

Get Checking gives consumers with poor credit histories a chance at financial stability

A pilot program created for people who have no banking privileges helped nearly 1400 Milwaukee County residents open checking accounts between 1998 and 2002. In 2006, the Get Checking program continues to offer personal financial training that enables consumers to use banking services effectively, and eventually to open and maintain their own accounts. UW-Extension Milwaukee County, the Consumer Credit Counseling Service of Milwaukee, and three sponsoring financial institutions initiated the program, which has now expanded to serve more than 9,000 consumers in 102 cities nationwide.

Situation:

By some calculations, nearly 200,000 adults in the Milwaukee area do not have bank accounts. Many times, these “unbanked” consumers have never had a checking or savings account, perhaps because they have recently immigrated to the country. Others are those whose past financial troubles have lost them their banking privileges. Because this phenomenon tends to occur more commonly in Milwaukee’s poorest neighborhoods, those least able to afford it are often forced to rely on high interest banking sources, such as check-cashing stores or payday lenders. And without evidence that they can successfully manage a bank account, consumers will find it difficult to establish the credit necessary to purchase their own home, obtain a car loan or work toward other personal financial goals.

Response:

Through a six-hour curriculum developed jointly by the UW-Milwaukee (UWM) and UW-Extension, Milwaukee County (UWEMC), the Get Checking program teaches the basics of banking. After completing the program and passing a competency exam, participants receive a certificate that permits them to open an account at any participating bank or credit union in their area.

The classes usually take place over two or three evenings and are taught by staff from UWEMC and the Consumer Credit Counseling Service of Milwaukee. Workshop topics include selecting an account that best suits individual needs, keeping accurate records, balancing monthly statements, and budgeting. Participants also receive an introduction to building and applying for credit. A small course fee covers the cost of instruction, and scholarships are available. The workshop is offered in Spanish and has recently been made available on an interactive CD for self-study. Anyone who has been denied checking account privileges due to past financial difficulties can enroll.

UWM and UWEMC initiated the alliance with the project’s national partner, eFunds, which financed the development of the course modules. UWM and UWEMC continue to market the program both locally and nationally and to develop partnerships with banking institutions and local agencies and organizations, such as Consumer Credit Service of Milwaukee, who offer the program. Get Checking includes 19 Milwaukee financial institutions as program partners.

Impacts:

Data collected from the pilot project confirms that Get Checking has helped Milwaukee consumers who have poor credit histories, or no credit histories, open and maintain checking accounts.

As of December 2002, 1510 people had enrolled in the Milwaukee program, with 92 percent of all participants completing the program. Of the program's graduates, 83 percent opened new accounts. A telephone survey conducted in 2001 found that 98 percent of those accounts remained open after a year.

Consistent with program goals, Get Checking's impacts go beyond the individual participants to ultimately affect its growing number of participating banks, businesses, and communities. Financial institutions recognize the benefits of partnering with Get Checking and continue to sign on to the project. Not only do they profit from the increase in new accounts, but they also enjoy enhanced customer relationships, improved account retention, and decreased risk exposure and account abuse.

The program has been so successful that communities around the state and the nation have adopted it, too. Nationally, Get Checking has expanded to 102 markets, 14 of which are located in Wisconsin. Of the more than 9,000 participants across the United States, 95% have maintained accounts in good standing for over a year.

Success story:

One Get Checking graduate had been the victim of a stolen check card, which resulted in a poor credit rating that she was unable to repair on her own. "When I found out about Get Checking, I was very excited. The class was very beneficial to me, and really my only option. Even with the fraud reports, and a letter from my bank at the time, other banks would not allow me open a check or even a savings account. With Get Checking, I had a few different banks to choose from," she said. "Now, I have both a checking and savings account ..., and my life is 100 percent easier."

Contact:

Paul Haussman, School of Continuing Education, University of Wisconsin-Milwaukee, phone 414-227-3116; email: haussman@uwm.edu

Submitted: June 2006