Project by Mia Mabanta.

48 FDIC, 2009. The FDIC report uses the term “Hispanic”.

In addition to reaching elementary school students, the CFAP trained high school business students to become trainers of younger students, especially middle school students, and reached parents through Parental Group presentations.

Partnership Roles and Responsibilities

Partnerships included a variety of different organizations consisting of the following:

Government Agencies:

City of Brownsville
Federal Deposit Insurance Corporation
Federal Reserve Bank of Dallas
U.S. Department of the Treasury

Financial Institutions:

Compass BBVA
Frost Bank
International Bank of Commerce
Wells Fargo

Non-profit and Educational Organizations:

AgriLife Extension
Brownsville Independent School District
The Chamber, Brownsville Texas
Family Outreach
Financial Literacy Advocacy Group
Friendship of Women, Inc.
Su Clinica Familiar
WorkForce Solutions Cameron

IBC identified individuals interested in becoming certified financial instructors and official trainers for the community instructor pool. FDIC staff trained more than 100 individuals in the Money Smart and Money Smart for Young Adults Curricula, thereby establishing a local instructor pool. The Treasury and IBC met with principals of public and private schools to secure buy-in for incorporating the financial education program into their course curriculum in Social Studies, Home Economics, or other applicable course. Once this relationship was established, IBC assigned volunteer trainers to interested schools.

The modified Money Smart curriculum included the following modules:

- Bank on it: introduction to banking
- Check it out: how to choose and keep a checking account
- Setting financial goals; how to keep track of your money
- Pay yourself first: why you should save, save, save
- Borrowing basics: an introduction to credit
- Charge it right: how to make a credit card work for you
- Paying for college and cars: know what you are borrowing before you buy

In addition to providing classroom-based financial education, IBC worked with BISD to implement school mini-banks as part of the micro-community learning system. Various participants from across BISD supported the initiative, including school board members, principals and teachers. High school teachers from various disciplines such as Health Science, Business Education, and Education and Training received financial literacy training through FDIC Money Smart program and incorporated the information into their courses.

Outcomes

The BCFAP brought the BISD into compliance with state legislation (Texas Law 492), which required that students receive “instruction in personal financial literacy in one or more courses required for high school graduation.” Twenty-four out of 33 BISD elementary schools began the program. Over 60 volunteer trainers were identified to begin working in the schools.

As of December 2009, the BCFAP reports that over 100 sessions have been held educating over 4,200 participants on financial topics. Most of these students have received the Bank on It and Check it Out modules, with additional sessions scheduled after the end of the CFAP period.

Future Directions

The BCFAP plans to extend the financial education program into all of the LMI neighborhoods and every BISD fifth grade class. Eventually all elementary schools will be included along with the seventh grade “Exploring Careers” classes at all 11 middle schools. Additionally, more parent groups will be trained and additional high school students will be taught through elective courses such as Money Matters and International Business Magnet programs. The BCFAP is also looking to implement incentives for students and volunteers, and establish an advisory committee to help shape future activities.

Local Views

“If our high school business students can start concentrating on financial education, why couldn’t all of our middle school students and other students in our Career and Technical Education programs receive instruction in financial education, as well. It also helps them learn leadership skills, social skills and builds their self-confidence.”
— Olivette Fisher, Career and Technical Education Lead Teacher, BISD

Washington: Cowlitz County

Community Characteristics and Needs

Hard hit by an economic recession in 2001, Cowlitz County, located in southwest Washington in the Columbia River valley, has been facing a transition from economic dependence on logging and fishing to a service and tourism based economy, which results in lower-wage jobs. The population of approximately 100,000 residents trails the rest of Washington on many economic indicators; for example, a 2008 U.S. Census estimate indicates that 14.8% of Cowlitz households live below the poverty level compared to 11.3% for the state.⁴⁹ Similarly, the county's 2009 unemployment rate was 12.9%, compared to the 8.9% unemployment rate for the state.⁵⁰ The Pew Charitable Trust's Safe Banking Opportunities Project estimated at least 3,000 unbanked households in Cowlitz County.⁵¹

Approach

The Cowlitz Asset Building Coalition (CABC), a collaborative of financial institutions, community organizations, financial education providers, federal, state, housing, and other social welfare agencies in Cowlitz County working together to expand access to financial education and financial services for county residents as a means to promoting individual, family, and community economic well-being, was created to implement a strategy to address a number of economic needs of the area's LMI individuals. Its mission is "to help lift people and families from poverty by providing the organization of resources and assets to address and meet the needs of our community."

The CABC worked with the Treasury to create Bank on Cowlitz County (BoCC) to help the county's unbanked and underbanked residents achieve greater economic prosperity by connecting them to financial mainstream services, products, and financial education. The collaborative used the support of diverse government agencies, community organizations, financial institutions, and others to provide these services to the population needing them. The collaborative also worked through existing initiatives such as America Saves to promote savings, and tax assistance to engage people to think about banking and saving at key times.

