

AGE FRIENDLY BANKING:

*BUILDING PATHWAYS TO ECONOMIC SECURITY FOR OLDER ADULTS
THROUGH BANK ON AND OTHER COMMUNITY PROGRAMS*

Presented By

**NATIONAL
NEIGHBORS
SILVER**

NATIONAL
COMMUNITY
REINVESTMENT
COALITION **NCRC**



AGE FRIENDLY BANKING:

AGENDA

- Facts About/Needs of Older Consumers
- How Communities Can Help
 - Bank On Concepts
 - Other Community Programs
- Case Studies
- Developing an “Age Friendly Banking” Standard



Bank On Memphis

Challenges & Opportunities for
Age-Friendly Banking

About RISE Foundation

Founded 1999

Originally -to increase public housing residents economic self-sufficiency

Mission: **Empower low income residents to build and sustain financial assets**

**Responsibility; Initiative; Solutions;
Empowerment**

CORE PROGRAMS

□ SAVE UP

- Individual Development Accounts (IDA) –matched savings for asset purchase– targeted toward EITC eligible workers

□ GOAL CARD

- Academic Reward Program for Students in Foote Homes & College Park Communities
- Youth Financial Education

□ **COMMON CENTS**

- Workplace-based Financial Education

□ **STEP PREP**

- Coaching To Graduate for Overage Teens

□ **Memphis Responsible Lending Collaborative**

- 120 + nonprofits; public agencies ; banks; etc.
- Research & Information Sharing
- Financial Education
- Public Policy Advocacy
- Bank On Memphis



BANK ON MEMPHIS

Everyone is welcome

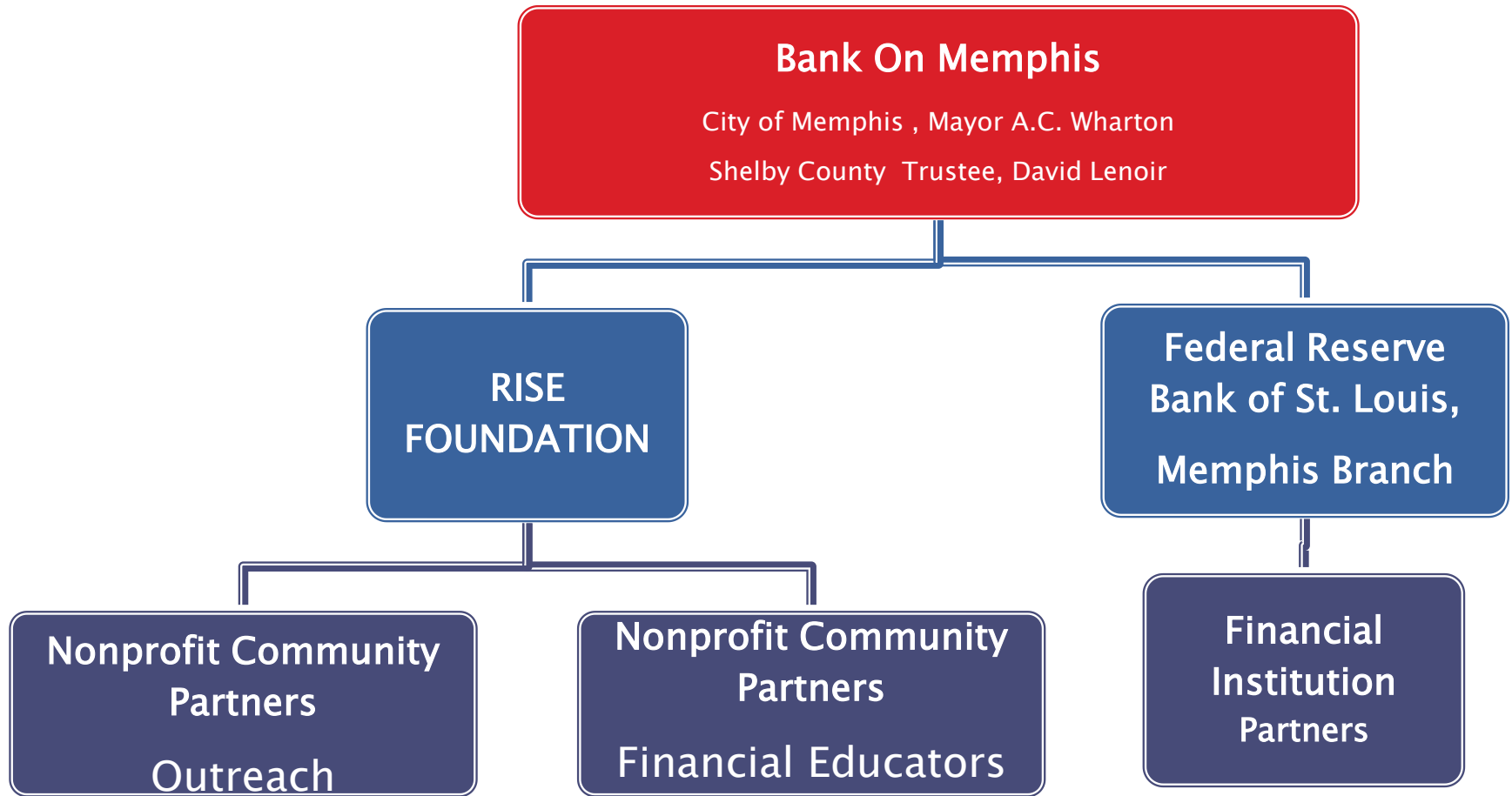
What is Bank On Memphis ?

