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Mayor Ronald Dellums, Governor Arnold Schwarzenegger and United Way Launch Bank on Oakland

Oakland among first cities to help unbanked residents access financial mainstream

OAKLAND, CA – Oakland Mayor Ronald V. Dellums, in partnership with the Governor’s Office and the United Way of the Bay Area, today announced the launch of *Bank on Oakland*, an initiative that will allow families dependent on high-cost check-cashers to open a starter bank account with federally insured financial institutions in Oakland. The Oakland program is part of the statewide Bank on California program formally launched by Governor Schwarzenegger in December 2008. Oakland is one of the first California cities to launch Bank on California, and 42 banking locations at 16 financial institutions throughout the city are already accepting new account applications.

Mayor Dellums said: “At a time of historic economic meltdown, to be able to provide resources that will allow our residents to become financially educated and to engage them in this process is absolutely imperative. Our city has more than 30,000 families who have no banking experience, no checkbook and no bank account. Of those families, 98 percent of them have some sort of income and 65 percent of them are fully employed. Bank on Oakland is an essential component to bringing us out of economic uncertainty.”

According to the Brookings Institution, among American households that lack a checking account, 52 percent include at least one full-time worker, costing the household an average of \$40 per payroll check to use a non-bank check casher. This means that full-time worker could potentially save as much as \$40,000 during his or her career by relying on a lower-cost checking account instead of check-cashing services.

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A new analysis by the Center for Responsible Lending finds that "California's payday lenders overwhelmingly locate in African-American and Latino neighborhoods, even after controlling for income and other factors, draining \$247 million in the process." In addition, the study found that, "payday loans trap working households in long-term debt at annual interest rates of over 400%."

The Bank on Oakland initiative aims to:

- Increase the supply of starter accounts for Californians without bank accounts by developing baseline product criteria to be offered by all participating financial institutions.
- Educate Californians about the benefits of account ownership and encourage them to open one with partnering institutions.
- Build the money management skills of California children and adults through various financial education classes offered throughout the city.
- Form a diverse coalition of financial institutions, community-based organizations, regulators, and nonprofits in key areas throughout the city to market the accounts.

United Way of the Bay Area CEO Anne Wilson said, "During these tough economic times, it is so important for families to hold onto their hard-earned money. We are proud to support Bank on Oakland, which aligns with United Way's efforts to help low-income families not only survive these tough economic times, but also to build brighter futures. We're helping families maximize their current incomes, build their savings, and gain and sustain assets so they can prosper over the long term."

Bank on California Director Eloy Villafranca added, "These accounts will carry features to help the previously unbanked by being no or low-cost to operate, having no minimum balance requirement, offer opportunities for financial education, and even allow residents with bad credit or tarnished banking histories a second-chance to have an account."

Bank on Oakland is a joint effort by Mayor Ronald V. Dellums' Office, Governor Arnold Schwarzenegger's Office and United Way of the Bay Area, with the collaboration of many local partners. Participating banks and credit unions that have agreed to help families become "banked" by offering the Bank on Oakland account include: Bank of America, Bank of the West, Chevron Federal Credit Union, Citibank, Comerica Bank, JP Morgan Chase/Washington Mutual, Kaiser Credit Union, Oakland Municipal Credit Union, OneCalifornia Bank, Patelco Credit Union, People's Federal Credit Union, United Commercial Bank, Union Bank of California, United Labor Bank, Wachovia, and Wells Fargo.

An estimated 30,000 households in Oakland have neither a checking nor savings account, representing 26% of all households in the city. Among African Americans and Latinos, approximately 50% of adults are unbanked. Families without bank accounts pay hundreds of dollars each year to cash checks and pay bills, and with no safe and reliable way to access their money they are particularly vulnerable in times of crisis.

Residents who would like to know more about Bank on Oakland or want help getting a bank account can call 2-1-1 and visit www.bankonoakland.ca.gov.

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Bank on Oakland is a collaborative effort between Mayor Ronald V. Dellums' Office, the Office of the Governor, United Way of the Bay Area, community based organizations, and various financial institutions to help Californians begin to save and build wealth by opening mainstream checking and savings accounts. For more information or for help opening an account please visit bankonoakland.ca.gov today!