


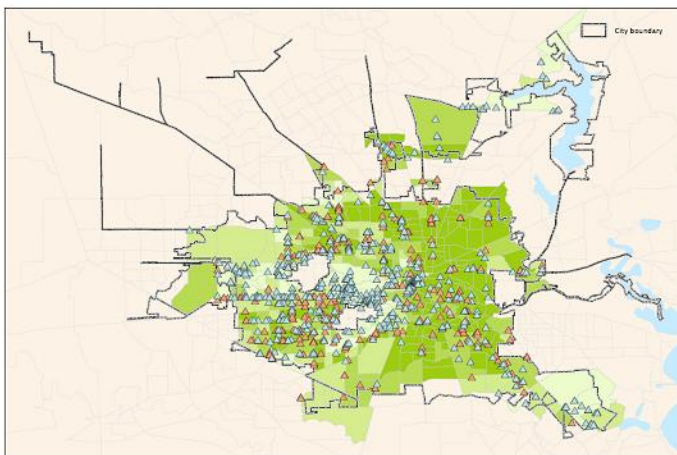




Bank on Houston is a collaborative effort of the City of Houston; the FDIC; the National League of Cities; the Federal Reserve Bank of Dallas, Houston Branch; 20 banks and credit unions and numerous community organizations to bring the city's unbanked individuals into the financial mainstream. There are three goals:

-  Raise awareness among unbanked consumers, specifically the low-income market, about the benefits of account ownership and spur them to open accounts.
-  Make quality money management education more easily available to low-income Houstonians.
-  Raise awareness of the economic impact of being unbanked and work to find potential solutions.

Geographic distribution of financial service institutions in Houston.

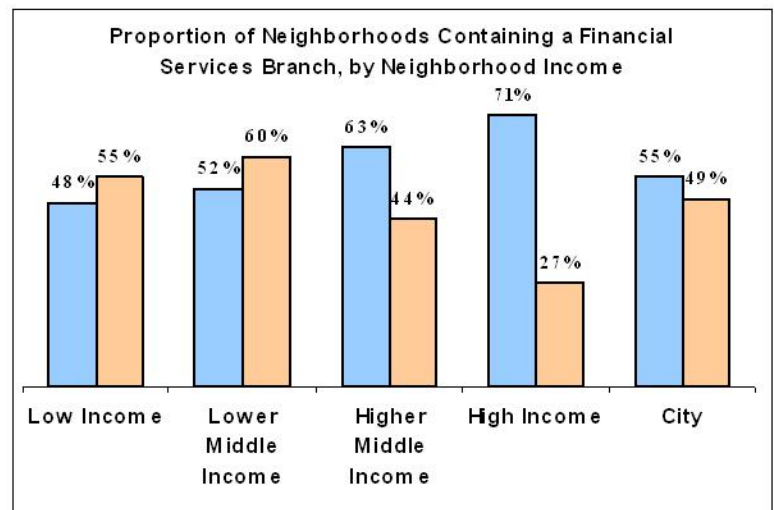


- Reasons for being unbanked**
- \$ - Cultural and language barriers
 - \$ - Mistrust of banks
 - \$ - Don't think they write enough checks
 - \$ - Lack of access to a bank
 - \$ - Belief there is nothing left after paying bills

 Bank or Credit Union
 Alternative Financial service provider

Who are the unbanked in Houston

As of the 2000 census, the latest figures available, Houston's per capita income was \$20,101. In general, per capita income is lowest in the eastern half of the city where minorities tend to be the majority. For example, Magnolia Park, Carverdale and Greater Third Ward have the lowest per capita incomes in the city. According to a Brookings Institute study, low income Houston neighborhoods have less access to a bank or credit union than high income neighborhoods.



The social cost

An in-depth analysis of five minority dominated neighborhoods found that as many as 51% of the households in these neighborhoods do not have relationships with banking institutions. Without a bank account, people pay more to conduct financial transactions. Families do not have safe places to keep their money. Robberies tend to be more prevalent around check cashing outlets, especially on payday. Unbanked individuals are especially vulnerable in the event of a disaster. Seven out of ten Hurricane Katrina evacuees didn't have bank accounts. As a result, their money washed away when the levees broke. Alternative products offered by banks could help reduce these social costs while creating opportunities for helping families achieve financial stability by converting the current spending on high-cost services into savings and wealth.

Basic Financial Services Infrastructure in Houston (estimates)			
Number of non-bank check cashers	195	Number of payday lenders	237
Total value of checks cashed	\$449,671,394	Total value of payday loans	\$414,082,292
Total fees on checks cashed	\$11,241,785	Total fees on payday loans	\$67,288,372
Number of pawn shops	174	Number of banks and credit unions	23
Total value of pawn loans	\$41,834,968	Major banks, by number of branches	Chase, Wells Fargo, Bank of America Washington Mutual, Amegy

To be part of Bank on Houston contact: 832-393-3406, send email to controllers@cityofhouston.net or visit our Web site at www.bankonhouston.org.

Illustrations by Brookings Institute