

Banking on Your Community

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As Hoosier bankers, we know the benefits of clients' relationships with us. Their money is safe and accessible to them to pay bills or make purchases with a check or debit card. In many cases these services and others, such as online banking, are available at no cost to them. Perhaps most importantly, as clients deepen their relationships with our institution, we can help them build their financial futures through affordable products that meet their needs.

Nearly 217,000 Indiana households, however, have no relationship with a

depository institution. To meet their day-to-day financial transaction needs, the Pew Charitable Trusts has estimated that these "unbanked" Hoosiers spend as much as 5 percent of their income on fees for check cashing, money orders or cashier's checks. In the Evansville community, agencies have reported that their clients spend as much as \$75 a month on these services.

It's not just the hard dollar costs of living outside the financial mainstream that make it important to create new pathways and products for the currently unbanked:

- National research indicates that the unbanked are at increased risk of violent crime;
- In the event of a natural disaster, they have no means of accessing their funds;
- Unbanked households are less likely to save money and build assets.

Yet in spite of the challenges and costs, many unbanked Americans choose to utilize alternative financial services providers. When asked, they often report that they know the costs are high, but they take comfort in knowing exactly what the high costs will be, because there are no hidden fees. For others, the barrier to banking may be a negative ChexSystems record or a lack of trust.

The *Bank on Cities* movement began in San Francisco, where the mayor and city treasurer convened area financial institutions to address the perceived and real barriers to account ownership for the city's 50,000 unbanked households.

The city and its partners developed a city-wide awareness campaign about the benefits of a banking relationship, as area financial institutions created and launched second-chance checking accounts. In addition project partners

ABOUT THE AUTHOR

Patty Avery is assistant vice president, community outreach officer, for Old National Bank, Evansville. She joined the bank in 2005 as a writer in the creative services department and was promoted to director of employee communications later that year. Prior to joining Old National, Avery spent 15 years serving homeless adults and children in Europe and Brazil. After moving to Evansville in 1999, she served as reporter and producer for Fox 7 News for two years, then joined the Vanderburgh County Commissioners' office, developing outreach events and programs. Avery currently is a member of the City-County Commission on Homelessness and co-chairs the Homeless Youth Coalition. Active with numerous civic and charitable organizations, she has been honored with the 2007 Wayne Henning Old National Volunteer of the Year award, USI Phenomenal Women of the Community award, National Daily Points of Light award, Leadership Evansville recognition for individual achievement in government and public service, the American Cancer Society Great Lakes Division IN-MI Heart of Advocacy award, the American Cancer Society Cancer Action Network's 2009 State Lead Volunteer of the Year award and the 2009 Tri-State Alliance Thomas R. Earley Humanitarian Award. The author can be reached at 812-465-7278, patty.avery@oldnational.com. Old National Bank is a member of the Indiana Bankers Association.



worked with an area nonprofit to provide financial education opportunities to equip individuals to succeed with their new accounts. After three years, 41,000 accounts are open and in good standing.

Under the leadership of Evansville Mayor Jonathan Weinzapfel, Old National Bank President and CEO Bob Jones, and United Way of Southwestern Indiana, the city of Evansville, Ind., was the third in the nation to launch a *Bank On* program. A coalition of 10 banks and five credit unions created and launched Bank on Evansville in the span of six months.

Following an informational meeting with financial institutions and community organizations, Evansville planning partners created committees to define the parameters of product offerings, create a marketing plan and budget, develop financial education opportunities and track program success. With the exception of the tracking committee, the committees were co-chaired by representatives of a bank and a credit union, and each included representatives of community organizations.

A community outreach officer in the Louisville branch of the Federal Reserve Bank of St. Louis participated in many of the Bank on Evansville planning meetings, providing answers to regulatory concerns. An Office of the Comptroller of the Currency representative also attended and provided information regarding product development.

The 15 Evansville partners agreed to create a low-cost or free second-chance checking product that required no minimum balance. Partners also agreed to treat the first not sufficient funds occurrence as a teachable moment, and reach out to the client to discuss what happened and how to avoid the circumstance in the future. On that basis, the first set of fees is to be waived. To reduce risk, most of the participating bank and credit union accounts do not provide overdraft courtesy, and the institutions are evenly split on whether the account includes a debit card or an ATM-only card.

Bank on Evansville created a one-hour financial education curriculum focused on account management and trained 40 volunteers from financial institutions and community groups to deliver it. It is not a requirement to attend a class in order to open an account, but participating

banks and credit unions have the right to ask an individual to take the class prior to account opening, if their ChexSystems record is recent or reflects problems at more than one institution.

Based on an estimate of 6,000 unbanked Evansville households, Bank on Evansville partners set a goal of opening 1,200 accounts within two years. The campaign was launched in February. As of Sept. 30, 625 accounts have been opened and are in good standing, with an average monthly balance exceeding \$322.

A statewide *Bank on Indiana* initiative was launched in October, with Treasurer of State Richard Mourdock leading the effort to help other Hoosier communities launch *Bank On* programs. An umbrella *Bank on Indiana* organization will provide technical assistance, guided by a steering committee of statewide organizations, including the Indiana Bankers Association, representing depository institutions and nonprofits. To date more than a dozen Indiana communities have expressed interest in joining the *Bank on Indiana* movement. Bank on Indy, serving the Indianapolis community, was announced at a news conference in October, and Knox county's initiative is slated for a January launch.

A successful *Bank on* program is built on a partnership of local government

leaders, financial institutions and community organizations. Building that coalition can take time, but success depends on it.

For Hoosier bankers, commitment to the communities we serve is in our DNA. Our institutions demonstrate that commitment in many ways—through volunteerism, sponsorships and grants. When we add the *Bank on* model to our product toolkits, we have an additional means of strengthening our communities.

As you reach out to your elected officials and community organizations to put the *Bank on* program to work in your footprint, you will help bring new Hoosiers into the financial mainstream and create new pathways to increase financial stability in these challenging times. For information about how your community can create a *Bank on* program, contact Chris Conner in Treasurer Mourdock's office at 317-232-6387, cconner@tos.in.gov, or Laura Wilson at the IBA at 317-387-9380, lwilson@indianabankers.org. ♦

Editor's Note: Patty Avery was a loaned executive to the City of Evansville for nine months to manage the Bank on Evansville project. She serves on the Bank on Indiana steering committee and as faculty for the National League of Cities technical assistance grant to cities developing *Bank On* initiatives.

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