

## **Citi and Self-Help Expand Micro Branch Model to Move People Away From Alternative and Often Costly Financial Services**

### *Credit Union's Innovative Approach Increases Access to Affordable Financial Services for Thousands of Underserved Californians*

(August 15, 2011) – Today, [Citi Community Development](#) and the [Center for Community Self-Help](#) (“Self-Help”) announced a joint effort to advance the Micro Branch model, a cutting-edge approach to providing responsible check cashing and other financial services typically offered by alternative, sometimes predatory financial services providers. Self-Help’s Micro Branch is a unique check-casher/credit union hybrid model that has the look and feel of a check cashing business but provides responsible financial products and services that are tailored for unbanked individuals. Self-Help’s first Micro Branch, which serves primarily Latino immigrants, opened in San Jose in January 2010.

Approximately 106 million unbanked and underbanked people in the U.S. use alternative providers for their day-to-day financial services because they are unable or unwilling to access financial products and services from mainstream financial institutions.<sup>1</sup> For example, in California, more than 47% (or 9 million) Latinos are unbanked.<sup>2</sup> As a result, alternative providers – such as check cashers, pawn shops, consumer finance companies and payday lenders – have emerged to fill the void, sometimes incorporating irresponsible practices. According to the Center for Responsible Lending, 12 million people every year are trapped in a cycle of payday loans that are tied to interest rates as high as 400%, transferring \$5 billion every year from working families to predatory payday lenders.

“The Micro Branch is designed to meet the financial service needs of low-income families today and to connect them with actionable education and asset-building products that create economic opportunity and security for the future,” said Martin Eakes, CEO of Self-Help. “Through this collaboration with Citi Community Development, we will be able to serve thousands of Californians that would otherwise lose significant portions of their incomes to predatory providers.”

The Micro Branch provides critical asset-building opportunities that are not available when people cash their checks at alternative check cashing outlets, including depository services; the chance to develop or repair credit ratings; and access to responsibly provided credit. To help clients take advantage of these opportunities, the Micro Branch model makes use of innovative, “in-line” financial education, in which “bite-size” financial management concepts are delivered at the teller line, when consumers are focused on their financial decision-making.

“Check cashing is a critical service for many people, and particularly in these challenging times, every dollar matters,” said Bob Annibale, Citi’s Global Director for Community Development and Microfinance. “Self-Help’s efforts to reach people outside of the economic mainstream and to preserve families’ hard earned income are incredibly important. By cashing customers’ checks at a reasonable cost, the Micro Branch not only fulfills an important financial need, but also creates an opportunity to move people toward a wider array of products and services that will help them save and build assets over time.”

The Micro Branch, which will be supported with a \$200,000 contribution from Citi Community Development, seeks to operate at complete self-sufficiency by the end of its third year by growing its customer base and transitioning check cashing customers into active account holders who can take

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<sup>1</sup> Center for Financial Services Innovation, Underbanked Consumer Study, “Underbanked Consumer Overview & Market Segments”. June 8, 2008

<sup>2</sup> Center for Financial Services Innovation, Brief on the Under-banked Consumer Study, “Characteristics of Latino Un- and Under-Banked Consumers”, July 2009.

advantage of a suite of responsible banking and lending products. Citi's contribution will be used for enhanced outreach to increase the number of individuals who transition from alternative and predatory financial services providers, and to support staff capacity to refine and deliver "in line" financial education. Citi's support also will fund an analysis of the Micro Branch operating model and customer outcomes to explore how Self-Help and other Community Development Financial Institutions (CDFIs) can replicate and scale the program.

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**About the Center for Community Self-Help**

The nonprofit Center for Community Self-Help and its affiliates Self-Help Credit Union, Self-Help Federal Credit Union, and Self-Help Ventures Fund provide financing, technical support, consumer financial services, and advocacy for those left out of the economic mainstream. From its founding in 1980 through year end 2010, Self-Help had provided \$5.95 billion dollars in financing to over 71,000 families, individuals, and organizations. In 2008, Self-Help chartered Self-Help Federal Credit Union to provide an alternative to financial service providers that aggressively market overpriced or predatory financial services. Self-Help Federal Credit Union is one of the fastest growing community development credit unions in the nation, with \$375 MM in assets and over 50,000 members. For more information, please visit [www.self-help.org](http://www.self-help.org).

**About Citi Community Development**

Citi Community Development (CCD) is leading Citi's commitment to achieve economic empowerment and growth for underserved individuals, families and communities by expanding access to financial products and services, and building sustainable business solutions and innovative partnerships. Our focus areas include: commercial and philanthropic funding; innovative financial products and services; and collaborations with institutions that expand access to financial products and services for low-income and underserved communities. For more information, please visit [www.citicommunitydevelopment.com](http://www.citicommunitydevelopment.com).

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