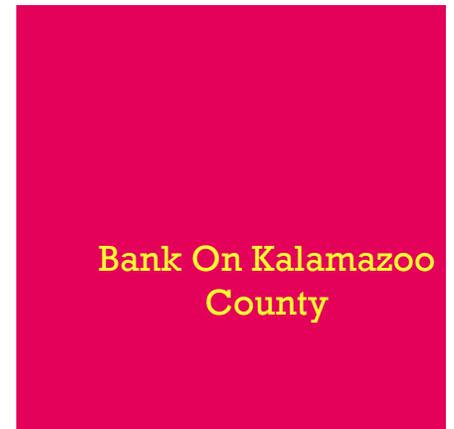




# Bank On Kalamazoo County

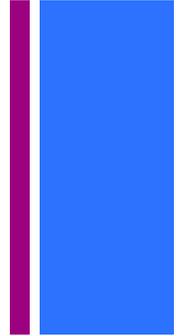


Bank On Kalamazoo  
County

A proposal to improve the financial lives  
of low to moderate income citizens in  
Kalamazoo County.



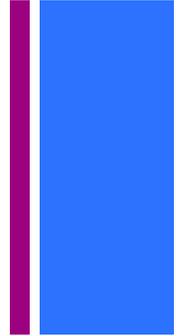
# What is Bank On?



- A national public-private initiative that links current unbanked (but bankable) households to the financial sector
- National partners include the Pew Charitable Trust and the National League of Cities
- San Francisco created the first Bank On program which is being replicated throughout the country
- Local programs are created by local partners; each is different and tailored to the community being served
- Four state level Bank On programs exist with more coming onboard all the time (California, North Carolina, Illinois, Indiana)
- Bank On Michigan is being formed



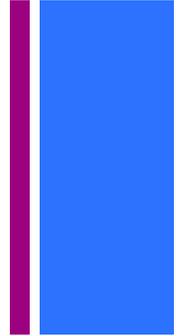
# Bank On Kalamazoo County Project Team



- Jeff Brown, Executive Director, Poverty Reduction Initiative
- Hannah McKinney, Vice Mayor, City of Kalamazoo
- Mary Balkema, Kalamazoo County Treasurer
- Kit Snyder, CEO, Consumers Credit Union
- Mackenzie Snyder, Latino Market Research Specialist, Consumers Credit Union
- Peggy Gagen, Community Investment Division Associate, Greater Kalamazoo United Way



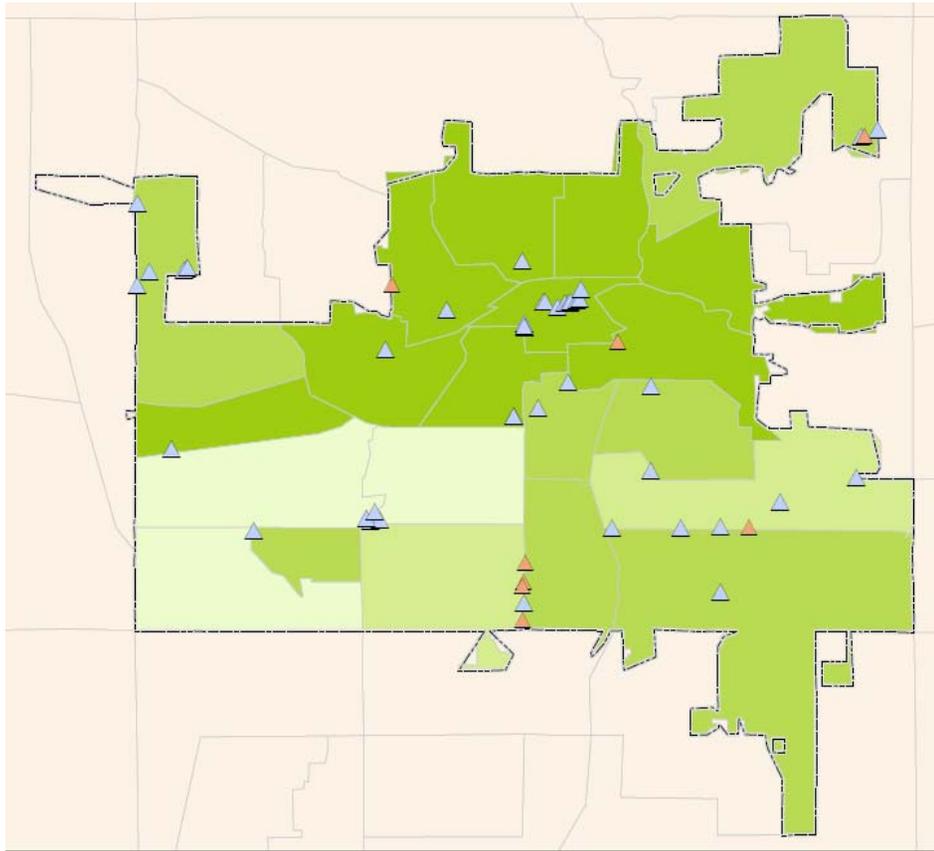
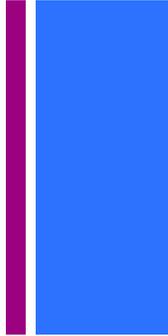
# Bank On Kalamazoo County Mission