Organization and Leadership Strategy

The Treasury worked with CABC to convene partners to develop goals and guiding principles, provided ideas for developing BoCC's potential partners and stakeholders to assist with implementation of the strategy and achieve performance measures and develop a sustainability plan. The Lower Columbia CAP, a community action agency providing a wide array of social services in the region, provided staff support to CABC and BoCC.

Partnership Roles and Responsibilities

BoCC is a collaborative of financial institutions, community organizations, financial education providers, federal, state, housing, and other social welfare agencies in Cowlitz County working together to expand access to financial education and financial services for county residents as a means to promote individual, family, and community economic well-being.

Financial Institutions:

Chase Bank
Cowlitz Bank
Fibre Federal Credit Union
Red Canoe Credit Union
US Bank

⁴⁹ US Census Bureau, <http://quickfacts.census.gov/qfd/states/53/53015.html>.

⁵⁰ US Bureau of Labor Statistics, <http://www.bls.gov/lau/>.

⁵¹ Estimate provided to Department of the Treasury by Pew Charitable Trusts Safe Banking Opportunities Project by Mia Mabanta.

Non-Profit and Governmental Organizations:

211 Info

CAP Self-Help Housing

Consumer Counseling Northwest (now Apprisen Financial)

Cowlitz- Wahkiakum Work Source Center

Cowlitz-Wahkiakum Council of Governments

Cowlitz EDC and Head Start

Cowlitz County AARP

Cowlitz Small Business Development Center

Federal Deposit Insurance Corporation

Financial Education Resource Center

Financial Solutions of SW WA

Internal Revenue Service, W&I, SPEC

Longview Housing Authority

Lower Columbia CAP Career and Family Development

Lower Columbia CAP Financial Independence Center

Longview Goodwill Industries

Northwest Justice Project

Southwest Washington Work Force Development Council

Southwest Washington Partners in Careers

Statewide Poverty Action Network

U.S. Department of the Treasury

Washington State Department of Commerce

Washington State Department of Financial Institutions, Consumer Education & Outreach Communications

Washington State Microenterprise Association

These partners played important roles by promoting available no- or low-cost financial services and products; increasing the availability of financial education and credit counseling services to residents; increasing community awareness of potential impacts to residents outside of the financial mainstream; implementing a comprehensive outreach strategy for clients and resources; involving the support of diverse partners; forming subcommittees; developing an implementation plan; conducting assessments of financial education and financial products; and establishing timelines for implementation which capitalizes on the Earned Income Tax Credit delivered through the tax season as well as other initiatives such as America Saves/Washington Saves/Cowlitz Saves Campaign.

Standard Account Features

The chart below summarizes account features offered by Bank on Cowlitz County participating financial institutions.

Account Features – Bank on Cowlitz County	
Minimum Opening Balance Opening Deposit	Minimum \$1 opening deposit at some institutions
Monthly fees Overdraft fees	None.
Special Features	<ul style="list-style-type: none"> • Youth accounts • Online banking and bill pay • ChexSystem acceptance with financial education <ul style="list-style-type: none"> ◦ May require repayment to the financial institution • Accept other ID, including Canadian and Mexican ID • Electronic Transfer Account (1 bank) • Goal savings accounts • Secured credit cards, unsecured loans, saving secured loans • Small CDs

Financial Education

Financial Education was provided through WorkSource Cowlitz and Lower Columbia CAP using the FDIC's Money Smart curriculum. The various modules were offered generally on a weekly basis, in both Longview and Kelso, the main towns in the county. Money Smart sessions targeted for youth and for seniors have also been offered. The local Goodwill also offers a money management course. Individual Development Accounts and free tax preparation assistance are related services provided by BoCC partners.

The CABC created a Financial Independence Center housed at Lower Columbia CAP. The Financial Independence Center offers free Financial Health Assessments, helps people access free credit reports, and provides access to homebuyer and car buyer education, in addition to Money Smart financial education classes for LMI residents.

Outcomes

Bank on Cowlitz County opened a total of 249 checking and 375 savings accounts by the end of the pilot period. The total opening balance of checking accounts was \$4,369, and the total opening balance of savings accounts was \$3,749. The average monthly balance in checking was just over \$320 and in savings \$112. Financial institutions reported that on average, checking account holders used three bank products, and savings account holders used 1.5 bank products. Over 1,000 LMI people received financial education, through 181 group sessions and 332 one-on-one sessions, with 98% satisfaction.

Future Directions

The banks and organizations will continue to expand this initiative, expand asset development resources, increase partners, and serve as leaders and technical assistance providers for surrounding counties.

