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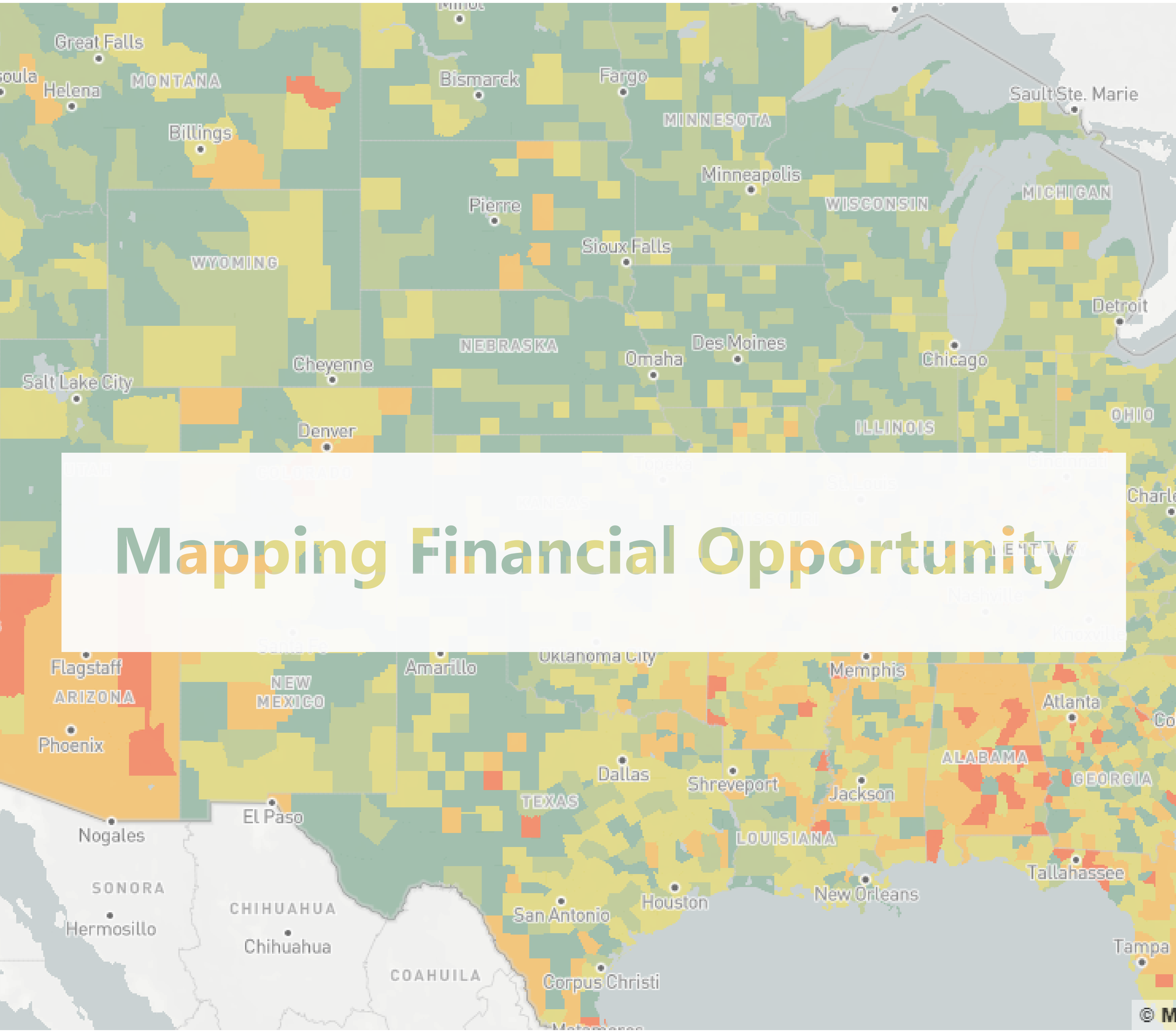

Mapping Financial Opportunity

Final Report

Terri Friedline & Mathieu Despard

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The report’s cover photo is courtesy of Mapping Financial Opportunity's interactive web platform.

Finally, the quality and accuracy of the research presented in this brief report are the sole responsibilities of the authors, and the aforementioned individuals and organizations do not necessarily agree with the report’s findings or conclusions.

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Mapping Financial Opportunity

The Mapping Financial Opportunity (#MapFinOpp) project was designed to investigate financial inclusion and health from a system perspective. In particular, the project aimed to understand variations in communities' financial services, whether variations were based on communities' racial and economic compositions, and whether these variations within communities were associated with households' financial health. In addition, because the safety and affordability of financial products and services also matter, Mapping Financial Opportunity conducted surveys with random samples of banks, credit unions, and payday lenders to gain an understanding of how much consumers could expect to pay for entry-level products from the financial services within their communities. That is, just because a person has a bank in their community does not mean they can afford the minimum opening deposit or monthly maintenance fees. Thus, the project had four primary components, each relying on slightly different data:

- Interactive, web-based platform[1];
- Community analyses;
- Household analyses; and
- Product surveys.

This report provides a summary of the project's main findings in each of these four components, as well as key dissemination activities and plans for next steps.

[1] Please visit the website here: https://www.newamerica.org/in-depth/mapping-financial-opportunity/

Visualizing Financial Opportunity: Interactive, Web-Based Platform

In partnership with New America, Mapping Financial Opportunity created an interactive, web-based platform to visualize the locations of every financial service in the entire United States—including bank branches, credit union branches, alternative financial services, and post offices. The locations of financial services were overlaid with communities' race and income in order to uncover patterns relative to population demographics. This platform explored to main questions to understand the concentrations and compositions of financial services: where financial services are located and the locations of different types of financial services relative to one another.

Where are Financial Services Located?

Financial services naturally cluster in and around populated areas like towns and cities, where more people can conveniently use the products and services that they offer. It is easy to see on the national map how the dots cluster in areas like New York City, Chicago, Dallas, and Los Angeles (see Image 1). It is also not surprising, then, that there are fewer financial services of all types in large rural areas of the country, particularly in the Midwest and West. Starting from the east coast and continuing to move westward, financial services become fewer and farther between after crossing the Mississippi River.

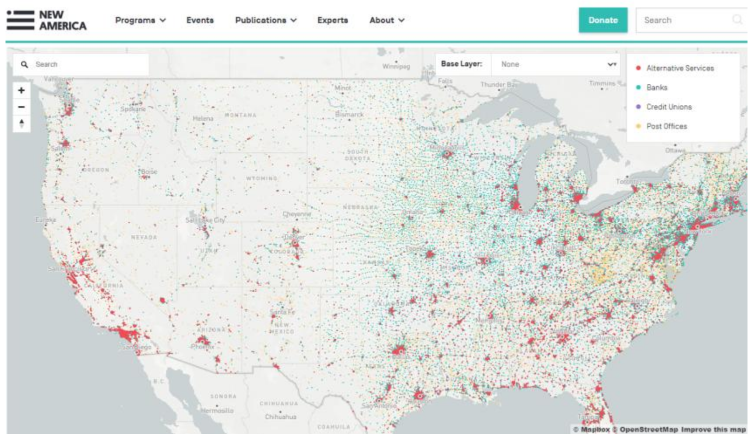


Image 1: **The Locations of Alternative Financial Services, Bank Branches, Credit Union Branches, and Post Offices**. Red dots = alternative financial services; Teal dots = bank branches; Purple dots = credit union branches; Yellow dots = post offices. Gray base layer = % minority population ranging from the lightest shade < 15% to the darkest shade > 60%.

In some low-income communities, there are more alternative financial service providers than bank and credit union branches. In communities like Los Angeles, the patterns between financial services' locations and household poverty are clear (see Image 2). Bank and credit union branches are often located in census tracts with lower rates of poverty; though, they do still retain some branches in high-poverty tracts. Alternative financial services appear more likely to be found in high-poverty tracts, especially in those that are closer the city's center.

