

FINANCIAL LITERACY AND EDUCATION COMMISSION

Regional Conferences on Reaching Unbanked People

Summary

Background

The Financial Literacy and Education Commission, a partnership of 20 federal agencies, maintains the "MyMoney.gov" website and 1-888-MYMONEY toll-free hotline that provide access to a wide variety of publications and tools that can assist consumers better understand their money - how to save it, invest it, and manage it wisely to meet important personal goals. In April 2006, FLEC published *Taking Ownership of the Future: The National Strategy for Financial Literacy*. This national strategy assesses the current state of financial education efforts and outlines a plan to improve financial literacy across the country.

Chapter 8 of the *National Strategy* focuses on the unbanked, pointing out that more than 10 million individuals are unbanked and many more have accounts, but also use alternative financial service providers. The chapter describes using existing financial institution products to increase use and understanding, for example by providing remittance services, which can attract unbanked immigrants. The *National Strategy* also describes outreach and savings programs, and encouraging collaboration to increase knowledge about the financial system. The Call to Action in Chapter 8 states that:

“the Department of Treasury, along with the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency will host a series of regional conferences to share best practices on banking of the unbanked. The conferences will bring together 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.”

Therefore, between May 2006 and October, 2007, the agencies hosted a series of four regional conferences in the Midwest (Chicago, IL), Southwest (Edinburg, TX), Northwest (Seattle, WA), and East (New York, NY). This document summarizes the proceedings of those conferences.

I. Midwest Regional Conference, Chicago, Illinois

On May 1, 2006, As part of *Taking Ownership of the Future: The National Strategy for Financial Literacy* and Chicago Money Smart Week 2006, the US Department of the Treasury, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Federal Reserve Bank of Chicago held the Midwest Regional Conference on Reaching Unbanked People at the Federal Reserve Bank of Chicago.

With the theme of “Making Business Sense of Serving the Unbanked,” the conference highlighted banks and credit unions across the Midwest that are exploring ways to reach a new

market—unbanked customers. The conference also provided a forum for participating financial institutions, community organizations, and other interested individuals to share observations and ideas with the convening agencies and other practitioners.

Welcome and Introduction

Dan Iannicola, Jr., Deputy Assistant Secretary for Financial Education, US Department of the Treasury discussed how access to an account can be “the on-ramp to the financial mainstream,” leading to things like asset accumulation, security and a better life, as opposed to not being in the financial mainstream, which is more or less a dead end of high fees, expensive borrowing, and no accumulation of wealth. Mr. Iannicola also described the financial education resources available at MyMoney.gov and 1-888 mymoney, resources produced by the Financial Literacy and Education Commission.

Anna Escobedo Cabral, Treasurer of the United States, U. S. Department of the Treasury described the importance of partnerships between the Federal government and the private sector in reaching the unbanked and described the *National Strategy for Financial Literacy*. She asked the audience to think about how we do a better job of truly reaching the unbanked, and thereby enabling and empowering people to truly participate fully in the economic mainstream of this country.

JoAnn Johnson, Chairman, National Credit Union Administration articulated the importance of trust in the delivery of financial education and serving the unbanked and described asset building opportunities for low-income people. She stated, “everyone across the spectrum can probably profit from a little financial education in one area or another.” Ms. Johnson also emphasized the delivery of service as being just as important as the financial education program content. She stated, “unless you get it to that person, it’s like sticking the book on the shelf.” Ms. Johnson acknowledged the cooperative spirit among bankers and credit unions to focus on financial education for both customers and members.

Issue Overview

Dory Rand, Supervisory Attorney, Sergeant Shriver National Center on Poverty Law (Chicago, IL) described the debt levels of Americans and the need for financial education as well as barriers to asset building. According to Ms. Rand, “nearly one in five American households owe more than it owns.” She stated, “it is not just that we live paycheck to paycheck, we spend more than we have. So, financial education, learning how to manage our resources more effectively, is critical. Not just for the unbanked, but for all Americans and all people who live here.” Ms. Rand further stated, “helping individuals develop financial skills should make it more possible for people to become small business owners, create jobs, and stimulate the economy.” Ms. Rand, lastly, described the Financial Links for Low Income People Coalition Pilot (FLLIP) in Illinois.

Panel Discussion and Questions

Ed Jacob, Manager, Northside Community Federal Credit Union (Chicago, IL)

described the need to provide appropriate financial products to the unbanked market, including payday alternative loans. In describing the need for short-term loans, Mr. Jacob stated, “by a far, far large percentage, these are not, people are taking out these loans, it is not a one time emergency.” He continued, “it's ongoing cash flow problems. ...not just living...week to week and paycheck to paycheck. They are living a week before paycheck to a week before paycheck.”

Mr. Jacob shared an example of the credit union's alternative product to payday loans: \$500 at 16.5% with 6 month-term, no minimum credit score, and used as an entry product. Mr. Jacob emphasized it was a way to get people into the credit union and begin working with them to improve their financial situation and help grow financially, rather than a profitable financial product. He noted, “You know, you can make money on these things between, somewhere between 16-and-a-half and 400. Because the payday lenders are making money at 400. I'm not at 16-and-a-half. So, you know, somewhere in that range, and I think it's closer to my number than their number, quite honestly, that this is a profitable product.”

Mr. Jacob also described partnerships with employers as a way to deliver financial services. In addition, according to Mr. Jacob, historically credit unions were affiliated with employers. As key financial decisions are made in the workplace, such as health insurance, 401K plans, and cafeteria plans, it makes sense to provide financial education and services as well. Mr. Jacob provided overviews of partnerships with healthcare institutions, such as nursing homes and hospitals, with low-wage employees. The Earned Income Tax Credit with employees, provided free tax preparation (in partnership with the Center for Economic Progress), and basic financial education were provided at these sites.

Margaret Henningsen Founder and Vice President, Legacy Bancorp (Milwaukee, WI)

talked about her bank's First Accounts program, combining high touch and high tech ways to bank the unbanked and described the start up of her institution to serve underserved markets. In discussing Legacy Bancorp, she said, “When you think something is wrong, you have to ask yourself the question what you are willing to do.” What she decided to do was start a bank to serve the low-income community. Today, the bank has \$120 million in assets and approximately 4,500 customers. It was chartered in July 1999 and is the first women-founded bank holding company in the country.

Ms. Henningsen discussed the bank's partnerships with non-financial institutions to attract customers and provide financial education. In particular, Legacy Bancorp worked with childcare and welfare-to-work programs and provided training to both the childcare providers and their clients. The welfare-to-work program provided an audience of training participants who were required to participate. The bank then provided direct deposit access to their benefits.

