

Building People's Financial Stability as a Public Service

15 Minutes of FEC: Banking Status



Financial
Empowerment
Center

Financial Empowerment Center Model

- Piloted in NYC under Mayor Michael Bloomberg (2008). The CFE Fund and Bloomberg Philanthropies replicated the model in Denver, Lansing, Nashville, Philadelphia, and San Antonio (2013).
- Free, 1-1 financial counseling as a municipal public service.
- Professionally trained counselors support their clients in navigating complex financial challenges and choices. Counseling offered as a free stand-alone public service, and via integration into nonprofit and public social services.

Banking Focus: National Context

Goal: People use safe and affordable financial products and services to reduce fees, formalize savings, create opportunities to build assets.

- 7% of U.S. adults are **unbanked** (9 million households)
- 21% of U.S. adults have accounts but also use costly alternative financial services (“underbanked”)

Local Context

	Denver	Lansing	Nashville	Philadelphia	San Antonio
Citywide Unbanked	7.5%	n.a.	9.4%	7.0%	8.1%
FEC Clients Unbanked	19.9%	37.6%	22.1%	13.9%	22.6%
Citywide Under-banked	16.2%	n.a.	16.5%	19.0%	31.3%

FEC Program Outcome

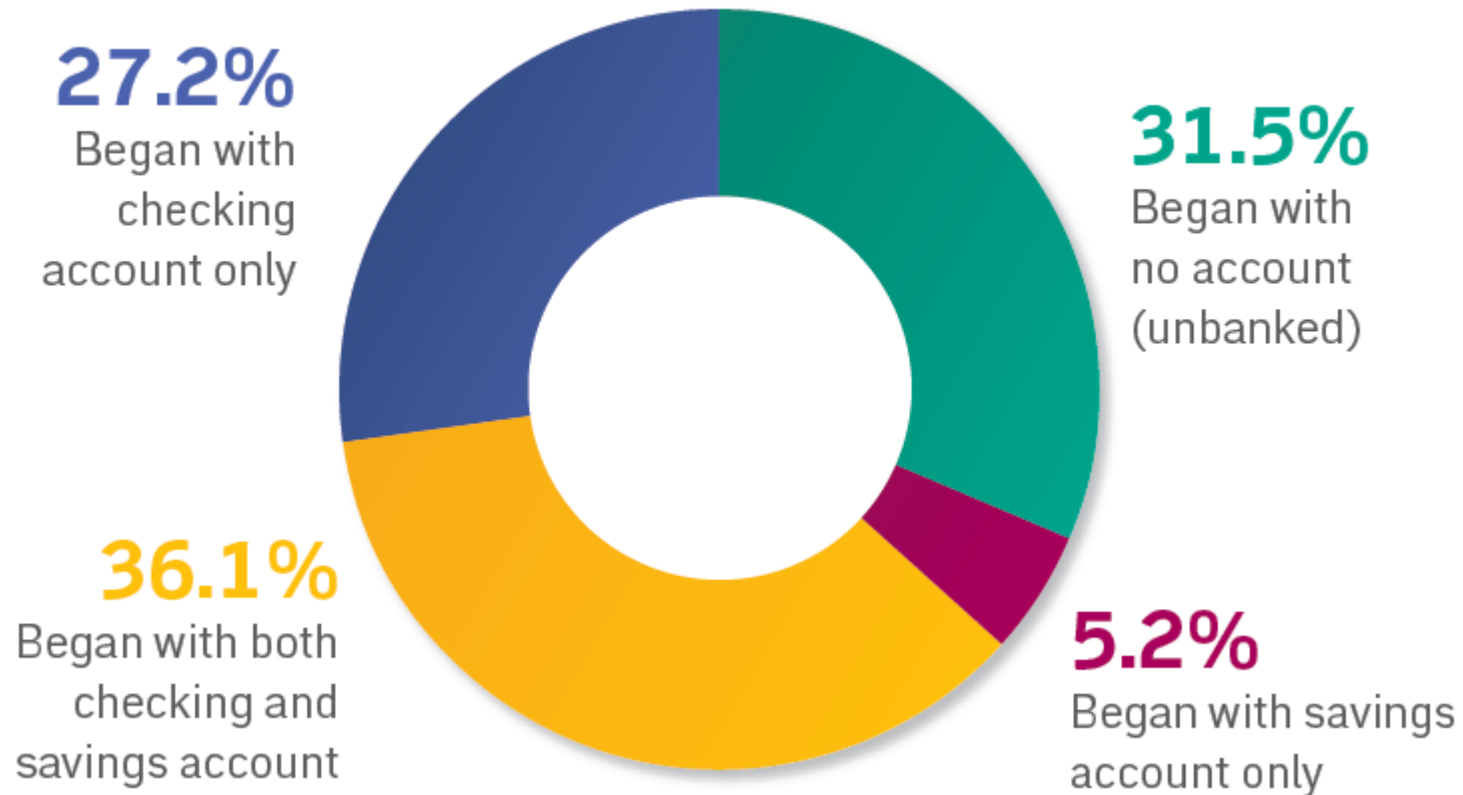
“Open or transition to a safe and affordable bank account”