Image 2: The Locations of Bank and Credit Union Branches and Alternative Financial Services, Relative to Poverty. From left to right, Los Angeles, California without financial services, with bank and credit union branches, and with alternative financial services. Teal dots = bank branches; Purple dots = credit union branches; Red dots = alternative financial services; Gray base layer = % population living in poverty from the lightest shade < 10% to the darkest shade > 40%.

start by looking at where alternative financial services *are not* located. Take Chicago, for example, which is a city that is highly segregated by race (see Image 3). While bank branches are distributed fairly evenly throughout the city, with a few exceptions, alternative financial services are nearly absent in census tracts with higher percentages of Whites. Alterative financial services instead tend to concentrate in tracts with higher percentages of people of color, particularly in tracts with Blacks, Latinos, American Indian/Native Alaskan, and other racial or ethnic groups. Similar patterns exist in other US cities.

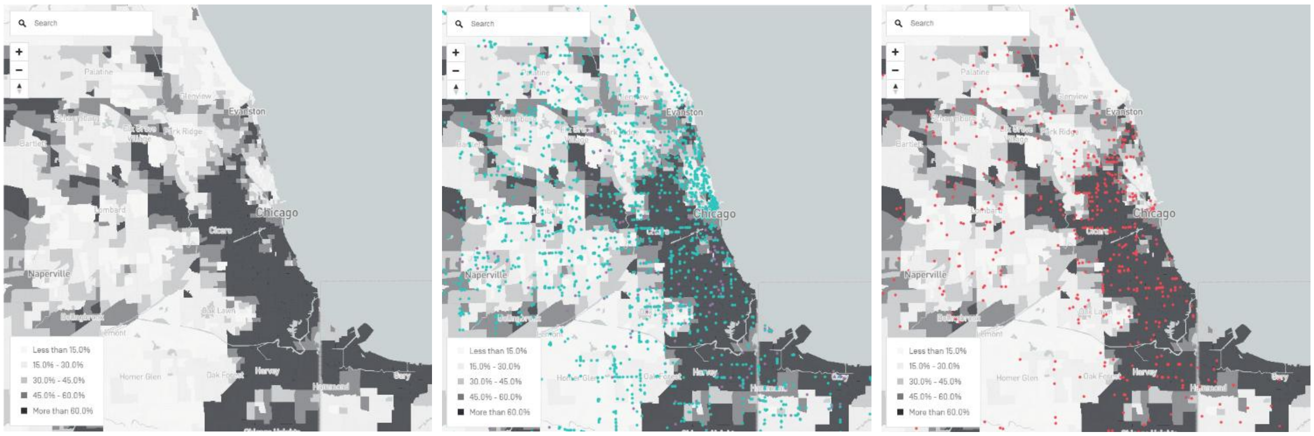


Image 3: The Locations of Bank and Credit Union Branches and Alternative Financial Services, Relative to Race. From left to right, Chicago, Illinois without financial services, with bank and credit union branches, and with alternative financial services. Teal dots = bank branches; Purple dots = credit union branches; Red dots = alternative financial services; Gray base layer = % minority population ranging from the lightest shade < 15% to the darkest shade > 60%.

Alternative financial services are more predominate in the rural South—where there are higher percentages of people of color—when compared to the rural Midwest. The pattern that alternative financial services cluster in census tracts with higher percentages of people of color is not just reserved to cities like Chicago. Iowa and Alabama are good examples of this trend, given that they have similar regulations on payday lending. Iowa is a rural, white Midwestern state with bank branches that are fairly evenly distributed in tracts throughout its borders (see Image 4). In contrast, alternative financial services have a stronger presence in Alabama, where people of color live in rural census tracts in higher percentages.

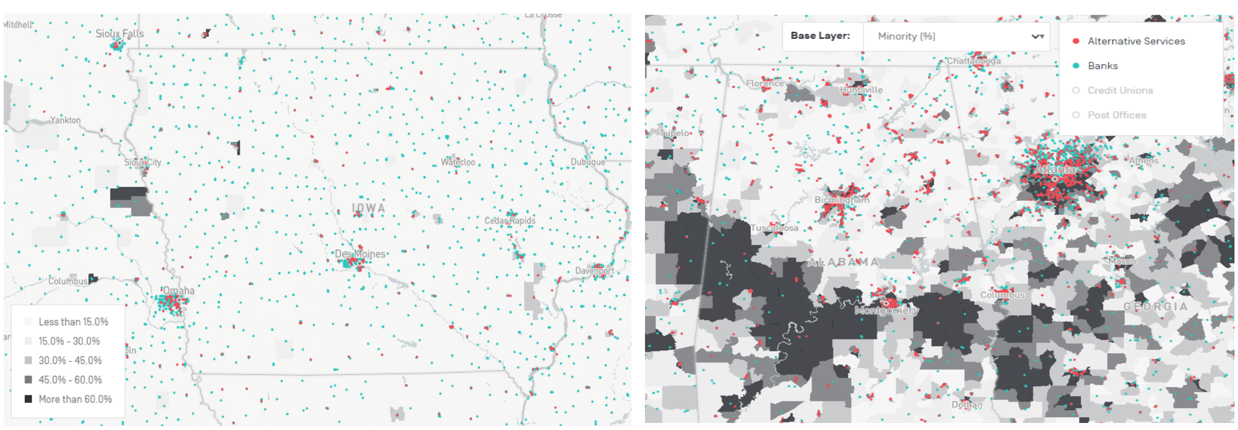


Image 4: The Locations of Bank Branches and Alternative Financial Services, Relative to Race. From left to right, Iowa and Alabama. This image is from the Mapping Financial Opportunity project. Red dots = alternative financial services; Teal dots = bank branches; Gray base layer = % minority population ranging from the lightest shade < 15% to the darkest shade > 60%.

What is the Ratio of Alternative to Mainstream Financial Services?

The ratio of alternative to mainstream financial services measures composition (see Image 5). That is, this ratio documents the number of alternative financial services like payday lenders, check cashers, and rent-to-own stores relative to the number of bank and credit union branches. Households may have a difficult time using products and services from banks and credit unions when they live in communities where these institutions are outnumbered by payday lenders and check cashers.

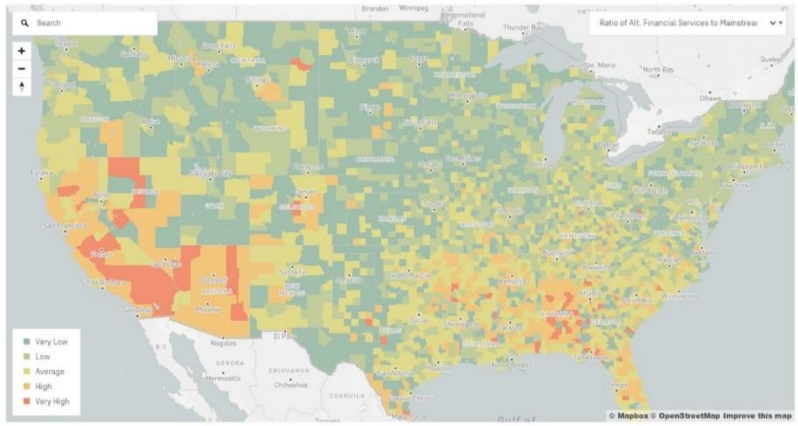


Image 5: The Ratio of Alternative to Mainstream Financial Services, by County. Light green shading = very low ratio of alternative to mainstream financial services. Deep orange shading = very high ratio of alternative to mainstream financial services.

