

Bank on Clark County taking account

Effort connects those with money woes with education, financial services



Photo by [Steven Lane](#) - By [Gordon Oliver](#) - As of Saturday, June 18, 2011

LONGVIEW — Rodney VanMatre is no bank’s ideal customer. The former furniture mover lives in a homeless shelter, has a history of alcoholism, and until recently had an income of only \$197 per month.

But VanMatre, 59, is working to put his life back together. He recently was awarded Social Security Disability, which raised his income to \$684 per month. He’s off the bottle. He has even opened a bank account and is slowly saving money.

A \$168 overdraft in 2008 had caused a Longview credit union to initially reject VanMatre’s application to open a savings account. He then took a four-week class in financial management offered by the Lower Columbia Community Action Program. As part of a collaboration between social service agencies and banks called Bank on Cowlitz County, Red Canoe Credit Union then allowed VanMatre to open an account.

“This gives me a chance to maybe learn a little responsibility,” says VanMatre, who is now looking for his own apartment.

Most people won’t fall as far financially as VanMatre, yet many struggle to manage finances and establish solid credit ratings, essential to meet the necessities of life.

Social service leaders and bankers in Clark County are now working behind the scenes on an effort to extend financial services to people who historically have not used banks. These leaders

hope to learn from success stories like VanMatre's as they prepare to launch Bank on Clark County, a local take on a national initiative.

People avoid banks for a variety of reasons: past financial mistakes, distrust or dislike of banks, illegal immigrant status, or a simple fear of large, seemingly impersonal institutions. The programs being hatched here and elsewhere are designed to lower the real and perceived walls that keep some people out of the banking system.

The first "Bank on" effort was launched in San Francisco in 1996, and they've been spreading across the nation ever since. The concept makes intuitive sense: The programs tap both social services and banking networks to help people move into the financial mainstream by teaching them that saving is the first step to a more stable life.

The Community Housing Resource Center and most banks and credit unions with a presence in Clark County are meeting regularly to launch Bank on Clark County. As they look to Cowlitz County and Bank on Seattle-King County for guidance, they have plenty of company. Currently, 14 "Bank on" efforts are operating or in the works statewide. Washington has one of the nation's first statewide programs, the coordinating body Bank on Washington, and the Obama administration is promoting a Bank on USA initiative as dozens of cities launch their own "Bank on" efforts.

The new programs face growing pains on issues as basic as their scope of services, funding and record-keeping. In addition, a difference in approach and decision-making between the region's biggest banks and more flexible local financial institutions could create tensions at the community level. Some program leaders worry that the national banks such as Bank of America, JP Morgan Chase, Wells Fargo, US Bank, and KeyBank will offer few services or discounts customized to local needs even as they make big public relations points.

Still, most agree with the basic concept — as old as Benjamin Franklin's adage famous that a penny saved is a penny earned — that controlling spending is essential to success for financially struggling families. The first step is saving money, and banks are a place to develop a habit of saving, avoid excessive check-cashing fees, and build credit-worthiness. In the lingo of social services, the program fits into a larger effort to teach clients "asset building" — saving and investing — as a foundation for escaping poverty.

"Asset building says that things can change for the person if we give them the right tools," says Denise Rodriguez, who manages the Bank on Washington initiative. "They can get on track and build something for themselves."

Learning the basics

Elizabeth Myntti has worked in social services for 20 years. Now manager of the Financial Independence Center at Cowlitz County's Lower Columbia Community Action Program, Myntti hears a common theme from clients who attend her center's financial education classes. For the first time, they're learning the basics of managing a household budget and saving money.

“The No. 1 thing I hear is ‘I wish I would have learned this earlier. I wouldn’t have made the mistakes I made,’” Myntti says.

The value of a bank account is a lesson that social service providers are increasingly willing to teach. Washington has a statewide “asset-building coalition” to assist local efforts, and the Legislature allocated \$519,000 over two years for those efforts. That’s down 41 percent from the previous allocation, but program advocates say they’re delighted, given the state’s financial problems. The state expects local recipients of those dollars to develop their own “Bank on” initiatives.

Myntti’s Longview-based nonprofit formed a local asset-building coalition in 2008. Myntti recalls learning that some clients couldn’t open bank accounts, forcing them to use expensive check-cashing services. The coalition heard about the Bank on San Francisco initiative about the same time that the “Bank on” idea was gaining traction in the Seattle-King County region.

Bank on Cowlitz County launched in December 2008 as a U.S. Treasury pilot project. Myntti’s community action agency hired banker Marcel Goulet to run the program, providing credibility among lenders and realistic expectations within the social services program.

Because the movement is in its infancy, there’s no clear definition of what constitutes a “Bank on” program. That’s not necessarily bad, some of the pioneers believe: flexibility is one of the program’s early strengths.

Whatever the details, the “Bank on” concept and the broader push into financial education and asset building have already started to build a bridge between the social services and banking worlds. At the most basic level, a successful “Bank on” program “is all about communication,” says Scott Miller, vice president for marketing at Vancouver-based Riverview Community Bank. And Craig Lyons, director of Vancouver’s Council for the Homeless and chairman of the Bank on Clark County initiative, says he now realizes that his agency over the years could have tapped the banking community to help homeless clients.

“Now I’m thinking, why didn’t we just bring them to the bank?” Lyons says. “There are a lot of professionals who want to help.”

Data a challenge

Getting good data about the program’s effectiveness is the current challenge.

Seattle-King County’s attempt to quantify the number of “unbanked” households has produced some mixed messages. In launching the Bank on Seattle-King County program in 2008, leaders declared that some 52,000 households in the area were without banking services.

This year, the program leaders said they had helped 47,000 people open bank accounts and receive financial literacy education. The Puget Sound Business Journal reported that only 10,000 adults in the area remained without banking services. It’s a remarkable success story on its face,

but Rodriguez of Bank on Washington says it's likely not accurate, since new "unbanked" residents add to the population even as others get help.

Brent Warren, Portland area vice president and community development officer for Walla Walla-based Banner Bank, says record-keeping remains a problem throughout the program. His bank has standardized its accounting of customers it receives coming through "Bank on" programs. But overall, he says, program numbers sought by politicians, funders, and journalists are highly inconsistent.

"In the long run the exact numbers don't matter," he says. "Helping people open accounts, financial education that this country desperately needs is what's important." He says it might be more useful to track the number of people who attend "Bank on" financial education programs, or measure both financial education and new bank accounts.

Melissa Cozadd of Longview would likely share Warren's view about financial education. Cozadd, 31, faced major financial troubles after breaking up with the father of her three children. She knew little about budgeting expenses and says she didn't care about overspending.

"I didn't know it would come back to haunt me," she says.

She took a financial management class at Lower Columbia Community Action Program, where she was told to request a credit report. It wasn't good.

Cozadd didn't expect to be approved for banking until she got a second chance through Bank on Cowlitz County. A year later, she was able to open an account. Now married, she has a temporary job teaching money management to teens. Cozadd and her husband are close to saving enough for a down payment on a home.

Best of all, her own children place half the money they earn from odd jobs into savings. They hope to go to Disneyland next December.

"I teach them by letting them look at my budget," she says. "They know I have a strict budget."