

## How Three Partners Expanded Banking Access to Residents with Alternative IDs

Local government leaders, community organizations, regulators, and financial institutions align on wanting to get people banked – the growing success of the national Bank On movement and the significant decline in the national unbanked rate are testament to that. But when it comes to reaching those still outside the system, regulatory requirements to verify a customer’s identity have posed notable barriers to banking those, like young adults and other vulnerable adult populations, who may not have traditional government-issued identification such as a driver’s license. While there are differing explanations as to why this issue continues to vex partners – inadequate regulator guidance? overly risk-averse decision makers at financial institutions? – it largely has persisted for many years. **There are, however, financial institutions flexibly and successfully working with local government and community partners to bring more people, even those with alternative IDs, into the mainstream financial system.**

### CHICAGO



One Summer Chicago, a program led by the City’s Department of Family and Support Services in partnership with financial empowerment organizations like Economic Awareness Council, provided almost 25,000 young people with summer jobs, access to safe banking, and money management last summer. Messaging about the importance of a banking account – and the expectation that youth will be paid for their summer job via direct deposit into such an account – is baked into every aspect of the program, from the application process to the savings goals that participants are asked to make and track throughout the summer. However, given that the program serves youth as young as 14, many participants do not yet have a driver’s license or other form of state ID. Plus, program partners need to ensure that youth participants are able to open sole ownership accounts so that young people can fully own the funds they deposit – and so an adult guardian doesn’t need to be present during account opening.

One Summer Chicago partners have worked with a range of financial institutions to negotiate youth accounts that are sole ownership and can be opened with alternative IDs, such as Great Lakes Credit Union (GLCU). GLCU saw a partnership with One Summer Chicago as directly in line with their mission of serving the underserved, as well as the business case for bringing new customers into their institution. After conversations with that team, GLCU agreed to use both a student ID and a transcript (which has the student’s address) for account opening for One Summer Chicago participants; these accounts are also sole ownership. One Summer Chicago partner Economic Awareness Council now uses this successful “school ID” approach with GLCU to show other potential financial institution partners that account opening for youth is possible, even with alternative IDs and for sole ownership accounts.

“ [We] worked backward from the question, ‘What is the minimum ID requirement that our compliance and risk team will feel good about?’”

—PATRICK BASLER, GLCU CHIEF  
EXPERIENCE OFFICER

## SAN JOSE

In San Jose, the city's San Jose Works youth program provides approximately 400 youth each summer with summer jobs, financial education, and access to safe banking. Youth participants experience a range of challenges: some are unhoused, or come from communities with very low incomes or with significant gang activity. In the early years of the program, a significant number of youth were paid via paper checks; without a connection to a bank or credit union, participants would cash the checks at places like Walmart or local liquor stores. San Jose began exploring options for financial institution partners that could accommodate their program's needs, including the ability to offer sole ownership accounts as well as to be flexible with identification for account opening. San Jose Works now partners with Excite Credit Union and others to offer youth accounts.

Excite worked with their risk management and compliance team to figure out how they could partner with San Jose Works and created an account specifically for program participants, not available to the general public. Excite officials point to the direct connection to the program as giving them confidence that participants are who they say they are. Youth can use their school ID, or even a printout from their school with their photo on it, to open the account. As Excite Director of Community Development Dora Beyer noted, "being open to alternative identification also has helped us identify other underserved populations we may support, including immigrants and refugees with Individual Taxpayer Identification Number (ITIN) numbers." Excite notes the clear business case for offering youth accounts – as adult members they'll have additional needs that can be met by a credit union, and many parents come in to inquire about their own savings accounts.



## READING COOPERATIVE BANK - READING, MA

Reading Cooperative was founded in 1886 as a cooperative bank, owned by customers. Mutuality – accountability and connectedness to their community – is part of their institutional DNA, CEO Julieann Thurlow explained. When Reading decided to open a branch in Lawrence, MA, serving a community of predominantly Spanish-speaking Puerto Rican and Dominican people, key community banking needs emerged. Reading started cashing checks for noncustomers, then began asking themselves what it would take to bring these noncustomers into the institution – and how they could better meet their needs. Now, every member of the branch staff is bilingual; they accept a range of IDs, including student IDs, reasoning that they can rely on the vetting already done by the school; and the bank is exploring how they might become an ITIN issuer to facilitate account opening and support community residents.



“ If we want to be an industry that is around in the future, we need to be sure everyone is able to be a part of the system.”

—JULIEANN THURLOW, CEO, READING COOPERATIVE BANK



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