

Financial Empowerment

500 Families Financially Fit for the Future

City of Virginia Beach

Community for a Lifetime



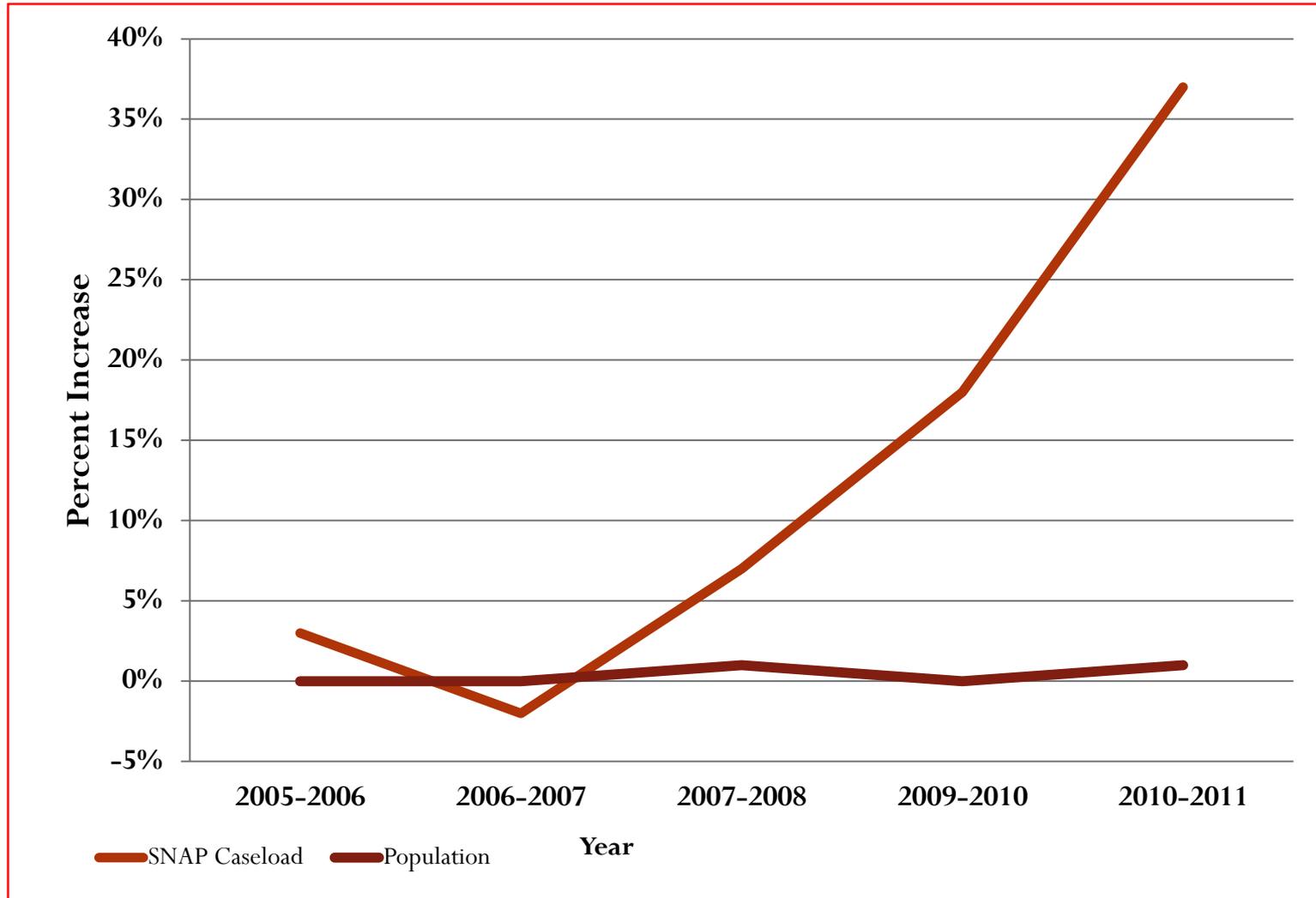
The City of Virginia Beach joined the Mayors' Action Challenge for Children and Families and established goals to help make children safer, better educated and healthier, and to help their families become financially secure.

