



# engage

*Learn more. Give smart.*

## Making Financial Services Accessible and Understandable

*Part of a series exploring issues from  
The Community Foundation's Aspire Arkansas report.*



# The Challenge to Access Financial Tools is Real



To have money in the bank and own your own home. That's been the cornerstone of the American financial dream. But for many Arkansas families, easy access to financial services and the ability to obtain home loans has been a struggle.

One barrier is income — *Aspire Arkansas* data shows our state is 48th in the nation for both poverty and

child poverty. Rates have increased and were significantly higher among people of color with 46 percent of African American and 39 percent of Hispanic children in poverty, compared to 21 percent of white children.

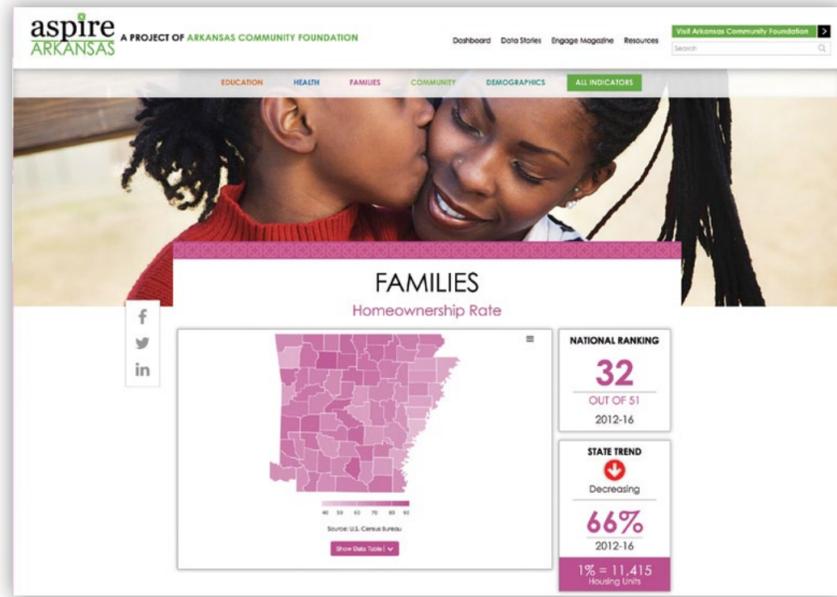
The *Aspire Arkansas* data ranks Arkansas last in the nation for household income, with a median income at \$42,000, 76 percent of the national level. For African American households, median income was dramatically lower at \$28,000. Arkansas job growth since 2007 has been at 3 percent, significantly lower than the national growth rate of 8 percent.

In addition to income, an important barrier is lack of access to financial tools. Today, a third of Arkansas families have no access to banking services or are underbanked, according to the *ProsperityNow.org* website.

This issue of *ENGAGE* examines programs that help Arkansas families learn the language of finance, access financial tools, save to purchase homes and more. I'm especially excited about programs that partner for-profit companies with nonprofits to increase access to financial products that can change the lives of families in our state.

Working together, we can ensure that lower incomes are not diminished by high-cost, ineffective financial services and that every Arkansan has access to affordable banking products.

Heather Larkin  
President and CEO



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**On the cover:** Carmen Morfin Villa of El Dorado wanted to buy a house so her children, 2-year-old Ximena and 13-year-old Alex, would have a backyard to play in, but she didn't have enough credit to get a loan. She found help through a program at Southern Bancorp.



Because of a last minute miscalculation, Carmen Morfin Villa didn't have quite enough for the down payment on her home. Her then 11-year-old son pulled together enough money from his savings – almost \$200, much of it in change – to make up the difference. Now Alex is saving money to make improvements to his own bedroom.

