

CBA Community Webinar Series

Transcript

November 2022 Webinar: New Developments in Banking Access (11/17/2022)

00;00;05;06 - 00;00;35;16

Claire, CBA

Hello, everyone. Welcome to CBA's monthly community webinar. My name is Claire Mildrum and I'm the senior specialist in curriculum development and training at CBA. I use the pronouns she/ hers. Thank you for taking the time to join us today. Today, we turn our attention to new developments in banking access. During the session brought to you in partnership with Chex Systems and Cities for Financial Empowerment, we explore the importance of banking in credit building.

00;00;35;20 - 00;01;01;07

Claire, CBA

Without access to accounts like savings and checking accounts, individuals can be locked out of the traditional credit market or expect to pay more for access to these products. We will hear from two leaders on how their work has led to increased banking access and maybe a solution for program participants as well. This is the first of a two-part series we are hosting on Chex Systems.

00;01;01;22 - 00;01;26;28

Claire, CBA

The second session, which will be held on December 1st, will be closed to CBA members and allies and focus on the Chex Edu report at the organizational level with the hopes of reducing access friction. Now, before turning to today's content, we have a few housekeeping notes to share. First, this webinar is being recorded. Within a week of the webinar completion,

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00;01;27;05 - 00;01;50;21

Claire, CBA

we will send out a copy of the slides and a link to the recording. Attendees will remain in listen-only mode throughout the webinar. We invite you to engage with us and your peers by setting the chat option to chat with everyone. Closed captions are available for today's session. You can enable them by selecting CC dash Live Transcript Option on your toolbar.

00;01;51;17 - 00;02;18;20

Claire, CBA

If you have questions for our presenters, please share those in the Q&A, not the chat box. We will pause for questions at the end. Entering your questions into the Q&A box helps us best track what questions are coming in. And, during our time together, we will cover a brief overview of CBA and connecting banking to credit. We will then hear about Bank On and Chex Systems, which are key players in this field.

00;02;19;00 - 00;02;23;16

Claire, CBA

We will then end with a question and answer session.

00;02;23;26 - 00;02;24;18

David, CFE Fund - Bank On

As some of you

00;02;25;23 - 00;03;18;14

Claire, CBA

may not already be affiliated with CBA, we wanted to start by sharing a high-level overview of our work. Credit Builders Alliance is a national membership, a membership network comprised of over 600 asset building nonprofits across all 50 states, D.C. and Puerto Rico. Our members include nonprofit organizations, tribal entities, municipalities, and credit unions. We work to bridge the gap between equity focused nonprofits and credit bureaus



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to unlock credit access for all. Our underlying philosophy is that good credit is an asset, and that mission driven nonprofits and other entities like yourselves are uniquely positioned to help individuals, households, and communities build credit as an asset.

00;03;19;15 - 00;03;54;15

Claire, CBA

We view credit as key to moving the needle on economic mobility and wealth building, creating systemic change, and closing the racial wealth gap. Credit often impacts access, cost, and opportunity for everything from housing to employment to credit products. So how do we support these system changes? One way is through our services. We serve as a bridge between the nonprofit sector and the credit industry, offering technical services such as access to credit reports and credit reporting,

00;03;54;16 - 00;04;15;18

Claire, CBA

access to capital through our CBA Intermediary, CBA Fund, and capacity building for nonprofits and practitioners. We do this through our signature Credit as an Asset training, rent reporting technical assistance center, and credit building programs design support to help nonprofits with their credit building services.

00;04;16;09 - 00;04;16;19

David, CFE Fund - Bank On

This is

00;04;16;19 - 00;04;22;04

Claire, CBA

especially true here as we talk about Chex Systems and the Checks Edu report.

00;04;22;17 - 00;04;22;19



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David, CFE Fund - Bank On

00;04;23;15 - 00;04;48;24

Claire, CBA

A resource that we want to call special attention to is a CBA's Training Institute. This serves as our hub for credit building, training, and educational materials, including past webinars, e-courses, tip sheets and toolkits and more. CBA membership grants access to the Training Institute. And while much of the site requires a member log-in for access, we are happy to offer some of this content to everyone.

00;04;49;03 - 00;04;52;16

Claire, CBA

This includes the recording and slides for today's session.

00;04;53;05 - 00;04;53;14

David, CFE Fund - Bank On

They will

00;04;53;14 - 00;04;59;08

Claire, CBA

be available to everyone next week on the CBA Training Institute and we'll make sure to share the link in the

00;04;59;08 - 00;04;59;24

David, CFE Fund - Bank On

chat.

00;05;01;17 - 00;05;27;01

Claire, CBA

And one last CBA plug. We have set dates for our 2023 Credit Building Symposium, which will take place in DC from June 7th to the 9th. This is a



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big deal as we celebrate our 10th session. Our theme is bridging, bridging the credit gap. And we will have more details available to come at the start of 2023. But for now, we hope you'll save the date.

00;05;28;15 - 00;05;45;01

Claire, CBA

Now that we've covered the introductory content, the last thing I want to cover before introducing our guest presenters is to clarify the connection between banking and credit. CBA has been working in the credit building space for 15 years now and has focused on unlocking access to credit for all

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David, CFE Fund - Bank On through

00;05;46;04 - 00;06;12;08

Claire, CBA

working with credit bureaus and practitioners. We have explored avenues on how to do this, and one such avenue is increasing banking access by having checking and savings accounts. People more often can access more affordable credit. We know that nontraditional credit, such as rent to own services or payday loans, end up being more expensive than using a credit card or bank personal loan.

00;06;13;10 - 00;06;39;26

Claire, CBA

These are often more often used by those who are unbanked. By connecting those same participants to a bank account, we remove a barrier to accessing this more affordable capital. And before I pass it off from presenter to our presenters, let's get on the same page with a couple of key definitions. Banking matters to our community through a safe place to store money and often the first step to financial stability.