Local Views

“Partnering with Bank on Cowlitz County has been a win-win situation for everyone involved. Working together we’ve raised awareness in our community that there is a place to go for a fresh start in banking. A \$5 deposit is all it takes to get back on the road to mainstream financial services at Fibre Federal Credit Union.” — Lesley Carrell, SVP/Marketing, Fibre Federal Credit Union

“My case manager sent me to the Money Smart classes and I found out there were banks and credit unions that would let me have a “Second Chance” to have a checking account even though I was in Check Systems. Everyone had told me “no way” but the instructor sent me to one bank and two credit unions to choose the right account for me!” — Account Holder

“I am so jacked!!!! I was trying to rent an apartment, but they wanted direct payments from my checking account. I didn’t want to tell him they won’t give me an account. So my friend told me about Bank on Cowlitz. I went to the credit union. They said I had to attend classes to learn about savings, checking and budgeting. I went to three classes, got a certificate and now I have a checking account, direct deposit from my work, a debit card, and even a savings account which also has my back for overdraft protection.” — Account Holder

Conclusion: Lessons Learned and Next Steps

Both anecdotal and survey information has shown that “the unbanked” are outside of the mainstream financial system for various reasons. In a 2009 survey of the adult U.S. population, the following reasons were given for not having a bank account:⁵²

Not enough money to need an account	72%
Don't want to share personal information	35%
Fees too high	35%
Don't like dealing with banks	34%
Inconvenient hours or location	23%
Banks would not open account	22%

Overcoming these multiple challenges is not simple. However, lessons learned from the CFAP indicate that working with committed partners with diverse capabilities can bridge the gap between financially excluded individuals and the mainstream financial system. Further work to open transaction accounts, provide savings opportunities, and address a lack of financial skills can be effective in bringing together different sectors of the community for a common purpose, which in the end can benefit individuals, families, and the community as a whole.

Depending on the group targeted, different levels of effort and types of effort may be needed. For example, for those unbanked individuals who are currently considering opening an account, simple targeted marketing, such as a flyer or billboard, may be sufficient to encourage their participation. For individuals participating in a financial education program or other program in which they are working to improve their household outcome (such as job training), it is likely that they could be convinced of the merits of opening an account. For individuals who are not currently in the financial mainstream, and are not working with an existing service provider, the challenge will be significantly greater.

Across communities, needs also vary. The Treasury intentionally selected diverse communities to participate in the pilot. In some of the communities, similar initiatives, such as asset-building or financial literacy initiatives were underway or had been developed in the past; through these opportunities, community partners may have already worked together, but they may also have been reluctant to take on another major effort. In other communities, the wide array of financial institutions, community organizations, and other entities had the potential to result in “turf battles” instead of collaboration. In the two most rural pilot sites, in particular, identifying potential partners, especially financial partners with the capability and willingness to serve spread out populations took additional time and effort.

The CFAP showed that there is not a one-size-fits-all approach to enhancing financial opportunities, and different partners are needed. Importantly too, partners should fill the roles that they are best suited to fill, rather than trying to do everything.

For example, financial institutions are needed to provide low-cost, low-risk financial products. Among the successful products are free- or low-cost checking accounts with low balance requirements. Also important is access

⁵² *Financial Capability in the United States: Initial Report of Research Findings from the 2009 National Survey*, prepared for the FINRA Investor Education Foundation by Applied Research & Consulting LLC, December 2009.

to accounts for people who would not otherwise have access – such as those without standard identification and those who are on ChexSystems. In the face of a changing regulatory and economic environment, it is not clear how readily financial institutions will make available such products, and the CFAP did not collect information from financial institutions as to whether such products were profitable to the financial institutions.

Innovation in sustainably meeting needs of LMI consumers should continue to be encouraged. For example, financial institutions may consider offering small credit products, like the Pennsylvania Credit Union Association's A Better Choice Loan product, and the St. Louis Community Credit Union's Freedom Loan, which help individuals improve their credit scores while avoiding higher cost lenders.

In some communities, especially rural communities, different challenges exist, where bank and credit union branches are not significantly present in LMI neighborhoods. In such communities, financial institutions may consider opening electronic accounts, or offer accounts on site at non-profit or other partners. Through the Bank On USA initiative, the Treasury will encourage innovation in development and delivery of financial products that meet the needs of LMI consumers, by local and national financial institutions, community development financial institutions and others, to promote wide and sustainable availability of such products in the marketplace.

Financial education — the process by which people improve their understanding of financial products, services and concepts, so they are empowered to make informed choices, avoid pitfalls, know where to go for help and take other actions to improve their present and long-term financial well-being⁵³— can be provided in various ways by various parties. Financial institutions can provide financial education and counseling, in a formal or informal setting, directly or in partnership with non-profit organizations or financial professionals. Smaller credit unions, for example, may provide financial education on a one-on-one basis at account opening or as needed. Community organizations and government agencies can agree to introduce, enable and encourage their clients/staff to learn how to manage their money and save for the future.

