

## **Bank on Florida**

### **An Asset Building and Asset Preservation Initiative**

Nationwide as many as 22 million people lack basic checking and savings accounts and are generally referred to as the “unbanked”. It is estimated that one half million Florida citizens are unbanked. Among households lacking a checking account, 52% include at least one full time worker. Utilizing the services of a non-bank check casher costs a family an average of \$40 per payroll check. These workers could potentially save as much as \$40,000 over their career by relying on a low cost checking account versus alternative services to perform their basic financial service needs. Families without accounts do not have a safe place to keep their money. They walk around with cash in their pockets or hidden at home. Robberies are more prevalent around check cashers, especially on payday. Un-banked individuals are especially vulnerable in the event of a disaster. Seven of the ten Hurricane Katrina evacuees didn’t have bank accounts.

There are many reasons why people remain unbanked including; fear of minimum balance requirements since they live paycheck-to-paycheck, mismanagement of past accounts, fear of stringent identification requirements, cultural distrust of financial institutions, or basic lack of knowledge of the products that are available at mainstream financial institutions. Additionally, research shows that the majority of these unbanked households are clustered in lower socio-economic neighborhoods and poor rural communities.

A bank account is the first step to financial security. Without one, it’s harder to get well-priced car loans, credit cards, or mortgages—the exact financial tools needed to climb the economic ladder. Families are then stuck going to costly pawn shops, payday lenders, and rent to own stores.

The purpose of creating a Bank on Florida initiative is to bring Florida’s unbanked population into the financial mainstream by tailoring bank products to meets the financial needs of the population, raising awareness in the unbanked community about the benefits of opening and running a transactional bank account, and providing quality accessible financial education to this population to ensure that the opening of the account is only the first step in their move towards financial security for their families.

Bank on Florida will be based on the successful Bank on San Francisco pilot project that has in the two years of its existence seen almost 25,000 unbanked citizens open and actively use low or no cost checking accounts. The first “Bank On” program in Florida, Bank on St. Petersburg, was launched in August with the leadership of the City of St. Petersburg in collaboration with fourteen banks and credit unions, nonprofit organizations, the Federal Reserve Bank of Atlanta, and the FDIC.

The success of this proposed initiative depends on the strength of the collaboration between state and local government, financial institutions, community non-profits, and financial regulators. The Florida Prosperity Partnership, a statewide coalition dedicated to building financial assets for low and moderate income residents, will provide leadership and coordination for this initiative.