



# Promoting Banking Access

**Presented by: Oklahoma Native Assets Coalition (ONAC)**

**Native Financial Education Practitioners Summit**

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# Oklahoma Native Assets Coalition, Inc.

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## Introduction

The Oklahoma Native Assets Coalition, Inc. (ONAC) is a nonprofit Native asset-building coalition that collaborates with Native Nations and other partners to promote and establish Native-led and culturally compatible asset-building programs and initiatives in Native communities. ONAC and partners work together to create greater opportunities for self-determined economic success for tribal citizens.

<https://oknativeassets.org>



## ONAC's Interrelated Asset-Building Programs (Continued)

Current Native-specific programs and initiatives include:

- Intermediary funder: Mini-grant program (supporting 20, 1 pending, Native VITA programs in 2022)
- National Native EITC/VITA Network
- Native Bank On ONAC
- Training and TA
- Resource guides: Investor education, remote financial education, and Native women entrepreneurs
- National research: Best practices for delivering Native asset-building programs (such as remotely-provided VITA in Native communities) and documentation of Native children's savings initiatives



## ONAC's Interrelated Asset-Building Programs

Current Native-specific programs and initiatives include:

- Native-specific financial education
- Financial coaching
- Children's Savings Account program
- Emergency Savings Account program
- Down payment assistance program
- Emergency cash assistance program
- Prevention of frauds and scams





## Need for Safe and Affordable Accounts and Rollout of Native Bank On ONAC

- 50.5% of American Indians/Alaska Native un- or underbanked (FDIC, 2017)
- ONAC's longer-term interest in safe and affordable accounts involves securing options for accounts that complement asset-building program implementation
- There is no one easy solution to getting Native families banked



## Need for Safe and Affordable Accounts and Rollout of Native Bank On ONAC

Faced with issues of geographic access to financial institutions; mistrust of financial institutions; difficulty with affording home Internet subscriptions and devices; and challenges with access to online banking (46.5% of population on Tribal Lands have adopted broadband service of 25 Mbps/3 Mbps, according to Federal Communications Commission, 2021)

Banking access is crucial for Native people to be able to 1) benefit from greater participation in the financial mainstream, (2) quickly access federal economic stimulus payments and Child Tax Credit payments, and (3) avoid high-cost alternative financial services



## How ONAC's Asset Building Programs and Assistance Interface With Native Bank On ONAC

- ONAC co-hosted webinars
- Distributing Bank On information via the national ONAC EITC/VITA Network. To join, email Patsy Schramm (Cherokee) at [edgpj@aol.com](mailto:edgpj@aol.com) (networking and sharing asset building expertise)
- Linking the promotion of claiming tax credits to getting banked through webinars and flyers
- Providing \$603,900 in grant awards, primarily to Native VITA programs over the years, to help tribal citizens claim EITC, etc.
- Launching the Get Banked Indian Country campaign
- Providing free financial education and train-the-trainers and providing Bank On information via ONAC grantees (capacity building for Native families and tribal- and Native-led nonprofit partners)
- Working, when possible, to link Bank On accounts to ONAC seed-funded emergency savings accounts, down payment assistance initiative, financial coaching, Children's Savings Account outreach, and pandemic-related emergency cash assistance (identifying, promoting and integrating banking access and safe and affordable accounts)
- Providing free technical assistance for designing and implementing asset-building programs, such as matched savings accounts or emergency savings accounts (integrating banking access)
- Incentivizing Bank On accounts (promoting confidence and trust in certified financial accounts, account security, and banking services)



## Native Bank On ONAC

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## The National 'Bank On' Initiative

- Bank On promotes more universal access to, and the development of, certified, safe, low-cost financial account products, that have attractive features while meeting Bank On National Account Standards (NAS).\*
- Financial institutions in states, cities, on tribal lands (including those owned by tribes), and in rural communities (through a broad network of Bank On coalitions and supporting partners) offer these accounts.
- Bank On accounts are certified by an independent third-party evaluator: the National Consumer Law Center (NCLC). NAS standards are updated every two years to address issues that most often discourage people from establishing accounts in financial institutions (Latest: 2023-24 – see next slide for access)
- Currently there are 319 certified accounts at banks and credits unions in the US, available at 46,490 branches: established in partnership with 98 national Bank On coalitions (including Native Bank On ONAC) SD and ND currently do not have a Bank On coalition in the states, but you are surrounded by WY, MN, IA, MO, KS and CO that do have active coalitions
- For more information go to [www.cfund.org](http://www.cfund.org) and choose <https://joinbankon.org/accounts/> This link takes you to an interactive map that allows you to link to most of the financial institution account pages by state
  - \* Often times a transactional account at a financial institution leads to opening savings accounts and utilizing financial products and services.

## Bank On National Account Standards 2023-24

### NAS Certified Core Product Features Must Include:

- A checking account or pre-paid account (often “checkless checking”)
- Debit card or prepaid card included (with or without checks)
- Minimum opening deposit of zero to \$25
- Total monthly account fees of zero to \$5 (\$5 maximum – but can be waivable\*)
- No overdraft, inactivity or dormancy fees
- No fees for using in-network ATM; fees of \$2.50 or less for using out-of-network ATMs
- Free direct deposit included
- Free bill pay feature of some kind included
- Free online and mobile banking access included
- Free electronic statements OR zero to \$2 monthly charge for paper statements
- Insured by FDIC or NCUSIF

\*Can be waived for making regular direct deposits (with no minimum), using bill pay, etc.