Regarding the First Accounts program, Legacy Bancorp carefully monitored the project, and was able to generate reports and identify when customers were in trouble. She provided one-on-one counseling to teach customers to avoid overdrafts.

Ms. Henningsen summarized her view on banking the unbanked as nothing new. She noted:

“Banks have been banking the unbanked since they started. When they started on those little corners and immigrant communities, they were banking the unbanked. Because the people who came here and started this country didn't have bank accounts. They didn't have assets or wealth. They came here with nothing to start a new life and the banks started to bank the unbanked.”

She explained that bankers should talk face to face with their customers and tell them what they must do to generate assets and build wealth. In Ms. Henningsen's words, “Just do it the way you did it in the old days. “

David Marzahl, Executive Director, Center for Economic Progress (Chicago, IL) spoke regarding the opportunity for tax time to be used to promote financial literacy and financial planning. Specifically, Mr. Marzahl described the Extra Credit Savings Program partnership between the Center for Economic Progress and ShoreBank. Through this initiative, tax preparation services were offered in the bank's lobby, and approximately 20% of clients opened accounts at the time of getting taxes done. The Center received a grant from the U.S. Department of the Treasury's First Accounts Program to expand the Extra Credit Savings Program, opening 1,500 accounts for individuals with a median income of \$13,000.

The Center's tax assistance services overall brought back \$193 million in refunds to the state of Illinois. According to Mr. Marzahl, these tax refunds ideally may be used as an asset building tool as well as a means for resolving debt and credit issues. The split refund offers opportunities to build assets; but administratively can be challenging. An emerging product of debit cards may be the next step toward getting people who cannot open accounts (due to ChexSystems) linked to the financial mainstream.

James Maloney Chairman, Mitchell Bank (Milwaukee, WI) spoke from a community bank perspective about the need to identify what unbanked customers believe that they need, and focus on getting them into banks. He talked about providing a range of services, including a variety of remittance products. Mitchell Bank offers four types of remittance products in order to meet diverse customer needs and perceived needs, including: dual ATM cards, stored value cards, wire transfers and the Federal Reserve's “*Directo a Mexico*” ACH product. “Because that is the only way you're going to have face time with the unbanked, is to allow them to know that you're offering a product that they want and that they need.” He noted: “The unbanked have financial providers. They are check cashing and alternative financial providers. And they don't think of banks as providers of the financial services that they need. So you need to change that.”

Mr. Maloney also emphasized providing a welcoming environment in the bank. Mitchell Bank opened a Remittance Center within the bank and staffed it with knowledgeable people, and posted the exchange rate throughout the bank. Additionally, the bank participated in the *Directo a Mexico* pilot which allowed customers in the U.S. to open bank accounts in Mexico for the remittance recipient.

Regulatory Update

Bert Otto, Deputy Comptroller of the Currency, Office of the Comptroller of the Currency (OCC) described the importance and benefit to banks to serve the unbanked market, given that market is where there is most room for growth. He noted that “that banks that do not figure out how to serve these markets are not going to prosper.” He added, “I believe banks are uniquely positioned to provide options and opportunities for the unbanked. But doing those things requires both an understanding of the market and a commitment to design products and services that are consistent with the reasonable profit expectations, and responsive to what these customers want at competitive prices they can afford.” Mr. Otto’s final thought was that it is clearly not only a civic responsibility, but it is something that is good business.

Working Groups

Conference attendees broke into self-selected working groups to discuss a number of topics more deeply and work toward action steps. After the working group sessions, each group provided a summary of the discussion to the plenary session.

(1) Serving Immigrant Communities.

This working group discussed a number of strategies to serve recent immigrants. One item discussed was remittance products. The Federal Reserve ACH *Directo a Mexico* program was described as having the advantages of cost and efficiency, whereas the disadvantage being it only works if the recipient has a bank account in Mexico. The pilot described earlier by Mr. Maloney as a possible remedy for this challenge. Participants also discussed pre-loaded cards, but they may not be desired in all recipient countries, where recipients prefer dollars to the local currency. Participants also discussed the challenge of providing mortgages to immigrants using individual taxpayer identification numbers (ITINs) rather than Social Security Numbers. It was recommended that financial institutions obtain guidance from their regulators on this topic, as well as exploring the role financial institutions can play as acceptance agents for the Internal Revenue Service (IRS) regarding the issuance of ITINs. It was noted that obtaining ITINs for customers can encourage a loyal relationship among the institution and the customer base. This working group also touched on taxi medallion loans, franchise business loans, and Islamic financing. Finally, the working group referred financial institutions to the FDIC’s “New Alliance Task Force” and the Federal Reserve Banks as a resource.

(2) Selling the Business Benefits of Serving the Unbanked within the Institution.

Participants in this group discussed concerns from senior management that serving the unbanked or underbanked population will raise the institutions’ risk profile and draw unwanted attention from the regulators. The working group recommended that regulators establish guidance on safe areas in regards to ITINs and other identification issues. It was also recommended that financial institutions form partnerships with non-profit organizations as a means to reduce the cost. It was also noted that an effective strategy would be to gradually bring senior management into the market; demonstrate the benefits over time of a larger market. Participants also emphasized the need for quantitative data to show you can attract a certain number of new customers, the amount of money they bring to the bank and translate those numbers into profits. Also discussed were structuring incentive packages to provide compensation for pursuing the market and developing

a business plan with a series of steps showing how to achieve the outcome. Participants expressed that it was important not to place the efforts under the Community Reinvestment Act compliance, but instead incorporate this focus as a business type of activity. Finally, participants noted that they should be aware of cultural differences to establish effective approaches in various markets.

(3) Developing New Products, Services, and Technologies

Participants in this session discussed products and technology under the categories of consumer and financial institutional needs. They discussed the need to develop products for consumers that are low cost, have low balance requirements, and have convenient terms (such as hours, location, and ease of use). The working group identified the usefulness of focusing efforts on the Earned Income Tax Credit since it puts money into the consumers' pockets. Also discussed were club accounts modeled after the old Christmas Club as accounts to save for home ownership, college, etc. The group highlighted challenges to financial institutions, including: staff deficient in product knowledge, multiple teller responsibilities, and staff turnover. The group emphasized the need to build bridges with consumers: find out what the consumer needs and connect them in a meaningful way and make consumers feel it is safe and comfortable to ask questions.