# Saving for a Home of Their Own

By Kim Dishongh

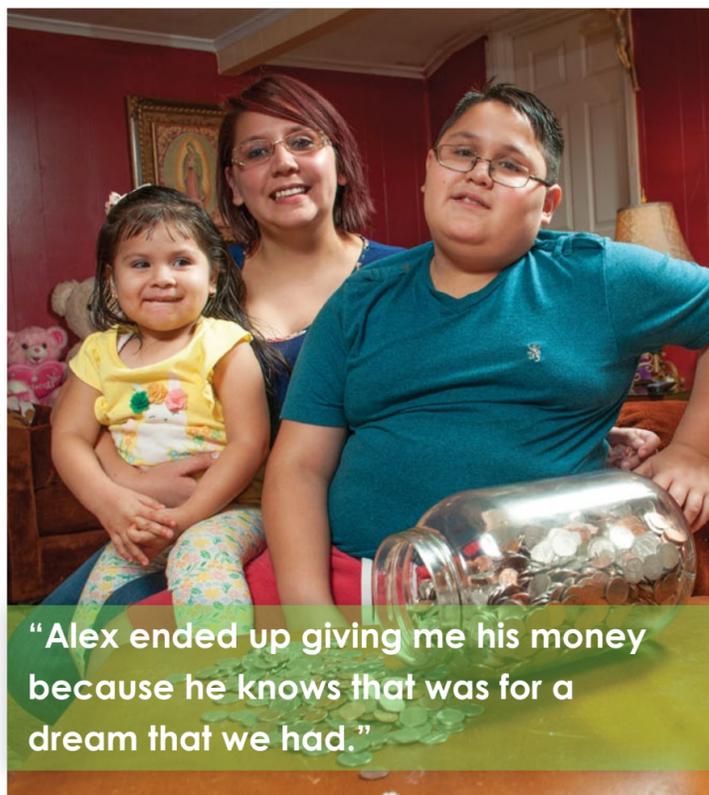
**C**armen Morfin Villa had long wanted to be a homeowner by the time she had reason to be in a bank lobby last spring. “I wanted a home for me and for my kids,” says Villa, of El Dorado, mother of 13-year-old Alex and 2-year-old Ximena. Villa had an account at another bank in town. She had inquired at that bank, and at a few others, about whether she could qualify for a loan to buy a home.

“The answer was always no because I didn't have enough money or I didn't have the credit,” she says. “They told me at one that if

I've got \$15,000 to get a house down payment maybe we can get something worked out but I was like, I don't have that much money. I was like, ‘How am I going to build some credit if they don't give me a chance to have some credit?’”

She went to Southern Bancorp to make a payment on some bedroom furniture she had bought from a local store and was greeted by Maggie Goff, a bilingual teller.

“I told her our bank is really good about helping low income people get on their feet,” says Goff, who told Villa about the bank's Credit Builder CD.



make the down payment." Alex, then 11, says he didn't have to think about handing over about \$200 he had saved from birthdays and other special occasions. "It was for our house," he says simply.

Goff says Southern Bancorp has just introduced a program for new homeowners, allowing them to open savings accounts that the bank will match up to \$1,000, to be used for home repairs. "That kind of encourages them to build up a savings account," she says. Southern Bancorp also offers credit counseling, financial education, free tax preparation and home buyer counseling, among other services, to help people manage or improve their financial situations.

The Central Arkansas Development Council (CADC) in Benton offers similar services, which are required for some people who qualify for the Single Parent Scholarship Fund or for federal grant-funded programs, like the Low Income Home Energy Assistance Program (LIHEAP). Assurance 16, one provision of LIHEAP, provides energy cost assistance to low-income people who participate in workshops on energy efficiency as well as on financial education through a year-long case management process.

"It's not just about the money," says Tim Riley, chief operating officer of community programs and development at ARVAC, Inc., Community Action Partnership in Dardanelle, which serves nine counties. "While it does focus on energy education we also talk about the importance of making sure you pay your bills on time and different things like that."