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Claire, CBA

And while many people use banking services, several studies have pointed to about 15 to 23% of U.S. households are not fully utilizing the benefits of a bank account. A smaller portion of those are unbanked, meaning that they do not have a checking or savings account at a bank or credit union. Other people may have may have an account at a financial institution, but they also use alternative financial services such as check cashing service, payday loans, or pawnshops.

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Claire, CBA

These individuals are referred to as underbanked as they are not completing all or most of their day to day transactions with a banking product. And one way that we can work with our participants is by removing any barriers that they may have into accessing a safe and quality bank account. Our presenters from Chex Systems and Bank On will talk about the work they have done to make this happen for more people.

00;07;39;17 - 00;08;13;11

Claire, CBA

And now that I've laid some groundwork for today's session, I'd like to introduce our speakers and for full speaker bios, please refer to the Zoom registration link. Brenda Bruce is a product line director FIS, responsible for product management strategy and delivery within the FIS Decision Solutions ChexSystems Inc organization. Prior to this, Brenda had 25 plus years of experience in financial technology, particularly in business analysis and product management of market leading products and services.

00;08;13;12 - 00;08;34;05

Claire, CBA

On a personal note, Brenda enjoys spending time with her family, mountain biking and exploring the outdoors. David Rothstein is a senior principal at



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the CFE Fund, where he leads the National Bank On initiative. Previously, he served as Director of Resource Development and Public Affairs for Neighborhood Housing Services

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David, CFE Fund - Bank On
of

00;08;35;02 - 00;09;01;20

Claire, CBA

Greater Cleveland, providing Fund Development and Policy Leadership. He also served as a research fellow for the New America Foundation and Asset Building and program director for the Ohio Cash Coalition with Policy Matters Ohio. He has a B.A. in political science from John Carroll University and an M.A. from Kent State University, where he has a Ph.D.. Thank you both so much for joining us to share your expertise.

00;09;01;27 - 00;09;03;21

Claire, CBA

David, I'm going to pass it off to you now.

00;09;05;13 - 00;09;26;26

David, CFE Fund - Bank On

Well, thank you so much, Claire and I am really excited to be with you all today. Congratulations to CBA on 15 years. I knew that it was more than the time that we had, but I didn't know how much it was. That's fantastic. Congratulations again. I'm Dave Rothstein. I'm with the CFE Fund, which stands for the Cities for Financial Empowerment Fund.

00;09;27;12 - 00;10;10;15

David, CFE Fund - Bank On

We're a national nonprofit organization that both does national and local work, providing everything from funding to technical assistance to policy



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leadership around issues related to financial inclusion. Our specialty, our niche, is to work with government agencies at the local and federal level to implement these financial inclusion programs. So my program that I run is called the Bank On Program, which is all about providing connective work on bank accounts that are safe and affordable to local coalitions around the country to help get people into these safe and affordable accounts.

00;10;10;27 - 00;10;29;03

David, CFE Fund - Bank On

So I'm thrilled to be with you to talk a little bit about the importance of this work on the the roads that we've been down so far. Where we're going next. And I think more importantly, some of the problems that we're that we're looking to solve and the partnerships that we have in place to try to solve some of those problems.

00;10;30;03 - 00;10;32;24

David, CFE Fund - Bank On

You can go to the next slide.

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David, CFE Fund - Bank On

So why are we talking about this? I thought Claire did a really good job sort of setting the stage, so thank you for that. On sort of why banking access matters. You know, two broad reasons why banking access matters. And the why for this work is that it's really expensive to be unbanked. It's expensive to be underbanked, which means that you have an account, but you're still using fringe financial services.

00;11;00;10 - 00;11;27;29

David, CFE Fund - Bank On

But more than that, it's really expensive to have no account whatsoever. That means that you're paying every time you need to cash a check or pay a bill or do anything with your with your money that's not on a cash basis.



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There are estimates all over the place, but some sound work by Brookings Institution has estimated that people lose about 10% of their take home income for not having a bank account, which, of course costs them thousands of dollars over their lifetime.

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David, CFE Fund - Bank On

In addition to it being expensive, it's also having a bank account that's working for you is also a really critical key part of all things financial inclusion. So all the work that that the people on this webinar meeting care about - building credit, paying down debt - all of that is much, much more likely to be accomplished with a safe and affordable banking account. And one of our other projects that we work on is to work with municipal governments to create free one-on-one financial counseling as a public service.

00;12;07;00 - 00;12;35;04

David, CFE Fund - Bank On

We did some measurement around those clients and we found that folks with bank accounts were far more likely to hit their goals and the goals that their counselor had set. So unbanked households were half as likely to increase savings, over a third were less likely to establish a new credit score, and eight times more likely to increase their savings by developing a banking bank relationship than those who did not.

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David, CFE Fund - Bank On

So we also know that this is the building block for everything that we're trying to do as a field. You go to the next slide. So why are people un and underbanked? Well, the first thing I would highly recommend, there's great resources out there and the FDIC, every two years does a study and it's called How America Banks.

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00;12;59;15 - 00;13;27;07

David, CFE Fund - Bank On

I definitely would recommend that. They survey unbanked households and banked households. And so some of the things that they have found is that the most commonly cited reason year after year that people don't have a bank account is, they say they lack the money to start or keep up with having a bank account. Unsurprisingly, the answer of access to branches has not increased or decreased over the years.

00;13;27;07 - 00;13;49;04

David, CFE Fund - Bank On

It's not a huge factor. That's one of the myths out there that, you know, it's true that there are branches closing all around the country, and that's been a trend. But it's not a primary cited reason why people don't have an account to begin with. We also know that not having a bank account is not uniform. And who doesn't have one?

00;13;50;00 - 00;14;13;25

David, CFE Fund - Bank On

Minority households are five times more likely to be unbanked. And also, people that are lower income are far more likely to be unbanked. Additionally, we know that this is the good news part. We know that there's been a continuous decline over the past eight years in the unbanked rate, including a 21% decline in the unbanked rate from two years ago.

