



ATMORE, ALABAMA

UNITED BANK

BEA PROGRAM AWARDEE PROVIDES AFFORDABLE BANKING ACCESS TO RURAL ALABAMANS

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“ Largely thanks to the BEA Program and Credit Advantage, Kassie was able to get back up on her feet and model financial responsibility to her children – a lesson she intends to reinforce throughout their lives.”

Bob Jones
President and CEO, United Bank

With its limited banking presence, the rural area of Atmore, Alabama lacks mainstream financial service options, particularly for the quarter of its residents that are living at or below the poverty level. This is a familiar situation in rural areas across the nation located in, or are at risk of becoming, banking deserts.¹

Banking deserts are census tracts in which there are no bank branches within a 10-mile radius of the tract’s center. Banking deserts tend to have higher poverty rates, higher housing vacancy rates, and lower home values than non-bank deserts. According to research compiled by the Federal Reserve Bank of St. Louis there are 734 rural banking deserts across the country affecting more than two million rural residents, with another two million rural residents living in areas at risk of becoming banking deserts.

Those in banking deserts are especially vulnerable to predatory financial service providers, which is of particular concern in Alabama where, according to the [Federal Deposit Insurance Corporation’s National Survey of Unbanked and Underbanked Households](#)², more than 21% of the state’s households are underbanked— these are households that maintain at least

¹ Drew Dahl and Michelle Franke, “Banking Deserts” Become a Concern as Branches Dry Up, (Federal Reserve Bank of St. Louis Regional Economist), Second Quarter 2017.

² The Federal Deposit Insurance Corporation’s 2017 National Survey of Unbanked and Underbanked Households, Appendix 7 Banking Status by State

Financing Overview:

CDFI Fund BEA Program

CDFI Fund BEA Awardee:

United Bank

United Bank Credit Advantage Program:

- \$2,000 Maximum Loan Amount

Community Profile: Atmore, Alabama

- Population: 9,354
- Median Income: \$28,44
- 23.5% Poverty Rate
- 3.8% Unemployment Rate (BEA Qualified Activities must be performed in a census tract that meets the minimum area eligibility requirements for the BEA Program)

Project Highlights:

- The Credit Advantage Program has made approximately \$721,000 in loans to 475 borrowers (with an average loan size of \$1,517) since its inception in 2014.
- Program participants have greater financial knowledge and the ability to have savings accounts.
- United Bank has provided the community with a financial option other than predatory loans and serves as a community resource for personal financial training.

one account at an insured institution, but have obtained financial services outside of the banking system.

To minimize reliance on predatory loan products, United Bank, based in Atmore, used a recent Community Development Financial Institutions Fund (CDFI Fund) Bank Enterprise Award Program (BEA Program) award to finance loans through their newly established Credit Advantage Program, which is a small-dollar consumer loan product³ that serves customers who would otherwise be forced to utilize higher-rate payday lenders. According to research conducted by the Center for Responsible Lending, the maximum APR of a two-week \$100 payday loan in Alabama was 456% in 2009.

The Credit Advantage Program provides loans of up to \$2,000 to borrowers with credit scores below 650, or that have no credit score at all. Besides providing needed access to credit, the program also helps borrowers establish, build, and repair their credit records. Borrowers receive, directly, half of the loan amount for which they applied. The other half is deposited into an interest-bearing United Bank savings account that is opened in their name. The account helps the borrower establish a banking history and encourages savings habits. All Credit Advantage Program borrowers must also participate in financial counseling.

Without the Credit Advantage Program, Kassie, a single mother of five working two jobs, would still be struggling to make ends meet. When she came to United Bank in September 2016, Kassie had four active payday loans. One of which had an annual percentage rate (APR) of 425%. United Bank helped her consolidate her payday loans into one low-interest small-dollar loan. She also received valuable personal financial management training. Today, she is a homeowner.

³ The BEA Program defines Small Dollar Consumer Loans as affordable consumer lending products that serve as available alternatives in the marketplace for individuals who are Eligible Residents who meet Low- and Moderate-Income requirements and meet criteria further specified in the applicable Notice of Funds Availability.

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