Alternative financial services often outnumber bank and credit union branches in the South and Southwest (see Image 6). For example, there is one alternative financial service for every bank or credit union in Clarke County, Alabama, where median household income is $31,000 and 46% of the population identifies as being from a racial or ethnic minority group. The trend between the South and Midwest is further illuminated by comparing the locations of financial services in Alabama's, California's, and Iowa's most populous cities (Despard & Friedline, 2017). There is almost one bank or credit union branch for every alternative financial service in the Los Angeles metropolitan area, a one-to-one ratio. In Birmingham, Alabama, the ratio is two -to-one. In comparison, there are 16 bank or credit union branches for every one alternative financial service in the Des Moines, IA metropolitan area.

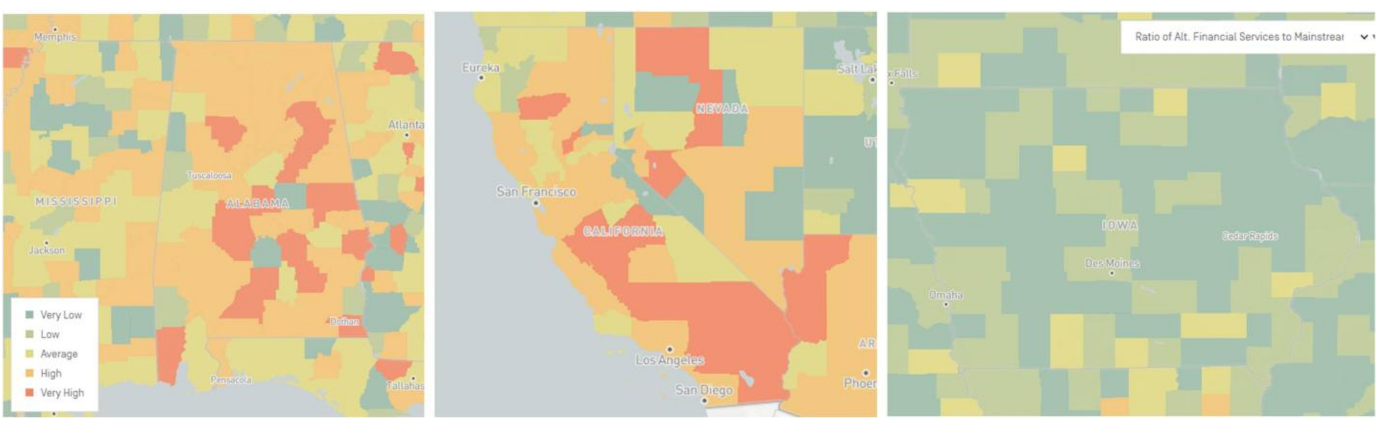


Image 6: The Ratio of Alternative to Mainstream Financial Services, by County. From left to right, Alabama, California, and Iowa. Light green shading = very low ratio of alternative to mainstream financial services. Deep orange shading = very high ratio of alternative to mainstream financial

Many counties have ratios of alternative to mainstream financial services that are higher than the national average (see Image 7). Most counties in Alabama and California, for example, have ratios that are higher than the national average. This is in stark contrast to Iowa, where most counties have ratios that are below the national average despite adhering to similar payday lending regulations as the other states. Though, alternative financial services also include locations like pawn shops and rent-to-own stores, which are not subject to state payday lending regulations.

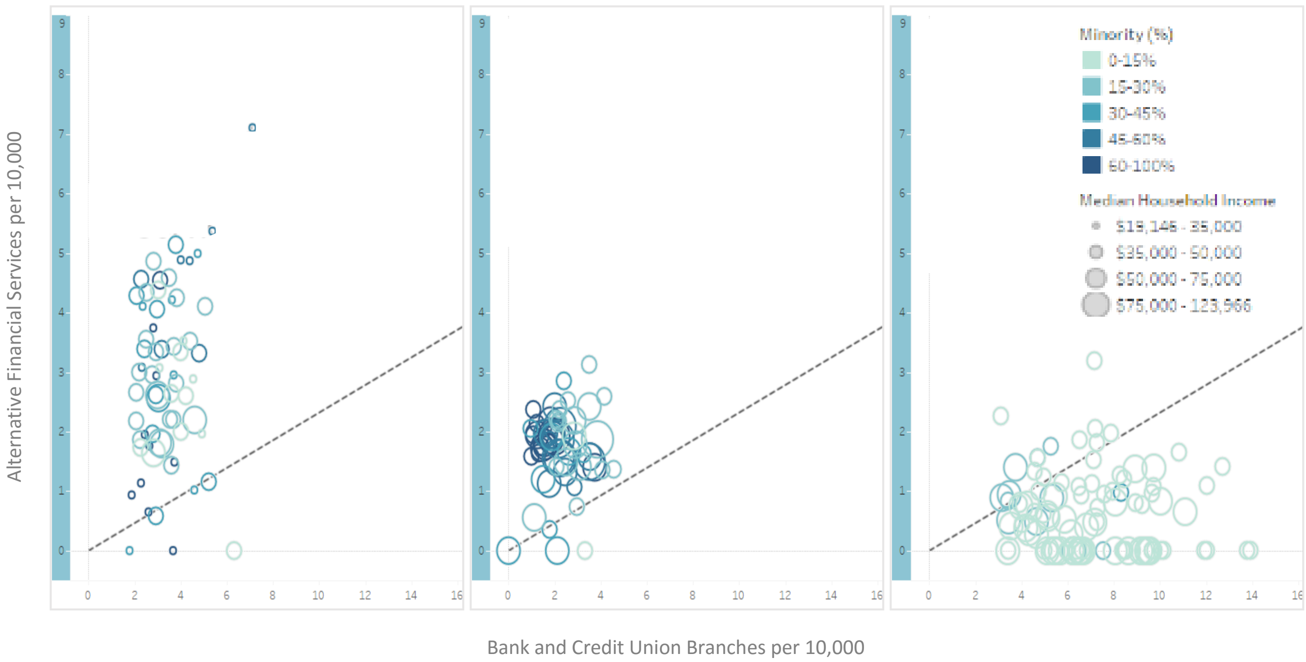


Image 7: The Ratio of Alternative to Mainstream Financial Services by State and County, Relative to the National Average. From left to right, Alabama, California, and Iowa. The ratio of alternative to mainstream financial services by state, county, minority population and median household income. Increasing dark shades of blue circles represent counties' higher percentage of minority population. Increasing large size of circles represent counties' higher median household income. X axis = Alternative financial services per 10,000. Y axis = Mainstream financial services per 10,000. Dotted line = Average US ratio for alternative to mainstream financial services.

Efforts are Underway to Improve Financial Inclusion, Where are they Located?

Recognizing that mainstream financial services are not always located where people need them, local and national efforts aim to improve access to financial services in communities across the country. Efforts include Individual Development Accounts (IDAs), Volunteer Income Tax Assistance (VITA), Community Development Financial Institutions (CDFIs), Bank On coalitions, and financial empowerment centers (see Image 8).

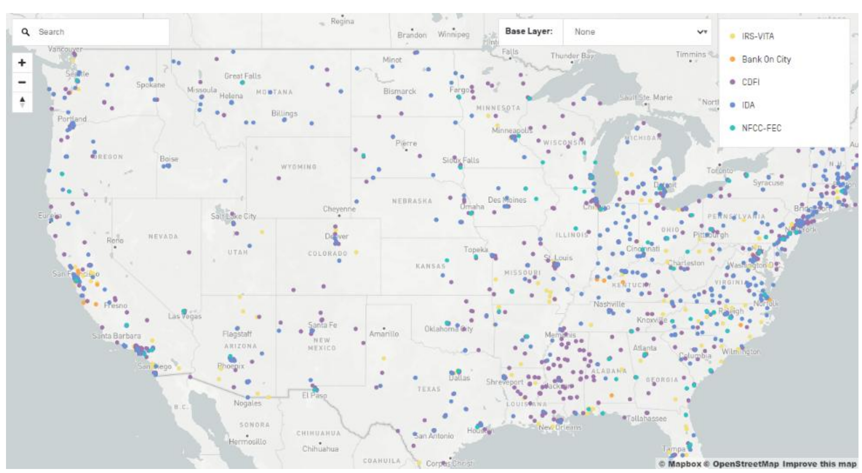


Image 8: Financial Inclusion Efforts. Locations of nonprofit and government-sponsored financial inclusion efforts. Yellow dots = IRS Volunteer Income Tax Assistance locations; Orange dots = BankOn coalitions; Purple dots = Community Development Financial Institutions; Blue dots = Individual Development Account-offering locations; Teal dots = National Foundation for Credit Counseling Financial Empowerment Centers.