00;14;14;06 - 00;14;40;07

David, CFE Fund - Bank On

So it is less than 5% of all American households that are completely unbanked. At the same time, though, we definitely know that there are millions of households, though, that there's still impacts. Those are those are some of the cited reasons, some of the functional reasons, like when somebody walks into a bank or credit union branch to open an account that they aren't able to open an account are.



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00;14;40;29 - 00;15;05;21

David, CFE Fund - Bank On

And these we got from our Bank On coalitions around the country are that people are told they don't have the right ID, whether it's a picture ID, whether they don't have a driver's license or a state I.D. or two forms of I.D. But ID reasons are commonly cited for why somebody doesn't have an account. Also, permanent address the know your customer rules require a permanent address.

00;15;06;17 - 00;15;32;17

David, CFE Fund - Bank On

And there's a lot of discrepancy on what counts as a permanent address. And then the final one, which this is not quite the segue to Brenda's presentation, but but sets it up a little bit, which is a lot of people are denied an account because a financial institution is using a reporting system. I would imagine that most on this webinar are familiar with credit reporting systems, whether it's Experian or TransUnion or whatever.

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David, CFE Fund - Bank On

But there are there is there are also a few different checking account reporting systems, including Chex Systems, Early Warning Systems and others, where if people have had issues in the past with checking accounts, though, they would be likely to be on those reporting systems and could be a way that they're denied opening a bank account. We're going to talk about that in a little bit.

00;15;57;04 - 00;16;25;09

David, CFE Fund - Bank On

You go to the next slide. So what are we doing as a national movement? We're working to bring financial institutions into having a certified financial product with us, a checking account. We have more than 290 certified bank



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accounts. That represents more than 46,000 branches across the country, meaning that 52% of all U.S. bank branches offer at least one Bank On certified account.

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David, CFE Fund - Bank On

So it's these are readily available accounts in virtually I mean, definitely in every state, but in most metropolitan markets, you go to the next slide. So I mentioned that we certify accounts and I wanted to touch on this a little bit. What we mean by this. Years ago, when CFE Fund was asked to take on this project, one of the things that the field identified as a critical need is to have a universal set of account standards that were achievable but established a very strong floor for what these accounts look like.

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David, CFE Fund - Bank On

We heard from financial institutions big and small, that they wanted consistency. They wanted transparency and predictability. And most of all, they didn't want to have to develop one, one checking account for Denver and another checking account for Orlando, Florida. Right. They wanted some of that. They wanted one ask. Right. So what financial institutions can do to get certified is take an existing checking account or develop a new checking account that meets these various standards.

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David, CFE Fund - Bank On

And I appreciate CBA for posting those standards in the chat box. You can click on that to see this maybe slightly larger. But the main pieces of the account standards relate to three different buckets. The first is affordability. The monthly fees have to be \$5 or less per month as a monthly maintenance fee, with a low minimum opening deposit of 2020 \$5 or less to start the account.

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David, CFE Fund - Bank On

We have many accounts that are \$0. We have some accounts that are \$5, and then we have some that are in between. The other piece that's really important to this is that these accounts are safe. They cannot have overdraft or insufficient fund fees on the accounts. There are no surprise or junk fees like early closure fees for closing the account or dormancy if you don't use the account for a few months and the only fees allowed are the paper statement.

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David, CFE Fund - Bank On

There's a paper statement fee allowed. If people choose not to do statements and not all financial institutions charge that paper statement fee. In fact, most don't. And the monthly maintenance fee that I mentioned, everything else is included in this account. And then the final bucket is that these are fully functional accounts meant most do not have paper checks.

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David, CFE Fund - Bank On

They're checklist checking accounts, but other than that, they're fully functional available checking accounts, meaning that you can pay bills with them, you can go to ATMs, you can go into a branch, you can use mobile, mobile apps, you can link the account to Zelle or Cash app or whatever you want. It almost sounds like I know what I'm talking about when I'm referencing those apps, but I assure you that I actually don't know that much about those apps.

00;19;28;03 - 00;19;47;07

David, CFE Fund - Bank On

And so this applies. This is universal for both checking accounts by banks and by credit unions. It's the same set of standards, whether you're a big

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bank, a small bank, a CDFI whatever you are. The standards are the standards, and that's by design. You can go to the next slide.

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David, CFE Fund - Bank On

So why are financial institutions doing this? The first reason is that, you know, we have more than 100 coalitions around the country at the local and state level. And they are using this seal that you see here for Bank On as sort of the Good Housekeeping seal of approval when they're partnering on universal basic income proposals or looking for an account to link to unemployment compensation or whatever it might be.

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David, CFE Fund - Bank On

They are fully focused on using this to screen accounts. This way, if you're say let's just say you're a credit counselor or a financial counselor, you don't have to know every in and out about the bank account that you're recommending to somebody. But as long as it has the seal, you know that it's a solid account and that it's already been prescreened to be safe and affordable.

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David, CFE Fund - Bank On

The other thing, and I'll touch on this in just a minute, is that these are very popular accounts, not just for underbanked households. These accounts are what most people are looking for when they open a new checking account. And then finally, this applies to banks, not to credit unions. We know that financial institutions are able to get CRA credit by participating in Bank On.

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David, CFE Fund - Bank On

The disclaimer, of course, is I am not representing the FDIC, okay. Or Federal Reserve Bank and promising you that you're going to get CRA credit,



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but stating that you should. Absolutely. If you're a financial institution or partnering with one, you should talk to your examiners about how to get credit for participating in Bank On you. Go to the next slide.

00;21;25;03 - 00;21;51;01

David, CFE Fund - Bank On

So we I mentioned that these are popular accounts and that the program seems to be working very well. We have a partnership with the Federal Reserve Bank of St Louis who runs, administers and brings in financial institutions to report data once a year on a voluntary basis. Financial institutions report aggregate data to the Bank On data hub in the last year of doing this.