Financial education was not generally required as part of account opening, except in cases where the person was on ChexSystems, having therefore demonstrated past difficulties in managing a checking account. Due to different types and amount of data collected from the CFAP sites, it is difficult to draw quantifiable conclusions about the effectiveness of these various approaches.

Many financial education materials and curricula exist, and it may be challenging to select those that best meet the needs of the population served. The curriculum most commonly used by CFAP sites is the FDIC's Money Smart. This curriculum is geared to adult learners, is appropriate for those with low levels of formal education and focuses on the basics of money management. Importantly, Money Smart is free, readily accessed and reproducible, and available in multiple languages. Additionally, it can be modified to meet the population needs.

In order to help service providers, individuals and others assess the quality of financial education programs and materials, the Treasury, in conjunction with the federal Financial Literacy and Education Commission recently developed a set of financial education "Core Competencies." These Core Competencies are intended to summarize what individuals should know about personal finance, and the basic concepts that should be covered in a comprehensive financial education program. The set of core competencies can be found in Appendix 5.

To ensure the quality of content and delivery of the financial education provided, communities can agree to use the same curriculum (for example, Money Smart, as in Brownsville), or they can agree to use content standards (as in Philadelphia). Many initiatives also include brief tests of knowledge before and after the training to determine the effectiveness of the education. Providers may exist in the community, but they may need help in reaching a larger number of individuals or diverse locations. In Jacksonville, for example, an established financial education provider

⁵³ *Strategy for Ensuring Financial Empowerment Report*, 2007, Financial Literacy and Education Commission.

was able to greatly expand the number of people it served, especially in LMI neighborhoods through partnerships with community organizations, local banks, libraries, and other partners.

High quality trainers are essential to successful financial education. Discussions with CFAP partners indicate that a high quality financial education provider is one who relates to the audience, and makes the financial content personal, as well as relevant and timely. Regardless of the quality of the curriculum, financial education is only valuable if it is delivered to an audience that is receptive. A number of CFAP sites and other initiatives have found that financial education can be tied to a large number of other learning opportunities, for example, children's education, savings initiatives, and job training and placement programs. By linking financial education to other places where people "want to" or "have to" be, programs can increase attendance while reducing the cost of holding a stand-alone session. For example, the Philadelphia EARN centers provided financial education and access to accounts as part of their job training programs. As part of the Bank On USA initiative, the Treasury plans to support effective and innovative financial education delivery that helps LMI individuals build their financial capability, and encouraging innovative and effective partnerships to enhance delivery. Bank On USA will also seek to support approaches that are tailored to individual needs, and needs of particular sub-groups.

Building Strong Collaboratives

Now more than ever, many community participants are interested in promoting the financial stability of community residents. Therefore, interested partners can include not just financial institutions, but local and state government agencies, advocacy groups, faith-based entities, health organizations/advocates, educational institutions, major non-profit organizations, as well as employers and other community businesses, and even interested individuals, such as retired financial or education professionals. Many collaboratives have found that it is effective to start work with a core group of committed organizations and individuals. The successes of this group can attract even more interested participants. In many cases, it was important to focus on shared objective of partners – enhancing financial capability of community residents – even if the partners did not share all values. For example, often community organizations might mistrust financial institutions, while some financial institutions would be wary of working with low-income populations.

Government agencies, larger umbrella non-profit organizations, or even higher educational institutions, may be effective as conveners of various parties. These organizations may be seen as a "neutral party" and may have connections and influence among financial institutions, community service organizations, and others, to bring them together effectively. In addition to calling an initial gathering, such conveners can promote communication among working groups, develop and host a website for information sharing, hold ongoing meetings, and collect reporting information from participating organizations. These types of entities may also be a channel through which funding for outreach and marketing and development and distribution of materials can occur. Such entities may or may not directly provide services to LMI individuals; but they are clearly critical parts of an effective community collaborative.

A common and relatively narrow objective of opening accounts and providing financial education may be a useful way to begin the collaborative. Financial institutions and community organizations should work together to determine products needed that can be feasibly provided. This process can also be a useful learning experience. Financial access goals should meet the corporate goals of the financial institutions and the financial access needs of the LMI consumers. Simultaneously partners should focus on specific objectives, it is also important that they realize that bringing financial stability for low-income families is a long-term proposition, not a "special project" or short-term "campaign." From this start, collaboratives can continue to enhance services and respond to needs in the community. Effective collaboratives change over time, with changes in individuals' roles, organizational changes, and emerging new priorities. A core based on shared objectives will hopefully be strong enough to withstand changes and maintain focus despite changes in the environment.

