



# BRIDGE TO BETTER MONEY PROGRAM

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2006-2007 REPORT

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Southwest Center for **Economic Integrity**

# Bridge to Better Money Program Description

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## ○ **Goals**

- Link residents in the West Side, South Side and South Tucson areas with credit unions and banks in their communities.
- Provide support to new participants so they can become regular users of banks or credit unions and avoid high-cost financial services.

## ○ **Rules and Requirements:**

- Criteria for qualification:
  - Having used services such as check cashers, payday loans or auto title loans in the last year.  
OR
  - Be un-banked

## ○ **Procedure:**

- When a new participant opens a bank or credit union account, the SCEI deposits \$30 in the account.
- After 3 months of having an active account, participants receive an additional deposit of \$20 in their accounts.
- Participants are encouraged to choose the credit union or bank of their preference.

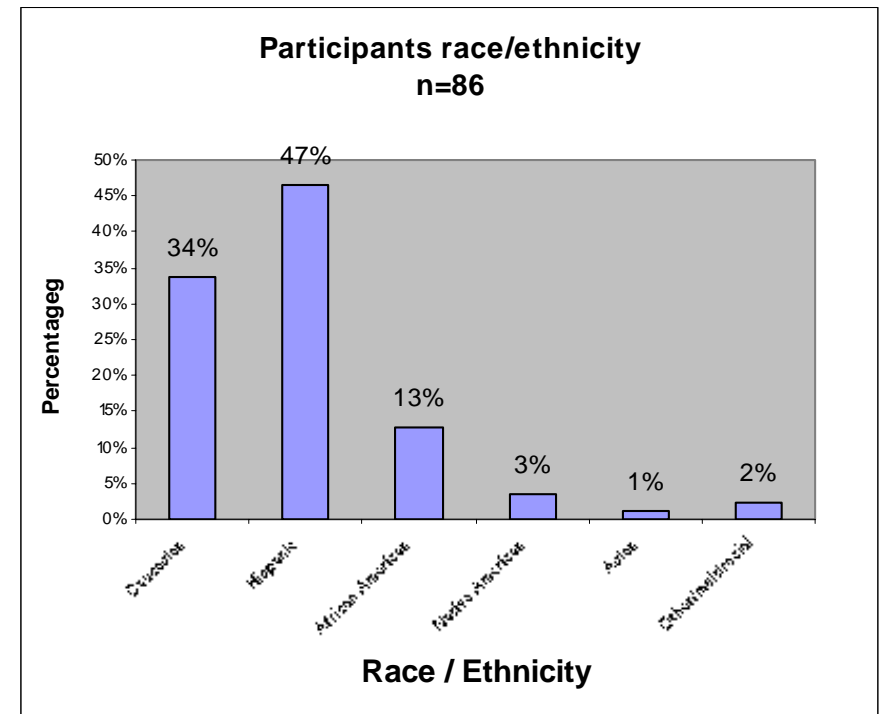
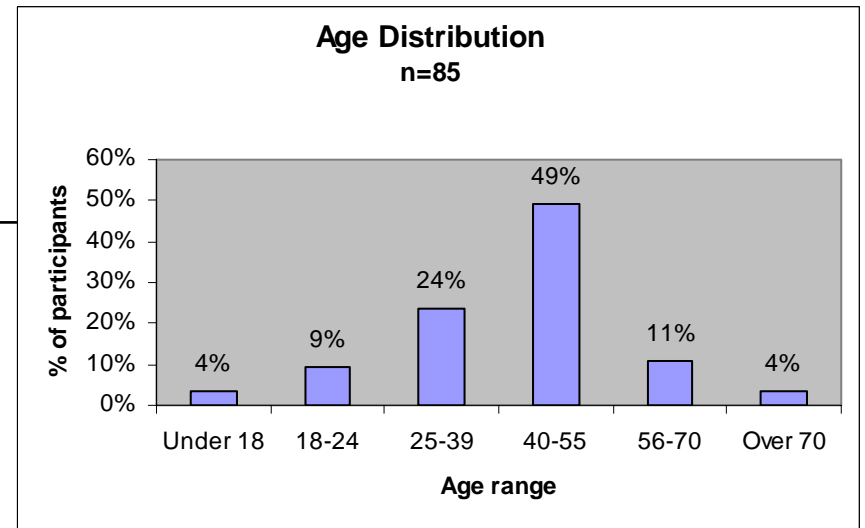
# Program participants

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- 110 participants enrolled in the program during the first year (August 2006-August 2007)
  - 4 participants closed their accounts before completing three months in the program and did not receive the second deposit.
  - 10 people in total had closed their accounts as of August 2007.
- Referral Agencies/Events
  - VA
  - Luz Social Services
  - Pio Décimo
  - Primavera Foundation
  - COPE Behavioral Services
  - The International Rescue Committee (IRC)
  - New Beginnings for Women and Children
  - Comin' Home Transitional Housing for Veterans
  - Pima Public Library Dollars & Sense workshops
  - DES Family Connections
  - 2007 Tucson Money Fair
  - Don't Borrow Trouble Hotline
  - Fiesta Cinco de Mayo
  - RISE