These efforts are mostly located in cities, and are more prominent in some cities than others. And, true to their mission-driven origins, these efforts tend to locate in or near the lower-income communities that they aim to serve (see Image 9).

For instance, CDFIs, IDAs, and VITA tax preparation sites are located throughout the New York City and New Jersey area (see Image 9, bottom left). These efforts tend to locate in or near higher poverty areas. This pattern is particularly visible in Newark, Upper Manhattan, and the Bronx.

New York City also has an active BankOn coalition, a collaboration between nonprofit, government, and for-profit entities that aims to increase access to safe and affordable financial products and services.

Image 9: Financial Inclusion Efforts in Los Angeles, Chicago, New York, and Phoenix. Dots represent locations of financial inclusion efforts. Yellow dots = IRS Volunteer Income Tax Assistance; Orange dots = BankOn coalitions; Purple dots = Community Development Financial Institutions; Blue dots = Individual Development Account-offering locations; Teal dots = National Foundation for Credit Counseling Financial Empowerment Centers. Gray base layer = % population living in poverty from the lightest shade < 10% to the darkest shade > 40%.

Community Analyses: Locations of Financial Services in Metropolitan Areas

Given the visual patterns displayed in the web-based platform, Mapping Financial Opportunity also undertook analyses to determine whether there were correlations between the locations of financial services, the ratio of alternative to mainstream financial services, and population demographics like race and poverty. These analyses sought to uncover whether the variations in the availability of financial services across the country were statistically significant. Moreover, these analyses tested a novel policy recommendation to improve access to financial services—postal banking. The complete findings are published in two reports and the key findings are summarized here

Do Metropolitan Areas have Equal Access to Banking?

One question about access to banking is with regard to the relative balance of types of financial services in communities. To assess the availability of banks and credit unions relative to alternative financial services across metropolitan statistical areas (MSAs), a ratio measure of banks and credit unions to AFS providers was used. This measure was similar to the ratio in the web-based platform; however, it differs in some important ways. This ratio used the numbers of financial services per 1,000 residents in zip codes from 356 MSAs. This included 52% of all zip codes and represented 83% of the total US population.

The original plan was to construct a financial opportunity index for communities, yet one that did not merely summarize how communities are comprised of residents with varying levels of income, wealth, and education—which may merely reflect geographic self-selection based on market conditions, not opportunity. Thus, the ratio indicator, while not a sufficient reflection of financial opportunity, nonetheless captures a component of opportunity. MSAs were chosen because these are urban areas roughly identified as markets.

The ratio of banks and credit unions to AFS providers differs a great deal between MSAs. These differences are most stark in two regions: the Rust/Snowbelt states—where population is shrinking, and the Sunbelt—where population is booming. This pattern held for MSAs of different sizes. Thus, there is less financial services opportunity in MSAs where there is the most growth in the number of people needing these services. Regional differences are also related to state laws; MSAs with above-median ratios are more likely to be located in states with a ban on payday lending.

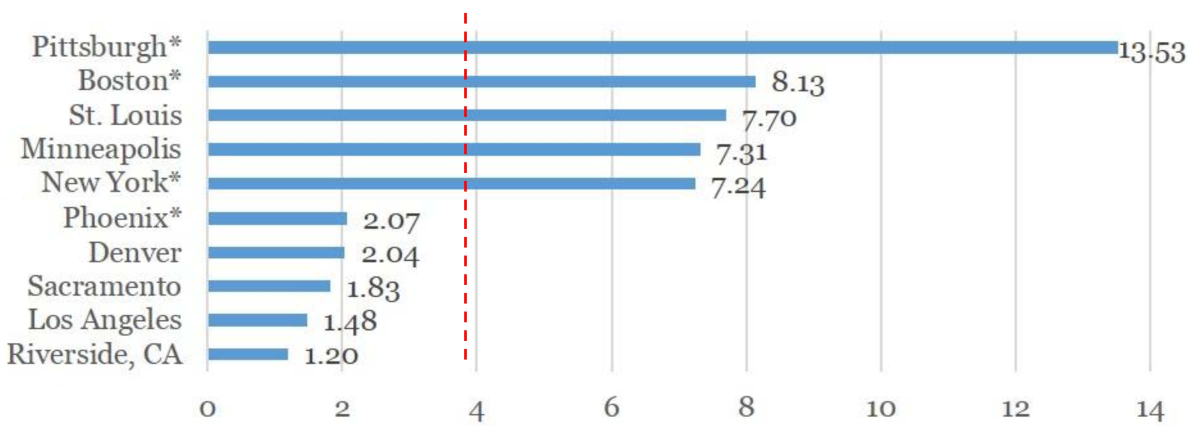


Image 10: The Ratio of Bank/Credit Unions to AFS Providers for the Top and Bottom 5 Metropolitan Statistical Areas with ≥ 2 Million Residents. Complete data are available in the Mapping Financial Opportunity report by Despard and Friedline (2017). Red dotted line = median ratio (3.94; or nearly 4 banks or credit unions for every alternative financial service provider). * = states where payday lending is banned.

MSAs with higher concentrations of Latinos have the lowest ratios of bank and credit union branches to alternative financial services. In medium-sized MSAs, for example, the average proportion of Latino residents was 30% in the bottom or 4th quartile of ratios, where the ratio of banks and credit unions to alternative financial services is the worst (see Image 11). This trend in part explains the lower ratios for MSAs located in the Sunbelt states.

Financial service ratios are lower in MSAs where poverty rates are higher. Residents in MSAs with higher concentrations of poverty may also have less access to financial services. At the very least, these MSAs tend to have lower ratios of banks and credit unions to alternative financial services. The average proportion of residents living in poverty was 19% in bottom quartile MSAs, compared to 12% in top quartile (see Image 11).

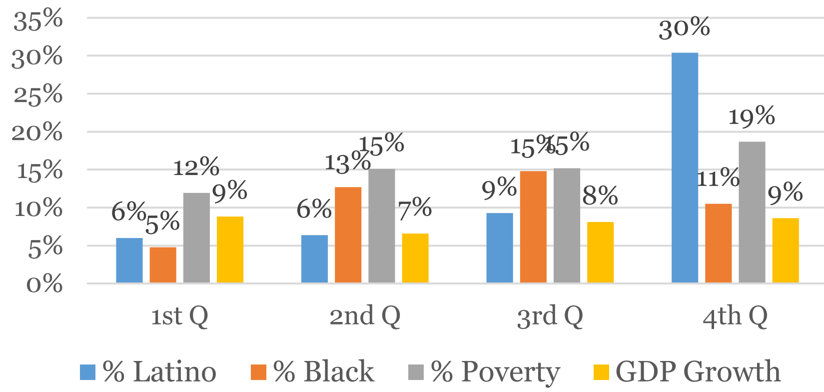


Image 11: Racial and Economic Characteristics of Medium MSAs by the Ratio of Bank/Credit Union to Alternative Financial Services. Medium MSAs have between 500,000 to 2 million residents. Complete data are available in the Mapping Financial Opportunity report by Despard and Friedline (2017).

These findings broadly indicate that the mix of mainstream and alternative financial services differs across communities by region and based on demographic characteristics. These findings can help financial institutions, policy makers, and advocates understand where this mix weighs less in favor of consumers to help guide and prioritize decisions about bank and credit union branch openings or closings.