A public-private partnership between Memphis & Shelby County government, financial institutions, and nonprofits, to encourage the unbanked to establish an account at a mainstream financial institution

Bank On Memphis involves three major elements:

- Offer a safe and affordable **checking and savings accounts** that serves the needs of the unbanked
- Launch an **outreach and financial literacy campaign** through community based organizations to promote banking and sound financial management
- **Engage** institutions that touch the unbanked and underbanked, such as employers, churches, public agencies, universities, & youth service providers to promote Bank On Memphis

Partnership Structure



Why Bank On MEMPHIS ?

- Unbanked Households in Memphis Metro
96,000 Households
New York 95,000 Unbanked HHs
- ▶ Underbanked HHs 97,000 (those who may have had an account in the past but no longer do and /or use alternative service providers like check cashers and title lenders)
- ▶ **17.3% HIGHEST** percentage of UNBANKED of any metropolitan area in the country
- ▶ In Shelby County an estimated 70,500 HHs are unbanked; City of Memphis **at least 47,000 are unbanked**

UNBANKED COSTS

PEOPLE WITHOUT A RELATIONSHIP WITH A MAINSTREAM FINANCIAL INSTITUTION HAVE:

NO OPPORTUNITY TO SAVE MONEY & GROW ASSETS

- ▶ Average Memphis wage earner with \$22,000 of take home pay spends in **excess of \$1,000** annually cashing checks and buying money orders.
 - Doesn't count cost of driving to pay bills or time lost from work
 - **Must Use High Cost Alternative Financial Services like check cashers or prepaid cards**
- ▶ Large numbers of folks with large amounts of cash ---
 - Theft , Public Safety
- ▶ Paper checks **cost** employers about \$1.80 percheck

Why are the Unbanked

UNBANKED??

- ▶ **Believe they don't have enough money**
- ▶ Uncomfortable; Lack of Trust
- ▶ **Cost** of overdrafts
- ▶ **Uncertainty** of fees and expenses for account
- ▶ **Bad Prior Experience**; disputes related to recordkeeping
- ▶ Difficulty in getting problems solved
- ▶ Those who are paid in cash are largely unbanked

Demographic



- ▶ 18–34 Age Group
- ▶ Working
- ▶ Income \$15,000-- \$ 40,000
- ▶ Education < HS; HS Grad; Some College
- ▶ Renters
- ▶ Cell Phone Users
- ▶ Latinos

Threefold Approach

NONPROFIT FRONT DOOR

Know Customer, Desire Help Client

Customer Service TRAINING

Training of Nonprofit Community Partners

Training of Financial Institution Staff

WHAT YOU SEE IS WHAT YOU GET

Transparent Products and Services

Follow-Up

Implementation Plan

➤ Community Partners

- Identification; Customer Intake Information; Basic Account Management Instruction; Follow-up