(4) Youth Customers

This working group discussed implementing financial education in grades Kindergarten through 12, and structuring a savings component in it so children can save on a regular basis. The group also discussed using media, such as kid friendly books (comic books) to promote financial stability; removing barriers to saving for college so financial aid will not be restricted; and partnering with schools, youth organizations, faith based groups, and parents. Some recommendations for financial institutions included lowering the opening deposit and minimum balance requirements, providing prizes, moving youth into other products over time, and making youth feel comfortable in the financial institution (for example, providing a step stool). Debit cards, online access, internet, radio, television, cell phones, text messaging, and all kinds of interactive media could be used to reach out to young people as long as they are interactive and meet their needs. Developing a business plan for conducting outreach to youth was recommended.

Closing Remarks

Mr. Dan Iannicola, Jr. summarized lessons learned from the conference. One of his observations included that financial institutions can learn from the alternative financial services providers who effectively reach the unbanked market. Additionally, Mr. Iannicola noted, "banking the unbanked is not so much about dollars and cents as it is about thoughts and feelings. Finding people where they are, and helping them getting over their internal hurdles. Not dragging them to financial services, but bringing financial services to where they are. In their language. In their neighborhood. Wherever that may be." "Another thing that seems to come out is making it concrete for people. I'm not just saving for saving's sake. I'm saving for a reason. For a house. For an education. For a business." Mr. Iannicola noted that a number of effective strategies occurred at the workplace or school, at tax time, or other "teachable moments."

II. Southwest Regional Conference, Edinburg, Texas

On December 4, 2006, at the University of Texas - Pan American, in Edinburg, Texas, the second Regional Conference on Reaching Unbanked People was convened by the U.S. Department of the Treasury, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency, with the assistance of the Federal Reserve Bank of Dallas, the U.S. Department of Housing and Urban Development, and the Office of Thrift Supervision.

The conference included discussion on unbanked people in border and immigrant communities, the role of financial institutions in financial literacy, the impact of being unbanked for individuals and communities, and a survey of Latino Earned Income Tax Credit filers in border communities. Following the conference, Federal agency representatives participated in a community financial education event sponsored by the Office of Congressman Ruben Hinojosa.

Welcome Remarks

George Bennack, Associate Director for Business Development, University of Texas - Pan American welcomed participants to the University, and briefly described the University and the community which it serves. He noted that the facility serves as a basis for the university's outreach to the community, including providing financial literacy, homebuyer education, micro-enterprise training, and other business development training and technical assistance.

Dan Iannicola, Jr., Deputy Assistant Secretary for Financial Education, U.S. Department of the Treasury summarized the reasons why it is important for people to become banked and part of the financial mainstream. "Being outside of the financial mainstream really puts people at a disadvantage. Having a bank account or a credit union membership, a relationship with a financial institution, is really the gateway for all other financial services and being able to integrate oneself in the economy."

Anna Escobedo Cabral, Treasurer of the United States, U.S. Department of the Treasury welcomed the group and stated the one thing learned in Washington DC is that the federal government is not able to touch the lives of each citizen in the way that community leaders do, particularly speaking of those in attendance, from the banking and community sectors, state and local government and non-profit organizations. She stressed the importance of establishing partnerships and a comprehensive approach to address the issues of the unbanked and underserved.

JoAnn Johnson, Chairman, National Credit Union Administration expressed the importance of credit unions and banks working together providing financial education. She also emphasized it is not the amount of money that makes a person wealthy it is how they manage their money that makes the difference. Ms. Johnson encouraged the audience to explore the implementation of Individual Development Accounts (IDAs) and Volunteer Income Tax Assistance (VITA) means for asset development and avenues to deliver financial education. Ms. Johnson discussed the successful partnership between credit unions and the state of Wisconsin, in which the credit unions contribute to the tuition for teachers to attend a two week financial education program at

local universities, in turn, the teachers agree to incorporate financial education into their reading and mathematics curriculum, and they also receive continuing education credits.

Greg Davis, Representative Ruben Hinojosa's Office briefly spoke on the Fair and Accurate Credit Transactions Act. He highlighted the legislation's significant outcomes as: the creation of the Financial Literacy and Education Commission, heightened the awareness of identity theft, and the right to obtain a free credit report annually.

Michael Goeken, Project Manager, Department of Community Initiatives, City of San Antonio, Texas discussed the City of San Antonio's asset-building and debt reduction efforts. He stated the program's three objectives were: family strengthening, community development, and a human safety net. He identified the explosive growth of fringe financial services as the city's biggest challenge. Mr. Goeken highlighted the city's best practices for getting the unbanked/underbanked into the financial mainstream. These included:

- The implementation of an ordinance that requires disclosure of refund anticipation loan terms and conditions.
- The pilot project with the city of San Antonio, San Antonio City Employees Credit Union, and FirstMark Credit Union to put low-and moderate-income individuals into lower interest rate car loans.
- Maximizing the use of Volunteer Income Tax Assistance (VITA) sites by surveying customers to determine needs and identify the unbanked.
- Implementation of community family learning centers that offers free citizenship preparation classes and English as a second language.
- The Ford Motor Company matched saving program; operates similar to an Individual Development Account (IDA) program.

Barbara Robles, Associate Professor, School for Social Work and Center for Community Development, Arizona State University: Financial Needs and Financial Status of Border Families

Dr. Robles highlighted the contributions border-states make to the nation's economy. Dr. Robles stated that 55% of all Latinos in the United States live in four border-states: Texas, California, New Mexico, and Arizona, and collectively these states contribute almost a quarter of the gross domestic product. She concluded since they are important contributors to the overall economy more emphasis should be placed on the needs of individuals residing in border-states. Dr. Robles additionally acknowledged the increase in micro-businesses and self-employment in border states.

- Emphasized the role VITA sites and the EITC campaign play in bringing dollars back into border-states economy.
- Articulated the impact and added value in coalition building and collaborations among private, public, and non-profit sectors will have on our field of work within the next ten years.
- Commended attendees who have established collaboration with community-based organizations targeting the Latino market and identified those efforts as being trust builders for financial institutions.

- Informed financial institutions of the growing practice of communal form of extended family asset-building and encouraged them to begin exploring financial products to support it.
- Concluded by emphasizing the need for financial service sectors, underwriters, and financial literacy components to meet “halfway” to develop innovative financial products.

