

# Memorandum



CITY OF DALLAS

DATE February 3, 2012

TO Honorable Members of the Budget, Finance, & Audit Committee: Jerry R. Allen (Chair), Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, Ann Margolin

SUBJECT Building Partnerships: Transitioning the Unbanked and Underbanked to Mainstream Financial Institutions

On Thursday, February 9, 2012, at the Budget, Finance, and Audit Committee meeting, you will be briefed on Building Partnerships: Transitioning the Unbanked and Underbanked to Mainstream Financial Institutions. The briefing will be provided by Mr. Eloy Villafranca, Community Affairs Officer for the Federal Deposit Insurance Corporation. The briefing material is attached for your review.

Please contact me if you need additional information.

A handwritten signature in blue ink that reads "Jeanne Chipperfield".

Jeanne Chipperfield  
Chief Financial Officer

Attachment

C: Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Rosa A. Rios, Acting City Secretary  
Thomas P. Perkins, Jr., City Attorney  
Craig D. Kinton, City Auditor  
C. Victor Lander, Administrative Judge  
A.C. Gonzalez, First Assistant City Manager  
Ryan S. Evans, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest E. Turner, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Edward Scott, City Controller  
Stephanie Pegues-Cooper, Assistant to the City Manager

# **BUILDING PARTNERSHIPS:**

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## **Transitioning the Unbanked and Underbanked to Mainstream Financial Institutions**

**February 9, 2012**

Eloy A. Villafranca  
Community Affairs Officer  
Federal Deposit Insurance Corporation  
TX, OK, CO, NM  
(972) 761-8010

# **BUILDING PARTNERSHIPS**

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**Working Together to Reach, Educate  
and  
Transition the Unbanked and  
Underbanked Consumer  
to  
Mainstream Financial Institutions**

# SYMPTOMS

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- **Use of alternative service providers**
- **Paying high fees or interest for financial products**
- **Making questionable decisions with money**
- **Lack of a noticeable budget**
- **Lack of “Brick and Mortar” Bank or CU branches**
- **Limited financial knowledge**
- **Low or no credit score(s)**
- **No credit cards**
- **Lack of US or State ID**
- **All purchases and payments in cash or MO**

# ELEMENTS FOR SUCCESS

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- **TRUST**
- **EDUCATION**
- **PARTNERS**
- **UNDERSTANDING AGENDAS/GOALS**
- **RESOURCE INVENTORY**
- **EVERYBODY BRINGS SOMETHING**
- **TRANSPARENCY**
- **MEASUREMENTS**
- **CELEBRATING SUCCESSES**

# REACHING OUT--TRUST

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- **TRUST—WHERE ARE THE CONTACT POINTS?**
  - Community-based Organizations**
  - Faith-based**
  - Education-based**
  - Employment-based**
  - Family-based**
  - Entertainment-based**
- **CULTURE—DIFFERENCES IN CUSTOMS/BELIEFS**
  - Language**
  - Perceptions**

# REACHING OUT--EDUCATION

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- **FINANCIAL LITERACY**

  - Level**

  - Availability/Sources**

  - Costs**

  - Benefits/WIIFM**

- **CUSTOM PRODUCTS/SERVICES**

  - Income**

  - Unique needs (Agriculture, Ranching)**

  - Cultural beliefs**

# REACHING OUT--PARTNERS

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## **CANNOT BE DONE ALONE!**

- **Partners**
  - **Community Individuals**
  - **Community-based Organizations**
  - **Faith-based Organizations**
  - **Other local/state/federal agencies**
  - **Professional/Technical assistance**
  - **Private Businesses**
  - **Advisory Boards**

# UNDERSTANDING AGENDAS

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**WHAT ARE YOUR GOALS—HOW CAN WE HELP YOU ATTAIN THEM?**

- ✓ **WHAT ARE YOU LOOKING TO GET?**
- ✓ **WHAT ARE YOU WILLING TO GIVE?**
- ✓ **WHAT LEVEL OF PARTNERSHIP DO YOU ENVISION?**
- ✓ **OPEN COMMUNICATION**

# RESOURCE INVENTORY

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- **POPULATION POCKETS**
- **BANK AND CU BRANCHES**
- **CBO LOCATIONS**
- **OTHER PARTNER LOCATIONS**
- **FINANCIAL EDUCATION SOURCES**
- **CAPACITY OF EACH SOURCE**
- **FUNDING (AVAILABLE/NEEDED)**
- **OTHER SUPPORT**

# ASSETS PROVIDED

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## WHAT DO YOU BRING TO THE TABLE?