00;21;51;01 - 00;22;23;28

David, CFE Fund - Bank On

And a new report is coming out very shortly with only 17 financial institutions reporting out of the 80 that were eligible to report. We found that more than 2.2 million bank accounts were opened in 2020. We also found that 82% of those accounts - so four out of every five people that opened one of these accounts - was a completely new customer to the financial institution, meaning they didn't have a checking account or a savings account, car loan, you know, whatever it is, they were completely new and they were coming in to open that account.

00;22;24;24 - 00;22;42;18

David, CFE Fund - Bank On

We also know that people are using this account like you would expect somebody to use a checking account. One of the fears and questions that we often get about this project is, aren't people just going to take all their money off the account and convert it to cash as soon as money gets deposited? And we're not seeing that.

00;22;42;18 - 00;23;04;09



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David, CFE Fund - Bank On

In fact, people are swiping this as a debit card. They're making multiple deposits and withdrawals throughout the month. They're using it like a fully functional checking account, which is great. You can go to the next slide I mentioned and we could do a whole hour on this. Of course, I mentioned that we have coalition partners around the country.

00;23;04;22 - 00;23;35;06

David, CFE Fund - Bank On

So first of all, if you're interested and you'd like to be connected, I'm more than happy to connect you to a coalition in your footprint. Coalitions are at the local and state level. The striped shading represents a state coalition. The white dots represent a coalition located in that particular state. And coalitions are made up of financial institutions, nonprofit organizations, municipal and other government agencies.

00;23;35;15 - 00;23;55;15

David, CFE Fund - Bank On

And regulators at the regional level, as well as state, bank or associations. These groups are all about providing program and marketing ways to get people into these accounts. So they're the boots on the ground, so to speak, of the Bank On movement. You can go to the next slide.

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David, CFE Fund - Bank On

The other thing I wanted to mention about why we're even more excited about more bank accounts is that under the Community Reinvestment Act, there is a call for reform currently, which is exciting and under that call for reform, one of the proposals is to create a new category for large financial institutions to receive CRA credit for residential residential product offerings that are deposit products, which is a little bit different.

00;24;31;06 - 00;24;56;07



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David, CFE Fund - Bank On

Usually CRA has focused on lending and investment, which we think is important, but this new formula would have about 15% of a score for CRA based on types of products, offering an asset and an assessment of those features. So we think that Bank On will be a huge part of the new CRA regulation if they go into place like they're proposed.

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David, CFE Fund - Bank On

I'd also like this is so new that it's not in our presentation yet as of a couple of days ago. I notice that there is a new CDFI application and part of that CDFI application. I would also give CDFI credit unions and banks credit and encouragement. To have an account that doesn't have overdraft is a low barrier account to get into etc. all part of the CDFI application.

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David, CFE Fund - Bank On

So it doesn't use Bank On by name, which is fine, but it does really reference the type of account that a Bank On account is. And to give CDFIs credit for opening that account. So I'm going to stop there. I just wanted to give you an overview of the Bank On work and what we're doing on. I want to turn it over to Brenda, who has been a fantastic partner on the - again, problem that Brenda's organization has partnered with us to solve is that a lot of people are denied account access because they have a past history of either having overdraft issues or too many accounts opened or closed.

00;26;15;04 - 00;26;43;21

David, CFE Fund - Bank On

A variety of different reasons that make it hard for our consumers to to open a bank account with a bank or credit union. And kudos to our fact ChexSystems for stepping up to the plate and being a thought partner, being a good listener to our coalitions and to us, and being a proactive thought

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partner in thinking about how to how to solve this problem in the marketplace.

00;26;43;22 - 00;27;03;14

David, CFE Fund - Bank On

Not an easy task. And we are so appreciative of this partnership and really excited to see it continue to grow. Claire, did you want me to. I read. I know. I just literally introduced you. Claire, did you want me to answer questions before I turn it over, or do you want to do them all at the end? What's the best way.

00;27;04;08 - 00;27;08;16

Claire, CBA

I think we can do the questions at the end, just in case Brenda happens to.

00;27;08;22 - 00;27;09;09

David, CFE Fund - Bank On

I agree.

00;27;09;17 - 00;27;12;13

Claire, CBA

So yeah, I will pass it off Brenda to you.

00;27;13;20 - 00;27;41;26

Brenda, ChexSystems

Okay, great. And good afternoon, everyone. Thank you for the opportunity and thanks for the great introduction, David. We're just excited with the partnership with CFE Fund. It's not something that we traditionally have been involved in. I just want to give you a little bit of background. For those of you who may not know who Chex Systems is, we are a nationwide specialty consumer reporting agency.

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Brenda, ChexSystems

That's a big mouthful for saying we are very similar to the Big Three credit bureaus. However, we collect different data. So we've been around for more than 50 years. And way back when somebody thought about the idea of having a consortium of financial institutions, both banks and credit unions, that can share. So the idea being if there was a consumer who had an abuse or fraud closure at a bank, they may go to the next bank,

00;28;16;08 - 00;28;44;10

Brenda, ChexSystems

right, and try to open an account and do the same thing there. So the initial purpose of that was to really help prevent some of that happening. And so we have over 6000 financial institutions, again, both banks and credit unions that use our ChexSystems products. And we have also over 1500 lending clients that use our products. We have data that's different than the credit bureaus.

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Brenda, ChexSystems

So that's the big differentiator there. We're very highly regulated. FCRA, just like the bureaus are, but we have data that is more geared around DDA or checking accounts. So things like NSF, overdrafts, closures for abuse, closures for fraud, etc. and as David mentioned, that can be a deterrent. Right, for folks who have maybe previously been in the these mainstream banking systems and now they're trying to get back in and they can't.

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Brenda, ChexSystems

This has really become a passion of mine as a as a product director in ChexSystems, in talking to folks outside of the banking industry. You know, there's it's interesting how there's a lot of misnomers about what really happens and what data is really there and how it's used. So I'm really

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thankful for the opportunity to to clear all that up and explain how our data is used and what data we have and how that can be helpful to you.