Can Post Offices Increase Access to Financial Services?

So far, evidence indicates that the availability of different types of financial services varies based on both geography and the characteristics of communities regarding race, income, and poverty. The same may also be true of post office locations. Therefore, the primary motivation for this investigation was to examine the potential reach of postal banking, which has been proposed by numerous researchers and policymakers yet with little data regarding where post offices are located relative to other financial services. This investigation analyzed data from31,489 zip codes across the United States and densities—the numbers of financial services and post offices per 1,000 residents within zip codes.

Rural communities have the lowest population-adjusted densities of banks and credit unions, and the highest densities of post offices. This suggests that rural communities are best poised to benefit from postal banking, at least based on geographic availability of post offices relative to other financial services (see Image 12). Post office density is also dramatically higher in banking deserts—zip codes where there are no banks or credit

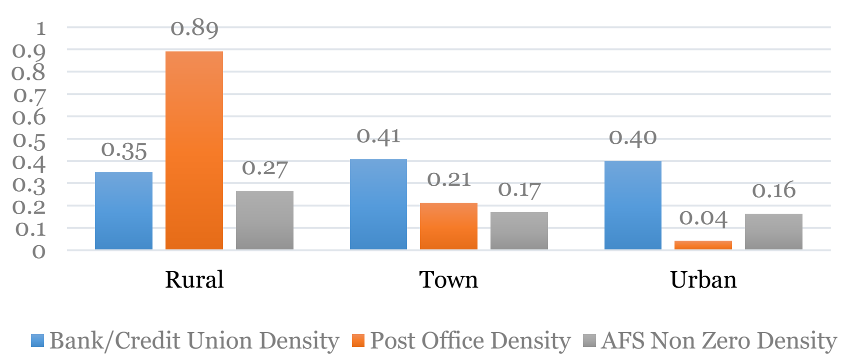


Image 12: Financial Service and Post Office Densities by Geography. AFS Non Zero density sample is comprised of zip codes with at least one AFS provider. Complete data are available in the Mapping Financial Opportunity report by Despard and Friedline (2017).

unions—compared to non-deserts. The preponderance of these banking deserts are located in rural areas.

In lower-income zip codes, bank and credit union density is lowest and alternative financial services density is highest. For example, in communities with concentrated poverty—where the proportion of residents living in poverty is ≥20%—bank and credit union density is lower and alternative financial services density is higher compared to non-poor communities (see Image 13). Yet post office density is much higher in communities with extreme poverty concentration.

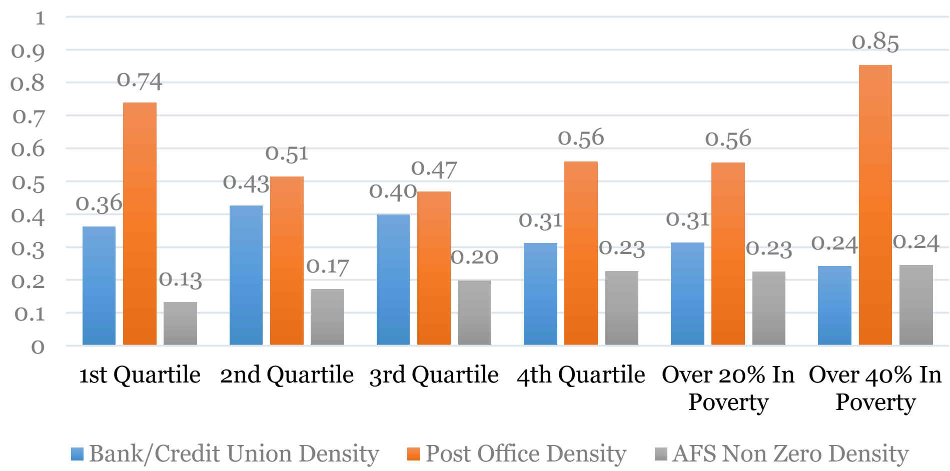


Image 13: Financial Service and Post Office Densities by Poverty Rates. AFS Non Zero density sample is comprised of zip codes with at least one AFS provider. Complete data are available in the Mapping Financial Opportunity report by Despard and Friedline (2017).

Black and Latino communities have higher densities of alternative financial services. Bank and credit union densities are lowest and alternative financial services densities are highest in communities where at least half of the residents are Black or Latino. In zip codes where half or more of the population is Black or Latino, bank/credit union density is 0.26 compared to 0.38 for zip codes where this is not the case.

In sum, rural, poor, and racially segregated communities are at a disadvantage regarding availability of financial services, yet not with respect to the availability of post offices. Thus, based on their geo-spatial distribution, post offices have the potential to compensate for lower access to financial services in these communities. However, the Mapping Financial Opportunity project does not offer any findings that could help determine whether postal banking itself is a viable policy option.

Household Analyses: Managing, Coping, and Building Financial Health

Despite apparent differences in the locations of financial services across US communities, rather little is known about whether and how these differences matter for households' financial health. Therefore, Mapping Financial Opportunity investigated whether households were sensitive to the locations of financial services within their communities, holding constant other factors like individuals' and their communities' race, poverty, unemployment, and proxies for access to online or mobile technologies.

Here, the locations of financial services were measured in two different ways—concentration and composition. *Concentration* was measured as bank and credit union branches and alternative financial services per 1,000 population, adjusting for population and similar to the density measures used in the community analyses. *Composition* was a measure of financial services relative to one another, similar to the ratio measure. That is, there may be differences in a household's financial health if the density of alternative financial services equal or outnumber that of bank and credit union branches. From this perspective, the relative mix of financial services may matter for households' financial health.

The concentration and composition of financial services within communities is important for lowest- and modest-income households' financial health. Living in communities where densities of banks and credit unions outnumber alternative financial services is associated with a 25% increase in lower-income households' overall financial health (see Image 14). Moreover, there is no evidence that the concentration and composition of financial services matter for highest-income households, who have more resources for managing, coping, and building their financial health.

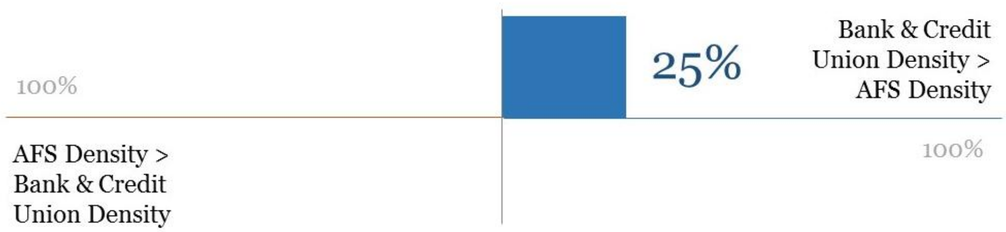


Image 14: Increase in Overall Financial Health for Lowest-Income Households. Based on findings from the 2014 Consumer Financial Health Study (CFHS). Complete data are available in the Mapping Financial Opportunity report by Friedline, Despard, and West (2017a).

Lowest-and modest-income households' financial health is negatively affected when they live in communities where alternative financial services equal or outnumber banks and credit unions. For example, lowest-income households living in communities with higher densities of bank and credit union branches have an increased ability to afford their monthly bills, whereas higher densities of alternative financial services are associated with their reduced ability to afford these bills (see Image 15).