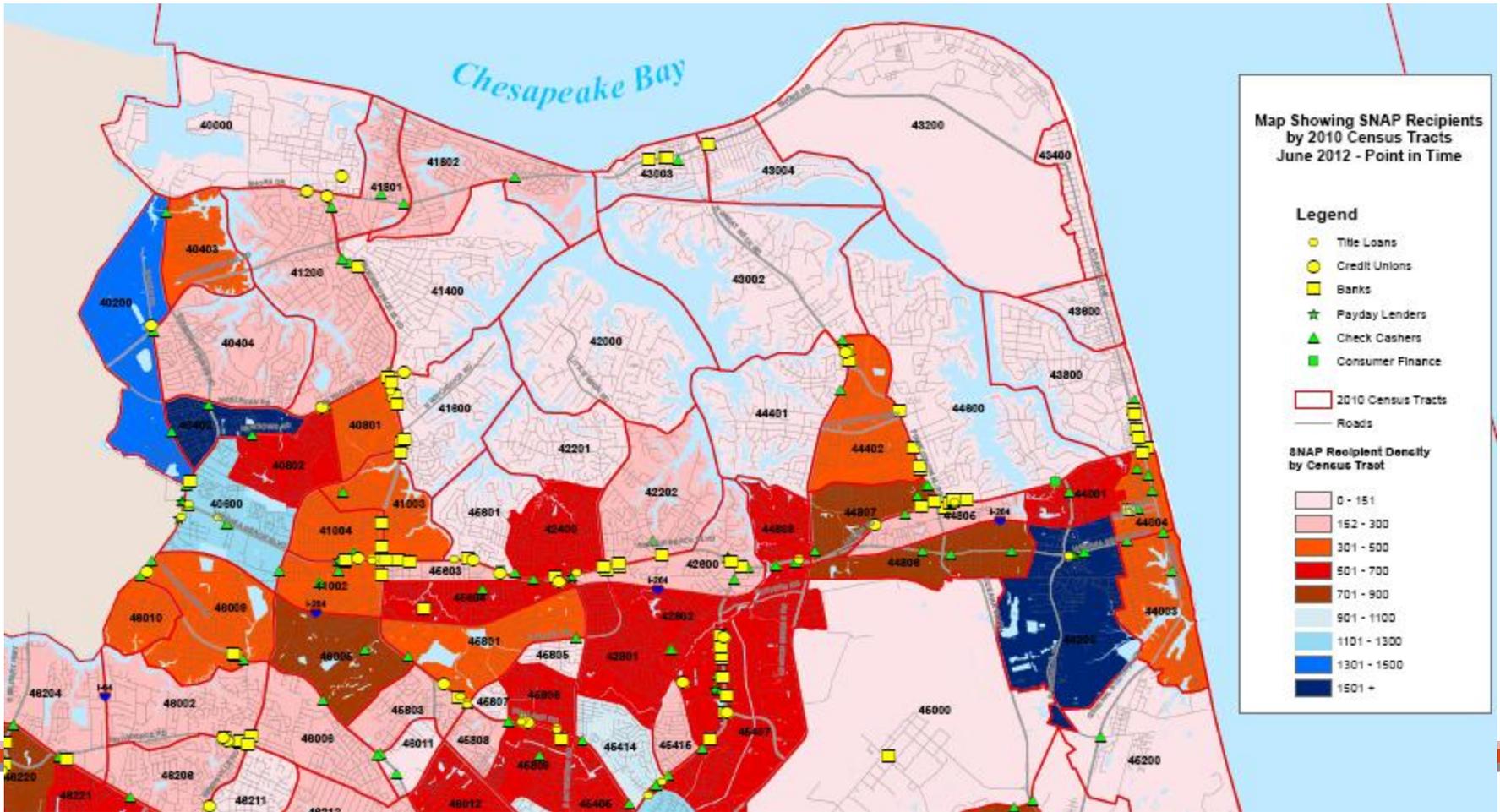


National League of Cities

www.nlc.org

Virginia Beach SNAP Caseload / Population





GIS Data Mapping
Virginia Beach Population 437,000

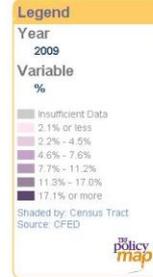
Financial Institutions in High SNAP Utilization Census Tracts

Institution	High SNAP (over 1,000 SNAP recipients)	Non-High SNAP (less than 1,000 SNAP recipients)
Credit Unions	2 or 6%	30 or 94%
Banks	6 or 6%	94 or 94%
Payday Lenders	8 or 34%	23 or 66%
Check Cashers	35 or 25%	104 or 75%

Bank On Data

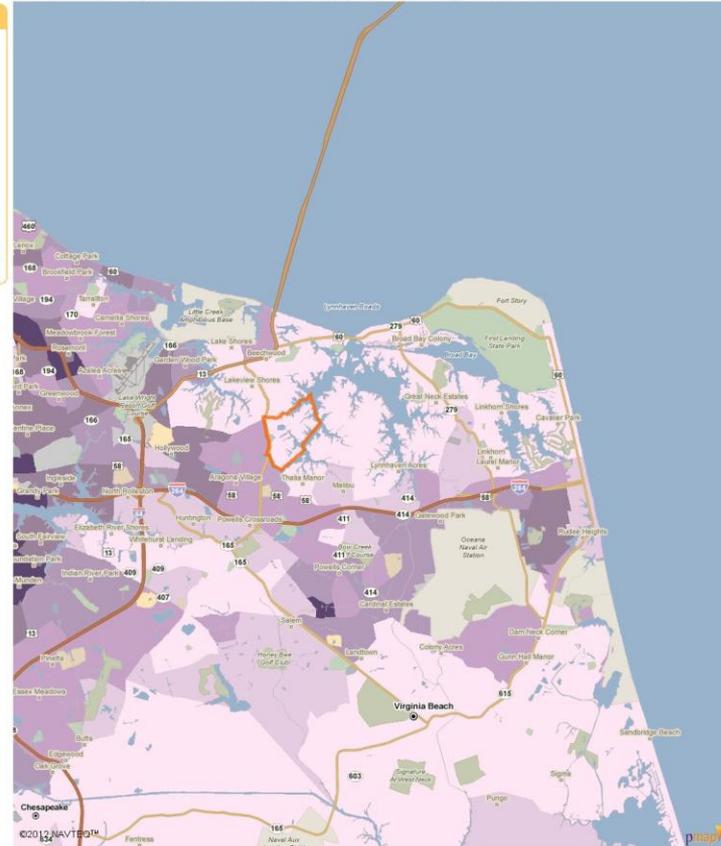
3.8%
of households in Virginia Beach are unbanked

18.8%
of households in Virginia Beach are underbanked



Estimated percent of households that are unbanked as of 2009.

Unbanked households are defined as households without a checking or a savings account. Unbanked data for the United States, the 50 states and the District of Columbia, and the 69 largest MSAs are from the 2009 FDIC National Survey of Unbanked and Underbanked Households. Unbanked data for smaller metropolitan and micropolitan statistical areas, counties, cities and Census tracts are CFED estimates derived from a model based on the 2009 FDIC Survey and 2005-2009 American Community Survey (ACS) Public Use Microdata Sample and aggregate data available through American Factfinder.



