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Communities & Banking

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Banking Unbanked Immigrants through Remittances

by George Samuels
Federal Reserve Bank of Boston

Tanya Fernandes used to go to her local Western Union to take care of many of her financial services needs. She went there to cash checks, buy money orders, and send money home to her family in Cape Verde, Africa. She did not know that she had an option to pay less for these services until a family member told her about a Cape Verdean remittance program available at the Citizens Bank branch in the Upham's Corner section of Dorchester, Massachusetts. Investigating the program, Ms. Fernandes discovered a slew of other tools to conduct her financial affairs.

"This is great. I can send any amount of money to my family, and it costs only \$10," says Fernandes. "I'm so glad my uncle told me about this program. I have opened two accounts at the bank, and I am now saving money."

Ms. Fernandes is not alone. The establishment of remittance programs by mainstream financial institutions (MFIs) is becoming an important way of banking the unbanked immigrant population in the United States. Bringing this population and others who lack basic savings and checking accounts into the conventional financial world is a major goal of the community development field. It is an important step towards building individual and community

Who Are the Unbanked?

The unbanked are individuals who do not have a transaction account with a traditional financial institution, like a commercial bank, thrift institution, credit union, or securities operation. Transaction accounts form a comprehensive category comprising checking, savings, and money market deposit accounts, as well as money market mutual funds and call accounts at brokerage firms. Under this definition, 9 percent of all families are unbanked according to the 2001 Federal Reserve Survey of Consumer Finances (FRSCF).

The FRSCF found that most unbanked families have low to moderate incomes and are more likely to be young and nonwhite. In all, 5 percent of non-Hispanic whites are unbanked, compared with 22 percent of nonwhites and Hispanics as a group. Of the families whose income is in the lowest quintile, 31 percent are unbanked.

The table to the right, based on FRSCF data, shows the distribution of reasons why people do not hold checking accounts. While this portion of the survey deals solely with checking accounts, it gives insight into why people may not have a banking relationship at all. The FRSCF shows that of the 13 percent of families without a checking account, 50 percent of these had held an account in the past. When asked why they do not currently have a checking account, nearly 29 percent of the families claimed that they do not write enough checks. Another 23 percent said that they did not like dealing with banks, while 10 percent thought service charges were too high. Fourteen percent said they did not have enough money, indicating larger financial challenges for a significant portion of these families.

Why don't you have a checking account?

Reason	Percent
Do not write enough checks to make it worthwhile	28.6
Do not like dealing with banks	22.6
Do not have enough money	14.0
Service charges are too high	10.2
Cannot manage or balance a checking account	6.6
Minimum balance is too high	6.5
Do not need/want a checking account	5.3
Credit problems	3.6
No bank has convenient hours or location	0.4
Other	2.1

Source: Federal Reserve Survey of Consumer Finances, 2001.

assets to help sustain the economy in the primarily low- and moderate-income areas where many unbanked immigrants live. Remittances, the monies that many immigrants send back to their friends and relatives in their native countries, represent an innovative way to bank this population.

In 2002, close to \$35 billion in remittances was sent from the United States to other countries.

While a bank can remit money to practically any other bank in the world through wire transfer, few promote this service as a selling point to attract new customers. On the other hand, commercial service providers, like Western Union, widely advertise their remittance services. These alternative providers typically charge high fees and generally do not offer asset-building

tools, such as interest-bearing deposit accounts. Many immigrants are unfamiliar with the U.S. banking system and rely solely on these alternative providers for their financial needs. As a result, they often pay more for services and miss the opportunity to build a solid financial foundation.

Now, MFIs are starting to offer tailored remittance programs to target these immigrant populations, and they are doing so for good reason. First, these unbanked persons represent an untapped customer base for many MFIs. Second, the volume of remittances from the United States to other countries is sizable—close to \$35 billion in 2002—and it is expected to increase considerably in the coming years. Dilip Ratha, a researcher at the World Bank, notes, “With such large sums of money being remitted, and projections showing that the level will increase, policy leaders and banks are becoming very interested.”