00;29;53;26 - 00;30;29;26

Brenda, ChexSystems

I know that most of you are not from financial institutions, and so I'll explain a little bit about how the financial institutions use our data for giving access to open a bank account, maybe issue a new auto loan or lease, approve a credit card, etc.. So I'll talk a little bit about those different scenarios and how that plays in, because I think it's a it's really good for you to understand how that works because as a a nonprofit or a governmental agency that's providing financial counseling.

00;30;30;11 - 00;30;51;19

Brenda, ChexSystems

One of the things I'm going to talk about that I think Claire mentioned is the Chex Edu report. And that is a tool that you can use as a nonprofit. You don't have to be a financial institution. And so that can definitely we're trying to get the word out there to to show consumers how we know what data we have.

00;30;51;26 - 00;31;19;02

Brenda, ChexSystems

How do they dispute it? Just like a credit report, if there's something inaccurate? How do they get ahold of us? How do they dispute that information? What does that process look like so that they can better their financial situation just like they can with credit. So it's a very important piece because usually the first step that consumers take into getting into the mainstream banking system is a checking account.

00;31;20;02 - 00;31;42;07

Brenda, ChexSystems



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So I just wanted to give you a little bit of an understanding the data that we have. Also, because it's from checking history, we have about 37% more coverage than the credit bureaus. So those people who don't have credit, they don't have a credit history. We often see them because they may have a bank account or have had a bank account.

00;31;43;09 - 00;32;08;09

Brenda, ChexSystems

So that is a little bit about about ChexSystems. And one of the biggest things I said, you know, this has become a passion of mine. You know, I really think that like David talked about, you know, every consumer should be in a banking account. The pandemic really put a huge spotlight on the problem that is incurred when you don't have a banking account.

00;32;09;19 - 00;32;42;10

Brenda, ChexSystems

The the folks that were unbanked and even some of the underbanked didn't have an account for those government payments to go into. So when there were released payments, for example, they didn't have an account. And in some cases because of not having an account and then layering on the USPS delays during the pandemic, it was sometimes four months before these folks would get their relief funds, and those likely were the most the people that need it the most.

00;32;42;16 - 00;33;06;17

Brenda, ChexSystems

So it really created a huge problem and that's when I became aware of it and we started partnering with with David in the CFE Fund. Next slide, please. Yes. So as part of the partnership, one of the things we did with David and folks at CFE fund was tried to brainstorm like you talked about how can we help?

00;33;07;04 - 00;33;35;16



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Brenda, ChexSystems

How can we work together to get more people in these safe, affordable accounts? So he also mentioned the Bank On standards, the account standards and in there and talked about it needs to be safe and it needs to be affordable. Right. And so part of that is we have strategies, we have products that our clients use to decide if they're going to open a checking account.

00;33;36;08 - 00;34;05;19

Brenda, ChexSystems

And it's a risk assessment. And it's very similar to just like if you went to buy a car and you wanted to get a loan. There's rules, right, that look at criteria about past history to see if you're risky or not as a consumer. And so we have been working, like I mentioned, we have 6000 clients exclusively with our clients to really take a look at their strategies.

00;34;05;19 - 00;34;31;23

Brenda, ChexSystems

Their strategy means who they're going to accept into the checking accounts. So one of the things that we do is we have they have a set of rules that we house at ChexSystems or FIS, but the financial institutions are the ones that choose what those rules are. We provide best practices and so we worked with David and team to create a best practice inclusive strategy.

00;34;32;04 - 00;35;03;27

Brenda, ChexSystems

So it has far fewer rules. If you look at the account standards, it says highly recommended to look for previous fraud within the past five years. And that's exactly what we do. That is the criteria to say if you've had fraud within the past five years, then you know it's a decline. But other than that, if you've had a previous history of account abuse, for example, we're going to overlook that. If you don't have - our product is called qualified -

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00;35;03;29 - 00;35;27;24

Brenda, ChexSystems

If you don't have a qualified score like a credit score, it's a risk score that falls within a range. We're not going to look at that. Okay. So the financial institutions have the ability to decide whether they do or they don't. But we're saying we recommend for these inclusive strategies that they only look for a previous an actual previous fraud history.

00;35;28;17 - 00;35;59;00

Brenda, ChexSystems

And then we also recommended that there are certain rules that we look for just to be safe for things like identity theft. We certainly don't want that to happen either. So we do have those rules in place that will alert the financial institution to say, hey, this looks like it could be an identity theft situation. And then they manually review that and decide, you know, they can get additional forms of identification or whatever they need to do in order to be sure that that person is who they say they are.

00;36;00;24 - 00;36;28;27

Brenda, ChexSystems

And then that is really about the extent of of the rules that apply. So as you can imagine, there are a lot more consumers. And you saw that in David's presentation that are opening these accounts. They're opening these accounts. They've not had a relationship with a financial institution before, which is amazing to see. It's really, really great to see that this program is working.

00;36;29;24 - 00;36;57;21

Brenda, ChexSystems

We also give the ability to the financial institutions to customize their rules, like I mentioned. So they have the ability then to send messages based on those rules back to the front end at the financial institution to check with the consumer. So like I mentioned, if there's a question on the identity, if

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something comes up like maybe the their Social Security number was typed in wrong.

00;36;57;21 - 00;37;20;19

Brenda, ChexSystems

And so it's it's incorrect. It gives them the ability to talk with that consumer and make sure that all of the data is correct and get those into the get them into those Bank On certified accounts. Chex Insights is the second tool that we have on this Bank On bundle that we call. And this is for the financial institutions as well.

00;37;20;20 - 00;37;48;23

Brenda, ChexSystems

And this is really about managing the risk. So one misnomer that's also out there is if I open the doors and I provide all these accounts to these these unbanked people, I'm going to increase my risk. That's one of the things that we've really been tracking to say, okay, based on the risk of those Bank On certified accounts, are they actually forcibly closed more often?

