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TO BUSINESS EDITOR

Credit Unions Redouble Efforts to Financially Serve the Underserved,  
**Unbanked**

MILWAUKEE, Oct. 19

An agreement being signed Tuesday, Oct. 19 by two credit union-related organizations will make the services of Wisconsin's not-for-profit credit unions -- member-owned financial institutions -- available to more residents in the state who might otherwise be preyed upon by predatory lenders and high-fee financial services companies operating here.

The Wisconsin Credit Union League, the trade association representing 293 not-for-profit financial institutions in the state, and the Filene Research Institute, a not-for-profit research organization, are signing a memorandum of understanding that outlines a plan by which the two organizations will guide credit unions in serving people who are from low-wealth, low-income and/or low-asset households, as well as new Americans and other individuals who may not have a relationship with a financial institution.

"25 to 30 million Americans are using alternative financial institutions that often charge high fees and offer little opportunities for saving," said Brett Thompson, League President & CEO. "As not-for-

profit, member-owned cooperatives, credit unions are uniquely positioned to assist vulnerable but hardworking people who are being gouged mercilessly by unscrupulous lenders."

The agreement on the part of Filene and the League, Thompson explains, is to formalize a collaboration that will help credit unions reach out to underserved or **unbanked** populations. He says the goal is to assist such individuals by first meeting their immediate needs for transaction services -- such as check cashing or wire services -- and moving them through the steps of acquiring basic deposit accounts, building good credit with small loans and, over time, building wealth.

"Our state can no longer afford to let citizens with the desire and ability to be self-supporting drown financially because they lack the wherewithal to get on a solid financial footing," Thompson adds. "People who are living paycheck to paycheck and don't have anything left to put into an account are at extreme risk during a sudden financial pinch. Once trapped by high, revolving interest on loans or high fees for check cashing, it's hard to ever escape the downward spiral."

As part of the agreement, Filene will work with the League to help enlist more Wisconsin credit unions in reaching underserved portions of their membership, and provide a toolkit and educational program for credit unions to implement such services. The League will identify credit unions that have exposure to underserved markets, encourage credit union participation in outreach efforts, track credit union participation, and monitor success.

Wisconsin credit unions are pioneering efforts to reach underserved markets. The League is one of the first to work with Filene to invigorate credit unions' efforts statewide.

"More than 80 credit unions already offer non-member check cashing services," Thompson adds. "Credit unions have recognized the need for some time but will benefit from the support and resources the League and Filene can provide."

"We realize that reaching some markets is more difficult, such as new Americans, due to language barriers and cultural issues that affect people's perception and trust in financial institutions, but that's a hurdle that our service delivery model is designed to help overcome," Thompson adds. He explains that "safe accounts" are one type of service that new Americans can use to get established

financially without being gouged; the accounts do not pay interest but do not require a taxpayer ID number or Social Security number.

The Hmong population in Wisconsin increased by 106 percent between 1990 and 2000, and Wisconsin's Hispanic/Latino population also more than doubled during that time. Nearly 80 percent of Wisconsin's Hispanics reside in Southeastern Wisconsin, although some rural communities have experienced increases of more than 300 percent among this demographic.

A recent press report indicated that more than one of every five Wisconsin families -- 22.8 percent -- is low-income. Among the state's minority families, 43.7 percent are low-income, which is higher than the nationwide average of 40.9 percent.

Credit unions are cooperative financial institutions that are owned by their members and do not have stockholders. Because they are not-for-profit, they return earnings to members in the form of more competitive rates of return on accounts, lower interest on loans, lower fees and improved services. Two million Wisconsin residents belong to credit unions, of which more than a third are open to the local community. People can find a credit union to join by looking in the phone book or by visiting <http://www.creditunion.coop> .

SOURCE Wisconsin Credit Union League

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