- **THE MARKET**
- **FINANCIAL EDUCATION**
- **FUNDING**
- **COMMUNICATION LINK**
- **SUPPLIES AND MATERIALS**
- **IN-KIND RESOURCES**
- **FINANCIAL PRODUCTS AND SERVICES**

# TRANSPARENCY

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- **GOALS**
- **MEASUREMENTS**
- **OPERATIONS**
- **COMMUNICATIONS**
- **LEADERSHIP**
- **ISSUES**
- **VULNERABILITY**
- **RESPECT**

# MEASUREMENTS

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- **COUNT EVERYTHING**
- **ALL DATA IS IMPORTANT**
- **SET GOALS—ADJUST—RESET**
- **SHORT TERM AND LONG TERM**
- **UNDERSTAND THE COSTS**
- **UNDERSTAND SUCCESS**
- **LEARN FROM EVERYTHING**
- **EVERYONE'S GOALS**

# CELEBRATE



# PUBLIC PARTNERS

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- **Specific Goals (legislative)**
- **Specific boundaries**
- **Budgetary resources**
- **Connection to the population**
- **Knowledge Library (past, present, future)**
- **Transparent (for the most part)**
- **Layers of Management**

# PRIVATE PARTNERS

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- **More Entrepreneurial goals**
- **Less rigid boundaries**
- **Budgetary resources**
- **Philanthropic leanings**
- **Connection to population weaker**
- **Less policy issues**
- **Various and unlimited**

# TEXAS NEW ALLIANCE TASK FORCE

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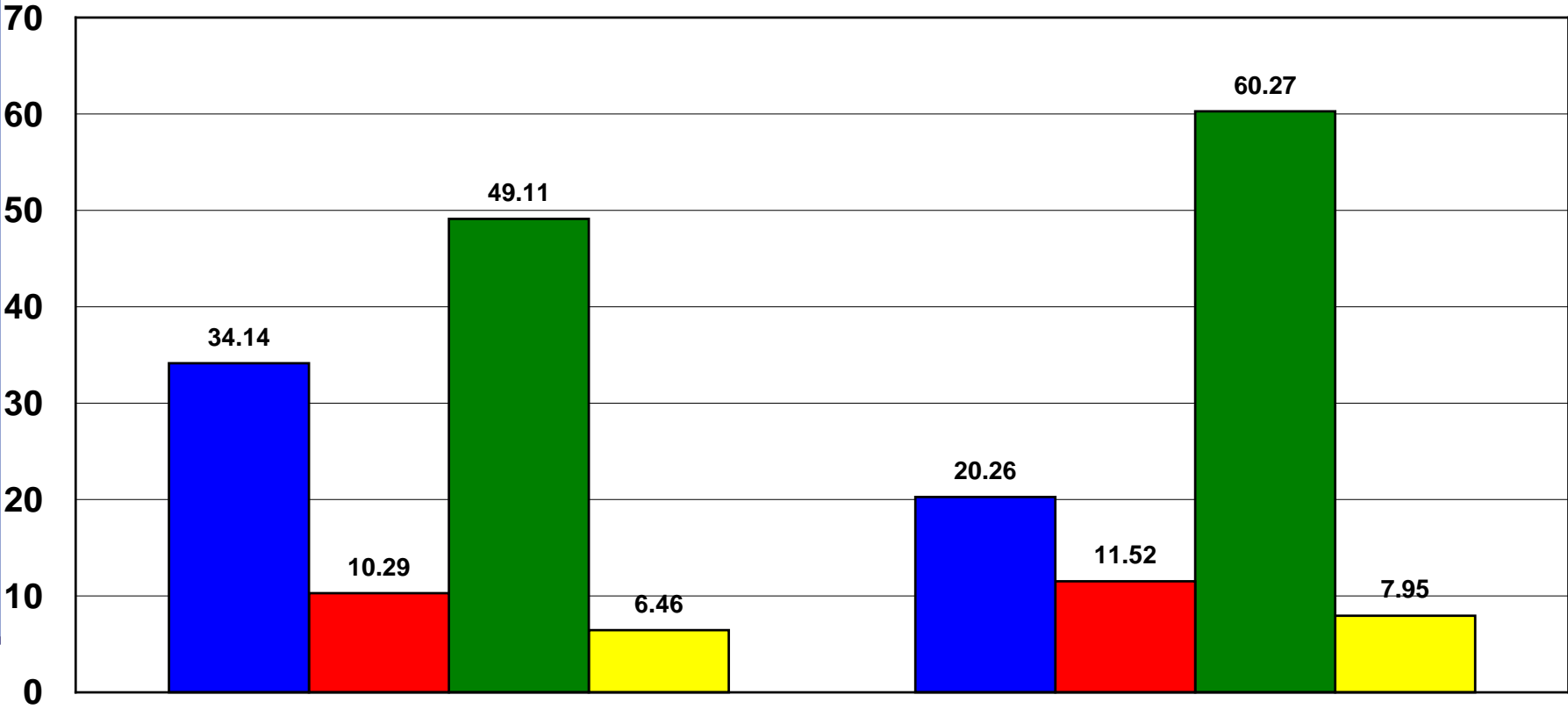
**The Texas New Alliance Task Force (TNATF) is a coalition of financial institutions, credit unions, community-based organizations, government agencies, and other non-profit and for-profit stakeholders committed to the economic well-being of immigrant communities working and living in Texas.**