Virginia Beach Demographics

Measure	Virginia Beach	Unbanked Risk	Underbanked Risk
Income < \$30,000	17.1%	Yes	Yes
Income \$30K - \$50K	20.0%	No	Yes
Race: African American	18.8%	Yes	Yes
Race: Hispanic	4.2%	Yes	Yes
Education: High School or less	28.8%	Yes	Yes
Education: Some College	37.7%	No	Yes
Age: Under 44 years	47.1%	Yes	Yes

Dangers of Fringe Financial Services

- **Costs:** \$1,000/yr or \$40,000 over average working life.
- **Credit Establishment:** No reporting of payments, but do report negative activity. Degrades credit profile
- **Asset Building:** savings and long-term asset building are difficult.
- **Safety/Disaster:** emergency savings is at risk for loss due to theft or other disaster

Payday, Title and Pawn Lending

Type	Term	Security	Amount	Fees	APR
Payday Loan	2 weeks average	Must be employed	\$300 – 500 average	\$15 – \$20 per \$100 borrowed	Over 390%
Pawn Loan	30 Days	Pawned asset	A few hundred dollars	Average 20% of loan value	245% average
Title Loan	Monthly	Auto Title	\$1,000 - \$2,500	10 – 25% per month	120% - 300%

Financial Empowerment Partners



BANKING INSURANCE INVESTMENTS



Programs Under Action Challenge



500 Families Financially Fit for Future

- Increase relationships with traditional financial institutions
- Increase income opportunity through EITC and Workforce Development
- Increase savings as a safety net
- Reduce debt
- Improve credit scores and avoid high cost lending
- Increase asset-building

 **bank**On
Virginia Beach



Bank On Virginia Beach



- Accounts
 - Low cost or free savings and checking alternatives
- Classes
 - 9 classes meet once per month in the most vulnerable neighborhoods
- Coaching
 - Personal assistance one on one to establish a personal financial plan provided by financial institutions and volunteer professionals
- Matched Savings Incentive
 - \$150 match for participants who demonstrate behavior change

Bank On Participants

- 94% have a bank account but use alternative services
- 77% have no written budget
- 71% have no funds in case of emergency
- 59% have no plan for paying down debt
- 62% did not evaluate credit options before getting a loan
- 71% do not pay bills on time
- 42% do not borrow only what they can repay
- 58% pay only the minimum payment on credit card debt