Gary Elrod, Conservative Service Block Grant Program Participation Specialist at the CADC, says clients who go through the Assurance 16 program learn to make a household budget or spending plan and are coached in how to determine the difference between things they need and things they want.

"They keep a daily spending diary for a month and then at the end they sit down and look through that," he says. "We have found out that little part has really made people realize what they spend during a month's time."

The goal is to help people learn to build their savings. "It's to try to help them pay the bill as well as guidance on how to make a decision about it," Elrod says. "Some take it seriously, some just say, 'Well, I just got my bills paid.' But if we get one, that's something."

### Compass – Finances God's Way also offers people financial guidance.

"Our whole goal is to help people grow closer to Christ and to give them the tools they need to be successful," says James Walden, executive director of Compass, a non-profit organization. "I ask people if they know there are 2,350 verses



Kyle Brewer had accumulated significant debt before entering a drug addiction program through Union Rescue Mission. Through that program, he took a course from Compass – Finances God's Way and he learned how to reduce his debts and to save money for his future.

about money and possessions in scriptures. Most people are amazed to hear that."

Walden found his way to Compass 26 years ago when he and his wife of 26 years were having trouble managing their money. He joined the non-profit 10 years ago. "It literally transformed our marriage," says Walden. "We don't fight about money anymore. We got out of debt."

Kelly Austin of Bentonville took the class through his church in 2001 and now volunteers as a coach, mentoring others through program. "We didn't have a lot of credit card debt, but we had a mortgage and car payments and we were paying for our kids to go to private school and those things that really add up," says Austin. "What's nice is when you can eliminate those and you have money each month that you can either save or give to someone to help them, however someone wants to spend their money."

Compass offers its eight week course to residents of domestic violence and addiction recovery programs. Kyle Brewer took it at the end of the nine-month program he was in for addiction at the Union Rescue Mission's Nehemiah House last spring.

Brewer, a Native American, had between \$4,000 and \$9,000 in scholarship and grant money each semester while he was in college pursuing a bachelor's degree in addiction studies. "I didn't have to work in college. It was just free money. It wasn't

anything to just go blow money because I didn't have to do anything to earn it," he says.

When he graduated, with the scholarship money and the structure of college courses gone, his life — and his finances — spiraled out of control. Through the Compass course, he got his credit report and looked at his credit score. "That's something I probably wouldn't ever have done on my own," he says. "The only way to begin fixing a problem is to begin identifying it and face it head on." He learned that he should contact everyone he owed money to and make arrangements to pay his bills.

"That really can carry you a long way, just reaching out and letting them know you know you owe them money, that right now you can either make a small payment or you can't make a payment at all," says Brewer. He is pursuing a master's in ministry degree online. He isn't sure what he'll do when he completes his master's degree, though family and home ownership are on his mind now. He knows that his newfound financial knowledge and responsibility provide options.

Villa can certainly relate to the pull of home ownership. She and her family are focusing now on making repairs, and she hopes to remodel the kitchen soon. "I finally got my house, and you cannot imagine how proud I am," she says. "We are happy and we have our own house now and we are excited for it."



## Credit Counseling of Arkansas Connects Arkansans to Mainstream Financial Services

Alden Napier brings more than just a positive attitude and strong leadership to his role as executive director for Credit Counseling of Arkansas. He can personally testify to the surprises that life can bring and the importance of smart financial planning.

When Napier was young, his family lost three businesses in the span of a year, leaving them to rely heavily on others in their community. This taught Alden and his siblings about the importance of access to financial services within a community, especially when families are facing uncertainty.

Today, Napier leads a nonprofit agency founded on education and leadership that helps people conquer their debt and create smart financial habits for their future. Through the services provided by expert staff members and a large network of volunteers, CCOA connects people to mainstream financial services so they can experience stability and financial freedom — at a very low cost.

“A community will be in a better position to thrive when they have help repaying their debts,” said Napier. “That’s what we’re here to do — get people out of debt.”

