

BANK  ON  

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HOUSTON

*EVERYONE IS WELCOME*



# What is Bank On Houston?

- The Bank On initiative is a collaborative effort started by the City of San Francisco and the Federal Reserve Bank of San Francisco about four years ago to address the needs of their city's unbanked and under-banked households.
- The Bank On program has spread throughout the country and is based on a collaborative effort with local communities and their financial institutions, local governments, community based and nonprofit organizations.

# Bank on Houston Founding Partners



# What is my role?

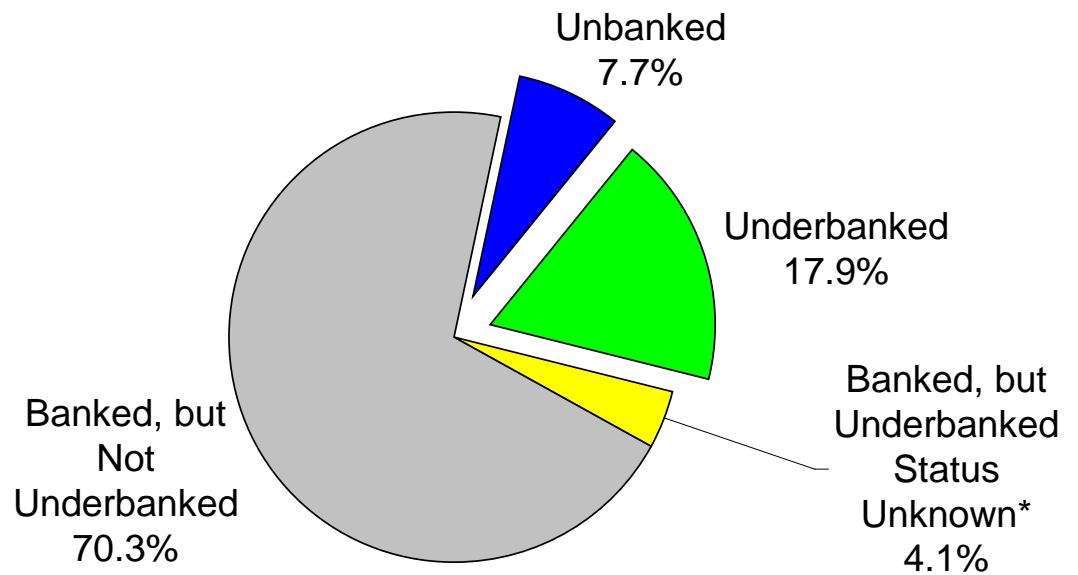
- Your bank or credit union has chosen to participate in the Bank On Houston initiative.
- Your branch has been identified as a “Bank On” branch and it is anticipated that you will be working with unbanked consumers.

# What do we want our new customers to know?

- **Everyone is welcome** and can open a low-cost account!
- Checking and savings accounts help people save money and keep it safe.
- Learning how to manage money is an important step towards financial success.

# National proportions of unbanked and underbanked households

- An estimated **7.7 percent** of households, about 9 mm with at least 17 mm adults, are **unbanked**.
- An estimated **17.9 percent** of households, about 21 mm with about 43 mm adults, are **underbanked**.
- Taken together, at least **25.6 percent** of U.S. households, close to 30 mm households with about 60 mm adults, are **unbanked or underbanked**.

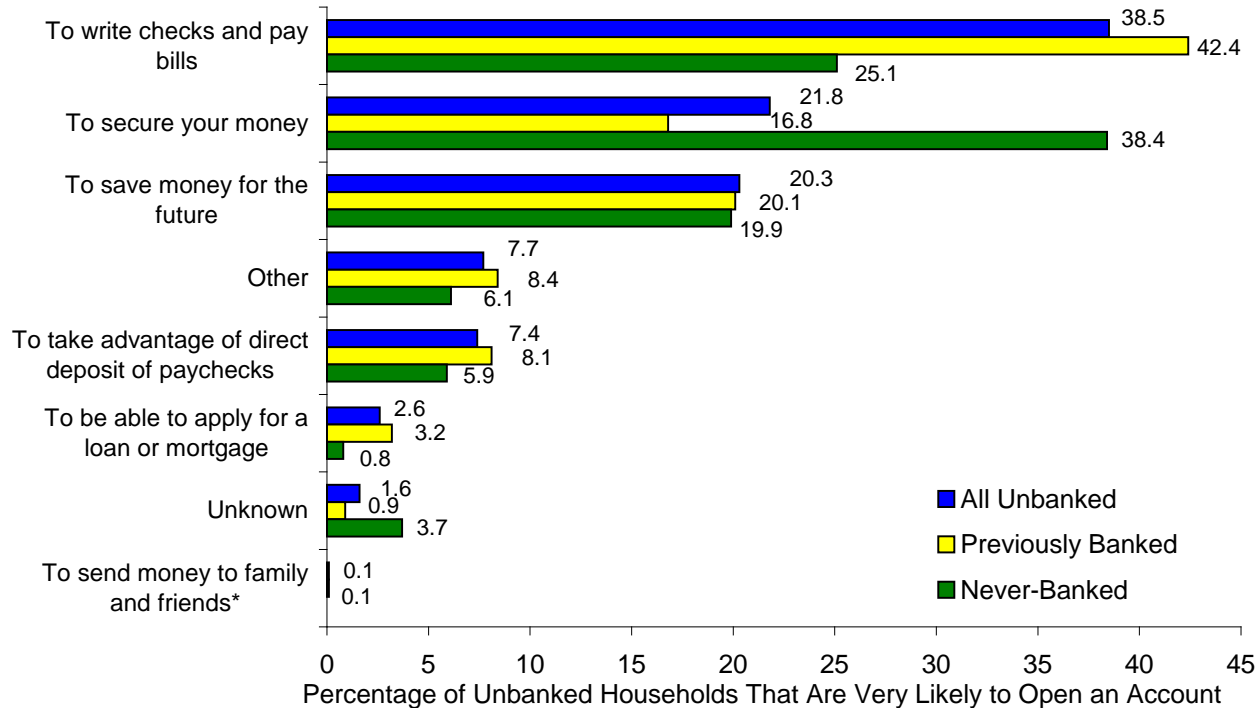


Notes: Percentages are based on 118.6 million U.S. households. Percentages do not always sum to 100 because of the rounding of household weights to represent the population totals.  
\* These households are banked, but there is not enough information to determine if they are underbanked.