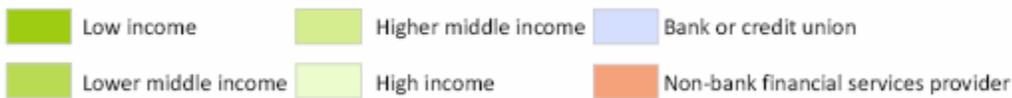
- 1. Provide non-predatory financial services to Kalamazoo's Low to Moderate Income (LMI) unbanked and under-banked citizens.
- 2. Provide economic opportunity for those with poor or no credit history.
- 3. Ensure citizens are taking advantage of appropriate tax credits and other government programs.
- 4. Removing barriers to create a banking environment that encourages the un-banked.



# What is the market opportunity in Kalamazoo?

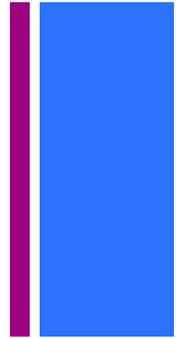


Unbanked households rely both on banks and non-bank check cashers to manage their income, using these institutions to cash their paychecks, pay their bills, borrow money, and/or wire money (in addition to buying groceries and gas, in some cases).



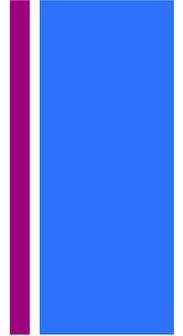


# Bank On Kalamazoo County Problem – Hostage to Money





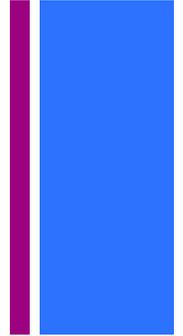
# Data about the Unbanked in the US, Michigan and Kalamazoo



- Low to Moderate Income (LMI) citizens are not well served by traditional banking
  - National Estimates of 20-30% of LMI do not have traditional bank accounts
  - LMI citizens are not part of the business model for most banks. Of the 10,000 bank branches opened in the last five years only 1 in 10 is in an inner city.
- 28 million Americans are unbanked according to FDIC and have *\$510 Billion in annual income*.
- 205,300 Unbanked Households in State of Michigan.\*
- 8,400 families in Kalamazoo County estimated to be unbanked with 3,300 in the city.\*
- Nearly 5.4% of Michigan Households are Unbanked.\*
- The number of payday loan offices grew from 200 in 1990 to 22,800 in 2005
- In the Lansing area, 20,000 checks a month are cashed at one Meijer store with a \$4 check cashing fee.
- \*According to Pew Charitable Trusts Proprietary Model. Contact Mia Mabanta at [mmabanta@pewtrusts.org](mailto:mmabanta@pewtrusts.org)



