

IMPROVEMENTS AND STRATEGY PLAN



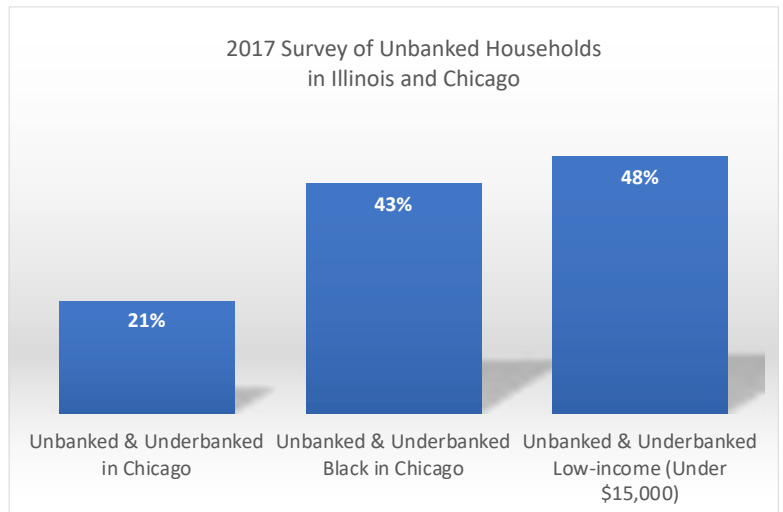
Mission

Bank on Chicago is a program with a mission to empower individuals and families to improve their financial capability, health and independence. The program connects residents to safe and affordable accounts at our partner banks and credit unions in the Chicago area.

It is important that residents have access to resources that help lay a solid foundation for banking and financial empowerment. Our coalition is particularly focused on assisting youth, first-time job seekers, working families and individuals with disabilities to access financial services. Bank on Chicago offers educational resources, safe and affordable bank accounts and supportive financial services that can help pave the way to financial stability and open doors to having a stronger credit report, creating emergency savings, home ownership, and starting your own business. We also connect aspiring entrepreneurs and small business owners with safe, low-cost accounts at our partner banks and credit unions.

Need for Bank On Chicago

In Illinois and the City of Chicago a significant number of households remain unbanked. According to the FDIC's 2017 Survey of Unbanked & Underbanked Households, [7% of households in Illinois as well as the City of Chicago were unbanked, and the percentage of underbanked households was 15% in Illinois and 14% in Chicago.](#) Additionally, there is significant racial disparity with 23% of Black families in Illinois and 25% of Black families in Chicago being unbanked. This is also true state-wide. [In Illinois, the percentage of unbanked Black households is 23% and the percentage of unbanked Hispanic households is 17.2%. The percentage number of underbanked Black households is 22% and the percentage of underbanked Hispanic households is 29%.](#)



The costs of being unbanked are a significant issue for low-income families as over 30% of families with income

less than \$30,000 are unbanked. Lack of access to financial services is estimated to cost the average unbanked family [\\$400-600 each year](#).

Bank On Chicago's core strategy is to first engage with individuals regarding the ways in which a bank account can help them where they currently are to establish a strong financial foundation, such as improving access to funds, reducing fees, decreasing debt, and building an emergency fund. In order to reach individuals, Bank On Chicago will partner with government agencies, non-profit organizations and local businesses to identify areas in which individuals are frequently making or receiving payments and could benefit from a bank account to reduce costs and increase their financial security.

Benefits of Bank On for Working Families

- **Cost Savings** - When people do not have a bank account, they must use costly alternative financial services—like check cashing, payday loans, and pawn shops—for routine financial transactions. Having a bank account is estimated to [save working families \\$400-600 each year](#).
- **Financial Security for Individuals & Families** - [A large share of Americans—39% according to the latest Federal Reserve survey—would have trouble coming up with \\$400 to cover an emergency expense.](#)
- **Financial Stability for Future Business Development** - As a consultant for DC Advisory Group, LLC, our Bank On Manager has worked with many minority entrepreneurs that have bad credit, no savings, and pay their employees with cash. They have never established financial security as individuals and therefore end up starting their business unprepared. Recently, due to Covid-19, many of these cash businesses have lost out on loans and grants available from the city/state because they are unbanked.
- **Reduced Fees** - Overall, the biggest concerns for individuals in not obtaining a bank account are fees, trusting the bank with your money, and having a perception of not enough money to bank successfully. Indeed a very large amount of money is spent on overdraft/NSF fees each year. [According to Federal Deposit Insurance Corporation \(FDIC\) data, banks with over \\$1 billion in assets collected more than \\$11.45 billion in overdraft and non-sufficient funds \(NSF\) in 2017.](#) Bank On accounts by definition do NOT have overdraft and make it easier for working families, individuals new to banking or those that have had difficulties with banking to succeed in a traditional financial product.
- **Direct Deposit/Online Banking** - According to a survey by NACHA, 82% of Americans are paid by direct deposit. Direct deposit can help ensure that working families receive their pay checks more quickly, securely, and for free. Direct deposit of tax returns and other benefits can also ensure that families receive any payments such as the recent Economic Impact Payment safely. There has been an uptick on Coronavirus related scams. Direct deposit can help individuals avoid related scams for years to come. (In most cases, the IRS will deposit Economic Impact Payments into the direct deposit account listed previously on tax returns.)

Bank On Success Stories Quotes from Recently Banked Individuals

“It’s convenient and you can get paid earlier. By having direct deposit, my paycheck hit my bank account at midnight and helped me save. You won’t be prone to spend it if it’s in your account.

