Chapter 10: Programmatic Banking Access Integration Best Practices

Often, inserting banking access opportunity and functionality into a host social service program is the best approach to large-scale banking success. Bank On coalitions can establish such programmatic integrations to connect people to safe, affordable bank accounts, and help them use those accounts, while strengthening the host program service.

Bank On Coalitions Can Play Three Critical Roles in Helping to Develop Banking Access Integrations

Identify good potential integration opportunities, characterized by:

• **A host program that involves payment streams.** The motivation and opportunity to become banked, and the efficacy of accompanying financial education, is greatly enhanced by leveraging existing streams of recurring payments such as payroll, public benefits, or reimbursements. This is particularly true if there are multiple opportunities to enroll people in accounts, due to programmatic re-certification/re-application or a continuous flow of new participants. Direct deposit should be strongly encouraged, if not mandated, where possible.

• **Multiple opportunities to promote banking access.** Consistent with behavioral economics theories, strong integrations repeatedly reinforce the benefits of banking and provide multiple opportunities for participants to open a banking account.

• **Programmatic alignment around financial stability.** Host programs that have a vested interest in the financial stability of their clients are generally more motivated to make necessary programmatic adjustments to incorporate banking, as well as to encourage and educate clients accordingly.

Engage program directors to value banking integration, including:

• **Effect on host program’s outcomes.** By understanding the host program’s ultimate outcome goals, coalitions can demonstrate how banking access will benefit the host program. For instance, a program serving youth aging out of the foster system may focus on helping clients to achieve stability, inclusive of financial stability, so emphasizing how accounts help youth save money and provide an initial relationship into the mainstream financial system may resonate with program directors. For a program serving domestic violence survivors, discussing how opening a new, separate account – and addressing any identity theft issues – can assist the survivor in becoming independent thus demonstrating the importance of banking access integrations.

• **Operational efficiencies:** For host programs that make payments to participants via paper check, coalitions can highlight the cost savings of direct deposit, which include time and labor efficiencies when programs no longer need to distribute paper checks.

• **Financial benefits to clients:** Research shows that people with mainstream bank accounts keep more of their earnings, fare better against financial shocks, and save more compared to those without. Conversely, those who do not have an account can spend over $40,000 over the course of their lifetime on check cashing fees, or pay high fees to access and use their money through paycards.

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Help facilitate success by leveraging:

• **Certified accounts.** Government and program leaders can rely upon the appropriateness of accounts offered in an integration opportunity by limiting available accounts to those that are certified to meet the Bank On National Account Standards. Depending upon the local availability of certified accounts and other programmatic needs, programs may either make all certified accounts available or procure a more limited number of financial institution partners.

• **Remote account opening.** For maximum uptake, behavioral economic principles dictate the decision to become banked, or to open a new and more appropriate Bank On certified account, should be met with an instantaneous opportunity to do so. Technological advances combined with regulatory support are increasingly allowing financial institution partners to facilitate on-site account opening, rather than directing clients to a nearby physical branch location. As one example, the CFE Fund and Bank On coalition partners highlighted the importance of safe and affordable accounts that could be opened remotely during the COVID-19 pandemic with a new consumer-facing webpage; federal regulators including the Federal Deposit Insurance Corporation, Internal Revenue Service, and Center for Disease Control, as well as local elected officials, also guided consumers to the page to remotely open accounts to receive stimulus and other payments.

• **Customization of the National Account Standards:** While Bank On certified accounts all have similar features and safeguards, when exploring the right financial institutions with whom to partner on a particular programmatic opportunity, coalition leaders also should explore key features about particular products and providers that may be important to identify or request, such as:
  - ATM access and fees, and ability to deposit cash at branches or through ATM networks (particularly for branchless financial institutions)
  - Opening deposit timing flexibility
  - Account opening options (e.g. online, telephone, remote locations, etc.)
  - Free online bill pay and/or money order capability
  - Alternative IDs/verification processes allowed by the institution

This information can be especially useful as you are facilitating partnerships among financial institution and programmatic partners. Becoming familiar with the specific characteristics of each certified account in your coalition footprint will equip you to make the most appropriate recommendation for the bank or credit union with whom an organization may choose to partner, or a program participant choose to select if there are multiple providers.

*Please note, we do not recommend creating external-facing grids with account details/specs, as these are difficult to maintain with updates and additions. This information is recommended for internal guidance when developing programmatic integrations in your community.

• **Banking integration program design.** Program partners should analyze the “touchpoints,” or opportunities that the program engages with clients, to determine where and when it makes the most sense to incorporate banking access. As an example, in the Summer Jobs Connect program, which adds banking access and financial education to Summer Youth Employment Programs, outreach and application, enrollment, orientation, payroll, and ongoing training are all programmatic touchpoints where banking access can be incorporated.