Financial Institution Panel

Mr. David Lewis, Community Affairs Officer, Office of the Comptroller of the Currency (OCC) moderated this panel. He also encouraged participants to visit the OCC website to learn about the agency and use its many resources, including the Financial Literacy Resource Directory. He also pointed to the OCC subscription newsletter to keep current on banking, financial literacy, community reinvestment, and community development topics. Finally, Mr. Lewis referred participants to the OCC’s publication “Reaching Minority Markets,” published November 2006.

Mr. Douglas Bready, President, Texas State Bank (Mc Allen, TX) stated that it is important that you know your market to serve it properly. He shared the many reasons immigrants do not have bank accounts, including new immigrants’ focus on basic survival needs (e.g. finding a place to live, making sure their immigration paperwork is correct, and finding a job); as well as some immigrants have never been exposed to banking systems and do not understand the benefits of banking, and how it can lead to asset building. He also stated that once you know your market you can begin strategizing your outreach. He emphasized it is important to remember that your exterior can prevent people from seeing your interior so you must reach your potential market at a level in which they understand and are comfortable. Mr. Bready pointed to payroll cards as a means to get the unbanked into the system. This effort requires a partnership between financial institutions and employers. He also pointed out that internet banking is an excellent outreach strategy for targeting youth since they are technologically savvy and use the internet as a method to communicate.

Ms. Maria Martinez, President, Border Federal Credit Union (Del Rio, TX) described a number of financial literacy and outreach efforts of her credit union. They include a Homeownership Counseling Program which partnered with the local Air Force base to reach newcomers and educate them on homeownership opportunities in the area. She also described a Volunteer Income Tax Assistance (VITA) site implemented using grant funds to pay the salary of a full-time coordinator. The site provides the opportunity to do financial counseling and educating taxpayers on getting savings secured loans. Ms. Martinez described a number of youth initiatives, including a Youth Fair, Youth Financial Camp and coordinating with Junior Achievement. Ms. Martinez described the credit union’s “Border Buck” mascot which attends parades, career days, and youth fairs.

Ms. Harriet May, President, GECU (El Paso, TX) described research that revealed how members paid bills, how they got involved with financial services, their culture, and identified members eligible to have a checking account but who were using money orders to pay their bills. She also described a new Savings Challenge Program designed to teach families how to save.

The results of this program will be shared through an advertising campaign. Ms. May highlighted the deposit products designed to promote savings, such as No Excuses Savers Club, certificates of deposit, and debit cards. She also pointed to positive results of marrying Individual Development Accounts program and the Earned Income Tax Credit for the use of a down payment to purchase an affordable house.

Mr. David Guerra, President, International Bank of Commerce (McAllen, TX) discussed the effects of the bank's expansion efforts, extended hours, and the outreach opportunities it presented. Particularly, he noted that having branches located in retailers (Wal-Mart, a local grocery chain and shopping malls), meant that they were reaching unbanked people where they were. He emphasized that his bank does not make a difference between a million dollar account and a thousand dollar account. He also noted: "what we have done in our company is to try to eliminate all these layers as to how we can get close to the unbanked. Now, we apply the same principles to the very strong businessmen, people who are highly educated, highly resourceful, they have all the assets in the world that make them easy to bank, but our position has always been get close to your customer, get to know your customer, and deliver products to him that are relevant to him." Mr. Guerra also discussed loan products provided in the Hispanic community, particularly to small businesses.

Resource Panel

Mr. Eloy Villafranca, Community Affairs Officer, Federal Deposit Insurance Corporation (FDIC) moderated this panel. He also described the work of the FDIC in Texas, and the Texas New Alliance Task Force (NATF) which it coordinates. The task force will be re-named the Alliance for Economic Inclusion and will focus on providing products and financial education to unbanked and underbanked individuals across South Texas by bringing together resources such as the IRS, employers, and others. He also encouraged the group to think about the future and the importance of education to the future of Texas.

Mr. Matt Davies, Senior Account Executive, Federal Reserve Bank of Dallas discussed the Federal Reserve Bank's involvement with the development of a low-cost remittance product: *Directo a Mexico* (Direct to Mexico). It is an account-to-account transfer product which relies on the existing domestic automated clearing house (ACH) structure. Mr. Davies promoted the benefit of partnering with *Bansefi* which promotes saving, account holding, and financial literacy in Mexico.

Ms. Nancy Granovsky, Professor and Extension Family Economics Specialist, Texas Cooperative Extension (College Station, TX) indicated that the focus of Cooperative Extension is to solve public needs with college or university resources through non-formal and non-credit programs. The Extension Service develops research-based educational programs, such as the "Wise Up" program. This is a financial planning program that focuses on women between the ages of 22 and 35. The Texas Cooperative Extension also offers a debtor education class in Spanish; partnered with the Texas Credit Union League to develop and implement a "Youth Financial Literacy" curriculum; collaborated with the Consumer Federation of America to promote America Saves; partnered with the Credit Union National Association and translated

their financial education curriculum “Thrive by Five” into Spanish; and established a national website entitled “Extension in Español”.

Mr. David Hirschman, Supervisory Tax Specialist, Internal Revenue Service promoted the implementation of Volunteer Income Tax Assistance (VITA) sites and explained the IRS Stakeholder Partnership Education and Communication (SPEC) office, which can help convene community coalitions around providing assistance to low- and moderate-income taxpayers, as well as the elderly, people with limited English proficiency, and taxpayers with disabilities. The IRS provides the technical capacity, software, volunteer training, and expertise to make these sites successful. With these resources, individuals can obtain tax refunds that can significantly enhance their ability to build assets. Mr. Hirschman also promoted the Telephone Excise Tax Refund. Lastly, he emphasized that IRS staff are available as resources.

Roundtable Discussions

Conference attendees broke into self-selected roundtable sessions to discuss a number of topics more deeply and work toward action steps. After the working group sessions, each group provided a summary of the discussion to the plenary session.

(1) Remittances and Reaching the Unbanked

The group discussed various types of products available and how they are used, including *Directo a Mexico* and VIGO (used primarily by credit unions). The group also reviewed marketing strategies for banking the unbanked. The group identified what should be done to improve services, including: learn the unbanked system of doing things, understand where the unbanked customers are coming from, get familiar with the culture, and try to understand the way they think. Finally, this group discussed the importance of working with community groups to reach the unbanked, working with schools, and the role of a dedicated outreach person.