➤ Financial Educators

- Available and accessible 4–6 hour basic financial education courses / Database
 - RISE Common Cents & Remedial for Bank On Customers.
 - Financial Institution Incentives

➤ Public Sector

- Champion--- Public Face of Campaign

➤ Participating Financial Institutions

- Bank On Memphis Marketing Support
 - Logo Identification & Co-Branding
 - Marketing Support Funds \$\$\$
- Low Cost, **No-Cost** Checking and Saving Accounts
- Account Tracking and Reporting

Outreach Strategy

- Website www.bankonmemphis.org
 - Catalogue of Financial Partners & Branch Locations
 - Comparison of products and services
 - Nonprofit Community Partners
 - Schedule of Financial Education Classes
- Event Presence—be where the unbanked are
 - Car Shows ; Sports Events; Music Events
 - Church Fairs; Community Events
 - Financial Institution Ambassadors
- Social Networking
- Free Press / Earned Media

Market Challenges

- ❑ Unbanked Uncomfortable / Intimidated
- ❑ Prepaid Cards/ Payroll Cards /Wal-Mart Bank
- ❑ Immigration Status Concerns
- ❑ Cell Phone Payment Systems
- ❑ Financial Institution Reticence– *don't want problematic customers*
- ❑ Creation of “Buzz”
- ❑ Environment of Increasing Transaction Fees

What we have Learned

- ▶ Banks don't play well with others
- ▶ Different financial institutions are very different from one another.
 - Highly competitive/ different products/ different capacities
 - Big vs. small & bank vs. credit union
- ▶ Do just enough to comply
- ▶ Hard to make business case
- ▶ Fund from public relations or CRA pots not marketing or business development

Other Lessons

- ▶ **Need strong community champion---**mayor, for example
- ▶ **Willing and capable nonprofits**
 - Overtaxed and under resourced
 - Make easy to participate
- ▶ **Marketing Funds**
- ▶ **Someone to make it happen everyday**

Older Unbanked and Underbanked

African Americans and Hispanics are disproportionately represented among older unbanked population

(AARP Public Policy Institute, "A Portrait of Older Unbanked and Underbanked Customers", 2010)

	AGE 45-64	AGE 65+
UNBANKED	4.1 Million HHs	1.3 Million HHs
African-American	29%	22%
Hispanic	13%	18%
UNDERBANKED	8.8 Million HHs	2.3 Million HHs

Older Unbanked Underbanked Profile

- ▶ Half had incomes of < \$25,000
- ▶ 76% of those 65+ had a checking account...but 24% did not.
- ▶ Lower income ...Less likely to have a checking account.
 - 47 % of underbanked African Americans 65+ had a checking account (53%) did not.
 - Primary reason given for not having an account “not enough money to be useful”

Memphis Senior Checking Accounts

*

Bank	Age	Fee	Interest	Min Dep	Min Bal	Loan Rate	CD Rate	Checks	Traveler's	Cashier's	SD Box	Stop Pay
<i>Regions Bank</i>	50	\$8	No	\$50	\$1,500	✓		✓	✓		✓	
<i>Bancorp South</i>	60	\$8	Yes	No	\$500			✓				
<i>Renasant Bank</i>	62	No	Yes	No	No							
<i>Magna Bank</i>	55	\$10	Yes	\$100	\$5,000 ^A	✓		✓	✓		✓	
<i>Cadence Bank</i>	50	\$8	Yes	No	\$250 ^B			✓				
<i>Paragon Nat Bank</i>	50	\$12	Tiered	No	\$100							
<i>Bank Tennessee</i>	50	No	Yes	No	No		✓	✓	✓	✓	✓	✓
<i>First Alliance Bank</i>	50	No	Yes	No	No			✓				✓
<i>Bank of Bartlett</i>	50	\$10	Yes	\$100	\$2,500 ^C			✓	✓		✓	
<i>Commercial B & T</i>	50	No	No	Yes	No			✓	✓			
<i>Trust One Bank</i>	55	\$10	Tiered	\$100	\$1,000			✓				

NATIONAL NEIGHBORS SILVER

NATIONAL
COMMUNITY
REINVESTMENT
COALITION *NCRC*



National Community Reinvestment Coalition works to increase fair and equal access to credit, capital, and banking services for underserved communities.