A critical factor in a strong collaborative is commitment, understanding, and “buy in,” from staff at all levels of each of the partner organizations. For example, a case manager at a social service organization should understand the benefits of an account, so that he can encourage a client to open one, and a teller at a bank or credit union should be committed to opening accounts for first time customers – even if the person who walks in the door is unfamiliar with the bank’s processes and terminology. Ultimately, services are delivered by front line staff, and a commitment to provide training and supportive of the goals of the initiative are critical. The Treasury recognizes that staff training, tools and resources are needed to help achieve this level of service, and is looking for ways to effectively support staff capability through the Bank On USA initiative.

Data Collection Challenges

Collecting quantitative data on the progress of the sites was a challenge. The Treasury developed a data collection form and solicited both public comment and comment from the sites on it. The form was relatively simple, and could be electronically submitted via a spreadsheet or other means if necessary. However, many partners did not submit data on the requested quarterly basis. Because this data collection was purely voluntary, it may be that partner organizations did not feel there was a need to do so, did not see the benefit for data collection, or did not have the staff time and resources to devote to it. The Treasury understands that this shortfall in data collection and reporting is common across a number of the local and national initiatives to promote access to bank and credit union accounts. Additionally, financial education providers around the country are also facing the challenge of measuring impact beyond the number of people served or hours of training provided.

As part of Bank On USA, the Treasury plans to take a number of steps to promote better assessment of performance in this field. Among these, the Treasury will work with local practitioners and national experts to develop metrics that can be used by community collaboratives to assess uptake and use of various financial product and financial education offerings, any demonstrable changes in user financial health, and other outcomes. These measures will allow local initiatives to analyze their own performance; provide the Treasury and other interested parties with aggregated data to assess overall initiative achievements; and help researchers better analyze and understand the financial and educational needs of the LMI population. The Treasury will also look to support data collection and analysis, as well as in-depth evaluation and research in the field through the Bank On USA, if funded in 2011.

Challenges and Thoughts on Future Implementation

In many communities, especially those that have faced years if not decades of financial decline, challenges and needs are great and providing access to financial education and financial services may be seen as a “drop in the bucket,” and therefore it may be difficult to garner community interest and support in what is seen as yet another new program which is untested in bringing about significant community improvement.

For individuals with long histories of a lack of education (not just financial education), and a lack of trust in mainstream economy, education and gaining trust is a long term process and will not be turned around quickly. Additionally, many LMI individuals and families face a number of challenges, so that it beginning to address them faces a range of difficulties. For example, even if someone wants to open a bank account, he or she may not work for an employer who offers direct deposit, or he or she may have outstanding debts to pay off prior to building savings. Many individuals have poor credit histories and/or ChexSystems records that may serve as barriers to opening accounts.

The changing financial and regulatory environment may also affect not just products and services offered by financial institutions, but also their ability to engage in community activities and support non-profit organizations. Similarly, decreased availability of state and local government funding and other support for non-profit

organizations may make it more challenging for such entities to assist in these efforts, even as the need is as great or greater than ever.

Recognizing the value of people is above all one of the most crucial elements to a successful initiative. In every community, as well as communities around the country, we have seen that what makes these programs successful is the commitment and effort of dedicated, passionate individuals who want to make the project work. With such commitment, obstacles can be overcome, creative solutions found, and most importantly, minds changed.

Next Steps: Bank On USA

The Department of the Treasury is developing a Bank On USA initiative. This national initiative will promote access to affordable and appropriate financial services and basic consumer credit products for underserved households. Bank On USA will use lessons learned from the CFAPs and other local initiatives to expand access to financial services and education; these findings will help promote financial empowerment of underserved populations and innovation in financial services that meet the needs of LMI populations. This national effort has the ability to move from helping tens of thousands of people to helping millions of hard-working Americans build more secure financial futures, and making lasting change in their lives and their communities.

The President's FY 2011 budget, if funded, would include a Bank On USA Initiative with several components, including:

Supporting Community-Based Efforts

These planned activities will provide assistance directly to community-based collaboratives working to provide financial access and financial education to LMI individuals who are un- and underbanked, in order to help them better meet their financial needs and obtain greater financial stability.

- Provide grants to local, regional, statewide or other collaborative efforts to implement and improve community-based initiatives.
- Offer technical assistance to communities to engage in collaborative, community-based approaches.
- Share best practices and innovations in communities throughout the country.
- Enhance program evaluation, research, and pilots to improve collaborative, community-based models.

Promoting Product, Service, and Delivery Innovation

These activities will encourage private-sector innovation to provide affordable, fair and appropriate financial products and services, and delivery approaches that connect un- and underbanked people to them.

- Promote market innovation to meet consumer needs for lower cost and increased service.
- Provide grants, awards, and competition opportunities for community development financial institutions, credit unions, and other financial providers to create new products and channels to support "Bank On" efforts and the financial services available for LMI individuals in the larger marketplace.

The success of Bank On USA will depend on the commitment, creativity and effort of participating communities. A successful program will hopefully provide more American households with new financial opportunities and the chance to build assets for the future and contribute to the rebuilding of American communities.