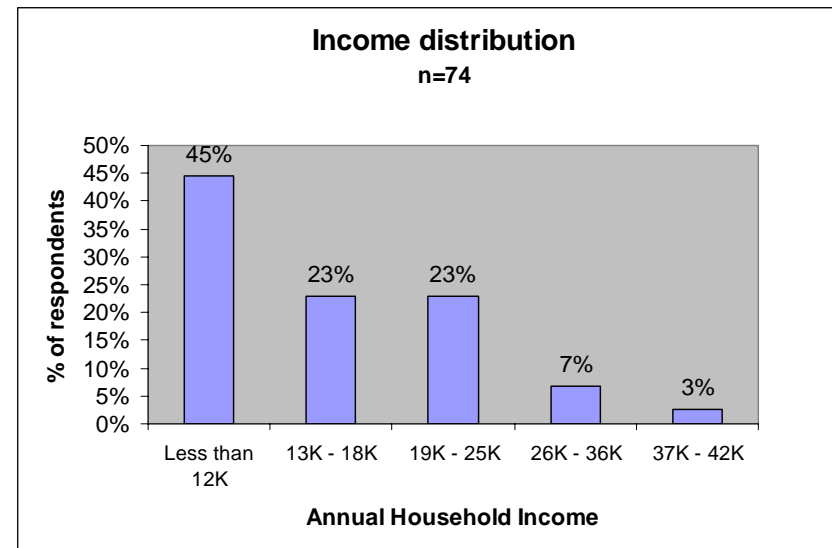
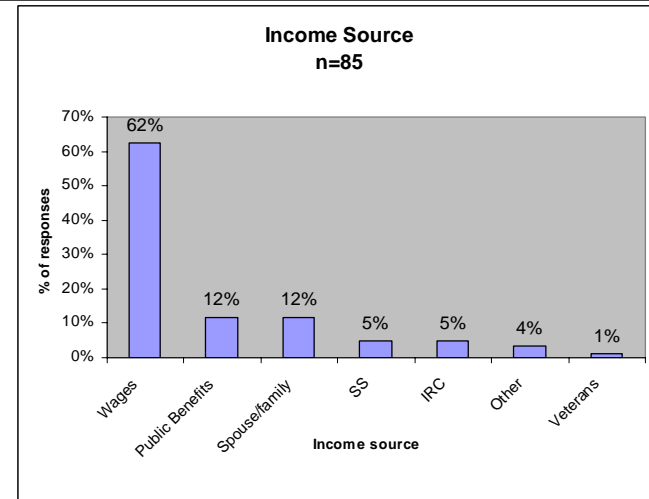
# Demographics

- 64 women  
46 men
- Almost half of participants are between 40-55 years old
- Almost half report being Hispanic



# Income level and source

- Almost two thirds are working
- 90% have an annual household income of less than 25,000.
- Almost half earn less than 12,000 a year