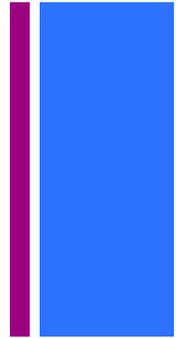
# The Bank On Opportunity



- Bank On helps mitigate the risks associated with the unbanked population. The campaign initially focuses on connecting the “qualified” segment of unbanked households to appropriate bank accounts
- Qualified means that households can financially benefit from using a bank account, have appropriate paperwork, and do not have a history of fraud or identity theft
- We expect that a majority of unbanked households are qualified

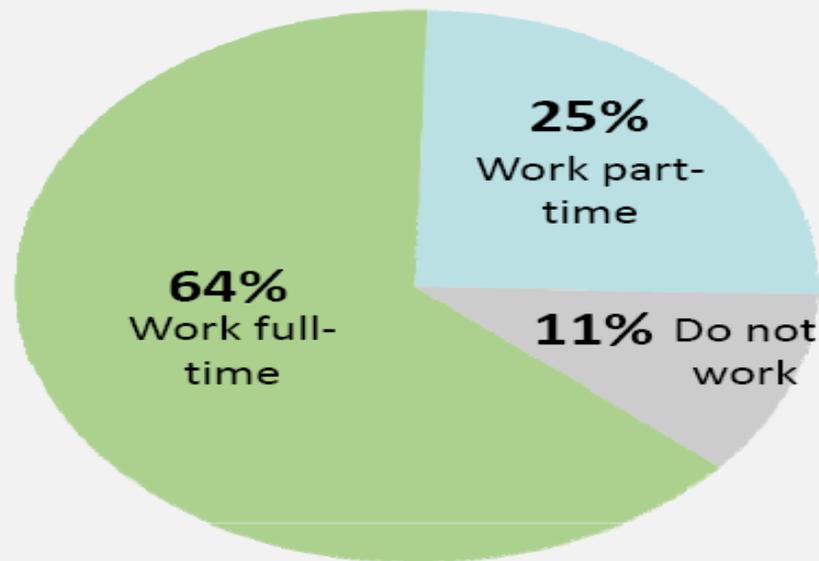


# Why Most Unbanked Households are Qualified for a Starter Account:



Most have an acceptable financial profile for most banks and credit unions.

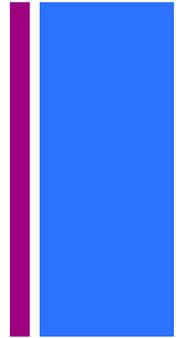
*Share of unbanked households that:*



**55%** of these households have never had a bank account



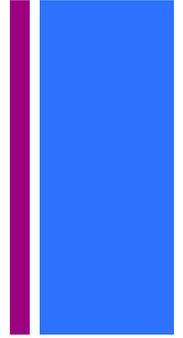
# Why Do Consumers Choose Higher-Cost Services Over a Checking Account?



- Most important reasons cited for not having a checking account:
  - Do not write enough checks to make it worthwhile (28%)
  - Do not like dealing with banks (23%)
  - Do not think I have enough money (14%)
  - Fees are too high (12%)
  - All other reasons (23%)
  
- Data from Patty Avery, Bank On Evansville and the National League of Cities technical assistant



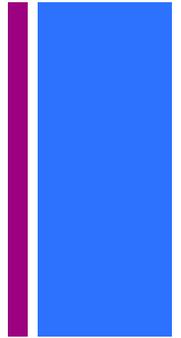
# From the Perspective of the Unbanked in Michigan



- 70% were previously banked and are no longer banked.
- 70% closed their accounts because of high fees, relocation or NSF.
- 30% closed accounts because of overdrafts.
- What would make unbanked more likely to open a bank account?
  - 29% Lower Fees.
  - 20% More Convenient banking Hours.
  - 16 % Less Confusing Fees.
  - 14 % Lower Minimum Balance.
  - 10% Quicker Access to Money.
- Data from Detroit Area Financial Services Study, Michael S. Barr – University of Michigan Law School.