Many MFIs, recognizing a business opportunity in this burgeoning market, are strategically offering competitive prices to remitters. Attracted by these low-priced services, many immigrant populations are entering the mainstream financial world and are being exposed to an array of financial services and products.

Remittance Programs Differ

While it is not clear how many MFIs are offering targeted remittance services, several established programs exist, including ones at Citizens Bank, Wells Fargo, and a network of credit unions. Most, but not all, programs require customers to open a bank account in order to remit funds. Some also require the recipient to open a bank account at the partnering foreign financial institution. Many remittance programs target one immigrant group, as they are typically a partnership between a financial



Tanya Fernandes regularly uses Citizens' remittance program to send money to Cape Verde.

institution here and one in the remitter's home country. Yet other programs have networks involving financial institutions in more than one country, allowing more than one immigrant group to participate.

Setting up a remittance program requires several steps for MFIs. They must first identify a need among their customer base and the potential to reach out to others in the surrounding community through their branches or

main office. They must hire bilingual staff, employing those that speak the languages of the targeted immigrant populations. They have to conduct outreach and financial education for the targeted groups through neighborhood organizations and branch locations. Finally, in order to offer competitive prices, they need to either tap into an existing remittance network or establish a partnership with a financial institution in the homeland of the targeted immigrant group.

"Having a solid partnership with a corresponding institution and knowing your community are key to keeping costs in line," says Raymond De Silva, senior vice president and regional manager at Citizens Bank and one of the leaders in developing his bank's remittance program. "Normally, it would cost about \$30 to send money without a formal partnership. But with banks working together, we were able to lower the cost for our customers to \$10. As more players get involved, costs may go down even further."

The Citizens Bank remittance program that Ms. Fernandes uses is a partnership

with two banks in Cape Verde: Banco Commercial Atlantico and Caxa Economica.¹ The program allows customers to remit funds to Cape Verde from anywhere Citizens has a branch location. Citizens' central wire department executes the transfers to the Cape Verdean banks; remitted funds are available to recipients in Cape Verde within 24 hours.

The program is popular among the region's Cape Verdean population because it costs only \$10 to transfer any amount of money—a substantial saving over alternatives. For example, sending \$2,000 to Cape Verde from the Western Union office in Dorchester costs \$114, or 1040 percent more than the Citizens' program. Additional charges can occur at the point of exchange. According to the company's currency exchange policy, "Any difference between the rate given to consumers and the rate received by Western Union will be kept by Western Union." When all costs are taken into account, the savings from using the Citizens program have enticed

¹ Dilip Ratha, a researcher at the World Bank, estimates that remittances to Cape Verde totaled \$80 million, or 14 percent of GDP, in 2002.



A Vision to Provide Banking Services to a Community



Victor Monteiro, branch manager at Citizens Bank in Upham's Corner.

In 1982, when Victor Monteiro first went with his mother to the bank in the Upham's Corner section of Dorchester, Massachusetts, they did not have a pleasant experience. As Monteiro recalls, "We had to wait almost two hours to get service because no one spoke our language." Both natives of Cape Verde, Africa, Victor and his mother speak Portuguese and Crioulo, a blend of Portuguese and West African words. Eventually, the bank found someone at its Codman Square branch who could translate, but by the time he got to Upham's Corner to help, Monteiro had already made up his mind. That day, as he and his mother were leaving the bank, he told her, "One day, I will be the manager of this branch, and we won't ever have to wait for service again."

Eighteen years later, Montiero's dream came true. He is now the branch manager at the Upham's Corner Citizens Bank branch, and he is keeping that promise to his mother. Ninety percent of his staff speak the language of his customers, and he is working hard to meet the banking needs of his community. "Coming from the neighborhood, I already had a good sense of what some of the needs of the community were," says Montiero. "Nothing is more pleasing to me than to see people come into the bank and express their happiness about the services they receive."

Upham's Corner is a vibrant commercial district where many in the Dorchester community go to shop and use other services. According to 2000 Census data, this neighborhood alone is home to about 2,900 Cape Verdeans, while the greater Dorchester area accounts for almost 9 percent of all Cape Verdeans that live in the United States (see table).