CCOA’s product is debt consolidation and they work with creditors to recover delinquent accounts. In turn, creditors pay them 4 cents on the dollar for every dollar recovered — allowing them to further their mission and provide more services.

“Our priority is education,” said Napier. “We’ve given away nearly 2,000 free appointments last fiscal year because we’re here for community members — we want them to succeed.”

While the industry average is 25 minutes, CCOA schedules appointments by the hour. “A lot of people have a hard time discussing their financial decisions. Everyone who walks through our doors is treated with compassion and paired with a staff person who is ready to listen and provide the necessary steps to move forward,” said Napier.

Not only does CCOA deploy compassion through their staff, they have a network of professional volunteers who are trained and ready for action when any opportunity arises. Volunteers serving as educators are part of the “Community Action Board,” a group that is ready to respond when nonprofits and other community groups

need financial training for those they serve.

“When a nonprofit approaches CCOA to deliver a training or speak to their clients, we call on a member from the Community Action Board to present,” said Napier. “Oftentimes they’re a banker or a retired attorney and they’re the ones delivering those meaningful messages of financial freedom.”

Napier went on to stress the importance of having bankers on the volunteer board because they’re able to deliver the message of “let me teach you the basics,” decreasing the stigma about banks and changing attitudes about the services they’re providing to communities.

Nonprofits like NWACC, Havenwood, Peace at Home and Returning Home are some of the organizations CCOA has partnered with to provide these trainings and services.

Approaching its 21st anniversary, the CCOA team is like a family, reminding Napier of his own experiences at such a young age.

“My family was surrounded by such a compassionate, capable community when we faced hard times,” said Napier. “I was the beneficiary of very generous and highly-skilled people and that’s something that CCOA is working hard to provide to Arkansans.”

You can learn more about CCOA and the services they provide at a very low cost by visiting [CCOACares.com](http://CCOACares.com).

**“A community will be in a better position to thrive when they have help repaying their debts.”**

**— Alden Napier**



### Upfront Costs

- Down payment
- Closing costs
- Inspection
- Appraisal
- Moving expenses

### Ongoing Costs

- Deposits
- Gas
- Food

### Settling into your home



CCDA's network of volunteers, known as the Community Action Board, provides basic financial training to members in the community.



# Asset Funders Network Builds Assets for Low-Income Arkansans



Network members attend a workshop on Bank On Arkansas+.

“**W**hen a group of us came together to begin an Arkansas chapter of Asset Funders Network, we had a lot of great ideas. We challenged each other on which ideas to implement because we didn’t want to sit around and talk about doing good, we wanted to see real results that would improve the lives of low-wealth Arkansans,” said Elizabeth Brister, manager of Low Income Initiatives for Entergy Corporation.

Founded back in 2016, AAFN has members who provide funding to nonprofit programs through private, public, corporate and community foundations; public sector funders and financial institutions like banks and credit unions. One of their initiatives is Bank On Arkansas+, which reduces and removes barriers to mainstream

financial services and promotes asset building for the almost 10 percent of Arkansans who do not have access to a bank account.

The coalition uses the the *Bank On* model to offer bank accounts without overdraft protection that are accessible to previously unbanked or underbanked Arkansans. The Bank On Arkansas+ program is collecting data on the number of accounts opened, where they are opened, how customers were referred and whether the customer ultimately also opens a savings account.

Bank On started in the San Francisco and St. Louis areas, but it had never been created for an entire state before, according to Brister. AAFN decided to make its initiative statewide rather than just one metropolitan area. That’s important because low-income and rural



areas have less access to financial services in Arkansas.

Members of the Bank On Arkansas+ coalition work to remove additional obstacles like hours of service, access to branches, language barriers and high cost of services. They meet regularly to provide participants with marketing and outreach information and the ability to participate in community launch events. Community partners share information about the accounts and refer clients to participating institutions. The goal is to ensure that everyone in Arkansas has access to a safe and affordable bank or credit union account.

