



BANK ON CENTRAL TEXAS

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Bank On Central Texas Overview

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Financial Stability

step 1
INCREASE
INCOME

step 2
BUILD
SAVINGS

step 3
GAIN AND
SUSTAIN
ASSETS

Financial Education
Access to the Financial



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Bank On Central Texas

A community initiative led by **United Way** and **PeopleFund** to bring together banks, credit unions, financial services providers, government, private sector, community organizations, and nonprofits to bring more people into the financial mainstream.



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**“The whole is more
than the sum of its parts.”**

-Aristotle

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Bank On Central Texas Planning Team and Partners



United Way Capital Area



Greater Austin Hispanic Chamber of Commerce



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In Central Texas...

- 38% of Central Texas families are unable to meet their most essential financial needs.¹
- At least **47,000 households** in the area lack a checking or savings account.²
- Hispanics and their households account for 54% of the unbanked in Austin.³
- The typical working, unbanked household in Austin pays between **\$230 and \$918** to cash paychecks over the course of one year.⁴
- Checks cashed by non-bank check cashers were valued at over **\$160 million** with more than **\$4 million** in check cashing fees collected. We borrow **\$90,853,499** in payday loans annually and pay **\$14,763,694** in fees.⁵
- In Austin's low-income neighborhoods, payday lenders, check cashers, and pawn shops outnumber banks and credit unions.⁵

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Unengaged in the Mainstream System⁶

- Limited access and availability to financial institutions
- Product design factors
- Level of financial knowledge and comfort with new financial technology and innovation
- Issues of Trust – negative attitude/perception towards banks shaped by negative experiences in their country of origin

Reality: There is not a clear line between banked and unbanked.⁷

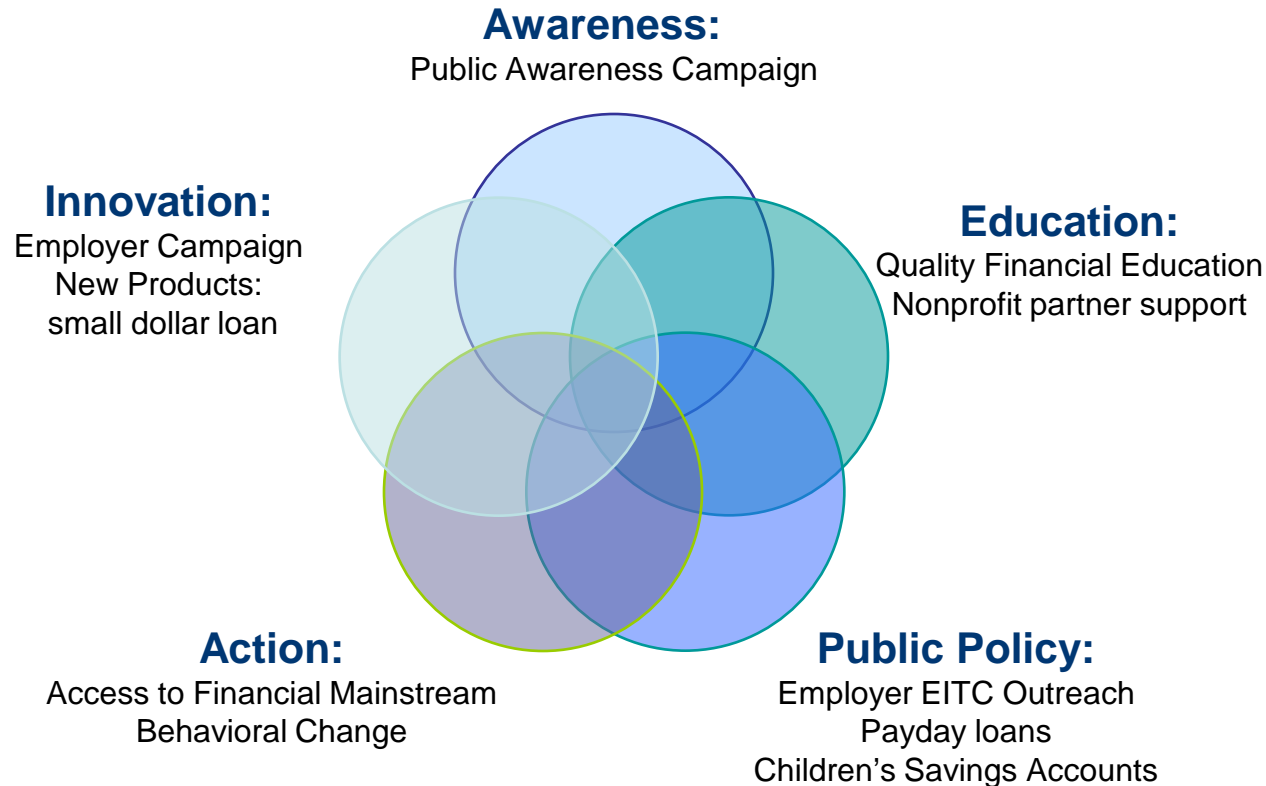
- Reliance on a patchwork of financial services provided by both bank and nonbank institutions.
- Two-thirds of the 70% of the population that is banked still use non-bank services.