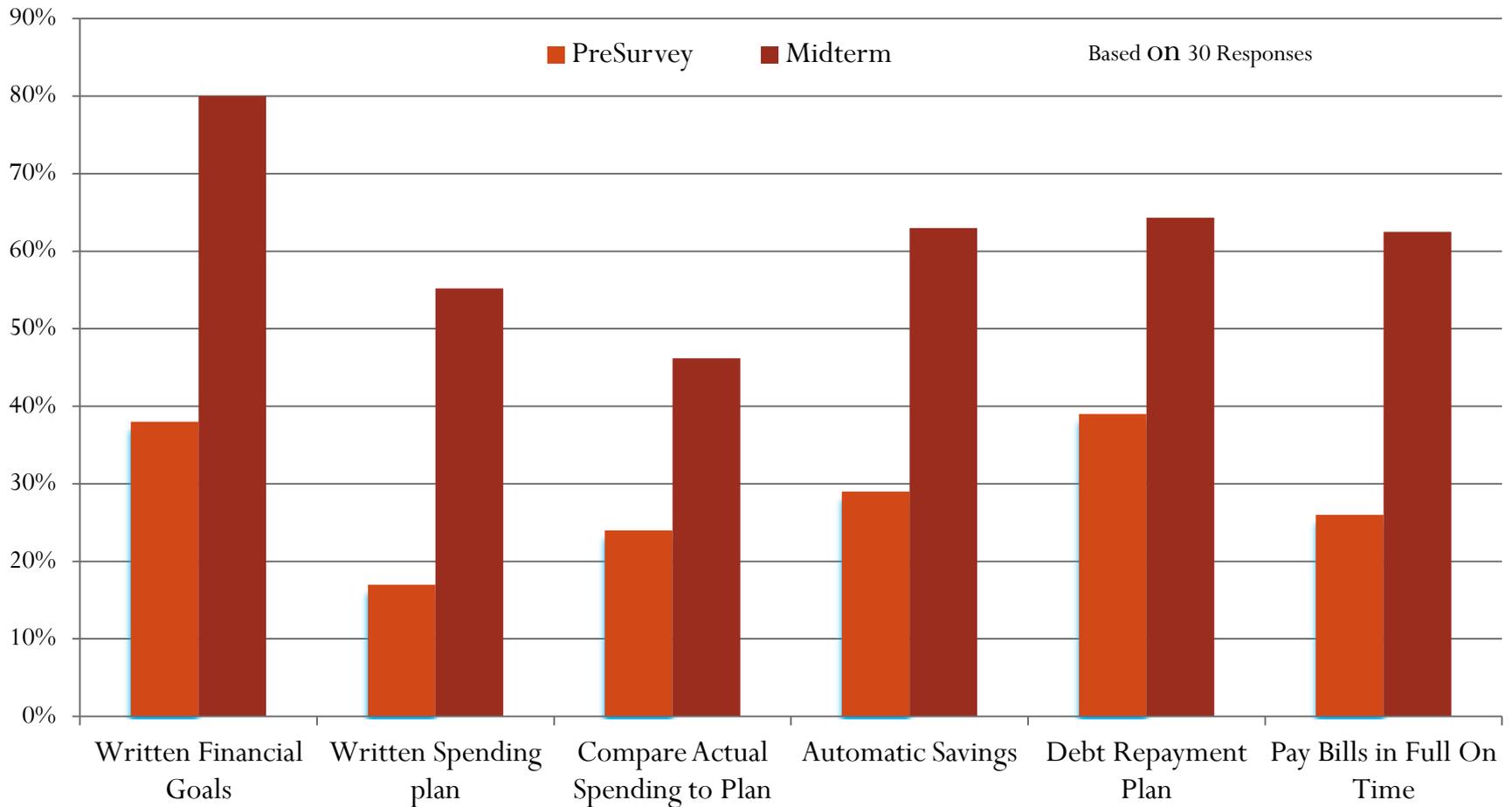
Based on pre-program blind survey of
130 participants

Bank On Virginia Beach Results

- KEY FINDINGS:
 - Account Holdings Increased 75%
 - Checking Balances Increase 69%
 - Checking Account Increase 5%
 - **Savings Balances Increase 88%**
 - Savings Account Increase 8%
 - Account Holder Fee Savings \$30

Based on First Quarter 2012 Banking Report

Participant Survey



Bank On and Financial Fitness Challenge

- Banking is a measure of financial stability
- Savings is a success measure for challenge
- Bank On classes provide financial knowledge
- Bank On partners provide vehicles for banking
- Coaches provide support, education and encouragement to facilitate behavior change
- Community Partners promote program in their neighborhoods
- Faith-Based Alliance raises funding for matched savings

Virginia Beach's Strategic Mission

- **WE WILL CREATE OPPORTUNITIES FOR INDIVIDUALS AND FAMILIES TO BECOME FINANCIALLY EMPOWERED**
 - Create and promote financial literacy opportunities;
 - Increase income and savings opportunities utilizing tools such as BankOn, the Earned Income Tax Credit (EITC), VA Saves, etc.
 - Empower 500 financially fit families in Virginia Beach.
- Develop strategies to reduce poverty and enhance economic opportunity for all citizens.

Future of Financial Empowerment

- Expand the partnerships and programs of Financial Empowerment to engage more stakeholders
 - Employer based programs:
 - Paperless Pay
 - Benefits Screening on-site
 - Financial Education in the workplace
 - Tax Preparation at work
 - Kindergarten to College
 - Establish seed funding for college savings