“You can eliminate the risk of losing your paycheck or spending it if it’s cashed. You can’t lose your check if it’s directly deposited into your account”

“I didn’t fully understand the long term cost of cashing my check at the currency exchange by paying the fee. Now I get all of my money”

Bank On Chicago Accounts

Bank On Chicago partners offer seven existing accounts with a broad range of options across the city. Bank On Chicago account options include: Bank of America, Chase, CIBC, Citibank, Self-Help Credit Union, U.S. Bank, and Wells Fargo. We also already have 2 additional banks we recruited that are in the final stages of the approval/account development process. This includes one credit union that accepts City Key as a primary ID and one regional bank. These two additional banks will continue to expand the scope of Bank On Chicago.

Bank On Chicago Outreach Strategy

With a broad and growing representation of financial institutions offering Bank On accounts in Chicago, a major focus of the new Bank On Chicago strategy for year 1 will be in developing specific outreach partnerships for account opening.

Below are our core areas of focus for this outreach.

College students receiving financial aid or obtaining work study

There is an opportunity to educate and assist college students in the Chicagoland area to become banked. As the costs of education continue to climb, so does the amount being borrowed in financial aid. The results of several studies suggest that we must start financial literacy education not only when they are in college but before students enter college and continue to teach its importance throughout a student's college career. Having access to a bank account should be an important part of this education.

- There are [seven Chicago City Colleges and five satellite sites which serve 77,000 students.](#)
- A high percentage of youth at the Chicago City Colleges have a need for greater financial security. [According to a report released by the Hope Center for College, Community, and Justice at Temple University's College of Education, 64% of the City Colleges of Chicago students surveyed expressed food or housing insecurity.](#)
- Financial aid and work study programs offer an excellent opportunity for a banking integration.
 - [According to inside higher ED, there are roughly 700,000 students in work study, or 1 in every 10 full-time, first-year undergraduates, receive federal work-study subsidies each year, according to the study.](#)
 - [The percentage of students being awarded financial aid has increased from 2000 to recent years from 71 percent in 2000-01 to 83 percent in 2016-17.](#)
- Bank On is in discussions with the City Colleges of Chicago and a major regional college access scholarship program concerning this effort.

Participants in Workforce Development Programs with the Cook County Workforce Force Partnership

- As the largest non-profit workforce development system in the nation, the Partnership has placed over 14,000 jobs annually and more than 70,000 jobs in total, collaborated with more than 2,000 employers and administrators more than \$300 million in federal and philanthropic funds. The Partnership has a network of more than 50 community-based organizations, 10 American Job Centers, and sector-driven workforce centers serving 132 municipalities. See further details at <https://chicookworks.org/>.
- First time workers and individuals returning to the workforce are often in need of bank accounts for direct deposit. Banking and direct deposit allow individuals to more securely and efficiently receive their pay and build financial stability which can also help individuals to maintain employment.
- The EAC has already begun the process of scheduling initial exploratory meetings with the Partnership.

Assisting Chicago and Illinois residents in accessing their Stimulus Payment via Direct Deposit

The CARES Act was passed by Congress in late March in part to help mitigate the impact of closures and lay-offs on average Americans. In Chicago, thousands of low-income workers are being laid off or working reduced hours, adding to the number of unemployed, underemployed, and homeless individuals who already needed help to keep their heads above water financially. Illinois is expected to receive \$4.9 billion overall in Coronavirus Relief Funds. Unfortunately, the people who most need EIP funds are those least likely to get them. [About 12 million Americans risk missing out on the stimulus payments provided through the recent CARES Act because they, unlike millions of people who are receiving the payments automatically from the IRS, must file a form by October 15 to receive it this year, or file a 2020 tax return next year to receive it in 2021.](#) Bank On has joined a coalition of partners to help address this issue head-on, quickly prototyping and sharing solutions across the city.

Overall Goals:

- Help as many low-income Chicagoans and state residents as possible access economic impact payments (EIP). We will work to find solutions for people who will face extra challenges in receiving the cash payment
 - Including people experiencing homelessness
 - Re-entering the community from incarceration
- Build partnerships and test new ways of:
 - Increasing access to safe and affordable banking products for the unbanked, and
 - Engaging those who have not filed taxes that can be used in the future to increase uptake of the EITC.

Participants seeking resources from Small businesses Development Centers (SBDC)

There are approximately 30 SBDC's across the State of Illinois. We have noted that many minority-owned businesses that have attended our workshops did not have proper financials in place for their business and therefore become a cash business. In some cases, these businesses would end up closing due to not enough funding or were not eligible for financing to obtain a loan. During Covid, these businesses were also not eligible for PPP (Payment Protection Program) due to having insufficient financials and documentation. Without bank records, there is also no way to track an accurate credit history, which is a key element in receiving loans. In addition, many other financial businesses won't even consider doing business with someone who lacks a basic checking or savings account. We can partner with the SBDC to host a seminar to express the importance of getting banked.

- Illinois Small Business Development Centers are located throughout the state and provide information, confidential business guidance, training and other resources to start-up and existing small businesses.

Clients of non-profit organizations that partner with the Economic Awareness Council (EAC) & youth transitioning from care

- The EAC has partnerships with over 100 non-profit organizations throughout the city and state.
- The EAC can facilitate Bank On training sessions and referrals through outreach to these partner organizations.
- The EAC provides financial capability services to youth in the care of the Illinois Department of Children and Family Services when they transition from care between the ages of 19-21. Many of these youth reside in Chicago, are served by EAC partner organizations and could benefit from Bank On accounts.