# TNATF's Mission:

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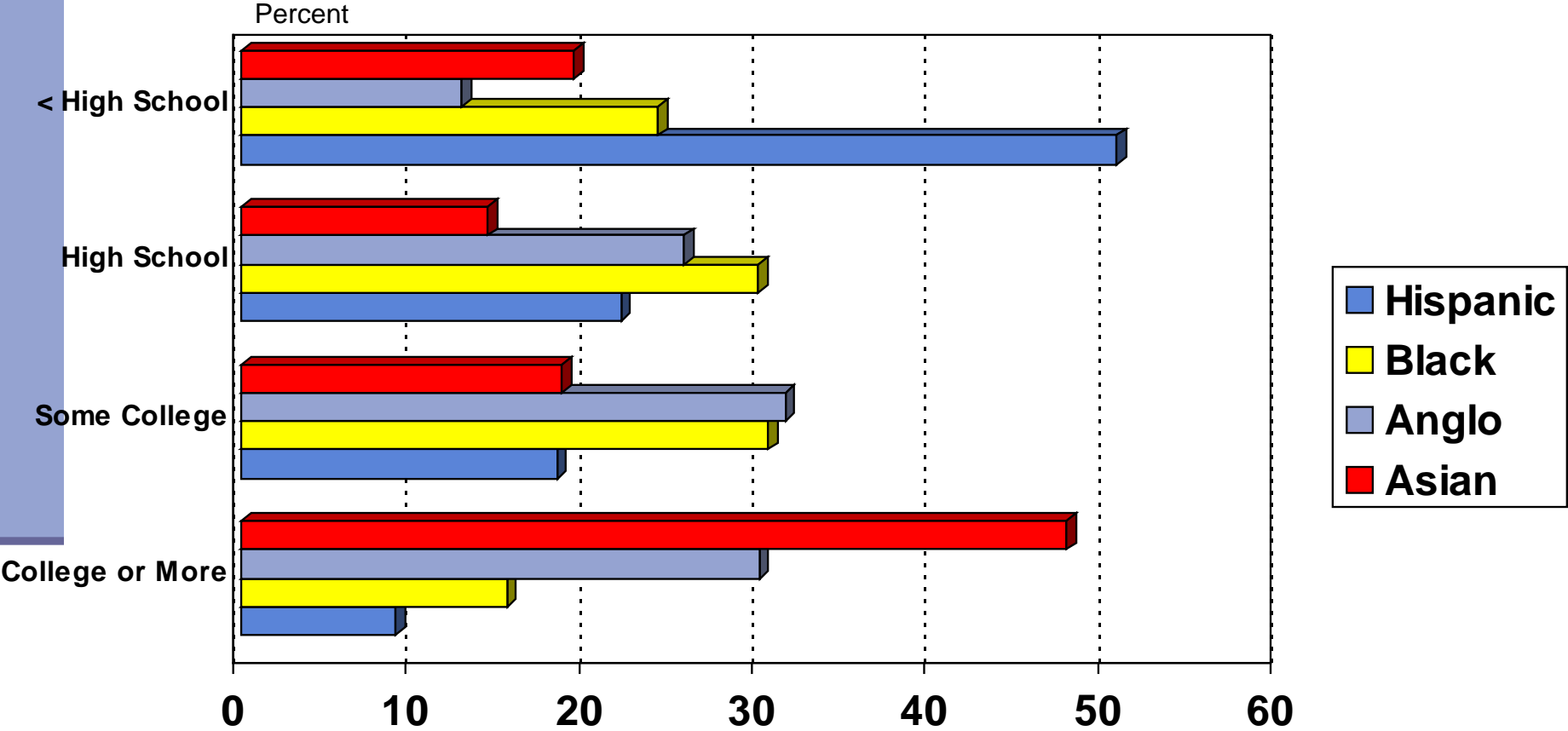
- **Improve access to the U.S. banking system among recent immigrants**
- **Take concrete steps to carry out the Action Plan outlined in the U.S.-Mexico Partnership for Prosperity Agreement**