NCRC represents more than 600 community-based organizations that promote access to basic banking services including credit and savings, to create and sustain affordable housing, job development and vibrant communities for America's families and elders.

National Neighbors Silver is a multi-year campaign to empower, organize and support economically vulnerable older adults. Combining advocacy, organizing and direct service, the campaign promotes access to responsible banking services and affordable, fair housing for older adults.

Working with the banking industry, aging network and housing experts, **National Neighbors Silver** offers a platform for policy and program solutions to build economic security and preserve wealth for aging America.

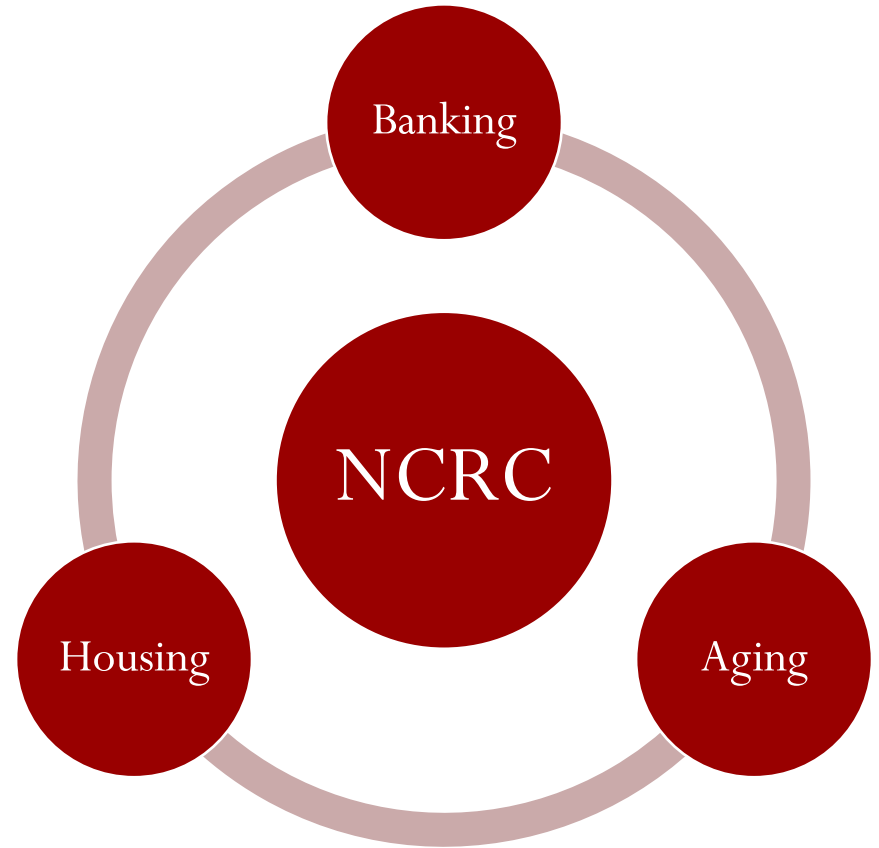


NCRC: National Neighbors Silver

- **National Community Reinvestment Coalition** – bridging networks and building on expertise
- **A multi-pronged approach** – organizing, advocacy and direct service
- **Defining age-friendly banking** – identifying better banking practices for older adults

NCRC: National Neighbors Silver

- Organize and empower economically vulnerable seniors;
- Bridge distinct networks in housing, banking and aging;
- Train organizations on fair housing and fair lending for older adults;
- Reach low-income seniors with housing counseling support; and
- Promote responsible banking and adequate housing for seniors.



NCRC: National Neighbors Silver

- **Organizing:** Establishment of up to 15 local campaigns, including one full-time organizer and 5 community Ambassadors. Collectively, these community leaders will reach thousands of older adults.
- **Advocacy:** Development of a national platform – including a federal policy agenda and an “age-friendly banking” standard.
- **Direct Service:** Direct services to older adults offered via the Housing Counseling Network and trainings for service providers, housing counselors, advocates and the broader NCRC network.

