



# Request for City Council Committee Action from the Department of Community Planning & Economic Development - CPED

**Date:** October 8, 2013  
**To:** Council Member Lisa Goodman, Community Development Committee  
**Subject:** Support of Financial Inclusion Leadership Team Efforts on Advancing Financial Inclusion and Access.

**Recommendation:** It is recommended that the City Council: a) Direct City staff to continue staffing the work of the Financial Inclusion Leadership Team’s effort to advance financial inclusion initiatives in the metro area, and b) Authorize a joint communique with the City of Saint Paul supporting the work of the Financial Inclusion Leadership Team.

**Previous Directives:** March 30, 2012 City Council adopted resolution honoring Financial Literacy Month.

Prepared by: Bob Lind, 673-5068	
Approved by: Charles T. Lutz, Deputy Director CPED	_____
Catherine A. Polasky, Director, Economic Development	_____
Presenters in Committee: Bob Lind	
Funding Source and Appropriation	
Language Reviewed by Development Finance:	_____ N.A. _____

### Reviews

- Permanent Review Committee (PRC): Approval N.A.

### Financial Impact

- Other financial impact: City’s role will be one of leadership and community outreach and engagement.
- Community Impact
- Neighborhood Notification: Not applicable at this time.
- City Goals: A comprehensive financial inclusion initiative would advance the city goals of Jobs & Economic Vitality (by preparing teens for careers and life skills and connecting people to training and jobs) and Many People, One Minneapolis (race and class gaps closed, new arrivals are welcomed and diversity embraced).
- Comprehensive Plan: Not applicable.
- Zoning Code: Not applicable.

## Supporting Information:

The cities of Minneapolis and Saint Paul along with many others actively involved in financial inclusion have spent the past year raising the profile of advancing a metro-wide comprehensive approach to financial inclusion and financial access. What started out as an effort to reduce the use of alternative financial services like check-cashing facilities, payday lenders, pawnshops, and rent-to-own centers, has expanded to include all aspects of financial inclusion and financial access. Across the country these efforts have taken many forms, "Bank On" is probably the most recognizable program to have emerged as one way to promote access to mainstream financial services, provide alternatives to payday lenders, support working families, provide opportunities to build credit, and strengthen local economies. The first Bank On program was launched in San Francisco in 2006, and this model of financial access has been refined and replicated across the United States to bring unbanked and underbanked consumers into the financial mainstream.

A snapshot of where Minneapolis and Saint Paul are with respect to the percentage of its population that is unbanked and underbanked is now available through a partnership of the Federal Deposit Insurance Corporation (FDIC) and the US Census Bureau:

Unbanked: No checking or savings account.

Underbanked: Has an account, but continues to rely on alternative financial services, like check-cashing services, payday lenders, rent-to-own agreements or pawn shops.

### 2011 FDIC Survey of Unbanked and Underbanked:

	Minneapolis/Saint Paul	Minnesota	United States
<b>% Unbanked Households</b>	5.2%	4.1%	8.2%
<b># of Unbanked Households (rounded off)</b>	60,000	90,000	9,875,000
<b>% Underbanked Households</b>	10.4%	12.6%	20.1%
<b># of Underbanked Households (rounded off)</b>	130,000	272,000	24,199,000

The financial inclusion leadership team, comprised of public, private, and community organizations has a goal of reducing the number of unbanked and underbanked households in the Twin Cities metro area. The Northwest Area Foundation this past summer commissioned The Public Strategies Group, Inc. to produce a financial inclusion design with the following result: *Minneapolis and Saint Paul residents are accessing the low cost, sustainable financial services, products and support mechanisms they need.* The design work by The Public Strategies Group involves building off the work currently being done by numerous financial institutions and community organizations to advance the cause of financial inclusion, but in a new way that provides a comprehensive approach to the delivery of financial services that is sustainable, helps residents move along the pathway to financial and economic security and provides outreach to the most excluded populations in our community.

Outcomes of the group would be a multifaceted outreach action that couples access to financial services with financial education. The highest unbanked and underbanked rates are found among non-Asian minorities, lower-income households, younger households, and unemployed households. Our efforts need to understand the characteristics of different segments of the unbanked and underbanked populations, to identify collaborative strategies that would help all Minnesotans – from Kindergarten to retirement – learn more about financial products, to improve their financial fitness, and achieve financial security.

Some key action steps under discussion by the Leadership Team for the coming year are:

1. Engage with financial institutions and professional associations about how to partner public and private interests to advance the cause of financial inclusion. There is a significant amount of distrust that exists between the unbanked and underbanked and your mainstream financial institutions. Understanding these differences and the reasons for the distrust and developing products and strategies that more effectively engage these households will be key.
2. Improve consumer outreach to senior citizens.
3. Enhance efforts to provide financial education to all students.
4. Improve outreach to communities of color and immigrant populations. New immigrants in particular face several obstacles to using the banking system, including a distrust of banks, a language barrier, lack of knowledge about banking and lack of documentation. Financial inclusion efforts properly tailored to the audience can help immigrants build wealth and take part in the formal financial system and thereby promoting stable neighborhoods and contributing to the economic vitality of the community.
5. Explore legislative initiatives that could advance the cause of financial inclusion and financial literacy as well as opportunities for households to save and build assets.

Members of the Financial Inclusion Leadership Team:

Dorothy Bridges, Co-Chair  
Federal Reserve Bank of Minneapolis

Tracy Fischman, Co-Chair  
AccountAbility MN

Cassandra Adler  
Adler Consulting

Christianne Lind  
Northwest Area Foundation

Honorable Mayor Chris Coleman  
City of Saint Paul

David McGee  
Build Wealth Minnesota

Gary Cunningham  
Northwest Area Foundation

Julia Miller  
Minnesota Department of Commerce

Kelly Drummer  
Tiwahe Foundation

Kathy Mock  
Think2Perform

Nikki Foster  
Northwest Area Foundation

Eric Muschler  
McKnight Foundation

Jodi Harpstead

Laurie Ohmann

Lutheran Social Service of Minnesota

Nancy Homans  
City of Saint Paul

Ramon Leon  
Latino Economic Development Corporation

Bob Lind  
City of Minneapolis

Anna Schmalzbauer  
Public Strategies Group

Dave Synder  
Minnesota Asset Building Coalition

Jo-Anne Stately  
Minneapolis Foundation

Ashley Steele  
Minnesota Asset Building Coalition

David Wiese  
Wells Fargo

Diane Benjamin  
Otto Bremer Foundation

David Nicholson  
Headwaters Foundation

Public Strategies Group

Council Member John Quincy  
City of Minneapolis

Bill Raker  
U.S. Federal Credit Union

Commissioner Mike Rothman  
Minnesota Department of Commerce

Dick Todd  
Federal Reserve Bank of Minneapolis

Kevin Walker  
Northwest Area Foundation

Joanne Whiterabbit  
Woodlands National Bank

Chris Wiger  
Twin Cities LISC

Rick Beeson  
Sunrise Banks

Kristine Martin  
Wilder Foundation

Maureen Warren  
Lutheran Social Service

Financial Inclusion Leadership Team Efforts