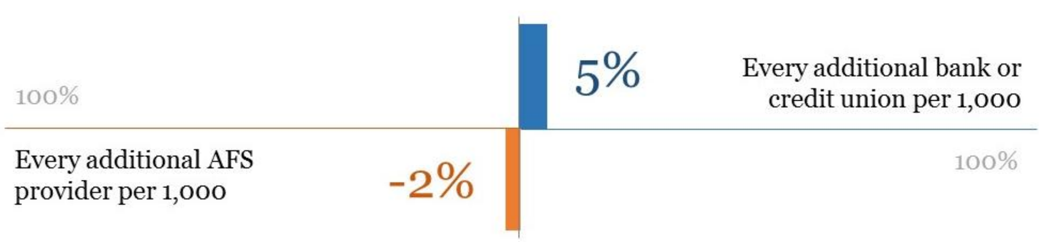


Image 15: Change in the Probability that a Lowest-Income Household can Afford Monthly Bills. Based on findings from the 2012 National Financial Capability Study (NFCS). Complete data are available in the Mapping Financial Opportunity report by Friedline, Despard, and West (2017a).

Modest-income households may be better able to leverage their communities' presence of banks and credit unions to cope with changing financial circumstances, like emergencies and income volatility. Some households may be better prepared for financial emergencies when they live in communities with greater densities of banks and credit unions than alternative financial services. There is some evidence that the composition of financial services in communities relates to modest-income households' emergency savings. The probability of saving for emergencies increases by 4% when modest-income households are located in communities with at least equal densities of different types of financial services, when compared to living in communities where AFS providers outnumber bank and credit union branches.

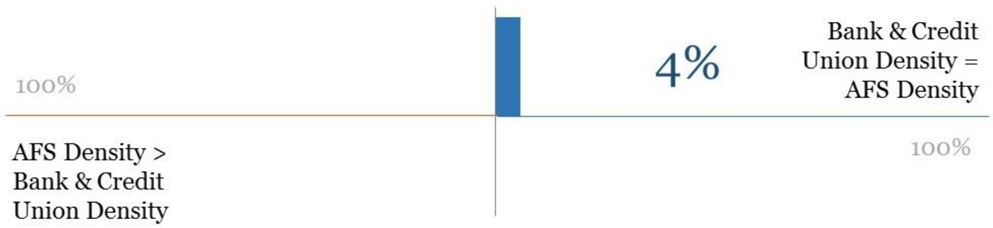


Image 16: Change in the Probability that a Modest-Income Household Saves for Emergencies. Based on findings from the 2012 National Financial Capability Study (NFCS). Complete data are available in the Mapping Financial Opportunity report by Friedline, Despard, and West (2017b).

When it comes to building financial health, the financial services in their communities may help lowest-income households save and invest in the future. There are relationships between the composition of financial services within a community and the amount of assets accumulated by lowest-income households. In fact, there is almost a 30% rise in the accumulation of financial assets associated with lowest-income households who live in communities with densities of bank and credit union branches that equal and outnumber those of alternative financial services (see Image 17).

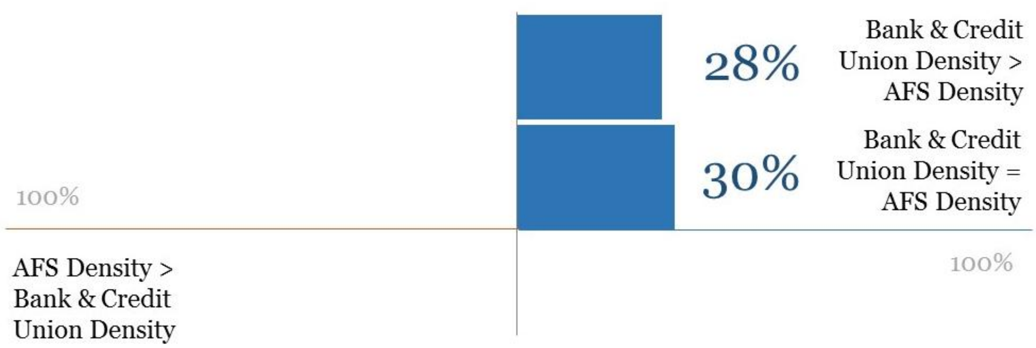


Image 17: The Rise in the Accumulation of Liquid Assets for a Lowest-Income Household. Based on findings from the 2014 Consumer Financial Health Study (CFHS). Complete data are available in the Mapping Financial Opportunity report by Friedline, Despard, and West (2017c).

In sum, when they have mainstream financial services in their communities, the evidence suggests that lowest- and modest-income households can make the most of these services and improve their financial health. They may be better able to afford their bills, cope with emergencies, and build assets. However, living in communities with higher densities of alternative financial services—or communities where alternative financial services outnumber banks and credit unions—may have negative effects on their financial health.

Product Surveys: Safe and Affordable Checking Accounts

Some households may not be able to afford the financial products and services offered by banks and credit unions, despite having branches conveniently located within their communities. Therefore, Mapping Financial Opportunity conducted product surveys with random samples of banks, credit unions, and payday lenders across the country in order to uncover the costs and fees associated with their most basic products. Bank and credit union representatives, including tellers, sales associates, and branch managers answered survey questions about entry-level checking accounts. Payday lenders' representatives, including cashiers and sales associates, answered survey questions about first-time, entry-level payday loans.

It is important to note that survey data were collected from the perspective of the consumer. In other words, survey responses do not represent financial services' official policies; instead, they represent the information that a consumer might receive when they walk into a branch location and ask questions. This perspective is important because it can reveal differences between policy and practice. Moreover, the consumer ultimately decides whether financial products and services are safe and affordable, and the information they receive from financial service representatives can help them make these decisions.

This report only provides a summary of the findings from the stratified random sample of banks. Analyses of data from the surveys with credit unions and payday lenders are forthcoming.

Are Banks' Entry-Level Checking Accounts Safe and Affordable?

The first question Mapping Financial Opportunity explored with bank surveys explored how banks' entry-level checking accounts met the 2017-2018 Bank On National Account Standards set forth by CFE Fund, and similar to the FDIC's Model Safe Accounts template. These standards recommend core features that include point-of-sale capability, an opening deposit of $25 or less, a monthly maintenance fee up to $10, no overdraft or insufficient funds fees, and free online and mobile banking.

Most banks do not have a basic, entry-level checking account that meets the full set of safe and affordable features. Nine percent of the banks have accounts that meet the full set of core features. That is, their entry-level account has point-of-sale capability and minimum opening deposit and maintenance fees within the recommended ranges. Though, banks' entry-level accounts perform better when separately evaluating individual features of the 2017-2018 Bank On National Account Standards. For example, 19% of banks' basic, entry-level accounts have a minimum opening deposit of $25 or less. Fifty-four percent of banks' entry-level accounts do not have a maintenance fee

Representatives struggle to communicate their account features to customers, and often are not sure about their bank's official policies. This is an important discovery because customers may rely on banks' representatives like tellers and branch managers to understand their entry-level checking account's features and fees. For example, 56% of banks' representatives report using discretion to decide how to charge overdraft fees, meaning that a customer's experience could change depending on the person making the decision. Representatives often qualified their responses to survey questions about their banks' policies on charging overdraft fees by saying, "I think it works this way," or "It depends."

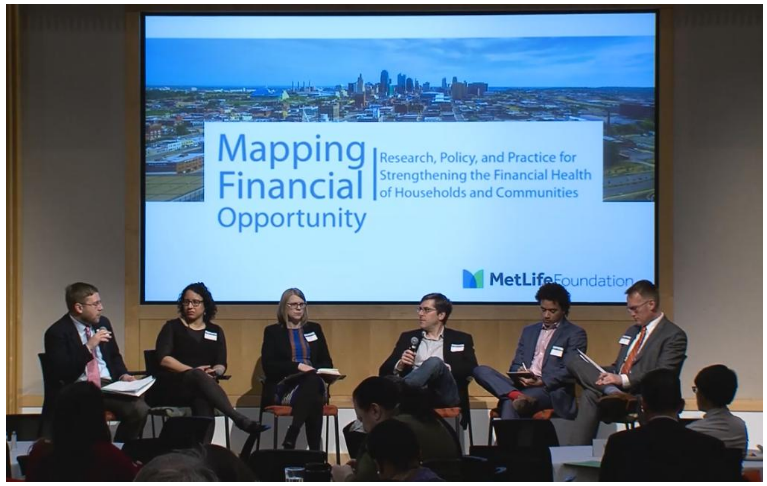
Banks are making changes to the features of their products and services all the time and the features of their checking or transaction accounts may be very different several years—or even months—from now. Even in spite of the rapidly changing financial services marketplace, this investigation helps us to further understand the features of entry-level accounts and whether or how consumers experience these features as safe and affordable.