00;37;49;04 - 00;38;13;11

Brenda, ChexSystems

Do they have charge offs? And the answer that I have found from folks that I've talked to and and the folks that David has talked to is no. And that's because of the way that the Bank On group has set those standards. Right. He mentioned you can't overdraft. That means you can't get yourself into trouble. Right. And in the past, that was one of the problems, because you could charge offs.

00;38;13;19 - 00;38;39;21

Brenda, ChexSystems

And charge offs obviously are bad because you're not paying that financial institution back. So this just gives is a tool that provides the financial institutions the opportunity to monitor those accounts more closely and just



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make sure that there isn't any heightened risk that they need to work or worry about. The last one is the Chex Edu report and this is the one that pertains to most of you.

00;38;40;12 - 00;38;54;22

Brenda, ChexSystems

This Chex Edu report is is a long time coming honestly. And it is for aiding in one on one financial counseling. If you think about a credit report and I'll show you a Chex Edu report here in a minute.

00;38;55;10 - 00;38;56;00

Claire, CBA

But if you think

00;38;56;00 - 00;39;21;08

Brenda, ChexSystems

About a credit report, that's essentially what it is for ChexSystems. So, Brenda, Bruce Wright, what is the data in ChexSystems that's on file for run numbers? There might be other there would be inquiries, right. If I inquired into other financial institutions, that would be one of the one of the components that I'll show you in a minute.

00;39;22;03 - 00;39;32;26

Brenda, ChexSystems

But really, it's just a report of all of the data that's on file for a particular consumer. Next slide, please.

00;39;35;02 - 00;40;01;01

Brenda, ChexSystems

So as I mentioned before, one of the earliest steps in a consumer's financial journey is establishing this bank account. And on the right here, you see it used to be called Chex Advisor Educational Report. We've renamed that to Chex Report. Chex Advisor was just a product name that we had. But it's



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really more universal than that. So we renamed it to Chex Edu meaning educational report.

00;40;01;01 - 00;40;27;25

Brenda, ChexSystems

And that's really the purpose of the report, right? So as you see here on the right, you can see account inquiries. You can see forced account closures, check print orders, returned retail items. That's the type of data that we have along with that personal identifiable information like name, address, driver's license, Social Security number. Some of that personal information is also in ChexSystems.

00;40;28;07 - 00;40;58;27

Brenda, ChexSystems

And then we have a score. And again, that score is the risk associated with that consumer. Just like your credit score. If you you know, if you have a lack of any kind of negative behavioral items, then you're going to have a high score, right? The score here for the Chex Edu works very, very similarly. And that's what financial institutions, again, use to determine what is the risk.

00;40;59;06 - 00;41;14;15

Brenda, ChexSystems

So when we're opening a credit or I'm sorry, when we're opening a checking account, for example, the score that comes back tells the financial institution what's the likelihood that this account will be forcibly closed

00;41;14;26 - 00;41;15;03

David, CFE Fund - Bank On
for

00;41;15;03 - 00;41;48;18

Brenda, ChexSystems



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fraud or abuse in one given year. So that's that's what we provide to the financial institutions to help them make their decision. Next slide, please. So I talked about that. You can get this report for one on one counseling and you can do that through the CBA as well. And the way you would do that is the consumer that you're working with to do the financial filing information, their name, etc..

00;41;49;00 - 00;42;14;27

Brenda, ChexSystems

But I just talked about in a written consent to pull that report. Once they do that, then you are able to utilize our web portal. It's called E-Access. You will access that web portal and you request that consumers report. Then the report can be printed. And of course, there you have all of the information you need to work with that consumer to help them understand what data is there.

00;42;15;16 - 00;42;47;14

Brenda, ChexSystems

If there's anything that needs to be disputed, how to do that. We just redid our chexsystems.com site so it is much more user friendly to be able to produce these reports. I will note also that does not harm the consumers credit in any way. It is a soft post if you're familiar with postings. It is a soft post, so it will not be negatively impacting that consumer.

00;42;47;28 - 00;43;20;02

Brenda, ChexSystems

We want we want it to be just for educational purposes. We don't want to have that as any kind of negative connotation to that consumer at all. Next slide. Here you see a very, very small version of the report, and I can provide a larger one too, as we send out the materials from, the webinar. But here again, you see the different kinds of information that you're going to receive as part of the Chex educational report.

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00;43;21;04 - 00;43;54;14

Brenda, ChexSystems

And along on the left hand side here, you can also see how the consumers that are referred to ChexSystems.com. In order to retrieve a copy of their consumer file, just submit a dispute. Or we also list all of their their rights according to FCRA as well. So this report we anticipate is, you know, we've seen already and we just launched it this year is going to be very popular.

00;43;54;15 - 00;44;22;28

Brenda, ChexSystems

And we're working with the FDIC as they provide training to consumers on how to read a credit report, how to read specialty credit reports. And we're looking to get our Chex report into that educational program as well. So we're looking forward to that. The more we can get this into consumers' hands and and your hands, for example, when working with consumers.

00;44;23;18 - 00;44;40;19

Brenda, ChexSystems

To me, the better, right? The more educated we are, the better decisions that we can make. So that's our ultimate goal, is to to really have people understand how this all works and take it into their own hands.

00;44;43;27 - 00;45;09;28

Claire, CBA

Thank you so much. Brenda That was so helpful. I'm going to do a little recap and then we're going to start our Q&A. So before transitioning to this moderated Q&A, I want to cover just a few more items as part of this recap. So to refresh, what is ChexSystems, ChexSystems is a consumer reporting agency. It's similar to other credit bureaus, Equifax, Experian and TransUnion.

00;45;09;29 - 00;45;38;07

Claire, CBA



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So there are some differences. Banks, these records to decide if someone is a good fit for their base products such as checking or savings accounts and focus on misuse, closures and fraudulent activity. Reporting to ChexSystems Database is an optional service, but I believe this is an accurate number that about 80% of banks do report. However, many people do not know that these reports exist, only finding out when they're denied an account.

00;45;38;09 - 00;45;56;28

Claire, CBA

CBA, ChexSystems, and Bank On are all working together towards removing this barrier to access. So one last thing you should know is that there's another company, Early Warning Systems or EWS that is co-owned by seven of the big banks and provides a similar product to ChexSystems.