[See all account features, including recommended product features, at: Financial Institution Benefits of bank on\\_v2 \(oknativeassets.org\)](https://oknativeassets.org)



## How Banks and CUs benefit from offering products with NAS Core & As Many Recommended Features As Possible:

Three top benefits for banks and credit unions offering NAS certified accounts are:

- **Community Recognition and Support:** FIs that offer Bank On accounts often receive public recognition for “good-faith” banking access and offering low-cost accounts in the communities they serve; local programs rely on the certification features to help them sell Bank On accounts to their clients and constituents
- **A More Sustainable Customer Base:** The easy-to-use accounts appeal to youth and young adult, as well as older customers; the products also offer features that are in demand and in sync with other community-led banking access efforts
- **Community Reinvestment Act (CRA) Consideration:** Most Bank On NAS certified products support at least three key CRA “service test” criteria
  - [See More About Financial Institution Benefits of Bank On NAS Certification](#)



## Making The Case in Native Communities For The Opportunity and Efficacy of Owning One or More Financial Accounts (Including Savings)

- Bank On accounts effectively reduce costs and offer a significant financial benefit for Native families. There are also a great number of banks serving Native communities offering Bank On or Bank On-type accounts. How do we get those accounts into the hands of Native peoples? **Addressing certain roadblocks comes first.**
- **Key Roadblocks Include:** 1) Distance from financial institutions, 2) Lack of available Broadband, 3) Associating FIs with historical prejudice and racism 4) Previous redlining experiences with FIs, and 5) General Distrust of Mainline Financial Institutions, and 6) Wide availability of alternative commercial financial businesses
- According to an FDIC 2017 survey and report, the two most cited reasons for the larger population to be unbanked or underbanked: **1) Not enough money (minimum deposits and balances) [57.2%] and 2) Don't trust banks [not to take the money] [30.2%]**
- Three roadblocks for Native families known anecdotally from ONAC's experience and partners:
  - **Geography and tech issues:** Living far from any mainstream financial institution; not having broadband access; not having needed tools (including a computer or smart phone); lack of opportunity to adequately learn online banking skills or access assistance for online banking issues that arise.
  - **What is perceived as a U.S. banking system with confusing rules:** As stated above, this is also related to the number one reason identified for all unbanked individuals – incorrect ideas include the belief that you *must always* have a certain amount of money in a bank account to keep that account, and that the bank may take the money from the account if you don't keep a certain amount in the account
  - **Trust:** 1) not being familiar with the financial institution/fear of being scammed OR, 2) having once had a checking account that was lost due to issues with hidden fees or lack of understanding about why fees are charged.





## Partnering With Tribes: Ways To Promote NAS Certified Accounts in Native Communities

- Promote and market desirable account features, including online and mobile banking
- Highlight affordability of accounts with desirable features such as zero to \$25 minimum deposit and account maintenance fees of zero to only \$60 per year
- Reveal the high cost of using 'alternative banking services' (see next slide)
- Present FIs as trusted tribal partners, and give assurance that account deposits are FDIC or NCUSIF insured
- Encourage tribal departments and non-profits to promote opening Bank On accounts for programs that relate to employment, commerce, housing, tribal youth, elders, etc.
- Stress the benefits of having free direct deposit when receiving paychecks, tax refunds, unemployment benefits, Social Security, and tribal payments
- Host Bank On account opening events (called integrations) at tribal facilities
- Show tribal support of Bank On certified accounts with local financial institutions



## Messages to the Unbanked: High Cost Of Some Banking & All 'Alternative Banking' In 2021

- The average checking account may cost a consumer about **\$150 per year** (based on averaged monthly maintenance fees, and 2 averaged overdraft fees)\*\*
- The average cost for people who do not have a bank account, but use only prepaid cards that feature direct deposit is **\$196.50 per year\*\***
- The average cost of not having a bank account jumps to **\$497.33 per year** if a person's prepaid card doesn't offer direct deposit\*\*
- People who deal only in cash face average costs of **\$198.83 per year** for check cashing and money order charges (the product most typically used for paying bills)\*\*
- People who have no bank account or prepaid card with direct deposit pay an additional **\$182.03 per year**, on average, just to access their money from payers\*\*
- The average payday loan borrower pays fees are **\$520** for an initial loan of \$375 (this relates to a typical rolled-over payday loan that is taken out to make ends meet)\*

\*Bill Fay, staff writer, online Debt.org article

\*\*Nerd Wallet: a personal finance web site, in the article: "The Cost of Being Unbanked: Hundreds of Dollars a Year; Always One Step Behind"



## Other Examples of ONAC Messages to the Unbanked and Underbanked

- We provided steps for claiming EIP
  - We provided flyers for local Bank On account opening information and how to claim available incentives
  - We widely shared FDIC's statistics and information regarding being underbanked and unbanked in the US
  - We provided specifics about Bank On accounts and links to a map for local options, as well as a link to FDIC financial institution search tool
  - We promoted the features to look for when opening a savings or checking account
  - We provided information about how to claim CTC payments, provided specifics about the CTC and GetCTC.org portal, and explained what to do to receive the CTC by direct deposit
  - We provide financial coaching that includes information about banking and promotes savings
- <https://bit.ly/ONACGetBanked>
  - [https://bit.ly/AccountFeatures\\_ONAC](https://bit.ly/AccountFeatures_ONAC)
  - <https://bit.ly/ONACNativeBankingAccess>



## Contacts and Additional Information

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