Key Dissemination Activities

Mapping Financial Opportunity: Research, Policy, and Practice for Strengthening the Financial Health of Households and Communities

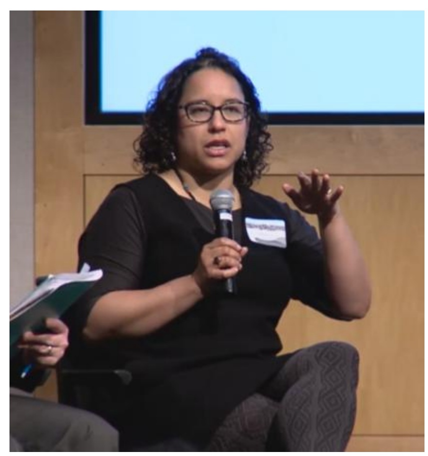
February 24, 2017 • Kauffman Foundation Conference Center, Kansas City, KS

The Mapping Financial Opportunity event in Kansas City was notable for its very diverse participation. Panelists represented the perspectives of academic institutions, federal agencies, financial service providers, and advocates for lower-income communities and communities of color. The three panels held throughout the day were interactive with considerable audience participation. Conversation was especially robust about what the reports reveal or do not reveal about access to financial services, and the importance of reaching out further to gain the perspectives of unbanked individuals. Remarks from well-known national experts provided bookends for the day's conversations. Ray Boshara, Senior Advisor and Director of the Center for Household Financial Stability at the Federal Reserve Bank of St. Louis, provided a keynote address and Dr. William Elliott, Director of the Center on Assets, Education, and Inclusion at the University of Michigan, provided concluding remarks.



From left to right: Justin King, New America; Andrea Luquetta-Kern, California Reinvestment Coalition; Lindsay Daniels, National Council of La Raza; Mathieu Despard, University of Michigan; Jacob W. Faber, New York University; Jeremy Hegle, Federal Reserve Bank of Kansas City.

Place matters: Does access to financial services depend on where you live? During the first panel of the day, Mathieu Despard, Assistant Professor at the University of Michigan and Mapping Financial Opportunity co-principal investigator, unveiled the web-based platform to audience members. Panelists engaged in conversation about their work to expand financial opportunity and how the web-based platform is an important tool for policymakers and practitioners. Panelists also debated a critical question: whether having financial services in the community where a person lives makes a difference for their financial access.



Andrea Luquetta-Kern
Deputy Director, California Reinvestment Coalition

Based on her work at the California Reinvestment Coalition, Andrea Luquetta-Kern offered evidence that place was critical for lower-income households. She described how lower-income households receiving government assistance had to travel extensively to find an ATM where they could make withdraws from their government-issued card without incurring fees. In other words, households make tradeoffs between spending hours to find a free ATM or save time and incur fees by using a more conveniently-located ATM. Moreover, Luquetta-Kern suggested that the US has a financial system that works—it could just work better for lower-income households.

In his role as an Assistant Professor at New York University, Jacob Faber studies extensively how place matters. His research focuses on how the spatial organization of types of financial services coincide with race and class, such as payday lenders, subprime mortgage lending, and redlining practices. Faber said that where a person lives matters for just about everything in their lives. And, through his research, he is uncovering patterns between racial discrimination and the locations of financial services.

Jacob W. Faber
Assistant Professor, New York University

How can household financial security be improved through financial inclusion? Another panel during the event addressed how the locations of financial services were related to households' financial health. Terri Friedline, Assistant Professor at the University of Kansas and Mapping Financial Opportunity co-principal investigator, presented findings from the household analyses.

Shawn Spruce, a consultant with First Nations Development Institute with two decades of leadership experience on economic development, moderated the panel discussion on households' access to financial services. Experts discussed their work with lower-income households and how important it is for financial services to develop trust with their customers.

Shawn Spruce
Consultant, First Nations Development Institute

As a program officer with Greater Kansas City LISC, Trese Robinson described how she has the opportunity to witness how hundreds of nonprofits are providing a bridge between lower-income households and financial services. While providing leadership to over 250 financial services providers in Kansas City, she has discovered that lower-income households are resilient and ingenious in making ends meet; they also are wary of financial services where they have received costly and unexpected fines.

At the end of the day, panelists and Mapping Financial Opportunity research team members facilitated breakout sessions to generate audience ideas about 1) effective strategies to promote financial inclusion in underserved communities; and 2) financial service product features most important to promote financial security and economic mobility of lower-income households. A range of ideas were generated, and major themes included better engaging credit unions for providing access to financial services, leveraging local efforts like the FDIC's Alliance for Economic Inclusion (which is very active in Kansas City), and developing resources for marginalized populations such as immigrants and survivors of domestic violence and human trafficking.

Trese Robinson
Program Officer, Greater Kansas City LISC

The event in Kansas City acts as a template for bringing a diverse group of stakeholders together to have challenging, yet constructive dialogue about financial inclusion—including new groups of stakeholders that have entered this field to offer a range of mobile and technologically-driven solutions to financial exclusion. Two voices that could be more prominent in future events could be banks who are struggling to better reach under-served households and communities, and individuals who are not being reached.

From left to right: Shawn Spruce, First Nations Development Institute; John Thompson, Center for Financial Services Innovation; Trese Robinson, Greater Kansas City LISC; Amelia Reyes, Catholic Charities of Northeast Kansas; Terri Friedline, University of Kansas.

Brief Research Reports

The findings from Mapping Financial Opportunity are reported in six brief reports:

- Despard, M. & Friedline, T. (2017). *Do metropolitan areas have equal access to banking? A geographic investigation of financial services availability*. Ann Arbor, MI: University of Michigan, Center on Assets, Education, and Inclusion. Retrieved from https://www.newamerica.org/documents/1911/Do_Metropolitan_Areas_have_Equal_Access_to_Banking.pdf

- Despard, M. & Friedline, T., Refior, K. (2017). *Can post offices increase access to financial services? A geographic investigation of financial services availability*. Ann Arbor, MI: University of Michigan, Center on Assets, Education, and Inclusion. Retrieved from https://www.newamerica.org/documents/1912/Can_Post_Offices_Increase_Access_to_Financial_Services.pdf

- Friedline, T., Despard, M., Eastlund, R., & Schuetz, N. (2017). *Are banks' entry-level checking accounts safe and affordable*? Ann Arbor, MI: University of Michigan, Center on Assets, Education, and Inclusion. Retrieved from https://www.newamerica.org/documents/1913/Are_Banks_Entry-Level_Checking_Accounts_Safe_and_Affordable.pdf

- Friedline, T., Despard, M., & West, S. (2017a). *Navigating day-to-day finances: A geographic investigation of brick-and-mortar financial services and individuals' financial health*. Ann Arbor, MI: University of Michigan, Center on Assets, Education, and Inclusion. Retrieved from https://www.newamerica.org/documents/1909/Navigating_Day-to-Day_Finances.pdf

- Friedline, T., Despard, M., & West, S. (2017b). *Resilient in the midst of financial change: A geographic investigation of brick-and-mortar financial services and individuals' financial health*. Ann Arbor, MI: University of Michigan, Center on Assets, Education, and Inclusion. Retrieved https://www.newamerica.org/documents/1908/Resilient_in_the_Midst_of_Financial_Change.pdf

- Friedline, T., Despard, M., & West, S. (2017c). *Investing in the future: A geographic investigation of brick-and-mortar financial services and individuals' financial health*. Ann Arbor, MI: University of Michigan, Center on Assets, Education, and Inclusion. Retrieved from https://www.newamerica.org/documents/1910/Investing_in_the_Future.pdf

Peer-Reviewed and Additional Invited Presentations

Over the course of the project period, Drs. Friedline and Despard have presented findings from Mapping Financial Opportunity in the following venues:

- Friedline, T., & Despard, M. (2016, September). *Community access to financial services.* Paper presented at the Assets Learning Conference, Washington, DC.