00;45;57;11 - 00;45;57;18

David, CFE Fund - Bank On

To.

00;45;57;18 - 00;46;26;26

Claire, CBA

ChexSystems. Thus it is possible that some banking issues may only appear on one of the two reports and not on both that while we don't cover this products and this presentation, we do really encourage you to review information by the CFPB and that is offered by EWS. There are many reports available from ChexSystems which Brenda did talk about a little bit, but they fall into three categories.

00;46;27;10 - 00;46;50;10

Claire, CBA

The first is the most common use of the report risk assessment by financial institutions. This report is not available to consumers and can be pulled at any time as long as they have consumer consent. The Consumer Report is made specifically to assist consumers with understanding what might be

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limiting account access. This report is best used for personal monitoring, but does have limitations.

00;46;50;27 - 00;47;09;15

Claire, CBA

It can be difficult for a participant to remember to do it themselves. They may struggle with the security questions and it is only available for free once per year or when a person has been denied due to what's on the report or potentially some other special cases. There is also the Chex Edu report

00;47;09;15 - 00;47;09;27

David, CFE Fund - Bank On
which

00;47;09;27 - 00;47;34;15

Claire, CBA

is used by organizations doing coaching or other supports for individuals. It is similar to the Consumer Report, but it is made to be pulled by a staff member at an accredited organization and CBA offers support on board this report. And we will cover these and much more depth, depth at our community webinar on December 1st and as a continuation of today's webinar.

00;47;34;15 - 00;47;59;00

Claire, CBA

And that I think will answer quite a few questions that are being answered - asked in the chat. And we'll discuss how nonprofit organization is offering financial coaching and counseling can access real time opportunities to pinpoint bank account access barriers by pulling that Chex EDU report via CBA access and in turn deepen that programmatic support for the unbanked and underbanked.

00;47;59;00 - 00;48;24;13



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Claire, CBA

And I believe that we're going to have the registration link dropped in the chat. And so now that we have learned so much about some of the ways to close these banking gaps, I want to pause for a second for those that are interested in implementing a way to help remove access barriers for their participants Chex Edu records available through CBA's access program allows coaches and counselors

00;48;25;00 - 00;48;25;05

David, CFE Fund - Bank On
to

00;48;25;05 - 00;48;54;08

Claire, CBA

view participants' data in a way that helps them bridge the gap between being unbanked underbanked and fully banked. And by seeing what the banks see when looking at these reports, we can find specific items that might be holding a participant back, and this allows to develop a plan with actionable next steps. Accessing these records also allows your organization to provide more robust programing and help you gain key insights into your community needs.

00;48;55;08 - 00;49;20;06

Claire, CBA

For example, we can help to identify what kind of educational content, resources or materials participants might need while pinpointing the kind of banks or banking products that will best suit your participants' particular needs. So with that, we'll try to get to some questions. See, we have a lot of really great questions in a chat and we'll do our best to cover all of them, but I'm not quite sure.

00;49;20;14 - 00;49;41;22

Claire, CBA



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So Brenda and David, you want to join me on camera here? I think we'll start with just some kind of maybe some nuts and bolts questions about the ChexSystems reporting. I think I'd love to start off, Brenda, with you. Is there a cost for the Chex Edu report or to pull a consumer report?

00;49;41;22 - 00;50;12;13

Brenda, ChexSystems

So there is a free report, like you mentioned, once a year for consumers or if they were denied an account, they will get instructions on how to go to ChexSystems.com and pull their own report. There is a charge for the Chex report and it's really based on there's there's a couple different pricing structures. So it depends on how many reports sampled in a particular given period of time.

00;50;12;23 - 00;50;14;25

Brenda, ChexSystems

But I can share that with you as well.

00;50;15;06 - 00;50;23;00

Claire, CBA

That would be great. Yeah, I think it's a it's really great to have that option to do the free one and it's good to know that there is another one that you do.

00;50;23;00 - 00;50;23;10

David, CFE Fund - Bank On

That.

00;50;23;27 - 00;50;44;07

Claire, CBA

You do need to be credentialed for and then also do have payment associated with. Another question that I know when I was beginning my research into this product, that was something that I was excited to find out



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the answer to. Does it include individuals with ITINs or only Social Security numbers?

00;50;45;25 - 00;51;13;00

David, CFE Fund - Bank On

Yes, that's a great question. That's really going to be based on, you know, that's going to be that's really based on the financial institution itself and their ability to with their both risk assessment group, but also their their regulator, how they feel about opening accounts for people in that situation. Most of our I can't say most because I don't know for sure.

00;51;14;00 - 00;51;42;17

David, CFE Fund - Bank On

There are a number of financial institutions that have Bank On accounts that that do utilize ITIN numbers to open accounts. In fact, some of our financial institutions actually will help somebody apply to get an ITIN number in order to open an account, which is a great step forward as well. So I think we've made real progress in that space and not just I just mean the field, not necessarily even just we as Bank On

00;51;42;17 - 00;51;42;24

David, CFE Fund - Bank On

Right.

00;51;42;25 - 00;51;54;01

Brenda, ChexSystems

You know, I agree. We do get a lot of ITINs from financial institutions that are our clients. So we do accept either SSN or ITIN, right?

00;51;54;11 - 00;52;11;21

Claire, CBA

Yeah. Thank you so much for that. I think that's a really important thing that we really care a lot about and I'm really glad to hear of the movement on

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that because I know for a long time it really continues to be a barrier for. So I'm going to but I'm really glad to see that movement. So it's going to look that.

00;52;11;24 - 00;52;14;14

Claire, CBA

I'm so excited that there are so many questions.

00;52;14;26 - 00;52;15;17

David, CFE Fund - Bank On

I know. Right.

00;52;15;22 - 00;52;33;09

Claire, CBA

Wonderful. So I think one other kind of nuts and bolts question is what would disqualify an individual potentially from Bank On in particular, or maybe some kind of larger issues for sure.