944 people opened accounts

31.4% of multi-session clients working on banking



Most Who Opened Accounts Had Accounts



Good Accounts Meet Underbanked Needs

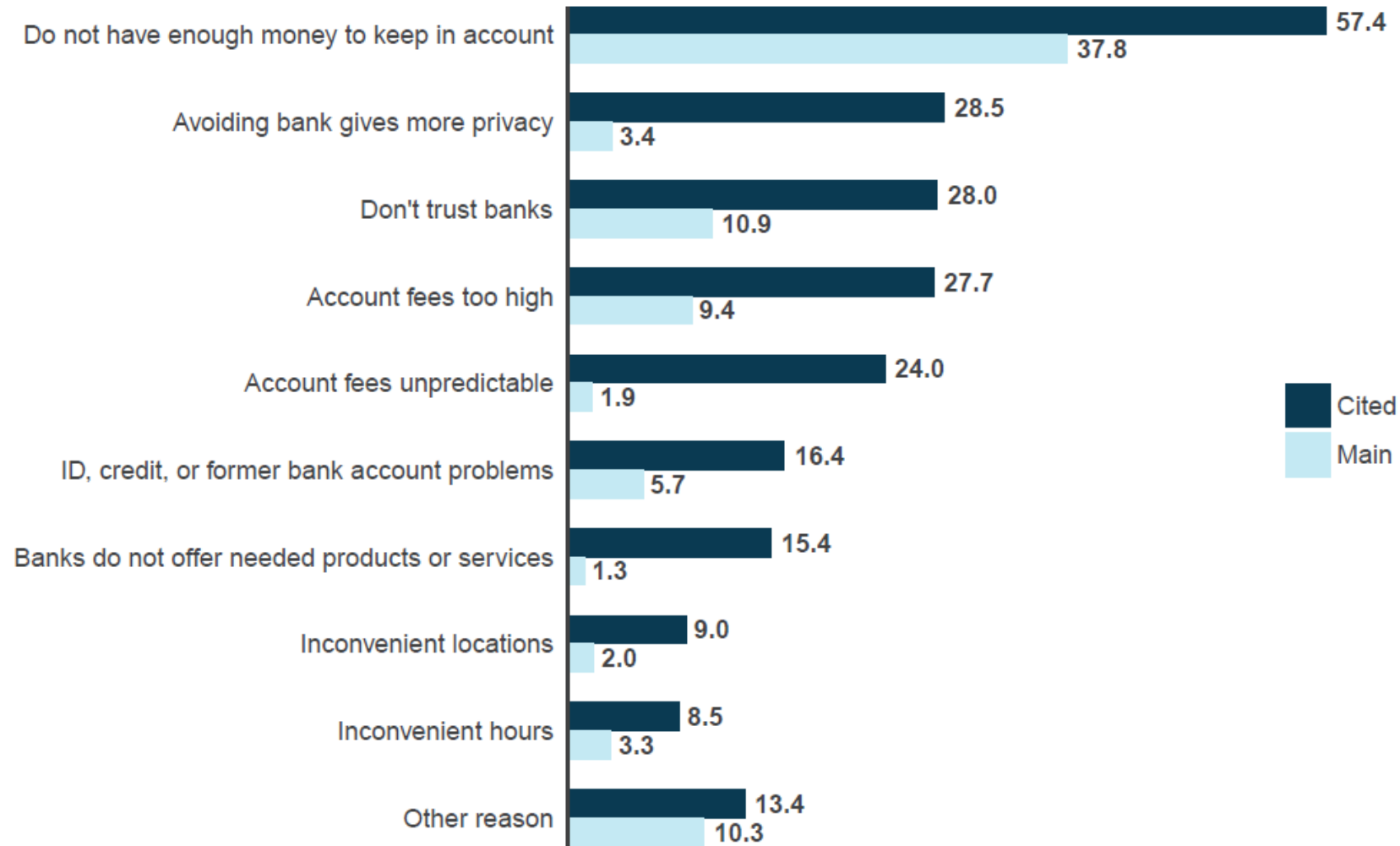
Transparent, safe, low-cost, and fully transactional.