- Despard, M. (2017, March). *Research on the financial security of low- and moderate-income households.* Center for Community Capital, University of North Carolina at Chapel Hill. Chapel Hill, NC.

- Friedline, T., & Despard, M. (2017, May). *Mapping Financial Opportunity: An exploration of mainstream and alternative financial services in the U.S.* Federal Deposit Insurance Corporation (FDIC), Division of Depositor and Consumer Protection. Washington, DC.

- Friedline, T. (2017, September). *Mapping financial opportunity: Considerations for credit unions*. Invited keynote presentation at the National Federation of Community Development Credit Unions' Annual Conference in St. Louis, MO.

The presentation to the FDIC in May was particularly fruitful. FDIC staff asked questions about Mapping Financial Opportunity's methods and findings and shared key findings from their related work. We discussed FDIC's reasonable distance methodology, which is an additional way to conceptualize and measure access to financial services. Subsequently, the geographer on the Mapping Financial Opportunity team, Xanthippe Wendel was able to construct these same reasonable distance measures within the data, which we plan to use in analyses for peer-reviewed manuscripts.

In addition, Drs. Friedline and Despard submitted two papers that are part of a symposium on financial inclusion for the 2018 Society for Social Work and Research conference. Lastly, Drs. Friedline and Despard have cited or are citing Mapping Financial Opportunity research reports in the following publications under review or in preparation:

- Friedline, T., Despard, M., & West, S. Does the composition of financial services in a community relate to an individual's savings account ownership? Submitted to *Journal of Community Practice.*

- Despard, M., Friedline, T., & West, S. Overemphasizing financial literacy ignores real reasons households lack emergency savings. Submitted to *Journal of Family and Economic Issues*.

- Despard, M., Grinstein-Weiss, M., de Ruyter, A., Guo, S., Oliphant, J., & Friedline, T. Bank account ownership: Effects of a tax-time savings intervention on household financial behavior. Submitted to *Journal of Financial Counseling and Planning.*

- Despard, M. Financial inclusion and social entrepreneurship. In *Social work entrepreneurship, intrapreneurship and social value creation: relevance for contemporary social work practice* (to be published by NASW Press).

- Friedline, T., Rauscher, E., West, S., Phipps, B., Kardash, N., Chang, K., & Eckert, M. "They will go like I did": How parents think about college for their young children in the context of rising costs. Submitted to *Children and Youth Services Review*.

- Huang, J., Sherraden, M. S., Despard, M. R., Rothwell, D., Friedline, T., Doran, J., Zurlo, K., Birkenmaier, J., Callahan, C., & McKinney, R. Chapter 12: Financial capability and asset building for all. In book to be published on Social work grand challenges by NASW/Oxford University Press.

Media Coverage & Commentary

Following publication of our Mapping Financial Opportunity research report series, we received several media requests, some of which resulted in coverage as follows:

- Times-Herald Record, Middletown, NY—March 20, 2017 article on bank closures: "M&T Bank branch in Roscoe plans to close in May"

- MarketWatch—April 5, 2017 article on postal banking: "Post offices could give low-income Americans access to financial services" Retrieved from http://www.marketwatch.com/story/would-you-bank-at-the-post-office-2017-04-05

In an effort to elevate and further illuminate the national dialogue concerning economic inclusion, we also published the following commentary pieces:

- Despard, M., & Friedline, T. (2017, March). Mapping Financial Opportunity: Can Post Offices Increase Access to Financial Services? [Web log comment]. Universal Postal Union. Retrieved from https://postfi.wordpress.com/2017/03/03/mapping-financial-opportunity-can-post-offices-increase-access-to-financial-services/

- Friedline, T., & Despard, M. (2016, March). Struggling to stay nourished in a banking desert. *The Atlantic.* Retrieved from http://www.theatlantic.com/business/archive/2016/03/banking-desert-ny-fed/473436/

Plans for Next Steps

Product and Service Innovation Outcome Studies

Looking ahead to next steps for our research, one focal area we have identified is product and service innovation. We are interested in this area for three reasons. First, we want to better understand the link we discovered between access to different types of financial services and household financial well-being—particularly among lower-income households. Second, our findings concerning the proportion of banks that meet all of the Bank On safe and affordable national account standards was a sobering indicator that while households may have access to financial institutions, these institutions do not necessarily offer products and services that meet their needs. Third, we received encouragement from advisory board members to focus more on product and service innovations of credit unions.

We are interested in understanding whether certain types of credit union products and services have a positive impact on household financial security. This has led to discussions and meetings with the Federation of Community Development Credit Unions and Neighborhood Trust Financial Partners in New York City about conducting research on the Pathways project, which is supported by MetLife Foundation. We hope to examine outcomes of Pathways, such as changes in credit scores and scores of the Consumer Financial Protection Bureau's Financial Well-being scale. We also want to help the Federation and Neighborhood Trust determine whether Pathways is associated with improved product performance to help identify a business case for offering financial counseling in branches or through other means to members. These findings—if favorable—might also provide encouragement and guidance to banks to implement similar services for their customers.

Project Limitations

As with all research, Mapping Financial Opportunity's data and analyses are imperfect. Readers should keep a few of the project's most notable limitations in mind as they interpret the findings described in this report and consider their implications. Limitations are also described in detail in the project's published reports.

A common research limitation is the inability to advance causal claims, and the findings from the Mapping Financial Opportunity project are correlational. In other words, we do not claim that banks, credit unions, or payday lenders locate in a community *because* of its racial or economic composition (or vice versa, that people of color locate in communities *because* of the payday lenders that are located there). At the same time, the inability to make causal claims does not always undermine these findings. Correlational evidence should be enough to conclude that it is problematic for disproportionate numbers of alternative financial services to be located in lower-income communities and communities of color.

For the household analyses, related limitations include the reliance on single years of data and zip codes. For example, for household analyses, we analyze data from the 2012 National Financial Capability Study (NFCS) made available by FINRA Investor Education Foundation and the 2014 Consumer Financial Health Study made available by the Center for Financial Services Innovation (CFSI). We chose these data given that they are well-known for their extensive measures of households' financial inclusion and health and large sample sizes. Unfortunately, these data do not allow us to measure changes over time in the locations of financial services or changes in households' outcomes.

These data also use zip codes to measure communities, which is another limitation of household analyses. Both the 2012 NFCS and 2014 CFHS collected respondents' zip codes that were cross-walked to US Census Bureau Zip Code Tabulation Areas (ZCTAs) and used to make linkages with community demographic and financial services data. Thus, the inclusion of respondents' zip codes made it possible to test our hypotheses. However, zip codes and their presumably more accurate counterparts, ZCTAs, are imperfect proxies for communities and are not geographic units (Grubesic, 2008). Concerns are that zip codes and ZCTAs could introduce bias into the results because their boundaries cover inconsistent square mileages and are not population-normed like census tracts. To address these issues, we control for population density and square mileage. Though, importantly, zip codes' and ZCTAs' limitations would actually bias our results downward and make our estimates *more* conservative—not overstated. In fact, the Mapping Financial Opportunity project's findings based on zip codes and ZCTAs provide support for advancing this line of inquiry using more precise, granular geographic units.

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Grubesic, T. (2008). Zip codes and spatial analysis: Problems and prospects. *Socio-Economic Planning Sciences, 42*(2), 129-149. doi: 10.1016/j.seps.2006.09.001