(2) Innovative Products and Strategies for Reaching the Unbanked

This discussion group raised a number of innovative strategies. These included how to get board members of the financial institution supportive of serving low- and moderate-income population. The approaches mentioned included using the Community Reinvestment Act report and the examination as an educational tool. The group also discussed the pros and cons of young people using debit card and payment cards. The working group raised the idea of repackaging existing products. An example shared was a “Money Savers Club”: the concept would be the same as a Christmas Club instead the member would be working toward asset-building and it would be a more productive use of their funds. Finally the group talked about the advantages of partnerships, such as sharing risk, sharing opportunity, and sharing resources.

(3) Financial Education and Reaching the Unbanked

The Financial Education working group discussed approaches used to identify opportunities to offer financial education. For example, the group discussed approaching teachers versus superintendents to reach the students in the school systems. This working group discussed the importance of government at all levels (local, state, and federal) to get involved and work together to offer financial education. The group discussed the importance of listening to the

community and building partnerships to offer financial education. The group agreed that through financial education we are creating a class of better borrowers, savers, customers and members.

(4) Asset Building and Reaching the Unbanked

The Asset Building working group discussed the definition of assets, using definitions including: something that adds value; something that adds to the ability of an individual to earn income; an income-producing object; and something that puts money in your pocket rather than taking it out. This working group identified education as an asset since it helps with making better financial choices. The group also identified “saving” as an asset (using the example of Individual Development Accounts coupled with EITC). This working group covered the benefits of payroll deduction, retirement savings, and health benefits as asset-builders. Additionally, Michael Goeken explained the Ford Motor Company asset-building program in San Antonio.

Summary and Wrap-Up

Mr. Iannicola summarized the conference. He noted, “It seems to me the trust is something that came through a lot of the conversations, both the small groups and the experts we heard from, the idea of familiarity that flows from that, be it cultural and whatnot, and having people in staff, the suggestion is have them be bilingual and understand cultural issues is important.”

He also pointed out: “We want these folks to have some suspicion, we don’t want them to be taken advantage of, so we want their guard up, but we want it up not so high as to wall us out so they cannot get education information and open up to new things that are good for them while screening out the bad. So if we can strike that balance, I think we can be successful in reaching these folks, so trust is key.”

Mr. Iannicola discussed partnerships, and working with school systems. He also advised, “when you can swim downstream, do it.” He noted that there are some steps that are easier and more natural – such as encouraging people to save for a tangible goal, rather than just to save. He also encouraged partnering with other opportunities, such as applying for insurance or filing taxes.

III. Northwest Regional Conference, Seattle, Washington

On March 27, 2007, in Seattle, Washington, the Department of the Treasury, the Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency, Office of Thrift Supervision, and the Federal Reserve Bank of San Francisco with the assistance of the Department of Housing and Urban Development and the Washington State Department of Financial Institutions, held the Northwest Regional Conference on Reaching Unbanked People.

The Western Regional Conference focused on illustrating some of the best practices implemented by the private sector for reaching and providing financial access to the unbanked. Key themes included discussions on the importance of partnerships, working with youth, working with immigrant populations, and identifying appropriate incentives and delivery strategies for banking the unbanked.

Welcome and Conference Overview

Mr. Dan Iannicola, Jr., Deputy Assistant Secretary for Financial Education, U.S. Department of the Treasury described the Financial Literacy and Education Commission and Treasury's interest in reaching unbanked people, and *Taking Ownership of the Future: the National Strategy for Financial Literacy*. Mr. Iannicola also emphasized that the outcome are not just "dollars and cents but about hopes and dreams," and helping people achieve stability and meeting their dreams not just getting by.

Mr. Brad Williamson, Director of the Division of Banks, Washington State Department of Financial Institutions, spoke about the commitment of the Department of Financial Institutions, and the importance to bringing various parties together to address the issues of the unbanked. He described the variety of financial literacy tools used by his department to reach the diverse needs of the state's residents, and pointed out that multiple solutions are needed, especially "innovation" by the institutions, to address the complex challenge of those who are unbanked. "What we really need is we need innovation because that's the great thing about capitalism and that's something that sometimes we in government don't fully appreciate...when I was in the banking community as a banker that I realized it's truly the institutions that provide the innovation. It's the groups working in the neighborhoods that provide the innovation".

Mr. John F. Carter, Regional Director, San Francisco Region, Federal Deposit Insurance Corporation (FDIC), presented statistics about the nation's negative savings rate, and about the level of unbanked and underbanked individuals in the country. Because of rates charged by payday lenders it's highly unlikely an individual will be able to amass any appreciable amount of savings when that is their financial outlet. "Financial institutions need to do a better job of getting that initial relationship going with those customers," he advised. Mr. Carter also described some of the ways FDIC partners with private-sector entities and other federal agencies to reach unbanked customers and provide financial education resources.

Regional and Local Perspectives Panel

Ms. Janet Byrd, Executive Director, The Neighborhood Partnership Fund (Portland, OR) described state-level support for asset building initiatives in Oregon, including a state earned income tax credit and a statewide individual development account initiative funded by an individual income tax credit—initiatives which benefit rural and urban communities in the state.

Ms. Loretta Moesta, Chief Executive Officer, OUR Federal Credit Union (Eugene, OR), described the steps her small credit union had taken to reach underserved consumers, including a survey and a study funded by the Treasury’s Community Development Financial Institutions Fund. She emphasized the small but meaningful steps taken to ensure that the culture of the financial institution was welcoming to low-income individuals. Ms. Moesta also urged participants to be equipped and prepared to serve the unbanked. She reflected: “if we were really going to reach the underserved, we needed to be open to change within our own organization. We needed to hire knowledgeable staff, people who understood low income or ethnicity problems. And if you're going to serve them, you need to be committed to serve them and remain committed.”

Ms. Lena Robinson, Regional Manager for Community Development, Federal Reserve Bank of San Francisco (San Francisco, CA) described the Banking on San Francisco initiative, which is being coordinated by the local government, the Federal Reserve Bank, financial institutions, and others, to encourage provision of basic accounts to all of the city’s low-income unbanked residents. Participating financial institutions commit to certain account features, such as no minimum balance, and acceptance of the Mexican and Guatemalan *Matricular* cards as primary identification.

Mr. Dave Sieminski, Manager, Asset Development Programs, United Way of King County (Seattle, WA) pointed out that being unbanked is not a permanent state and that many people have accounts, but don’t use them to their advantage. He described a number of community services that can help bring such individuals into the financial mainstream, including free tax preparation and Earned Income Tax Credit outreach, however he recommended for these services to go beyond the tax season. “One of the things we think we really need to work on, is creating a year-round experience so that our tax preparation is not just that point in time but it's following up with people later so that they have an opportunity to make some choices about what they do with their financial lives.”