# Characteristics of unbanked

- Households more likely to be unbanked than the population as a whole are those:
  - With a black, Hispanic non-black, or American Indian/Alaskan householder; or
  - Where Spanish is the only language spoken at home; or
  - With a householder that is a foreign-born noncitizen; or
  - That are family households with an unmarried female or male family householder; or
  - Earning less than \$30,000; or
  - With a householder holding less than a high school degree; or
  - With a householder under age 45.

# Unbanked households' reasons for wanting to open an account



Notes: Percentages are based on all unbanked households that were "very likely" to open an account in the future (849 thousand households). Household respondents that did not report being "very likely" to open an account were not asked this question.

\* No never-banked respondent selected this reason for opening a bank account. It is believed that the universe proportion is only slightly greater than zero.

# Why are people “unbanked”?

- Fear of minimum balance requirements
- Lack of understanding about fees and other charges
- Mismanagement of past accounts
- Fear of stringent ID requirements
- Cultural or generational distrust of financial institutions
- Lack of basic knowledge/financial education
- Unbanked households are usually clustered in lower socio-economic neighborhoods and poor rural areas

# Immigrant Banking Needs

- In some countries banks are not safe, secure or trusted. Immigrants will be concerned about FDIC insurance and about ready access to their funds
- Many send money back to family members in their home country. They may be interested in wire transfer costs.
- Some lack SSN's and will be interested in knowing about alternative forms of ID (e.g. matricula consular cards)
- Because of language barriers, some may be uncomfortable writing checks. They will be especially interested in other options, like debit cards and online banking

# Senior Banking Needs

- 15% of Seniors and disabled still receive Social Security benefits by paper check.
- As of March 2011, all new Social Security recipients, Veterans and Railroad pensions will only be available through direct deposit.
- As of March 2013, all beneficiaries will be converted to direct deposit.
- Safety and funds availability are primary concerns to Seniors.

# How you can help the unbanked

- Encourage customers to sign up for free financial education classes through the participating nonprofit agencies.
- Volunteer to teach or assist at financial education classes.
- Understand that some customers may not directly ask for a Bank On Houston product, but will ask for the “unbanked program”, “free banking” etc.

# How you can help the unbanked

- Your financial institution has agreed to be part of the Bank On Houston program in your community.
- You will be helping customers open basic or low cost checking and/or savings accounts.
- Refer any customer unable to open account with your institution to another institution, or back to the Bank On Houston program as appropriate, for help.

# How you can help your new customers

- Educate each customer on how to succeed with their new account
- Make sure the client understands the account
  - Instruct customer on the rights and responsibilities of properly managing a checking account:
    - Explain all fees associated with the account
    - Explain “opt in” for overdrafts and emphasize high cost of overdrafts.  
**Encourage your customers to carefully consider the consequences of overdrafts on ATM and debit card transactions.**
    - Explain how to properly use debit card
    - Advise on use of ATMs and how to avoid costly fees for use of out of network ATMs
    - Show how to reconcile and keep track of account balances
      - Paper
      - Electronic (including mobile phone alerts etc)
    - Explain how to pay bills
      - Write checks
      - Use electronic banking

# Encourage customers to save

- One of the best ways to keep low wage workers from utilizing pay day lending services, rent to own, refund anticipation loans and other alternative financial services is to encourage the establishment of a savings account with automatic deposits.
- Encourage customers to open a savings account and have a portion of their direct deposit pay automatically deposited into their savings.

# Help with a Second Chance

- Help clients with negative banking history get back on the path to success
  - Work with client to contact and arrange payment plans for outstanding account issues and help clients contact ChexSystem and order their report.
  - Monitor Bank On accounts to ensure clients are managing their accounts and refer to financial education opportunities and other assistance through the Bank On Initiative.
  - If you are unable to open an account for them, explain their options and provide an appropriate referral. No client should be turned away without being provided with referrals to either the 2-1-1 hotline, your Bank On Coordinator, or, if applicable, another financial institution.

# How you can help Bank On Houston

- Make sure everyone in the branches knows about Bank On Houston and can assist clients in positive choices:
  - Schedule training for staff in targeted branch locations
  - Use Bank On materials in employee areas to help raise awareness
  - Send emails to staff to raise awareness of program
  - Provide training to new staff

# Spread the word about Bank On Houston

- Attend outreach events in the community
- Look at your nonprofit or business clients and offer to host trainings and provide direct deposit accounts to their employees
- Let us know about personal success stories of your clients
- Volunteer to speak about your financial institution's experience at Bank On events.

# Account Tracking

- Track unbanked clients and report data each quarter
  - Use tracking codes to make sure we count all eligible clients
  - Track as much information as possible
    - Account openings and closings
    - Balances
    - Number of overdrafts

# Questions?

## Thank you for being part of Bank On Houston



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