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Bank on Central Texas: 5 Core Components



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Personal ROI is STRONG

Influence Long-term Financial Stability

- REDUCE -

- *Costly check cashing services**
- *High costs for additional services*
 - *Indirect costs of having no or limited access to wealth-building credit or loans.*

- INCREASE -

- *Opportunities to save*
- *Opportunities to build good credit*
 - *Access to affordable credit*
 - *Ability to purchase assets*
- *Safety and security of money*

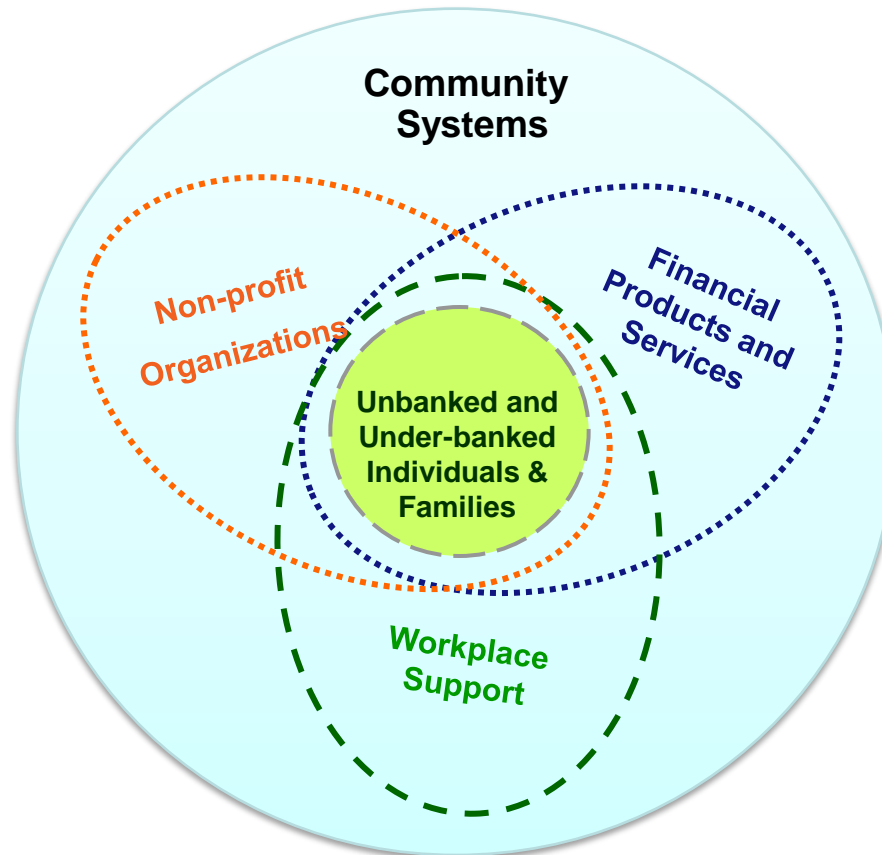
(A full time worker with a checking account could potentially save as much as \$40,000 during his career by not relying on check cashing services.)⁸

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Community Change



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Bank on Central Texas: Goals, Year 1

- Open 6,000 new accounts
- Maintain or upgrade 80% of these initial accounts
- Identify alternative service providers that meet appropriate criteria
- Create a robust and successful public awareness campaign
- Engage Central Texas employers and begin Employer Workplace Campaign
- Provide financial education for a substantial number of customers

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Product Offerings

Basic Features:

- Offer a no or low cost checking account with no minimum balance
- Accept the Mexican Matricula Card as a primary form of identification. Offer an ATM or debit card.
- Reimburse/waive one set of overdraft or NSF fund fees.
- Offer a savings account with no or low minimum balance.
- Serious consideration of a second chance product* and referral of any client unable to open an account with your financial institution to another *Bank On Central Texas* financial services provider or back to the *Bank On Central Texas* program for assistance.
- Provide referrals to Bank On Central Texas customers to initiative partners offering financial education.

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Product Offerings con't

Enhanced Criteria:

- An account with a debit card that does not allow overdrafts or requires customer to opt-in for coverage
- Low-cost small dollar loan product
- Structured, active second chance accounts
- Immediate access to deposits
- Additional low-cost services including remittances, money orders and cashier's checks

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Data Tracking and Reporting

Federal Reserve serves as Data/Reporting Lead

Data Points will include:

- Number of new accounts
- Average balance of accounts
- Number of accounts closed
- Lifespan of accounts
- Number of accounts opened by client zip code
- Number of accounts that received NSF and Overdraft charges
- Demographic client details

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**For more information
and to get involved:**

www.BankOnCentralTexas.org