NCRC: National Neighbors Silver



Velva Stewart – North Minneapolis, MN

“My home was always beautiful but the codes had changed. The city told me that there were necessary repairs even though they knew there wasn’t a bank in the community that would lend to me. I got an offer from someone who said they’d buy my home and allow me to rent from them in exchange for equity. The house was foreclosed from him, and I was evicted from my home of 35 years.”

Annette Smith – Rocklin, CA

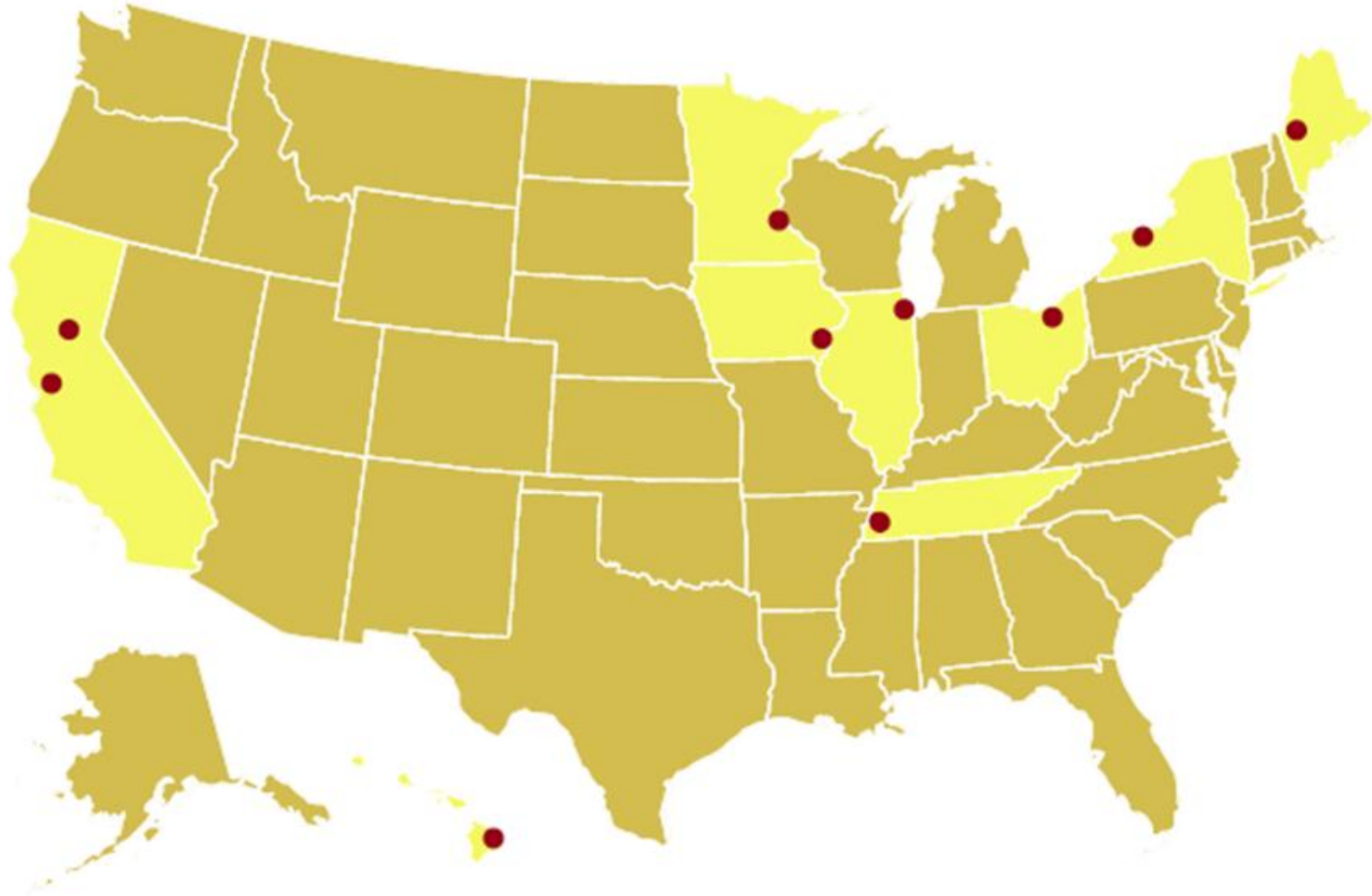
“I was widowed at 34 and raised two daughters. I became homeless in the late 1990’s after the loss of my home and business to the criminal activity of our family attorney. After moving into a HUD Section 8 senior apartment complex, I discovered a maintenance man was charging older women for their repairs. Our small board of six women ages 79-85 became empowered.”

