

United Way *Financial Stability Partnership™ FastFacts*

Steps 1-3

Accessing the Financial Mainstream

What Is It

Mainstream financial institutions include banks and credit unions that provide products and services that allow individuals and families to conduct basic financial transactions. Access to mainstream financial products allows individuals to avoid alternative financial lending and check cashing services that offer similar products with much higher fees and interest rates.

Why Is It Important

Individuals and families outside the financial mainstream have fewer opportunities for financial advancement, as they are unable to obtain credit to buy a home or finance a business, gain interest on their savings, or save for their children's education or for their retirement. They also spend more for basic financial services, lessening the amount of money they have to pay down debt or put into savings.

Lower-income consumers remain outside the financial mainstream for a variety of reasons, including the cost of maintaining a bank account; poor credit; and/or the inconvenience of locations, hours, or services.

In an effort to better meet the needs of this population and to expand their customer base, financial institutions are adapting existing products and services for this market segment, including low or no-fee, no minimum balance checking and savings accounts; more convenient locations, and multilingual tellers.

Once lower-income individuals and families have established a basic bank account, they are more likely to qualify for additional services, including loans and mortgages.

The Role of United Way

United Ways are bringing together financial institutions, business partners, nonprofits, and community agencies to collaborate on strategies to provide lower-income families with access to mainstream financial institutions and services. Many United Ways have used free tax preparation sites to connect individuals and families with mainstream financial institutions. Often, bank representatives will open accounts on-site, allowing individuals to directly deposit their tax refund into a bank account and receive it quickly.

United Ways are also working with financial institutions to design products that better meet the needs of lower-income families. One product created as a result of such a collaboration is a "limited use deposit account" that allows individuals without a bank account to receive their tax refund electronically.

Resources

- ShoreBank is committed to building communities by providing financial services that enhance economic equity:
<http://www.shorebankcorp.com/bins/site/templates/splash.asp>
- The FDIC webpage contains consumer information on banking:
<http://www.fdic.gov/quicklinks/consumers.html>
- The Progressive Policy Institute's report Taking the Poor Into Account: What Banks Can Do To Better Serve Low-Income Markets:
http://www.ppionline.org/documents/Banks_o8o6o1.pdf
- Networks Financial Institution report:
<http://www.networksfinancialinstitute.org/nfi-reports.asp>
- *America Saves™* is a national campaign to promote savings:
<http://www.americasaves.org/> and <http://www.feedthepig.org/>

For More Information

For more information about United Way's Financial Stability Partnership™, and financial stability strategies, visit the Knowledge Café at <http://online.unitedway.org/café>, join the financial stability listserv or send an email to fsp@uwa.unitedway.org.