Starting a remittance program at the bank has been a key element in providing services to this population. Before the program was introduced in 2000, many of Citizens' Cape Verdean customers relied on wire transfer service providers to send money to Cape Verde. Eventually, recalls Monteiro, "A few customers asked why we couldn't provide the service. I thought to myself, why not?"

Monteiro brought the idea to his colleagues, and they were receptive. They formed a group that worked with Citizens' international office to develop a relationship with a couple of financial institutions in Cape Verde. The end result was a remittance program that costs his customers only \$10 per transaction to send any amount of money to Cape Verde. Today, through word of mouth, many Cape Verdeans in the area have found out about the remittance program.

"I hear so many stories about how people back home need the money and how it costs so much to send it," says Monteiro. "Now, I tell them to come on by and check out our service. People are always pleased that they don't have to pay an arm and a leg to send money to family members in need."

Expanding his outreach, Montiero is also working with a local neighborhood group, the Massachusetts Association of Portuguese Speakers, to conduct financial education classes and to introduce the remittance program to others. Yet his network can reach only as far as these other networks extend. A significant percentage of Cape Verdeans are still relying on fringe providers for their financial needs. Some may not want to deal with banks, while others may not yet know about the program.

But, according to Tanya Fernandes, a bank customer and frequent user of the remittance program, “Everyone knows Victor. I think it’s only a matter of time before others hear about it and start using the service.”

U.S. Cape Verdean Population, 2000						
	Nation	New England	Massachusetts	Boston	Dorchester	Upham's Corner
Population with Cape Verdean Ancestry	77,103	64,899	45,125	11,060	6,686	2,913
Percent of Total U.S. Cape Verdean Population		84.2%	58.5%	14.3%	8.7%	3.8%
Cape Verdeans as a Percent of Total Population in Each Geographic Area	0.03%	0.5%	0.7%	1.9%	7.3%	22.2%
Source: U.S.Census Bureau, Boston Redevelopment Authority.						

many Cape Verdean remitters to become bank customers.

Citizens decided to implement this targeted remittance service after several customers went to the Upham's Corner branch manager and asked him to consider doing it. With 53 percent of the branch's customers and over 20 percent of the neighborhood being of Cape Verdean descent, the bank saw it as an opportunity to increase business. As Victor Montiero, a native Cape Verdean and manager of the branch, explains, "It made perfect business sense. Our customers wanted it, and we knew this was a bigger opportunity because of the large Cape Verdean presence in Dorchester."

Both immigrants and their families in Cape Verde are being introduced to the banks' other products.

In order to participate in the program, remitters must open a bank account at Citizens, and each new account holder receives one-on-one training at the branch. Moreover, the remittance recipients must open an account at one of the partnering banks in Cape Verde. As a result, both immigrants here in the United States and their friends and relatives in Cape Verde are being introduced to basic savings and checking accounts and have access to the banks' other products like loans, lines of credit, and interest-bearing financial instruments. Since the program started three years ago, 1,000 formerly unbanked Cape Verdean immigrants have become Citizens customers.

Most of the new account holders are finding out about the program by word of mouth, a cost saver for Citizens. The bank does not have to advertise the program and can offer new customers a range of other products and services. Delighted with the program's success to date, Citizens is investigating ways to offer similar programs to other groups. The bank is currently looking at opportunities to build partnerships with financial institutions in other countries.



The Strand Theatre is a landmark in Upham's Corner, where many residents take advantage of a local bank's remittance program to send funds to Cape Verde.

Smaller MFIs Offer Programs through Networks

Some smaller MFIs are forming partnerships in order to offer remittance programs. One example is the International Remittance Network (IRnet), a network of credit unions that offer low cost remittance services to their immigrant customers. IRnet is coordinated by the World Council of Credit Unions, Inc. (WOCCU), an organization that advocates and provides development services for credit unions around the world.

