

INSIDE: Business

► **BUSINESS-1** — The money raised from nonprofit organizations' car sales might not all go to charity.

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Bringing banking service to city's poor

Group works to open credit union next year

By Cecily Burt
STAFF WRITER

OAKLAND — When Kathryn Washington wants to make a deposit, she gets in her car and drives to one of the few remaining banks available to her.

But for many of her West Oakland neighbors — the majority of whom are elderly and don't own cars — banking is a chore that often requires unfamiliar bus trips to unfamiliar parts of town.

Still others lack a bank account at all and are often forced to rely on high-priced check cashing services. Because they have no place to deposit their cash, they constantly run the risk of being robbed.

Washington is part of a group that is working to bring banking services to Oakland's poorer communities — the same communities that have long had to do without banks or full-service grocery stores.

The effort has a name: The People's Community Partnership Federal Credit Union, although it does not yet have a home.

But Washington, who serves on the supervisory committee for the Berkeley Co-op Credit Union, as well as the Enhanced Enterprise Community Board, has no doubt it will be a reality by January.

"There are absolutely zero banks here," she said. "There's nothing here; no store. People go to Emeryville to shop for groceries."

Community members and several nonprofits, including the San Antonio Community Development Corporation and the American Friends Service Committee, are helping organize the new credit union.

The East Bay Community Law Center in Berkeley is providing legal support to weed through all the legal requirements for opening and operating a federal community development credit union.

The membership will be open to persons who live, work, worship or volunteer in one of three field membership areas, which includes West Oakland, East Oakland and San Antonio/Fruitvale.

More than 50 percent of the credit union's members must be low income — below 80 percent of the U.S. median, which is approximately \$26,000 for a family of four. Those criteria will still leave room for others in the community with greater incomes to join.

"It would serve a fairly broad stretch of the flatlands of Oakland that share a history, economic problems and diversity," said Maeve Brown, an attorney with the law center. "They share the same problems that come from not having good infrastructure."

The Planning Committee is in the process of developing a business plan and surveying resi-

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Money: Fees charged fall below banks

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dents in the three communities about banking experiences and what kind of financial services they need.

They are also being asked whether they will make a commitment to join.

That's important because residents will be trained to run the credit union, and its members will learn how to make the most effective use of savings and credit.

They will also elect the board of directors.

"People need to be educated about banking or they will be

left behind. There's a lot of people in this community that don't even read — they still have a (hide the money in the) mattress mentality," Washington said.

The plan is to start small, with savings accounts the first service offered.

Loans and checking accounts will follow. Eventually, the credit union will offer payroll deductions and direct deposits, affordable international wire transfers, and budget counseling.

The fees will be less than those charged by banks, and far less than the fees charged by check cashing services.

The staff will speak more than two languages in order to serve the diverse communities.

Money will be loaned to members, who will then re-invest that money in the community, helping to bolster economic development, Brown said.

The People's Community credit union won't be alone. Other low-income communities around the country are starting their own credit unions as a way to combat the exodus of banking services.

Allen Temple Credit Union, opened a couple of years ago, has some real gung-ho backers and is doing very well, Washington said.

The People's Community credit union doesn't have any city officials or heavy hitters on board yet.

Bank of America did chip in \$55,000 to help with the planning phase, but Washington and Brown figure it's just a matter of time.

They are also looking for an affordable building. There have been preliminary discussions with the partners developing the Acorn Market, but nothing definite.

Anyone interested in becoming a volunteer or investor can call Maeve (Elise) Brown at (510) 548-4040, Ext. 310.