Appendices

1. Summary of CFAP Account Features
2. Sample marketing materials
3. Sample Community Surveys
4. Money Matter\$ - Course Outline/Curriculum (Kentucky Community and Technical College System)
5. Financial Education Core Competencies
6. Useful Resources on Financial Access and Financial Education

Appendix 1. Summary of CFAP Account Features

Account Features (for which information is available)	Fresno, CA	St. Louis, MO	Philadelphia, PA	Cowlitz County, WA
Minimum Opening Deposit	\$0-\$100	\$1	Info not avail.	Minimum \$1 at some institutions
Minimum Opening Balance	No requirement.	\$1	\$5-\$100	Minimum \$1 at some institutions
Monthly fees	\$0-\$9.50	\$0	\$0-\$9	\$0
Overdraft fees	First set of NSF/OD fees waived, after which fees vary \$0-\$35.	\$15	Info not avail.	\$0
ATM fees in or out of network	In network transactions are free; out of network transactions range from \$0-\$5.	\$1 out of network	Info not avail.	Info not avail.
Other fees (talking to live agent, receiving copy of balance, etc.)	Varies per financial institution; some charge a check processing fee.	Money order \$0.49, Wire transfer \$15 domestic, \$25 overseas, statement copy \$5	Info not avail.	Info not avail.
Special Features (bill payment, direct deposit, savings, electronic statements)	Varies per financial institution. Includes: cashier's checks, direct deposit, electronic statements, financial education training, money orders, online bill pay, remittance products, special savings account features, travel cards, wire transfers, 24/7 access to phone bankers and ATM access.	Free on-line banking, free bill pay, direct deposit, no minimum balance savings, \$300 minimum balance CDs for same high rates.	Info not avail.	Youth accounts Online banking and Bill pay ChexSystem acceptance with financial education May require repayment to the financial institution Accept other ID, including Canadian and Mexican ID Electronic Transfer Account (1 bank) Goal Savings accounts Secured Credit cards, unsecured loans, saving secured loans Small CDs

Appendix 2. Sample marketing materials

GET BANKED!

- ✓ Stop Giving Your Money to Check Cashers
- ✓ Start Building Your Credit

Open a low-or-no cost checking or savings account with one of our **Bank on Philadelphia** partners:

PNC Bank • American Heritage Federal Credit Union • Wachovia • Freedom Credit Union
 • Philadelphia Federal Credit Union • Citibank • United Bank of Philadelphia
 • TruMark Financial Credit Union • Fox Chase Bank

Call City Controller Alan Butkovitz: **215-686-3885**
www.philadelphiacontroller.org/bop

An initiative of City Controller Alan Butkovitz in collaboration with the U.S. Treasury Dept.



Times are Tough. How's your future look?

Turning it around is as easy as A-B-C:

- Assets** – Claim your Earned Income Tax Credit, and get paid for saving money
- Banking** – Open or re-open a bank or credit union account to save check-cashing fees
- Credit** – Get it and keep it

CALL THE NUMBERS BELOW TO SIGN UP FOR THE SERVICES NEAREST YOU.
 OR CALL UNITED WAY 2-1-1 BY DIALING 2-1-1 OR 632-0600 TO FIND OUT ABOUT THESE AND OTHER FREE SERVICES.

FOR ZIP CODE 32207, THE CLOSEST FREE FINANCIAL CLASS TO YOU IS:

War on Poverty-Florida – Gateway Mall 5196-A Norwood Avenue Jacksonville, FL 32207 (904) 766-7275	Duval County Extension 1010 N. McDuff Avenue Jacksonville, FL 32207 (904) 387-8850	Jacksonville Urban League (JUL) 903 W. Union Street Jacksonville, FL 32207 (904) 366-3470	Northeast Florida Community Action Agency 1133 Ionia Street Jacksonville, FL 32207 (904) 632-1461, x 205 -or- (904) 632-1469 x 207
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FOR ZIP CODE 32207, THE CLOSEST PARTICIPATING BANK OR CREDIT UNION TO YOU IS:

Regions Bank 1600 Hendricks Avenue Jacksonville, FL 32207 (904) 858-7561	Sun Trust Bank 1300 Riverplace Blvd # 100 Jacksonville, FL 32207 (904) 396-9775	Wachovia Bank 3650 Phillips Highway Jacksonville, FL 32207 (904) 367-5271
Sun Trust Bank 4250 Phillips Hwy Jacksonville, FL 32207 (904) 732-5466	Wachovia Bank 2031 Hendricks Avenue Jacksonville, FL 32207 (904) 486-2245	Wachovia Bank 1301 River Place Boulevard, Suite 200 Jacksonville, FL 32207 (904) 738-6458
	Wachovia Bank 5622 Beach Boulevard Jacksonville, FL 32207 (904) 483-4540	

FOR ZIP CODE 32207, THE CLOSEST FREE TAX SITE TO YOU IS:

Independent Living Resource Center 2709 Art Museum Drive Jacksonville, FL 32207	San Marco Library (Balis Center) 1513 LaSalle Street Jacksonville, FL 32207
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Please contact United Way 2-1-1 to get the most current hours of operation. You may contact United Way 2-1-1 by dialing 2-1-1 or 632-0600.

