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United Way and Partners Launch Bank On Bloomington

Bloomington, Ind. – During a press conference today, United Way of Monroe County and several partners announced the launch of Bank On Bloomington. This new initiative brings together local financial institutions and community partners to help residents access mainstream financial services and financial education.

Bank On Bloomington helps area residents open a bank account, an important step toward financial stability. Residents who have never had an account or have had difficulties in the past will find that many traditional barriers have been reduced or eliminated. These barriers may include minimum balance requirements, difficulties with an account in the past such as unpaid overdraft charges, or lack of a U.S. driver's license or state-issued identification.

Based on successful models in about 100 cities around the country, Bank On Bloomington hopes to increase the financial stability of people living in our area by providing access to bank accounts and financial education. With an account at a bank or credit union, it can be easier to save for the future, manage money, and access credit and lower-interest loans.

The three key components to Bank On Bloomington are simple: Learn. Save. Build.

Participants will...

- Learn how to manage money better.
- Save money and time by avoiding check-cashing fees and waiting in lines, and
- Build their financial future.

According to Barry Lessow, United Way of Monroe County's Executive Director, "We are encouraging those in our community without bank accounts to join Bank On Bloomington. An account at a bank or credit union is increasingly important in building financial stability. The partners in Bank On Bloomington have worked to offer products, services, and education that will help new account holders build successful and sustainable banking relationships.

According to the Federal Deposit Insurance Corporation [FDIC], more than 7% of all Indiana households are unbanked, meaning no one in the household has any type of checking or savings account. In Indiana, 20.9% of lower-income households (those households earning below \$30,000 per year) have no banking relationship. For the U.S. as a whole, nearly 20% of households earning below \$30,000 a year do not have bank accounts. The FDIC reports that 71.2% of all households without bank accounts in the U.S. earned less than \$30,000 per year.

"It's important for people to understand that Bank On is creating opportunities. We view this truly as an economic initiative, as well as the right thing to do. The number one figure I hope people remember is \$1,100. The average household without a bank account is spending around \$1,100 in fees and this is 100% preventable," City of Bloomington Mayor, Mark Kruzan stated. He went on to say, "The City supports the efforts of Bank On to help those without banking relationships get an account, participate in financial education, and strengthen their financial stability."

Many households without a bank account rely on alternative financial services such as check cashers, payday loan providers, pawn shops, and rent-to-own outlets. These establishments typically charge high fees for their services. In fact, an average unbanked household in Indiana spends over \$1,000 a year in fees for alternative financial services.

National data show that certain racial and ethnic minorities are more likely to not have bank accounts than the population as a whole. An estimated 21.7% of African American households and an estimated 19.3% of Latino households do not have bank accounts.

“The Bank On approach of inclusive community coalitions composed of local or state government, trusted community partners and leaders, and financial education providers have been successful in developing methods to help working families benefit from having transaction and savings account,” says Financial Opportunities Specialist, Matt Pippin with the U.S. Department of the Treasury. He went to say, “Bank On also provides important financial education opportunities. The Bank On movement, that the Treasury is working to support, is intended to build upon and enhance local community collaborative efforts.”

A few reasons that people cite for not having a bank account include minimum balance requirements, difficulties with an account in the past, lack of appropriate identification, and feeling they don’t have enough money or don’t write enough checks.

Bank On Bloomington has worked to reduce or eliminate those barriers. Participating financial institutions will offer accounts with no minimum balance, no or low monthly maintenance fee, and free basic online services. Partners will make a reasonable effort to open an account even if an individual has had difficulties with an account in the past, such as unpaid overdraft fees. Several partners will also accept alternative forms of identification.

Todd Lare, South Central Community Action Program Executive Director, commented, “Check cashing fees typically range from 1.5% to 3.5% of the face value of the check. The industry reports producing \$1.5 billion in fees annually. Similarly, payday lenders charge annual average interest rates of nearly 470%. On a typical loan of \$300, the fee for a two-week loan would be \$54. This industry earns about \$2 billion each year.”

There are many reasons for individuals and families to develop a solid banking relationship:

- Bank accounts help keep money safe from theft, fires, floods, and other natural disasters.
- Bank accounts also offer convenience through services such as direct deposit, ATMs, and the ability to write checks instead of waiting in lines to purchase money orders.
- Bank accounts can also save people money in check-cashing and money order fees.

- Finally, having a bank account can help people access other financial services in the future.

Financial workshops will be offered monthly at the Monroe County Public Library starting on May 21st. Facilitated by trained staff from financial institutions and social service agencies, the workshops will cover checking account management, budgeting, and financial goal setting.

Mark Bradford, Old National Bank Region President, speaking on behalf of all seven partner banks and credit unions stated, “We are committed to providing products and support services, including financial management training, to help the unbanked build stable financial relationships. Bank On Bloomington puts the costs associated with check cashing and pay day lenders in perspective, and helps the unbanked better understand the benefits banking can provide. This is a win-win situation for everyone, and the participating financial institutions are pleased to be able to support this community-wide effort.”

Bank On Bloomington is a partnership among United Way of Monroe County, the Financial Stability Alliance for South Central Indiana, local banks and credit unions, the City of Bloomington, 2-1-1, and several social service agencies. Participating banks and credit unions include Chase, Fifth Third Bank, IU Credit Union, KeyBank, Old National Bank, The Peoples State Bank, and Regions.

Anyone interested in opening a bank account or learning more about the program should look for the Bank On Bloomington window stickers at local banks and credits unions. A complete listing of current bank branches can be found at www.BankOnBloomington.org or by dialing 2-1-1.

Local banks and credit unions interested in joining Bank On Bloomington should contact Jessica Mace at jessica@monroeunitedway.org.

About the Financial Stability Alliance for South Central Indiana:

Bank On Bloomington is the first new initiative launched by the Financial Stability Alliance of South Central Indiana. The Financial Stability Alliance for South Central Indiana was formed in fall 2010 to increase collaboration and information sharing among financial stability partners and service providers

in Brown, Greene, Monroe and Owen counties. The Alliance publishes and distributes monthly e-newsletters, hosts events and trainings, and works to expand financial stability programs in the region.

About United Way of Monroe County:

United Way of Monroe County is a nonprofit organization that improves people's lives by addressing critical needs today and working to reduce those needs tomorrow. Through its Community Action Fund and grant opportunities, United Way works with 24 member agencies and community partners to focus resources on the building blocks for a better life: education, earnings, and the essentials. You can find more information at www.monroeunitedway.org.

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