Featured Speakers

Mr. Kerry Killinger, Chairman and Chief Executive Officer, Washington Mutual Inc. (Seattle, WA) spoke about the importance of education for the American economy and the American dream. He pointed out that there is not one “silver bullet” solution to addressing the challenge of unbanked people. He specifically described is institutions outreach to underserved markets, particularly by the availability of free checking accounts with no minimum balance as well as other innovative services.

Mr. Rodney Hood, Vice Chairman, National Credit Union Administration (NCUA) detailed a number of challenges facing unbanked and underbanked individuals and the size of the market for alternative financial services. He also articulated a regulatory framework that is “effective

and not excessive” and manages, rather than avoids risk. This framework allows financial institutions to better serve currently underserved markets. He also described ways the NCUA can assist credit unions in reaching new markets.

Effective Models and Practices for Reaching the Unbanked Panel

Ms. Louisa Quittman, Director, Community Adjustment and Investment Program, US Department of the Treasury presented some general findings from the First Accounts grants program conducted by the Treasury Department. These findings included 37,835 accounts opened during the grant period, exceeding the established performance measures. Of those accounts, 70% kept accounts open beyond the end of the grant period. In addition, financial education proved to be critical, especially for participants that had difficulty managing accounts in the past. Other findings included innovative product development, strong partnerships between financial institutions and trusted community based organizations, and financial education curriculum implemented included FDIC’s MoneySmart and other materials found on Mymoney.gov

Mr. Tom Berquist, Vice President of Marketing, BECU (Tukwila, WA) described how his organization provides financial education directly to its members and youth, and partners with community organizations to promote financial literacy and other community development objectives.

Ms. Claudia Lopez, Assistant Vice President, Cashmere Valley Bank (Wenatchee, WA) discussed how her small bank reaches the Hispanic population in central Washington. She discussed promotion, customer service, education, and community involvement as being critical factors in success in this effort.

Mr. Gabe Mello, Asset Services Coordinator, Juma Ventures (San Francisco, CA) talked about factors that are unique to working with unbanked youth. He described using savings and asset building as a way to build skills and motivate young people and striking the balance between accommodating current needs and encouraging growth.

Ms. Tricia McKay, Executive Director, Medina Foundation (Seattle, WA) described the low-income credit union that the Foundation is working on developing to serve the Seattle area. The organization did research to support the need for a new financial institution to serve the market, and they have partnered with a number of other organizations in the community in planning the credit union.

Working Groups

Conference attendees broke into self-selected working groups to discuss a number of topics more deeply and work toward action steps. After the working group sessions, each group provided a summary of the discussion to the plenary session.

(1) What partnerships, roles, and steps are needed to develop a comprehensive local model to reach the unbanked?

Mr. Dave Sieminski reported back on behalf of the group discussing the comprehensive local model. Mr. Sieminski summarized some of the key partners identified by this working group identified key partners such as financial institutions, community organizations, chambers of commerce, colleges, law and advocacy organizations, housing authorities, employers, churches, city government, city conveners, and others to develop comprehensive constructive local models. Perceptions for both the consumer and supplier of financial products and services were also discussed as necessary elements to address to construct effective strategies for reaching the unbanked. Incentives were discussed as a foundation for the array of participating organizations to implement. The group identified an array of incentives that would be of benefit to the financial institutions, customers, community organizations, and overall local economies. Members of the working group took this opportunity to develop individual action plans and make commitments suited to their local communities.

(2) What steps can be made to reach recent immigrants who are unbanked?

Mr. Uriel Iniguez of the State of Washington Commission on Hispanic Affairs reported back for the group discussing recent immigrants. He noted that immigrants come to this country with a variety of needs and financial knowledge. He indicated that there are some organizational challenges to building partnerships, but that partnerships with employers, colleges, and English-language training programs are all important. Mr. Iniguez highlighted the usefulness of an integrated approach, meaning integrating financial education into the processing and intake for various programs, such as refugee assistance.

(3) What innovative products, services and technologies can be used to reach unbanked people?

Mr. Paul Knox from the State of Washington Department of Community, Trade and Economic Development represented the group discussing innovative products, services and technologies. He discussed a variety of matters, and underscored the need to keep products affordable and simple. Mr. Knox indicated that more guidance, training and clarity are needed from financial institution regulators because there are questions about what activities are acceptable and what are not. Mr. Knox indicated that it would be useful for financial institutions and community organizations to better communicate so that they can discuss what each can do. He reported that the group talked about having a wider portal for marketing financial products, like the Bank on San Francisco model, and perhaps using the trade associations. Other ideas discussed were involving apprenticeship programs, using train-the-trainer models, and having tax preparation volunteers open accounts. Finally, Mr. Knox described the idea of a reserve pool to share risk for small loan products.

(4) What steps can be taken to reach youth/young people who are unbanked?

Ms. Alice Jenkins from Bellevue Community College and Mr. Justin Grove from the National Credit Union Administration reported for the group discussing youth and young people. They noted that it is important to educate youth on financial matters from an early age, as well as educating their parents. They discussed the need to reach youth “where they are” “financially, socially, and spiritually.” Ms. Jenkins and Mr. Grove spoke about reaching youth through mentoring, role models (such as firefighters), and any other means to reach them regarding the importance of financial literacy. Mr. Grove also highlighted the need to affect public policy at federal, state and local levels. They discussed examples of incentives/awards for youth and the

need to reach young people who are not in traditional environments, such as dropouts or youth in shelters or foster homes. Finally, Mr. Grove discussed the importance of using innovative technologies and delivery systems, “guerrilla marketing” and making better use of websites.

IV. Eastern Regional Conference, New York, New York

On October 4, 2007, the Department of the Treasury, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the Federal Reserve Banks of New York, Philadelphia and Richmond with the help of the New York City Department of Consumer Affairs Office of Financial Empowerment held the Eastern Regional Conference on Reaching Unbanked People at the City University of New York Graduate Center in New York City.

The Eastern Regional Conference focused on understanding the challenges of serving unbanked individuals; the necessity for financial institutions to tailor products to meet the needs for that market; 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 for better futures. Key factors to reaching the unbanked were identified as basic bank services at a lower cost, building credit, asset building for emergencies, and asset building to build wealth such as purchasing a home.

Welcome and Introduction

Mr. Dan Iannicola, Jr., Deputy Assistant Secretary for Financial Education, U.S.