ORGANIZING: National Neighbors Silver

10 organizing sites established in 9 states and communities:

- Causa Justa: Just Cause (Oakland, CA)
- Empowering and Strengthening Ohio's People (Cleveland, OH)
- Faith Action for Community Equity (Hawaii)
- Jewish Community Action (Minneapolis, MN)
- United Neighbors (Davenport, IA)
- The California Coalition for Rural Housing (California)
- New York Statewide Senior Action Council, Inc. (Buffalo, NY)
- Pilsen Neighbors Community Council (Chicago, IL)
- RISE Foundation (Memphis, TN)
- Western Maine Community Action (East Wilton, ME)

National Neighbors Silver: Building a national movement to empower



DIRECT SERVICE: National Neighbors Silver

NCRC aims to actively reach seniors with housing counseling services. From September 2010 – October 2011, the Housing Counseling Network and its affiliates served over 1,750 seniors on foreclosure prevention.

NCRC will market its housing counseling hotline – **1-800-475-NCRC** – to older adults via its network and in partnership with aging service providers.

In addition to housing counseling support, NCRC will develop trainings and train-the-trainer curricula for its National Neighbors Silver grantees and the broader NCRC network.

ADVOCACY: National Neighbors Silver

Through partnerships with banks, non-profits, government and consumers, NCRC will define “**age-friendly banking**” – a standard that includes a uniform package of services and products financial institutions can offer to help seniors navigate today’s economy.

- Affordable financial management
- Community engagement
- Protection from financial abuse
- Loan products to facilitate “aging in place”
- Affordable housing development for low-income seniors
- Philanthropic support for aging services and advocacy
- Accessible branch and online services



Creating New Tools for **CRA** Advocates

CRA defines the kinds of activities – like loans, financial literacy classes, low-cost accounts, and more – that count towards meeting a bank's obligations to the community.



With your help, NCRC will define how banks can responsibly serve economically vulnerable older adults. Together, we will identify the best banking practices for older consumers. Based on your input, NCRC will create a new tool called **age-friendly banking**.

Case Study: Bank Y Notifies on Fraud

Bank Y – located in a major urban area in Northeastern U.S. – is voluntarily participating in a local training program for bank tellers co-led by Adult Protective Services (APS) and a senior service organization.

The training program teaches bank tellers how to identify common signs of financial fraud and abuse. After the training, tellers are empowered to notify APS when an older adult is at risk.

Case Study: Bank Y Notifies on Fraud

Discussion –

- What do you think of Bank Y's participation in the training?
- What else could Bank Y do to protect seniors from abuse?
- How common is elder financial abuse in your community?
- Other thoughts or reactions?

Case Study: Z Bank Reaches Out

Z Bank – a regional bank located in the Southwestern U.S. – made a sizable grant to a statewide non-profit to develop a series of financial literacy materials for older adults.

In addition, Z Bank supports this non-profit in offering financial counseling services to low-income older adults. Z Bank refers its older consumers to this non-profit to receive services and makes its financial literacy materials available free of charge.

Case Study: Z Bank Reaches Out

Discussion –

- What do you think of Z Bank's support of the non-profit?
- Are you familiar with similar services in your community?
- What other services could Z Bank direct its consumers to?
- Other thoughts or reactions?

NCRC: Age-Friendly Banking

Discussion –

- **How else can banks better serve older consumers?**
- What has been your banking experience as an advocate?
- What banking stories do you hear from older adults?
- Other thoughts or reactions?

NCRC: National Neighbors Silver

Stay involved.

- Contact our community-based partners and join up!
- Participate in national webinars.
- “Like” our movement online: @NCRC
- Join our mailing list.
- Contact Sarah Meekat:

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