

## Banking the Underbanked in a FAIR Way

By Clay Scott



**At the St. Paul offices of Prepare + Prosper (P+P), you often hear the terms “underbanked,” or “unbanked.” Another way of expressing that, says Anne Leland Clark, P+P’s financial capability director, is “financially underserved.”**



More than 200,000 families in the Twin Cities, according to FDIC data, are underbanked, which means they are often effectively shut out of the financial mainstream with little to no access to wealth-building products. And it is that gap in the market that P+P is addressing through an innovative and far-reaching new program called FAIR – “Financial Access in Reach.”

FAIR is a unique collaborative initiative bringing together nonprofits as well as public, philanthropic, and community partners, all of whom share a vision of connecting “underbanked” individuals and families to opportunities that help them improve their financial health.

The goal is to reach those Twin Cities residents who lack access to low-cost, sustainable financial products and services, in order to help them save, build credit, and ultimately identify and reach their financial goals.



“What we’re doing is providing products in a new way,” says Leland Clark. “We’re organizing a multisector distribution network rooted in community and leveraging trust.”



### HOW IT SERVES FINANCIAL INCLUSION

**fair:**

**FINANCIAL OPPORTUNITY  
FOR EVERYONE**

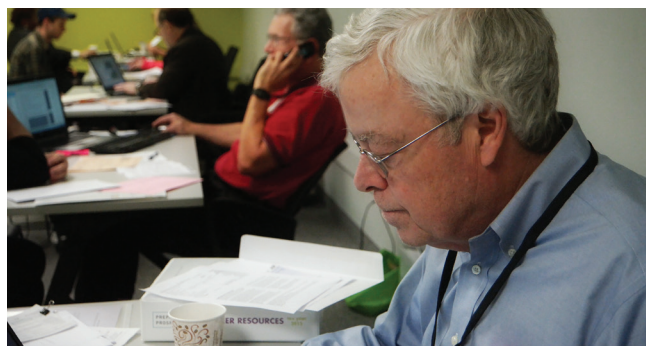
FAIR demonstrates how systems-change work can offer alternatives to predatory financial practices and advance a more inclusive financial system. Low-income or underbanked community members (especially people of color) don’t often have access to safe, affordable financial services that can help them climb out of debt and start building savings, and hope, for the future. FAIR’s suite of financial products, ranging from low-cost debit cards to credit-building savings accounts, allows the underbanked to build the skills and assets that can provide new opportunities in a more trusting environment that welcomes their entry into the financial mainstream.

## A Better Way to Build Credit

FAIR encompasses a suite of financial products, starting with a low-cost debit card, savings account, and a credit-building product.

“Most mainstream products,” says Leland Clark, “are made for the person with a financial cushion. But the majority of our customers don’t have that cushion or predictable income.”

Take A. J., for example, a self-employed seamstress and mother of three. Like many P+P clients, she first came to the organization through its free tax preparation service. Later she discovered that P+P offered a range of programs — like FAIR — that help individuals like her create financial health. Since banks don’t always look favorably on incomes that fluctuate as much as hers did, she says, it was difficult for her to build her credit. FAIR, with its suite of products, offers valuable alternatives to mainstream financial institutions.



**“What we’re doing is providing products in a new way. We’re organizing a multisector distribution network rooted in community and leveraging trust.” — Anne Leland Clark**



“When I first heard about the program,” A. J. says, “it sounded like it was tailor-made for a family like ours.”

## Breaking the Paycheck-to-Paycheck Cycle

Another P+P client is LeAndra, a 30-year-old single mother who has been in the workforce since she was 15.

“I consider myself a hard worker,” she says, “but I was just living paycheck to paycheck. Breaking that cycle can be harder than people realize. I didn’t know the first thing about credit, or getting a loan, or anything like that. I was scared to even walk into a bank.”

A few years ago, LeAndra began working with one of P+P’s “Money Mentors,” or financial coaches. She says that experience changed everything for her. The FAIR initiative, LeAndra says, can do even more than that one-on-one coaching did for her.

**“I wish FAIR had been around earlier. That’s going to help an awful lot of people. What it really comes down to is this: It’s not about figuring out how to get out of a temporary financial bind. It’s about finding a plan for living your life. And that’s something that Prepare + Prosper is really good at helping people figure out.” — LeAndra, P+P client**