- No fees for overdraft or insufficient funds (NSF).
- Low opening deposit.
- Monthly costs at \$5 or under.
- Ways to pay bills.

Unbanked Clients Faced Deeper Challenges

	Unbanked	Banked
Average monthly income	\$1,091	\$1,928
Median monthly income	\$947	\$1,714
Average debt	\$15,911	\$31,147
Median debt	\$6,644	\$15,255
Average cash savings	\$88	\$1,568
Average credit score (among those with scores)	553	591
Median credit score	514	568
Percent without a credit score	34.8%	14.2%

Reasons for Unbankedness



Data and figure from the FDIC National Survey of Unbanked and Underbanked Households

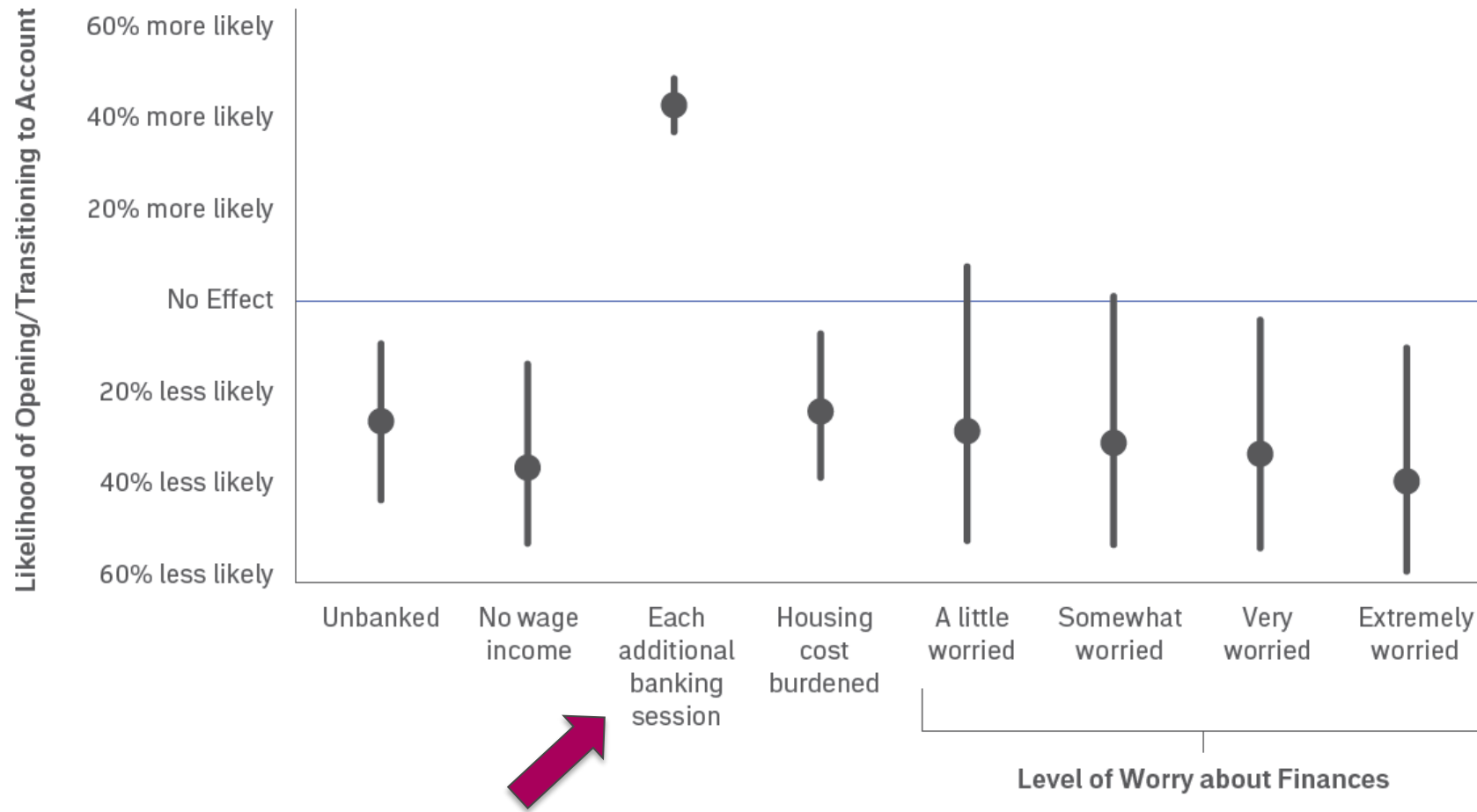
Being Unbanked Lowered Odds of Success

- 26.3% less likely to return for follow-up sessions
- 28.4% less likely to open account
- 36.7% less likely to establish credit score
- 53.3% less likely to increase savings

