Engaging Young Adults in Credit Union Products

Integrating Banking, Saving & Credit-building into Youth Employment Programs
MyPath – History

- 1971 Mission Area Federal Credit Union established
- 2007 Credit Union Board hires ED to launch non-profit affiliate
- 2011 MyPath spins off as independent nonprofit with a youth focus
- 2013 SF Fed publishes groundbreaking White Paper on MyPath Savings
- 2014 MyPath begins first rigorous study of a youth financial capability model
- 2015 MyPath builds key scaling infrastructure and new Credit model
- 2016 MyPath initiatives in 8 cities, serving 4,500 low-income working youth
Why MyPath?

- 20 million youth ages 16-24 participating in the workforce
- Many low-income working youth growing up in “financial deserts”
- Many barriers to youth banking, particularly for minors
- Research demonstrates the power of starting early
- Youth employment programs are a powerful channel to reach low-income youth earning their first paychecks

MyPath’s vision is that every low-income youth has the chance to make their first paycheck not just about income, but lasting economic mobility.
Attracting younger members is crucial for the future of credit unions. While the median member age is ~47, peak borrowing ages are 25 – 44.

The largest Millennial “one-year” cohort is only 23, meaning the Millennial generation will continue to be a sizable part of the population in the near future.

Source: This year, Millennials will overtake Baby Boomers, Pew Research, 2015.
Why Credit Unions?

18 – 24 year-olds comprise about 9% of CU members

Credit Union Membership

- 34% of Millennials do not use a credit union instead of a bank because they don’t know much about them

Source: Conducted by Google Consumer Surveys, December 2014 – January 2015

- Millennials
- Gen X
- Baby Boomers
1. MyPath Engineers Effective Models

**Traditional Financial Education**

Retail Check Cashing + Traditional Financial Education = FINANCIAL INSECURITY

**MyPath’s Financial Capability Approach**

Quality Financial Products + MyPath Financial Curriculum + Personal Goal Setting = FINANCIAL EMPOWERMENT AND MOBILITY
2. MyPath Shares What Works
3. MyPath Advances Policy Change

- Created MyPath National Youth Banking Standards
- Support a team of youth that lead youth financial inclusion campaigns
- Engage with regulators and policymakers to advance youth financial inclusion and integration into youth employment system
MyPath Credit – Pilot Components

- Combined Credit Builder + Savings Product
- Group Financial Workshops & Individualized Coaching
- Auto-debit
- Goal Setting
MyPath Credit – 2-Year Pilot Results

First ever youth-focused credit-building model in the country.

- Reached **400+** low-income working youth ages 18-24.
- **85 percent** of participants see an improved FICO credit score at the end of the 12-month program.
- **FICO scores of 650 to 700** within six months for youth that started with no score or thin files.
- Study results forthcoming from research team at University of Georgia.
MyPath Savings– 2-Year Quasi-Experimental Study

**Of youth participants ENROLLED into savings accounts:** 97%

**SET a personal savings goal, using a savings contract:** 100%

**MET their savings goal:** 96%

**34% of income SAVED**

**MYPATH SAVINGS PARTICIPANTS: 3-5X** More likely than comparison group to have increased confidence to carry out basic financial behaviors (i.e., saving, budgeting, spending)

**MYPATH SAVINGS + PEER COACHES GROUP**

- **9X** More likely than comparison group to have increased financial knowledge of core financial concepts
- **11X** More likely than comparison group to report increased usage of sophisticated financial management behaviors
MyPath Tool Box

Technical Assistance Services

- For financial institutions to adopt MyPath’s National Youth Banking Standards
- For city agencies and youth employment nonprofits

Planning Tools & Support to local partnerships

Train-the-Trainer for Line Staff & Youth Leaders

MyPath Money to support delivery
MyPath National Youth Banking Standards

- Build upon Bank On 2.0 and FDIC’s Safe Account
- Create youth-friendly products and enrollment processes

**Product**

- Non-custodial savings and checking accounts for ages 15+
- No ability to overdraft
- Low to no fees for basic access
- Offer free mobile and online banking

**Enrollment**

- Accept Alternate IDs, such as School IDs
- Additional Address Verification Options
- Bring remote enrollment to program sites
Youth Banking Barriers

1. Custodial account requirement presents barriers & challenges:
   - If a parent/guardian is undocumented or on ChexSystems
   - If a parent/guardian isn’t available
   - Funds may not go to the youth wage earner
   - Don’t offer developmental opportunity to manage the account

2. ID requirement presents a barrier to most young people

3. Accessing branches to open accounts presents a barrier
MyPath Money – A mobile platform that engages youth in key financial practices
MyPath Footprint: Current

City Partners: Ferguson (MO), Las Vegas (NV), Reno (NV), Seattle (WA), Los Angeles (CA), Oakland (CA), San Francisco (CA) and San Jose (CA)

Credit Union partners

Youth Employment Program partners

Low-income working youth are now banking, saving and building credit
MyPath Footprint: Goal for 2016-18

New City Partners: Los Angeles (CA), San Diego (CA), San Antonio (TX), Seattle (WA), St. Louis (MO), Newark (NJ), New York (NY), Boston (MA).

Credit Union partners

Youth Employment Program partners

Low-income working youth banking, saving and building credit
San José Spotlight: Credit & Savings Pathways

San José Mayor Sam Liccardo recognizes Alliance for its role in MyPath Savings.

85 youth (ages 18-24)  270 youth (ages 15-19)

$45,000 saved
690+ FICO scores

$65,000 saved
MyPath Contact Information

Sabrina Kansara
Director of Strategic Partnerships

Sabrina@mypathus.org
(415) 206-0846
MyPathUS.org