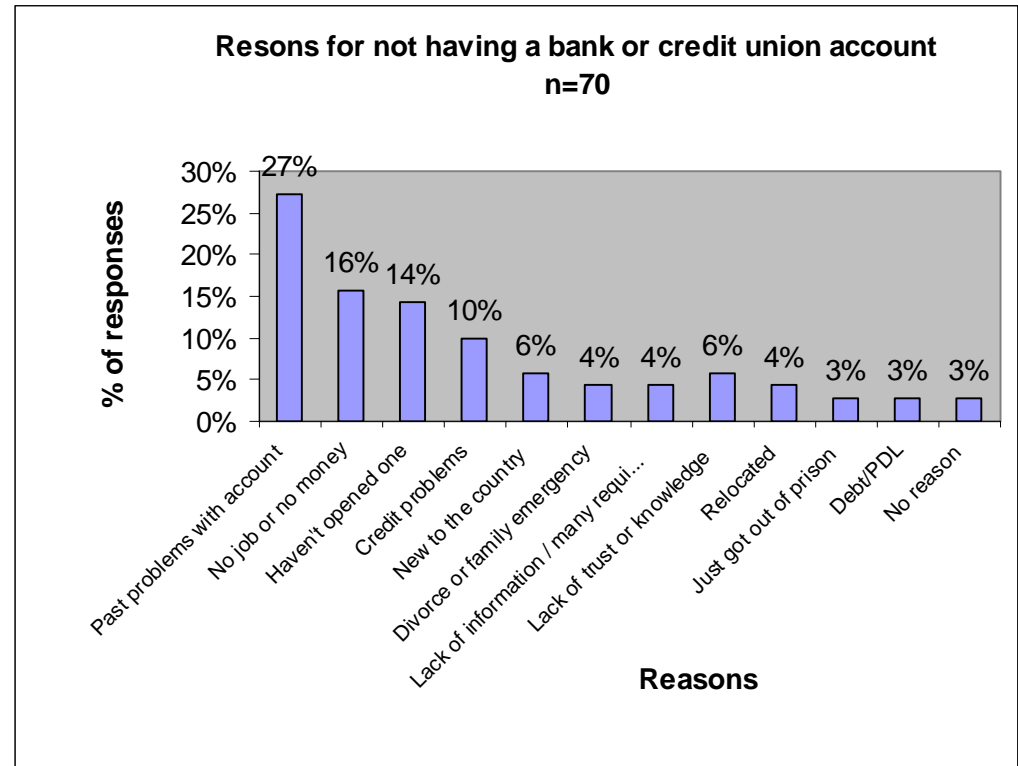
# Financial Services Used

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- Had bank/credit union account at enrollment:
  - 16 yes
  - 71 no
  - 2 n/a
- Had used check cashers or payday loans in the past year
  - 67 yes
  - 18 no
  - 3 n/a

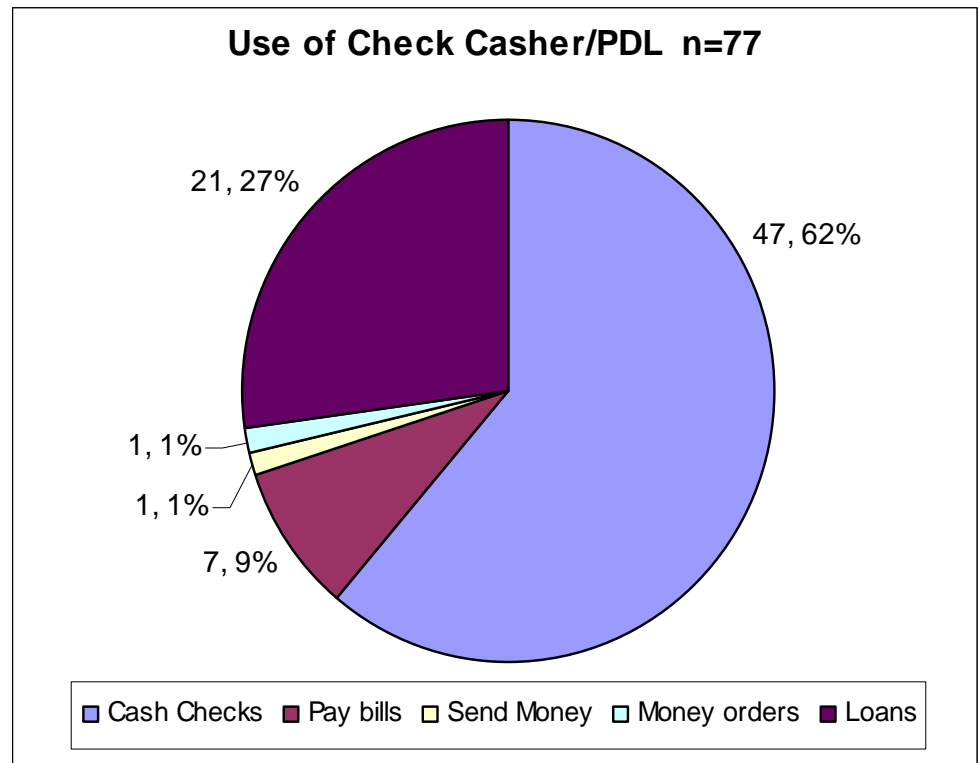
# Main reason for not having a bank or credit union account

- Two thirds gave the following reasons:
  - Had problems with their account in the past
  - Have no job or no money
  - Haven't tried opening an account
  - Credit problems