00;52;33;09 - 00;53;02;07

David, CFE Fund - Bank On

So I'll touch on and I know that Brenda talked a little bit about what typical checks might flag. And again, it's really based on the financial institution and what they want out of their reporting system. But, you know, so Bank On design, we don't guarantee that every person that wants an account can get one. We do say that the accounts have to be universally available so everybody is eligible to at least try to open one.

00;53;02;20 - 00;53;42;19

David, CFE Fund - Bank On

And there are some factors that are out of our control. Obviously, those things include if somebody owes that particular financial institution that they're trying to get an account from money, they very well might not be able to open the account at least right in there, or they have to set up

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maybe a payment plan. And the other thing, you know, some of the Bank On approved accounts are available, but there are certain risk factors that, you know, are still flagged for them, especially at some of the smaller community banks that are a little bit more risk averse.

00;53;42;29 - 00;54;09;24

David, CFE Fund - Bank On

So some of them set it up and say if somebody owes more than \$2,000 to financial institutions outstanding, they won't open the account. We've seen you know, we've definitely seen like a cutoff like that before. That's that's really you know, those are the bigger factors that we see. But again, the idea is to to get as many people into these as accounts as possible.

00;54;09;24 - 00;54;15;16

David, CFE Fund - Bank On

And, you know, the financial institutions that partner with us have that concept in mind as well.

00;54;16;29 - 00;54;51;00

Brenda, ChexSystems

Yeah, I agree with David completely. And we give them the option and the in the custom strategies too I've seen more clients looking at more recent. So rather than saying have you had negative you know a behavior write a negative history they'll say has it been within the last year or has there been a charge offs for more than \$2,000 within the last year rather than just, you know, not putting a time limit on it, which is good.

00;54;51;00 - 00;55;17;24

Brenda, ChexSystems

Right. They're looking for very recent. So that's a really good example that David brings up when we do the best practice. It doesn't have those limitations in there, but there are many times where the financial institutions will decide with their compliance and their risk officers that, you know, that's

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not a risk they're willing to take. So we see everything from people going with our absolute best practice without those limits.

00;55;17;24 - 00;55;40;02

Brenda, ChexSystems

And then we have others that that add to them. And it it really does go back to what is their risk tolerance. Right. What what do they what's their overall goal? And so at ChexSystems, we really help them meet their needs with whatever they want. Obviously, you know, we want as many people in accounts, but they have a business to run as well.

00;55;40;02 - 00;55;46;19

Brenda, ChexSystems

Right. So they're being diligent about what they're willing to accept as far as a risk goes.

00;55;46;19 - 00;56;14;18

Claire, CBA

Absolutely. I think another kind of nice follow up question to that is, you know, sometimes errors make it on to these reports, then they limit people's access. Right. Like you've mentioned, maybe a Social Security number is inaccurate. Maybe somebody had their wallet stolen, an account was opened up and their name and it's not theirs. Could you both of you maybe Brenda, you can start some sort of best practices on maybe how to have these removed from the ChexSystem side of that.

00;56;15;01 - 00;56;46;12

Brenda, ChexSystems

Yeah, absolutely anyone can go to ChexSystems.com and on that website it's very good. Like I said, we just rolled out a new version of it and so it's got all the instructions of exactly how to dispute any of those items and then, you know, were highly regulated, like I mentioned. And so we have a very strict timeline and that in the time that we have to research it and

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come up with remediation, whether, you know, it can be, it also depends, too, on if it's coming from a furnisher or right.

00;56;46;13 - 00;57;13;25

Brenda, ChexSystems

Because our financial institutions are the ones that give us the data. So, you know, it's really up to their checks on what they're accepting their systems as well. You've probably noticed in the headlines a lot of talk about junk data recently with the CFP. And that's good. That's good that they're addressing that because it is going to tighten those.

00;57;15;06 - 00;57;39;16

Brenda, ChexSystems

You know, what's accepted from an SSN in a meeting and you know, I mean, I have to say, when I started in this business, I was just shocked at the number of times you'd see just gregarious data. You know, it's like, how can you have a Social Security number of all nines? So we have checks around that on our systems as well to not let that data in, but that's even getting tighter with the financial institutions, too.

00;57;39;16 - 00;58;01;16

Brenda, ChexSystems

So I do I encourage everyone to go out just like they pull their credit report, pull your Chex report and take a look at that. Going to ChexSystems.com look at the instructions there and also a lot of people don't know that if you do have identity theft, report it to ChexSystems as well as the three bureaus.

00;58;02;06 - 00;58;19;29

Brenda, ChexSystems

That's really important as well because, you know, the fraudsters are going to find you everywhere. Right. They always find the the missing link. So just

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as a public service announcement, they just just make sure you always include ChexSystems in that so that you're protected with us as well.

00;58;21;03 - 00;58;25;01

Claire, CBA

David, did you have anything to add before I wrap up today?

00;58;25;01 - 00;58;27;10

David, CFE Fund - Bank On

No, I think that was that was perfect.

00;58;27;20 - 00;58;46;17

Claire, CBA

Yeah. Thank you both so much for joining us today. I really am so happy that we had so questions and I look forward to our December 1st webinar. We're going to go for the community that we have at CBA. Our members and allies will go a little bit more into some of these nuts and bolts of what do you see on a report?

00;58;46;17 - 00;59;02;22

Claire, CBA

What do you see on Chex Edu and how to get started with us. So and thank you so much to everyone who joined us live. We know you're super busy out there doing the hard work and we hope to see some of you in the next month for our next training. So our next webinar excuse me, I'm over in the Training Institute.

00;59;02;22 - 00;59;20;25

Claire, CBA

I've always something to say training and so we'll have a short survey that's going to populate as soon as we wrap up. So if you have any further questions, feel free to email us at webinars.creditbuildersalliance.org. So

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with that, have a wonderful day, everyone, and we really appreciate your time. Thanks so much.