Department of the Treasury welcomed conference participants and spoke about recent strides and continued challenges of helping the unbanked, and the necessity for building relationships with financial institutions. “We view it as an on-ramp to financial security and eventually prosperity. Once you get on the on-ramp, there’s a lot of great destinations,” said Mr. Iannicola, describing the impact that financial education and access provides to unbanked people.

Ms. Anna Escobedo Cabral, Treasurer of the United States, U.S. Department of the Treasury encouraged conference participants to work together, build strong partnerships, creatively address the challenges to reach the unbanked population, and strengthen communities. Ms. Cabral encouraged the audience to share their ideas and best practices in for the unbanked and described Treasury’s programs that are implementing these principals to benefit individuals and families nationwide. “We’re concerned because getting more Americans involved in the financial mainstream sector is about investing in our communities.”

Mr. Jonathan Mintz, Commissioner, New York City Department of Consumer Affairs spoke about the role local government in helping low-income people gain access to financial services and the City of New York’s pilot program. Mr. Mintz described the basis of the City’s strategy as founded in identifying the leverage and power of local government to serve the underserved in New York City. Through the Conditional Cash Transfer Program, “We developed a bank account that was a safe bank account. It’s essentially a savings account. It uses an ATM, so there’s no overdraft problem, and there are no overdraft fees. There were no minimum fees”.

Ms. Lul Berhane, representing New York Association for New Americans (NYANA) (New York, NY), told her story as a refugee finding challenges in saving in the U.S. banking system and her success in finally owning a home through an individual development account (IDA)

program. As of June 2007, NYANA's IDA program has assisted 834 participants to save over \$3 million to purchase assets such as homes or small businesses. Ms. Berhane shared her story of reaching the American dream through financial education, eradicating her myths of financial institutions and the American financial mainstream, establishing credit, building a savings, and setting a goal to purchase an apartment. NYANA's outreach efforts and financial education assisted her to achieve her goal of home ownership and continued savings.

Plenary 1: Unbanked Overview

Ms. Cassy Gleason, Director, Community Affairs Unit, New York State Department of Banking (New York, NY) described how the New York State Department of Banking helps to promote the location of bank branches in underserved markets through its Banking Development Districts initiative (BDD). The initiative's inception was due to the identification that in lower-income communities, there were fewer bank branches. The BDD program has brought branches into underserved communities and offers banks incentives to participate in the program. In 2006 the BDD branches 20,000 new accounts, half of them being savings accounts. In 2007 the BDD branches made more than \$126 million in investments and loans, including community development lending and provided other services.

Mr. Lee Bowman, National Coordinator, Community Affairs, Federal Deposit Insurance Corporation (FDIC) discussed how the FDIC is helping to facilitate financial institutions to reach underserved markets through financial education and product development. "FDIC sees what we call economic inclusion as a high priority." As a result the Alliance for Economic Inclusion, a national initiative designed to bring people into the mainstream, was created. Each of the FDIC regional offices selected a market within their region with high concentration of unbanked people to reach through collaborative efforts.

Ms. Melissa Koide, Associate Director, Financial Services and Education Project, New America Foundation (Washington, DC), described recently-released research linking the provision of financial education to the use of savings, particularly in non-profit community-based program. Their findings indicated that "individuals, when they did receive education with an account product, they did appear to move towards greater financial stability, and that we saw demonstrated by their active use of accounts". The study also indicated that when education and accounts are combined, individuals tend to engage in personal planning and budgeting, which may lead to increased financial prosperity.

Concurrent Session 1: Second Chance for Financial Services

Ms. Lynette Bell-Ndiaye, First Vice President, Suntrust Banks Inc., (Atlanta, GA) spoke about her bank's strategies for working with customers with bank account problems and its participation in the Get Checking Program.

Ms. Chiquita Board, National Education Director, Get Checking, EFD/eFunds Corporation (Duluth, GA), spoke about the Get Checking program, a national financial education program designed to help consumers establish a primary banking relationship with mainstream financial services.

Ms. Lenore McKenna, Executive Director, Charleston Area Community Development Corporation, (Charleston, SC), spoke about strategies for educating unbanked persons to make good financial decisions and to build wealth through savings and homeownership.

Concurrent Session 2: Reaching Youth

Ms. Pamela Foster, Vice President, Community Development, Fifth Third Bank (Columbus, OH), described Fifth Third Bank's youth mentoring program. Ms. Foster provided a handout titled "Young Bankers Club" describing the program overview, commitment, and affiliate commitment components.

Mr. David Issac, Vice President/Branch Manager, North Fork Bank (New York, NY), along with Ms. LaKia Williams, described North Fork Bank's partnership with a Bronx high school. North Fork Bank opened a full-service branch in the school lobby. The branch is staffed by students in a banking and finance class at the Fordham Leadership Academy for Business and Technology, one of five schools in the building. The students during their summer break work at North Fork branches throughout the Bronx, training as tellers and customer service representatives. The goal is to help students further their skills in banking services and to promote basic finance literacy among the wider student body.

Ms. Katherine Shoemaker, Director, Policy and Special Projects, Harlem Children's Zone (New York, NY) described the Harlem Children's Zone's Young Harlem Investors savings initiative. The Saving for Education, Entrepreneurship, and Downpayment (SEED) Policy and Practice Initiative is a multi-year national initiative to develop, test and impel matched savings accounts and financial education for children and youth. The initiative seeks to set the stage for universal, progressive American policy for asset building by bringing together national and community partners to design, administer, and document specific aspects of children's savings programs.

Ms. Justine Zinkin, Executive Director, Credit Where Credit Is Due (New York, NY) described the school branches of the Neighborhood Trust Federal Credit Union and the credit union's adult financial education initiatives. Their mission is to promote economic empowerment among low-income families by increasing their access to, understanding of, and control over financial services. This mission is accomplished via financial education services delivered in tandem with credit union services and complementary economic development initiatives.

Concurrent Session 3: Reaching Immigrant Markets

Mr. Pablo DeFillipi, Associate Director, Membership Development National Federation of Community Development Credit Unions (NFCDCU), (New York, NY) gave an overview of strategies of new and existing credit unions to serve the Latino market. His organization has focused on the Latino market because of the size of the market and they make the largest group with lack of access to the financial mainstream. Mr. DeFillipi shared models of CDCUs that are serving the Latino community successfully by providing them access to credit and loans. In Mr. DeFillipi's words, "if you ask any immigrant community, the main issue is not check-cashing. The main issue is access to fair credit."