“We know that traditional banking helps consumers use products like online banking that provide automatic deposit or draft of paychecks,” said Brister. “They can save money by signing up for these kinds of services previously open to only people of higher wealth.”

Those who can’t access credit and capital at a fair rate have a much more difficult time accessing transportation, shelter and higher education. Cash-only situations also erode safety, evidenced by higher payday crime rates in neighborhoods where many people are unbanked.

Economic wellbeing impacts everything, even physical health. So another initiative of the AAFN is to explore the connection between wealth and health. Recently the Derek Lewis Foundation and AAFN sponsored a Health and Wellness Symposium at Philander Smith College in Little Rock to generate ideas on how to improve the health of low- to moderate-income Arkansans.

AAFN partnered with the Women’s Foundation of Arkansas to discuss the benchmark report: Economic Indicators for Women in Arkansas: State, Region, and County at a private event at U of A Little Rock. Attendees discussed the need for philanthropy to:

- Identify quick wins that show progress and build momentum
- Be committed to the long-term, sustainable solutions
- Not shelf the data...rather, follow it!
- Embrace collaboration for greater impact
- Be courageous — be willing to fund innovation

An emerging issue for Arkansas Asset Funders Network is how low-income communities transfer real-estate property to fair and rightful owners when those owners have few resources. The group is exploring ways to stem the tide of land loss, particularly among families of color, so that these families can retain their ancestral land and maintain it as a sustainable asset for the future.

“Up to one third of Arkansans are struggling with financial issues,” Brister said. “I came from a nonprofit background and have been with Entergy for 10 years. I’ve seen many good efforts and programs that make a difference for the individuals they touch, but the Asset Funders Network is focused on changing an entire system with the potential to affect many more lives. And when our people thrive, our communities will thrive.”

## How AAFN Works

**EDUCATE** — Members in the public, for-profit and nonprofit arenas learn from one another as they seek solutions to local challenges.

**ELEVATE** — AAFN promotes promising financial practices, identifies and shares key issues at statewide forums and highlights innovations. Members participate in national conversations to provide the Arkansas viewpoint.

**INFLUENCE** — Members work to persuade others about the benefits of helping low income Arkansans build assets.

**GROW** — AAFN works to increase the number of grantmakers statewide who focus on economic well-being and look nationally for additional resources.



Darrin Williams, CEO of Southern Bancorp, discusses the difficulties low-income Arkansans have in accessing effective financial services at a meeting of Arkansas Asset Funders Network.



## ARKANSAS **VIEWPOINTS**

### How Can We Make Banking Services More Accessible to Arkansans?



By Stephanie Robichaux Matthews  
Director, Bank On Arkansas+  
Asset Funders Network

**F**inancially empowered families lead to financially empowered communities where everyone in the state of Arkansas, not just the few, can set and achieve their financial goals.

One in ten Arkansans does not have a bank account. Of those that do, over 22 percent rely on costly services to access their own money or cover monthly basics like rent, utilities, food and medicine — paying more to just get by.

Recognizing that these individuals often fall victim to high-risk, costly financial situations that trap them in a cycle of debt, dependency and potential poverty, the Arkansas Asset Funders Network seeded a Coalition to ensure that underserved Arkansans have access to banking options that help improve their financial outlook.

The Bank On Arkansas+ Coalition is working to promote that banks create “safer” accounts that are free or low-cost accounts and have no to low opening deposit requirements and no overdraft fees. Community nonprofit partners help their low- and moderate-income clients understand this new Bank On option and navigate opening accounts.

Recognizing that bank accounts are just a first step in helping people become more financially stable, the Bank On Arkansas+ initiative is working with “Plus Partners” that are able to offer additional services such as financial education and coaching, credit building, debt repair, micro-loans and small business development.