An electronic funds transfer service, IRnet operates in over 40 countries across Asia, Africa, Europe, and Latin America. IRnet credit union members can access remittance services at over 3,000 locations in 36 states and are allowed to send up to \$1,000 a day for \$10. Currently, 200 credit unions are part of the network, and money can also be sent and picked up at many non-credit union locations that have the IRnet system in place. In New England, the Digital Federal Credit Union in Marlborough, Massachusetts, is part of this network.

In order to use the IRnet service, remitters have to be in the “field of membership” or a “potential member” of an affiliated credit union. These definitions typically include the immediate family and relatives of members, or employees of a company that has an affiliated credit union. Recipients in foreign countries, however, are not required to hold an account at an IRnet credit union. Still, recipients are exposed to a credit union’s products and services when they pick up their funds.

“Once many of the people in the countries we serve see how efficient and safe the remittance service is, they think about other credit union services,” says David Grace, financial services manager at WOCCU. “To date, we have banked 28 percent² of the people in Central America that use our remittance service.” The dollars involved are significant. According to Grace, “Last year, we did a total of \$50 million in remittances, \$20 million of it to Central America, and this year the number is expected to increase fivefold, to \$250 million.”

Reaching Out Makes Good Business Sense

The opportunities for MFIs to tap into unbanked immigrant markets are astounding. As many MFIs have already figured out, reaching out to these segments of the population can make good business sense. Wells Fargo, a financial services company headquartered in San Francisco, reports successful results from its remittance program called InterCuenta Express. Started in 1995, the program is a partnership between Wells Fargo and Bancomer, Mexico’s largest bank. The program requires both remitters and recipients to open an account with the bank in their respective countries. These new customers are becoming major consumers of the banks’ other products. Jane Hennessy, international marketing and product manager at Well Fargo, notes, “Our remittance program customers use an average of 5.7 of our products, while the figure for our other customers is 4.3.”

² This figure represents 1,800 to 2,000 people based on data from research by Louis DeSipio of the University of Illinois on the remittance behavior of Latino immigrants.

So why aren’t more MFIs offering remittance services? One reason is that some MFIs may not have the demand. Many may not have branches that are located in a concentrated immigrant community where they would benefit from offering this kind of product. Additionally, many MFIs simply don’t know about the business opportunity that this kind of product presents. “This is a targeted operation,” says Hennessy. “You have to be persistent to tap into many of these emerging markets, and you don’t want to necessarily publicize your strategy or any detailed results. But we certainly work with Hispanic media and community groups to let people know we have a cost effective, safe, and convenient way to send money to Mexico.”

**In 2002,
remittances to
developing countries
accounted for
42 percent of these
countries’ total private
capital inflows.**

Finally, as discussed earlier, there are some key steps needed to implement a remittance program, and some MFIs may not realize that they are doable. “Some banks may not be used to thinking outside the box because they are comfortable where they are,” says De Silva. “Yet there needs to be an emphasis on the services that an institution can bring to a community and help to make it better, while at the same time bringing in more business.”

MFI programs can also have economic impacts for individuals and communities here in the United States and in developing countries. For one, there is a lot of money at stake. “There are tremendous economic implications for the mostly low-income immigrant people that use these services,” notes Roberto Suro, director of the Pew Hispanic Center.

In their report, *Billions in Motion*, Suro and his colleagues estimate that close to \$1 billion a year could be saved by U.S. and Central American households if remittance fees were lowered to 5 percent of the transaction cost. The savings are even higher if remittances to Africa and Asia are taken into account. Putting this money back into remitters’ pockets could go a long way toward helping to build community assets in areas where unbanked immigrants and their families and friends live around the world.

Additionally, when recipients in developing countries spend their remitted funds at local businesses buying food, clothing, and other life necessities, the influx of capital can spur job creation and economic activity. As Ratha reports in his 2003 study on worker remittance flows, remittances to developing countries accounted for 42 percent of these countries’ total private capital inflows.