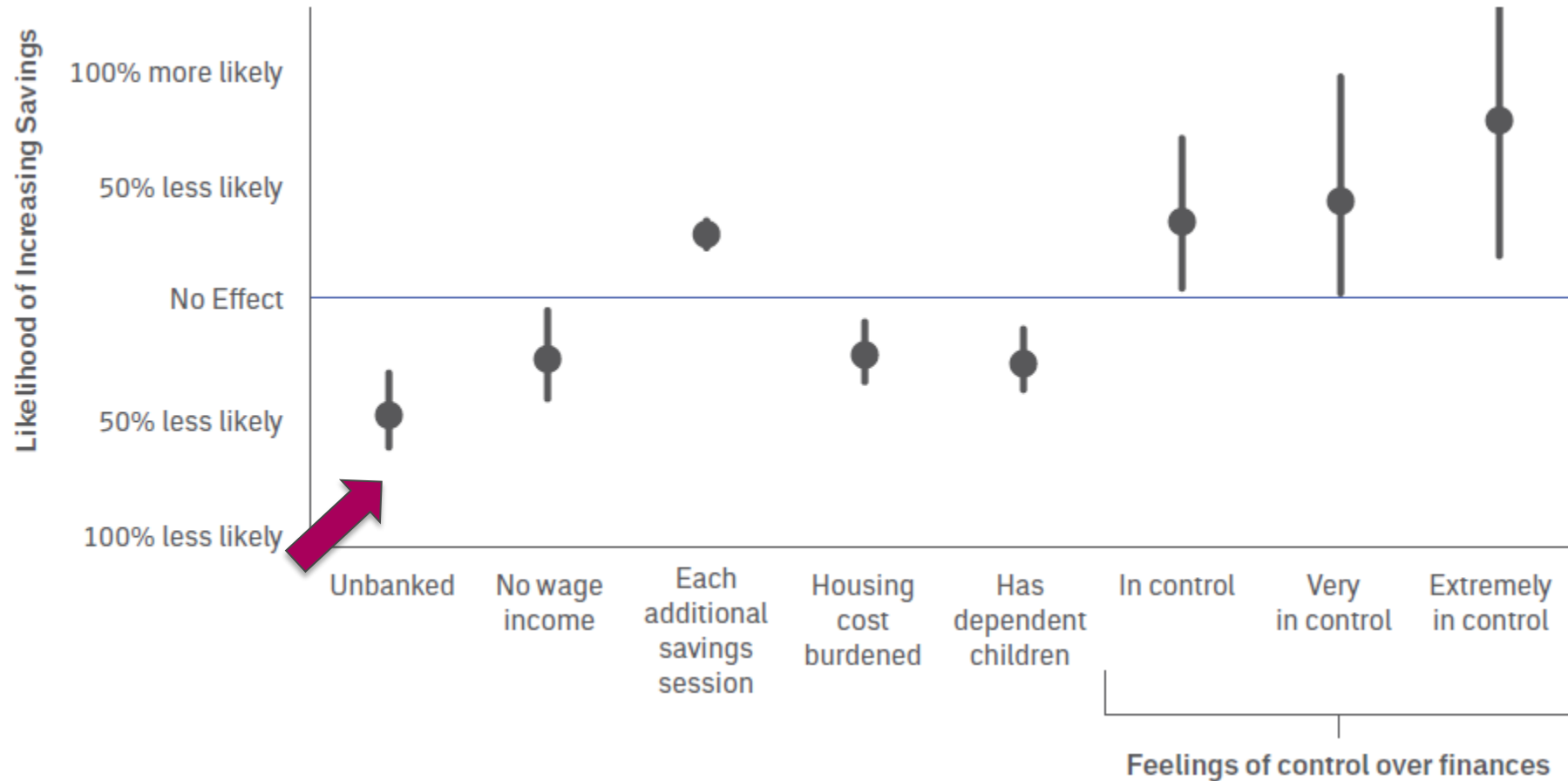


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Engagement Key to Account Opening

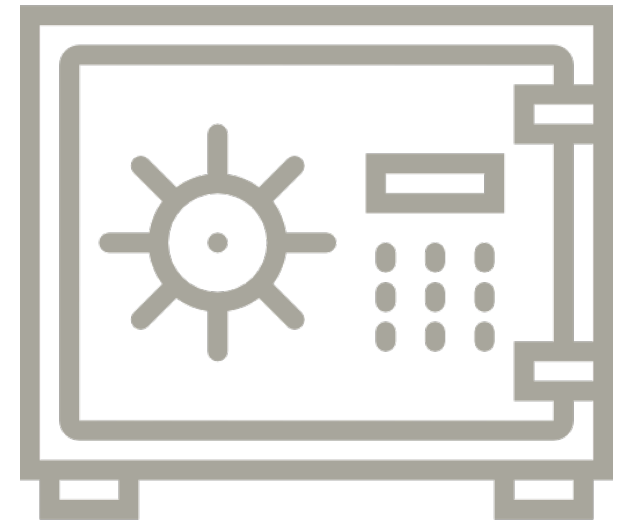


Being unbanked had the biggest drag on increasing savings



Becoming Banked Was a Big Lift

Unbanked clients who became banked during the course of counseling were **7.65 times (765%)** more likely to increase their savings relative to those who never became banked.



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Bank On Accounts + Financial Counseling

Connecting the advice and education from counseling to the right products:

- The right account can decrease expenditures with less fees
- The right account promotes stability in personal life
- The right account establishes long-term relationships with financial institutions

Webinar Series: 15 Minutes of FEC

Want to learn more about the Financial Empowerment Center model and impact? Join us for 15 minute briefings on special topics – and read briefs on partnerships and integrations and client achievement on our website!

The Counseling Model: Thursday, Oct. 5th, 2-2:15pm EST

[Register now!](#)

Thank you!

Cities for Financial Empowerment Fund

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