• **Financial education focused on account usage.** Opening a new bank or credit union account is a “just in time” opportunity to meaningfully educate people about how to choose and use an appropriate account. Beyond account opening and direct deposit, such lessons can also incorporate budgeting, bill payments, and savings.
• Engaged funders. Coalitions that champion banking integration work, and can make the case for the importance of embedding banking access into other social service programs, can seek funding opportunities to support these efforts, including the CFE Fund’s Bank On Innovation grant.

Banking Access Integrations

Banking access integrations not only offer key opportunities for large-scale account opening success, but they also offer critical “win-win” opportunities to enhance host programming and build meaningful community partnerships. Although a banking access integration may require a fair amount of planning, including identifying financial institution account partners that fit into the program, training social service partners, and perhaps modifying program processes, true success is when the banking access component becomes “baked in” as a regular part of the program eventually not relying upon the Bank On coalition to maintain the integration.

Banking Access Integrations in Action

Outlined below are examples that highlight the interaction of these core elements:

Summer Youth Employment Programs

Some of the strongest and most complete integrations exist in Summer Youth Employment Programs (SYEPs), in which local governments help place teens and young adults in a variety of jobs and subsidizes or even manages their payroll. For example, the City of Baltimore’s YouthWorks program has built an opportunity into the program enrollment fairs to not only teach participants the benefits of opening a bank account and receiving funds by direct deposit, but also to encourage participants to open credit union accounts on site. The credit union helps youth open an account as they are waiting to enroll in the SYEP, so their first summer paycheck can be directly deposited into the young person’s new account. This pending paycheck is considered the initial deposit, and the student leaves the enrollment session knowing how to access her pay in a safe and affordable account.

Similarly, the City of St. Louis partners with a local credit union to begin the account opening process during financial education trainings, which take place before the start of SYEP jobs. Job coaches help SYEP participants complete the necessary paperwork to open a youth account. Participants pick up their debit card at a credit union branch, which encourages the formation of a customer relationship. This partnership benefits not only the youth participants but also the credit union, which saw its average customer profile get 3.5 years younger overall, and more than 10 years younger at the branch where most accounts were opened. Customer age is a key indicator of credit unions’ long-term sustainability. Credit union staff also provide comprehensive financial education opportunities that start at enrollment and continue during the summer.

Read more about SYEP integrations and the CFE Fund’s national Summer Jobs Connect program here.

Workforce Development

Job training or workforce development programs vary widely, but may include opportunities to provide training on the benefits of banking and bring financial institutions on site to encourage account opening and direct deposit. In New York City, the Parks Opportunity Program (POP) provides its workers orientation, on-the-job training, career coaching, and specialized training opportunities during their six months of employment with the NYC Parks Department. As part of one banking integration pilot, during the initial orientation, former POP workers led sessions about the benefits of banking, sharing their personal experiences of the cost savings of banking versus check cashers and the efficiency of receiving paychecks by direct deposit.
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The sessions also included a discussion on using bank accounts efficiently and effectively. Following those sessions, bankers from a local financial institution with a pre-negotiated safe account set up a table outside of the room, so that those who wanted to could open an account immediately. The workforce training staff then followed up with the POP workers over the next few weeks, assisting them to sign up for direct deposit of their wages into their newly opened, safe accounts.

Workforce Integrations: Talking Points for Moving to Banking Access

Many productive banking access integrations take place in a workforce context. Below are talking points for employers who currently paying employees through paper check or payroll cards about the benefits of banking.

Switching from paper checks to banking accounts

- Reduced staffing costs: Fewer employee hours are needed to handle the physical aspects of payroll, including check distribution and stopping/reissuing lost/stolen checks.
- Reduced expenses: Paper checks can cost as much as $20, based on the cost of preparing and mailing.
- Reduced fraud: Employers and employees can reduce risks of check fraud and prevent checks from being forged. Lost checks are also common issues during payment process.

Switching from paycards to banking accounts

- Avoiding costly fees for employees: Some payroll cards charge out-of-network ATM withdrawal fees, ATM balance inquiry fees, decline fees, point of sale decline fees, card-to-card transfer fees, inactivity fees, and replacement card fees.
- More flexible usage: Most payroll card programs only allow one employer to fund the card, while bank accounts can accept direct deposit from multiple employers.
- Facilitating savings and budgeting: Often, payroll cards are considered spending cards with little saving incentives, whereas banking accounts are more likely to have a saving account/platform. In addition, few payroll cards allow employees to link to a separate budgeting platform.

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