By Claudia Utley  
Development Coordinator  
Economics Arkansas

**P**ersonal finance education starting in early childhood is key to helping more Arkansans gain access to safe, trusted and affordable banking and improve their financial stability. According to a 2013 Cambridge University study, children as young as age seven understand how money works and have formed core money habits.

The *Arkansas Reads One Book* initiative is a popular family financial literacy project based on contemporary children’s books to teach sound management skills to students in grades K-5. Parents, teachers and students can download free family reading guides, lesson plans and student activities in English and Spanish at [economicsarkansas.org](http://economicsarkansas.org). Many school districts are offering this initiative as a community-wide effort, with local banks assisting with setting up bank accounts and even offering cash bonuses.

Resources for adults are in the works as part of the recently launched Bank On Arkansas+. Economics Arkansas, a non-profit educational organization, is a + partner of this consortium, developing outreach, educational and how-to materials related to financial literacy. With a better understanding of the industry, more Arkansans will feel empowered to access banking services.



### Economics Arkansas Helps High School Teachers Prepare for Act 480

As you read this, Arkansas’ future leaders, workforce and community members are learning how to make smart financial decisions in high school, thanks to Act 480.

Also known as the Personal Finance and Job Readiness Act, the law mandates that Arkansas high schools include a personal and family finance curriculum for students to graduate. The required curriculum will prepare them for life beyond school, helping them to find financial success and stability as they enter the marketplace.

The world of personal finance has changed drastically over the past several years, which has increased the need for young people entering the workforce to learn the ins and outs of smart money management. Financial literacy can help young people navigate complex financial decisions regarding things like student loans, mortgages, credit cards and financial planning.

Well-trained teachers are the key in delivering these lessons. Thanks to the nonprofit organization Economics Arkansas, teachers are finding themselves equipped and ready to tackle the new year.

“In response to the new act, we’ve rolled out a series of capacity-building workshops, resources and toolkits made possible by a grant from the Arkansas Securities Department,” said Claudia Utley of Economics Arkansas. “And as of August 2018, more than 250 teachers have participated in the training.”

Free of cost and packed with unique activities, one-day teacher workshops are taught by financial experts to help them prepare for Act 480 requirements. The course covers five standards set in place by the 2017 law:



**INCOME**



**MONEY  
MANAGEMENT**



**SPENDING &  
CREDIT**



**SAVING &  
INVESTING**



**PREPARING  
FOR EMPLOYMENT**



Since its inception in 1962, Economics Arkansas has offered innovative teaching methods and resources to make money management and economics easier to understand and fun to teach. To learn more about the Act 480 training workshops, contact Economics Arkansas at 501-682-4230 or visit [economicsarkansas.org](http://economicsarkansas.org).



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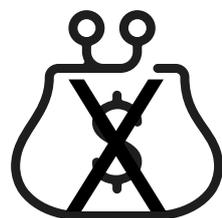
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This data comes from the Prosperity Now Scorecard at [www.prosperitynow.org](http://www.prosperitynow.org).

Almost a third of Arkansas households are unbanked or underbanked. It breaks out to 9.7% of Arkansas households who are unbanked and 22.6% underbanked.

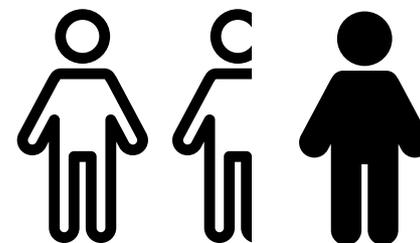


The net worth of Arkansans averages \$49,040, while the net worth of Americans averages \$76,708. In addition, 18.5% of Arkansas households have zero net worth.



The bankruptcy rate for Arkansans is 3.5%, compared to 2.4% nationwide.

Only 55.3% of Arkansas households have savings accounts, with 70.8% of U.S. households having savings accounts.



Home ownership is 1.6 times higher for white Arkansans as for people of color. That statistic is the same as for the entire United States.