These remittance programs are bringing many unbanked into the mainstream financial world and giving them options for asset building. Questions still exist about the most effective way to assist unbanked populations, and MFIs may not be the best solution for each individual. Yet the more information that people have about the resources available to them, the better able they will be to make decisions about where to go for their financial services needs. MFI remittance programs are one way to bring this knowledge to unbanked immigrants.

George Samuels is a community affairs supervisor at the Federal Reserve Bank of Boston.

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The New Community

Anthology:

Digital Storytelling

as a Community
Development Strategy

by Mamie Marcuss
Federal Reserve Bank of Boston

Across a black screen the words “poetic justice” appear, and a voice begins to sing softly. Soon that same voice is speaking, telling a story in rich tones as images begin to come and go on the screen: a prom photo, a sunset, a skydiver, family snapshots, bubble lettered text stating “fight the hate.” The music slides into a track by India Arie, building momentum as the visions and the voice weave together the story of one young woman’s experience of healing her depression through poetry and the pen. This is Kiarra’s digital story.

An electronic memoir, a digital story is a mini autobiographical movie that spins its tale through a combination of digital media. Blending photos, images, and artwork with sound bites and video clips, the digital storyteller multiplies the effect of each medium as a form of self-expression. These short films not only describe the individual’s experience, but also attempt to convey their voice, emotions, and perspective. A sneak peek into the soul, a digital story gives its audience a brief glimpse of the world as seen through the eyes of the storyteller.

First conceptualized by Bay Area artists and activists in the 1990s, digital stories have graced the screens of small theaters, galleries, and classrooms for over a decade. Over the years, new applications for the films have emerged, including their use as marketing and





Natasha Freidus works with TEACHBoston students to develop their digital stories.

training tools for corporations as large as Coca-Cola. Today, this trend continues as the recent fall in computer equipment prices and the introduction of easy to use digital-editing software have made digital storytelling an affordable reality for anyone with access to a personal computer.

Nationwide, a small group of community development workers have capitalized on this opportunity and are inventing a future for digital storytelling as an innovative community development strategy. In New England, the Center for Reflective Community Practice (CRCP) at the Massachusetts Institute of Technology and Creative Narrations, a small Massachusetts consulting firm, are at the forefront of this movement.

For three years, CRCP and Creative Narrations have been training nonprofit groups to produce and use digital stories in support of the nonprofit's mission. Founder of Creative Narrations and on staff at CRCP, Natasha Friedus began to pursue this concept after witnessing community members testify in front of city councils.

"They would pull crumpled scraps of paper from their pockets," recalls Freidus, from which they would recite stories that proved to be instrumental in

shaping city decision making. "I got the idea that it was important not to throw away these stories but to document them somehow." Drawing on her prior knowledge of digital storytelling from her work as a graduate student at MIT, Freidus decided to preserve these tales as digital stories that could be strategically employed to advance a group's goals.

To date, Creative Narrations and the CRCP have worked with over ten area nonprofits, and digital stories have become important aspects of each of these programs. Some groups have used the stories as part of their awareness campaigns. Others have found them to be effective fund-raising or training tools. A few organizations have even used their stories to initiate dialogues on topics ranging from domestic violence to AIDS.

This article takes a deeper look at the digital storytelling experience of three of Friedus' clients in the community development field. In all three cases, the concept is helping to articulate and promote a community's values. In the Boston public school district, digital storytelling is fostering the value of education while boosting the literacy and technology skills of a set of future teachers. In the Roxbury area of Boston, digital stories are helping a small neighborhood devel-

op a sense of community across generations. In the distressed North End section of Springfield, Massachusetts, neighbors are using digital stories to reach out to those challenged by the tough issues facing this community.

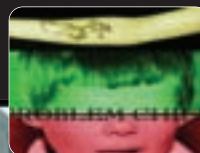
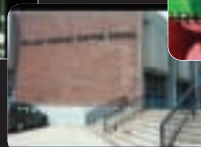
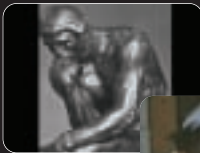
Inspiring Learning: Boston Public Schools

By nature, digital storytelling provides a burst of human capital. According to Freidus, the creation of any digital story demands that authors flex their literacy, computer, and oratorical skills. Like many of Creative Narrations' clients, participants in the TEACHBoston digital storytelling project became skilled in these arts almost unwittingly.