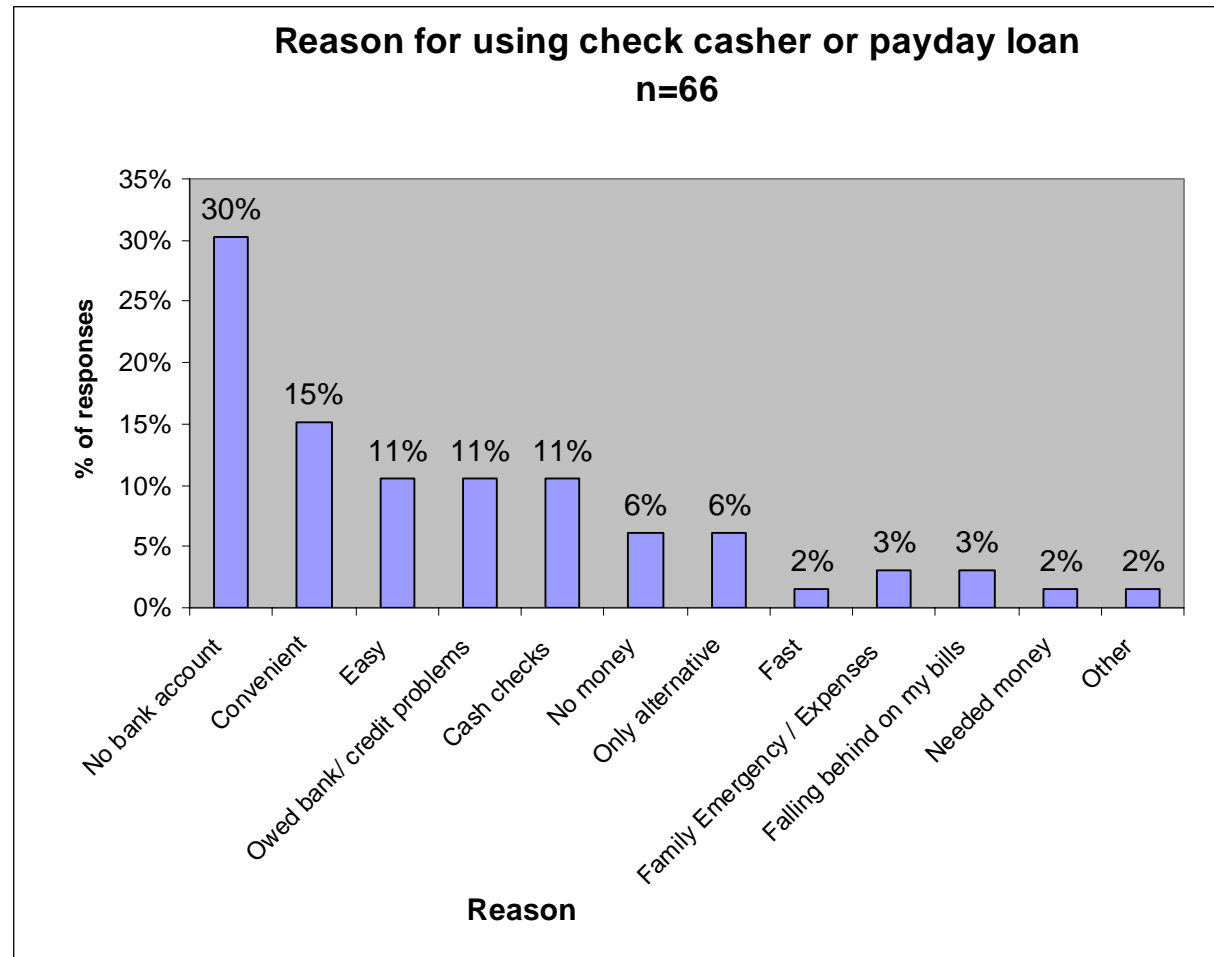
# Use of check cashers and payday loans

- Most people use check cashers to cash their checks and pay bills
- Main reasons for using PDL:
  - Pay rent
  - Pay bills
  - Buy groceries
  - Pay payday loan rollovers
  - Pay off debt
  - Christmas expenses
  - Family emergencies





# Reason for using check cashers and/or payday loans



# AZFCU - Account usage

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Out of 73 Arizona Federal Credit Union accounts reviewed in August 2007:

- Almost two thirds were using their accounts regularly
- 9 (12%) had closed their accounts

<i>Account Usage</i>	<i>Frequency</i>	<i>%</i>
Regular	46	63%
Rarely	7	10%
Every other/two months	4	5%
Last used > mo. Ago	3	4%
No info	2	3%
Never	2	3%
Account closed	9	12%
	73	100%

# AZFCU - Account usage

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- Out of 62 accounts reviewed for activity:
  - Average savings is \$160
  - 61 (98%) members have basic savings accounts
  - 48 (77%) have checking accounts
  - 10 (16%) have direct deposit
  - 10 (16%) have taken out auto loans
  - 3 (5%) have a line of credit
  - 2 (3%) have a VISA credit card
  - 1 (2%) has a Holiday Club savings account
  - 1 (2%) has a Money Market account



# Conclusions

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- About half of the people who reported not having a bank or credit union account had credit problems or had problems with their accounts in the past.
- Account mismanagement problems seem to be due to lack of information and lack of savings for emergency situations.
- Anecdotal information indicates that many people using Payday Loans end up overdrawing their accounts, accumulating debt with the bank or credit union and being left without access to mainstream financial services.
- Offering small credit lines may prevent some of these problems.
- Basic financial education is critical when helping people re-establish a relationship with a bank or a credit union.