Appendix 3. Sample Community Surveys**a. Mississippi Institute for Community Services (Head Start)****EVALUATE YOUR CURRENT FINANCIAL PRACTICES**

Program year 2008-2009

Head Start Center Name: _____

Date: _____

What are the three (3) biggest financial problems?

- (1) credit card debt
- (2) lack of emergency funds
- (3) late bill payments
- (4) managing my money well
- (5) little or no savings
- (6) use of check-cashing services
- (7) poor credit rating
- (8) lack of retirement account
- (9) college cost
- (10) lack of income/job
- (11) any other financial problem not listed

b. Human Development Corporation of Metropolitan St. Louis

Date: _____

We are doing a survey to better understand the financial services used or availability of banking services for people in metropolitan St. Louis. You are not obligated to give us your name, but you may do so on the attached sheet if you want more information about how to open a checking / savings account.

1. Do you have a bank account right now? Yes No
 If YES, Do you have a...
 - Savings account
 - Checking account
 - Both a savings and checking account

2. If you DO have a bank account, choose the following services that you use from your financial institution:
 - Online Banking
 - Debit/Check Card
 - Direct Deposit
 - Overdraft Protection
 - Certificate of Deposit (CD)
 - Individual Retirement Account (IRA)
 - Loan (Auto, Home, Personal...)

3. If you DO NOT have a bank account, choose the reason(s) that best explain why: (Choose as many as apply)
 - I don't write enough checks to make it worthwhile
 - Minimum balance is too high
 - I do not like dealing with banks
 - Too many fees
 - There is no bank in my neighborhood
 - The bank hours are not convenient
 - I have not gotten around to it
 - I owe money to a bank or credit union
 - I have had past bank account problems
 - I do not meet bank's qualifications for having an account
 - I do not have enough money
 - I cannot manage or balance a checking account
 - I am concerned about my account being garnished
 - Other (please specify) _____

4. Where do you cash your checks? (Circle all that apply)
 - a. Bank b. Credit Union c. Check cashing service d. Pawn shop
 - e. Store f. Other _____

5. How do you pay your bills? (Circle all that apply)
 - a. Check b. Cash c. Money order d. Other _____

6. Do you borrow money from lenders other than a bank or credit union?
 Yes No
 If YES, please share what type of lender (Circle all that apply)
 a. Payday lender b. Pawn Shop c. Title loans
 d. Tax refund loans d. Other (please specify) _____
7. Would you be interested in classes or information on the following topics? (Check all that apply)
 Budget/planning spending
 Saving money on expenses
 Setting financial goals
 Understanding credit/credit reports/credit scores
 Paying down debt
 Learning about bank accounts and banking services
 Learning about insurance
 Learning about saving money on taxes
 Getting my taxes done for free
 Other (please specify) _____
8. How would you prefer to receive this type of education? (Please check one)
 Classes
 Speak with bank or credit union representative
 Financial Counseling
 Written Info
 One-on-one counseling
 Other (please specify) _____
9. Home Zip Code: _____
10. Please complete the following:
 (Circle the response from each column that best describes you.)

Gender	Race/Ethnicity	Age	Household Size	Annual Gross Family Income
Female	African American	Under 25	1 person	Under \$10,000
Male	Asian	25 – 34	2 people	\$10,000 - \$19,999
	Caucasian	35 – 44	3 people	\$20,000 - \$29,999
	Hispanic or Latino	45 – 55	4 people	\$30,000 - \$39,999
	Other	55 or older	5 or more people	More than \$40,000

Appendix 4. Money Matter\$ - Course Outline/Curriculum**Kentucky Community and Technical College System**