# Proportion of Net Population Change Attributable to Each Race/Ethnicity Group in Texas for 1980-1990 and 1990-2000



Anglo Black Hispanic Other

# Educational Attainment in 2000 in Texas for Persons 25+ Years of Age By Race/Ethnicity



Alliance for Economic Inclusion

**AEI**

**FDIC®**

# AEI Coalitions

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- **Boston, MA**
- **Worcester, MA**
- **Rochester, NY**
- **Wilmington, DE**
- **Baltimore, MD**
- **Black Belt region of Alabama**
- **Mississippi Gulf Coasts (Gulfport, Biloxi)**
- **Louisiana Gulf Coast (Greater New Orleans)**
- **Chicago, IL**
- **Detroit/South Michigan**
- **South Texas (Houston, Austin, San Antonio)**
- **Kansas City metropolitan area**
- **Los Angeles, CA**
- **Little Rock, AR**

# Enhancing the Economic Wellness

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- **Financial Education (Money Smart Program)**
- **Free Tax Preparation—VITA sites**
- **Individual Development Accounts—IDAs**
- **Low-cost Deposit Accounts**
- **Low/No-Cost Check Cashing**

# Bringing Consumers into the Mainstream

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- **Innovative low-cost products**
- **Affordable Housing options**
- **Coaching/Assistance**
- **Recognizing Successes**
- **Learning from mistakes**
- **Second-chance Accounts**

# RAISE TEXAS



# RAISE TEXAS

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- Started in 2003 as TX IDA Network
- FDIC originating partner
- Promoting and implementing new IDA programs throughout the state
- Started DFW pilot program in 2005
- Evolved into TX Asset Building Coalition as IDAs matured
- In 2007 renamed RAISE TX (Resources, Assets, Investments, Savings and Education)



# BANK ON CALIFORNIA

EVERYONE WELCOME

BANK ON CALIFORNIA



# What is Bank on California?

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**A partnership between a diverse statewide coalition:**

- **Office of the Governor**
- **Financial Institutions & Financial Regulatory Agencies**
- **Community Organizations**
- ***BANK ON* Mayors**

**TO:**

- **Raise awareness**
- **Boost financial literacy**
- **Develop and market starter accounts**
- **Help people make better financial decisions**



EVERYONE IS WELCOME\*

# Who Benefits?

- Financial institutions offer starter accounts that bring in new core customers and receive favorable CRA consideration.
- Helping the unbanked improves communities: In cities where a greater share of residents have a bank account, homeownership rates are higher, while crime rates are lower.



EVERYONE IS WELCOME'

# Bank on California Cities

## 2009 Accts

<b>San Francisco</b>	<b>23,434</b>
<b>Los Angeles</b>	<b>38,534</b>
<b>Oakland</b>	<b>6,545</b>
<b>Fresno</b>	<b>31,808</b>
<b>San Jose</b>	<b>6,394</b>
<b>Sacramento</b>	<b>1,353</b>
<b>Other</b>	<b>1,996</b>
<b>Santa Ana</b>	<b>NEW!!</b>

**TOTAL**

**110,064 !!!!**

# Questions?

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