Ms. Linda Armyn, Vice President, Corporate Development and Government Affairs, Bethpage Credit Union (Bethpage, NY), described efforts of her institution to learn about the needs of the new Latino population in the suburban communities served by the credit union, and how they are partnering with key community organizations to deliver services to that market. Ms. Armyn stressed the importance of collaborating with community groups because that is the first place that unbanked people go. “When they come here, no matter what country they’re from, they reach out to churches,” she observed. Ms. Armyn encouraged participants to reach out to non-profit organizations and churches and to bring the financial services to these organizations because they are frequented, known, and trusted by the unbanked population.

Ms. Deyanira Del Rio, Associate Director, Neighborhood Economic Development Advocacy Project (New York, NY) discussed her organization’s recent survey of the financial needs of approximately 600 New York City immigrants. The survey results indicated that immigrant communities “have a strong desire to tap into the financial services that already exist.” Ms. Del Rio described some of the greatest myths found among the unbanked immigrant populations regarding the financial institutions that can only be addressed with education in order to bring in this market into the financial mainstream.

Concurrent Session 4: Building Community Financial Institutions

Ms. Tanya Branch, Vice President, North Carolina Minority Support Center (Durham, NC), described the efforts of her organization to support existing small credit unions, serving mainly rural communities, by centralizing their back-office operations, and providing technical assistance and funding.

Mr. Luis Pastor, President and CEO, Latino Community Credit Union (Durham, NC) described the origin and growth of Latino Community Credit Union in North Carolina, one of the nation’s fastest growing credit unions. Mr. Pastor described the ability to meet the cultural needs of the market, and the importance of partnerships in growing the credit union.

Concurrent Session 5: Asset Building and Financial Access

Ms. Rita Eygabroad, C.A.S.H. Director, Empire Justice Center (Rochester, NY) described the initiative in Rochester which includes outreach on the Earned Income Tax Credit, and access to free tax preparation assistance. The initiative seeks to take advantage of the tax return preparation moment to build assets and provide financial information and education.

Ms. Yonki Tschering, Vice President, New York Association for New Americans Business Center (New York, NY) described the asset building programs provided by her organization, including microenterprise assistance, homebuyer assistance, and individual development accounts.

Plenary 2: What can we learn from alternative lenders?

Mr. Michael B. Griffin, Senior Vice President, Community Development Banking, Key Bank (Cleveland, OH) described Key Bank’s experiment with providing check cashing and

other transaction services to non-customers that have been profitable and sustainable. Key Bank's successful model consists of delivering the products the unbanked are getting today at the check cashers and bring them into the bank and educate them about the available financial products. Key Bank has partnered with non-profit organizations to deliver financial education and trained its employees to deliver financial education as well. In Mr. Griffin's words, "We're trying to approach this like any other market segment, so we think of this as the unbanked market segment. So we've got our high net worth private banking. We develop products for them. We want to say, okay, what are the products this segment needs? How do we make this a business that works for them that works for us, and we can meet their needs?" Some of the products that Key Bank offers include savings, a small line of credit, and the bank is currently working on an overdraft line of \$250 to \$500 for those that do not qualify for the standard overdraft that allows financial stability in an emergency.

Ms. Amy Herlehy, Director, New York State Community Development, Citizens Bank (Rochester, NY) described a low-cost short-term loan product available for home improvements for low-to-moderate income communities. The product was developed as a result of town hall meetings conducted by Citizens Bank in local communities. Borrowers must own their house, be at 80 percent of the median income or below, or live in a low- or moderate-income neighborhood. "Basically what this is an unsecured loan. We don't look for receipts or anything like that. It just needs to be home improvement. There's no fees. There's no closing costs." The program is promoted by word of mouth in the communities, at branches, and through churches and non-profit groups.

Mr. Larrey Riddle, Program Manager, Employee Advantage Lending Initiative, Mountain Association for Community Economic Development (Berea, KY) explained a new pilot to provide alternatives to payday loans in conjunction with financial education and counseling, through employer relationships. As background, he noted: "Between 1999 and 2006, new payday lenders opened in Kentucky at a rate of one every four days, collecting over \$145 million annually from their low and moderate income customer base, a group that can least afford it, and this industry is growing much faster in other parts and more populated regions of the country." The pilot program includes a financial education component, a mandatory savings component, and most loan payments are made through payroll deductions. For those customers that do not have a bank account, they offer a stored value card.

Mr. Michael Wishnow, Senior Vice President, Communications, Pennsylvania Credit Union Association (Harrisburg, PA) discussed the new Credit Union Better Choice Program developed for credit unions in the state. The goal of the program is to transition people from the wealth-stripping cycle of predatory lenders such as payday lenders, check cashers, pawn brokers, and rent-to-own companies. Using the payday loan model, "a \$500 loan over 90 days costs the borrower \$450 in interest and fees. Using our model, with a \$25 application fee and an 18 percent rate of interest, the same \$500 cost \$40.09 for 90 days, so you can see it's literally ten percent of the cost. In addition, they have 50 bucks in the savings account." Mr. Wishnow reported the results of the 42 credit unions for the first six months: 1,682 loans totaling \$877,000 with an approximate savings of \$600,000 to Pennsylvania consumers, and 1,682 new savings accounts. The Credit Union Association plans to do targeted mailings to include people receiving welfare checks, people receiving other benefits, and people that are more likely to be unbanked.

Summary

A panel comprised of Mr. Iannicola, Mr. Barry Wides, Deputy Comptroller, Community Affairs, U.S. Office of the Comptroller of the Currency, Ms. Cathie Mahon Executive Director of the Office of Financial Empowerment, Department of Consumer Affairs , City of New York, and Ms. Louisa Quittman, Director, Community Adjustment and Investment Program, U.S. Department of the Treasury provided a summary of the conference and closing thoughts. The findings included the following ideas.

- Financial institutions do not need to provide financial education directly. They can find a community organization to provide that service or an education provider, and make sure that that organization knows the underbanked market or the unbanked market.
- In reaching the unbanked, it is important to build coalitions that cross sectors and include faith-based institutions, social service agencies, government agencies, and financial institutions.
- Partnerships are critical, but partners should be selected carefully. The partners must understand their roles and do what they do best.
- To reach the unbanked, organizations need to become “learning organizations” that reflect and continually improve their processes, services, and products.
- Providing access to financial services takes a number of forms, including physical presence of a financial institution in an underserved community as well as active and strategic collaboration with key community organizations. Access also looks at overcoming regulatory and identification barriers and providing services at an appropriate cost.

Financial institutions should think about long term business models in reaching underserved populations.