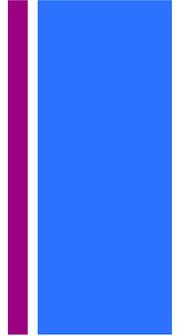
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# Bank On Kalamazoo County = Good Business Sense





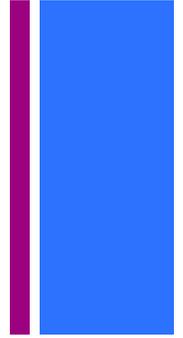
# Why Financial Institutions Partner with **Bank On Kalamazoo County:**



- Creates positive image for the bank or credit union.
- Benefits the community.
- Stronger community = stronger bank.
- Competition with predatory check cashers, payday lenders and tax refund anticipation loans at non-predatory rates is attractive because a profitable market exists.



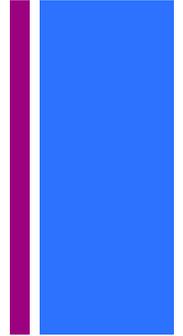
# How Will Bank On Kalamazoo County Function?



- I. Design Appropriate Financial Products.
- II. Select 50 Participants (Pilot Group).
  - Pilot group pulled from City of Kalamazoo and Comstock Township
- III. Training Program.
- IV. Program Evaluation
- V. Expand to Cover All of Kalamazoo County (in phases)



# Current Partners



## ■ Financial Institutions

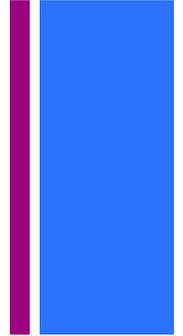
- Banks
  - Huntington National
  - National City/PNC
- Credit Unions
  - Consumers
  - Kalsee

## ■ Community Organizations

- Hispanic American Council
- Goodwill Industries
- Comstock Community Center



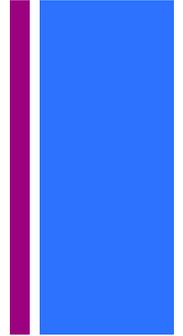
# Bank On Kalamazoo County Financial Products



- No monthly minimum balance requirement or service fees for checking and savings accounts
- Waiver of one set of NSF/OD per year
- Accounts for those on ChexSystems which is over 1 year old (as long as money is not owed to bank and no fraudulent activity has occurred)
- Accounts for those on ChexSystems less than 1 year old with a financial education class as a requirement
- Acceptance of alternate photo identification as primary identification (i.e. Mexican/Guatemalan Consular ID cards, State ID card, Passport, Military ID, Drivers License, etc...)



# Bank On Michigan

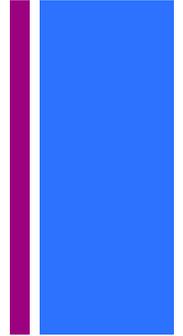


## ■ Defining Success.

- Formerly Unbanked or Under-banked are successfully banked.
- Pilot group has entered mainstream financial world, not paying predatory fees for financial services and building positive credit history.
- Ability to expand initiative to all of Kalamazoo County.



# Bank On Kalamazoo County



## ■ Thanks Go To:

- Planning group participants
- John Schlinker, Ingham County Chief Deputy Treasurer
- Patty Avery, Bank On Evansville, Bank On Indianapolis, and the NLC technical advisory group
- Mia Mabanta, Pew Charitable Trusts