INTRODUCTION

FDIC statistics for the Tri-State Survey & Pre-Assessment

UNIT I - PREPARATION AND PLANNING

Overview of Good Financial Health

Five Steps to Start Building Good Financial Health

Step 1 - Organizing personal financial information

Step 2 - Creating a Budget

Step 3 - Identifying Needs vs. Wants

Step 4 - Establishing Financial Goals

Step 5 - Saving

CASE STUDY - PART I

Student Exercises & Discussion

UNIT II - USING BANKS AND OTHER FINANCIAL INSTITUTIONS

The Role of Banks

Products and Services Available Through Banks

Five Steps to Finding a Bank and Opening an Account

Step 1 - Choosing a Bank

Step 2 - Asking the Right Questions

Step 3 - Bringing the Right Paperwork

Step 4 - Verifying You and Your Account

Step 5 - Before Using Your Account

Accessing Your Money at the Bank

UNIT III - PROTECTING GOOD FINANCIAL HEALTH

Protecting Your Money and Savings

Establishing and Protecting Credit

Budgeting and Savings Strategies

Developing a Personal Financial Plan

CASE STUDY - PART II

Student Exercises & Discussion

CLOSE SESSION

Post Assessment

BASIC BUDGET WORKSHEET

COMPREHENSIVE BUDGET WORKSHEET

GLOSSARY

Appendix 5. Financial Education Core Competencies

Core Concept	Knowledge	Action/Behavior
Earning/Income		
	Gross versus net pay	Understand your paycheck, including deductions
	Benefits and taxes	Learn about taxes and any workplace benefits
	Education enhances your earning power	Invest in your education
	Sources of income	Make informed decisions about work, investments, and asset accumulation
Spending		
	Know how to prioritize spending choices given available resources Long-term versus short-term implications of spending	Set financial goals Track spending habits Develop a spending plan (budget) Live within your means Comparison shop Understand the effects of spending decisions on yourself and others
	Appropriate purpose and use of transaction (checking) accounts	Establish and effectively maintain a relationship with a government-insured financial institution
Saving and Investing		
	Understand how compounding helps saved money to grow Understand the time value of money	Start saving early Pay yourself first Compare different saving and investing options
	Know about federally insured savings accounts/certificates of deposit Know about non-deposit investment products (bonds, stocks, mutual funds)	Build an emergency savings account Balance risk, return, and liquidity when making saving and investment choices
	How to meet financial goals and build assets	Save for retirement, education, and other needs Save/invest for short-term and long-term goals Track savings/investments and monitor what you own
Borrowing		
	If you borrow now, you pay back more later The cost of borrowing is based on how risky the lender thinks you are (credit score)	Plan, understand, and shop around for a loan with the lowest rate and best terms for you Understand when and how to use credit effectively Understand how information in your credit report and your credit score impacts you Plan and meet your payment obligations Track borrowing habits Analyze renting/leasing versus owning assets (e.g. home or car)
Protecting		
	How to manage risks from potential losses or unexpected events	Choose appropriate insurance Build up an emergency fund Consult a qualified/appropriate professional for help when needed
	If it sounds too good to be true, it probably is	Avoid practices that are not in your financial best-interest Evaluate advertisements or offers before acting
	Fraud/scams/Identity theft	Protect your identity Avoid fraud and scams Review your credit report every 12 months

Appendix 6: Useful Resources on Financial Access and Financial Education

U.S. Department of the Treasury: <http://www.treasury.gov/resource-center/financial-education/Pages/default.aspx>
Information and resources from the Community Financial Access Pilot, the First Accounts Program, general financial education topics, and will be the location of information on Bank On USA can be found at the Resource Center for Financial Education and Financial Access.

U.S. Financial Literacy and Education Commission: www.MyMoney.gov

A free resource providing links to U.S. Government financial education resources on a wide range of topics.

Federal Reserve Bank of Dallas: Building Wealth: A Beginner's Guide to Securing Your Financial Future:
<http://www.dallasfed.org/ca/wealth/index.cfm>

This curriculum helps individuals and families develop a plan for building personal wealth; it addresses setting financial goals, seeking guidance, budgeting, saving and investing, and managing debt.

Office of the Comptroller of the Currency: Financial Literacy Resource Directory:
<http://www.occ.treas.gov/cdd/finlitresdir.htm>

This Directory provides links to other materials and upcoming events related to financial education.

CFAP Websites (as of 12/10):

Fresno: <http://www.fresno.gov/Government/MayorsOffice/BankonFresno/Default.htm>

Jacksonville: <http://www.bankonjacksonville.com/>

Kentucky: Eastern Kentucky University: http://www.cbt.eku.edu/Programs/FIN_FinLit-cg.pdf

Mississippi: www.mcfac.org (under development)

St. Louis: not available

Philadelphia: <http://www.philadelphiacontroller.org/bop/>

Brownsville: not available

Cowlitz County: <http://www.lowercolumbiacap.org/fic>

Other Initiatives:

Bank on San Francisco: <http://www.bankonsf.org>

Bank on California: <http://www.bankoncalifornia.ca.gov/>

National League of Cities Bank on Cities campaign: <http://www.nlc.org/IYEF/fes/asset/assistance.aspx>

Join Bank on: www.joinbankon.org

This website, developed by Bank on San Francisco with other partners, hosts materials from Bank On sites around the country.

Economic Inclusion materials from the FDIC: www.economicinclusion.gov

This website contains the FDIC's survey of the Unbanked and Underbanked, links to the Money Smart financial education curriculum and other resources.



US DEPARTMENT OF THE TREASURY

Office of Financial Education and Financial Access