Aiming to inspire and motivate students to become educators, TEACHBoston is a program of the Boston Public Schools. Last year, a team of TEACHBoston students and teachers were invited to participate in an intensive digital storytelling experience. Working with Creative Narrations for an entire school year, these ten participants spent the first semester learning how to create their own digital stories and in the spring, taught the process to a group of six others. The result was a collection of stories entitled *Why Learn, Why Teach?* that reflected on the teachers' professional experiences and the students' summer work as teaching assistants at the Trotter Elementary School.

In the first step of the training, participants contemplated the story they wanted to tell. These reflections were then transformed into a written narrative—the center of every digital story. The students and teachers shared their writings with one another in a "story circle," where fellow participants provided commentary and constructive criticism. Then all went back to the drawing board and reworked their stories, taking the group's suggestions into account. With eighty percent of the process now finished, the group was ready to begin working with the digital technology.

TEACHBoston: A Student's Story



Clips from the digital story of a student in TEACHBoston, a program of the Boston public schools that introduces students to the teaching career path.

First, each storyteller read their story aloud and recorded their voice. Seemingly simple, TEACHBoston director Ceronne Daly was impressed at how much this exercise taught students about public speaking. Students learned to mitigate their use of the unnecessary “ummm,” “like,” and “uhhh” and improved their intonation, speed, and diction.

Next, it was time to inject the stories with visual and audio components. Students and teachers brought in photos and music that reinforced their stories’ messages. Trainers showed them how to use digital cameras, scanners, and other hardware to weave these elements into their tales. In the last stage, participants learned to use Adobe PhotoShop and Adobe Premiere video-editing software to mesh all of the pieces together to create their digital masterpieces.

As they advanced through each stage of the process, the TEACHBoston students became intimately acquainted with their own personal challenges as communicators. Some suffered in spelling. A few struggled with public speaking. For others, it was accurately conveying their feelings in the written word. And for still another set, mastering the new technology led to hours of frustration. Inspired by the parallel struggles of their Trotter Elementary School pupils, the TEACHBoston students pushed themselves to perfect their stories. By the end of the process, they each had mastered the full range of literacy, oratorical, and technological skills and had developed a new appreciation for the learning process.

Now complete, the stories have become a source of inspiration for many in the Boston Public School District. Last spring, all of the students presented their digital stories to their homeroom classes, and each was received with awe and praise. Talents were recognized, and peers have been clamoring the budding directors to make more mini movies and share their knowledge. In September, the voices of these future and present teachers also moved many seasoned veterans; the superintendent showcased several of the stories during the school year’s inspirational kick-off, reminding school leaders “why learn, why teach.” Most importantly, the stories have energized their student producers. “These stories are intensely personal,” says Daly, “and hearing their voices, talking about their goals,

thoughts, and reflections is very meaningful for them. They have experienced the power of creating their own media.”

Leaving a Legacy: Roxbury, Massachusetts










In 1992, the residents of Camfield Gardens in Roxbury, Massachusetts, orchestrated a neighborhood turnaround after the U.S. Department of Housing and Urban Development (HUD) announced its intention to foreclose and auction off the 136-unit residential complex. Residents rallied together to save their homes and were able to convince HUD not to sell the property. Encouraged by this victory, they organized the Camfield Tenants Association (CTA) to represent their interests in the fate of the housing complex. CTA reviewed city regulations and conducted a needs assessment to determine the best course of action. Eventually, their work led to a resident-ownership agreement with the city of Boston and HUD.

During this process, inspection of the property revealed that the buildings were uninhabitable and that the entire development would have to be razed and rebuilt. To accommodate this reconstruction, residents were relocated and scattered throughout Boston and remained organized for two years through the sole leadership of CTA. Finally, in 1999, former residents of the dilapidated Camfield Gardens moved into the brand new Camfield Estates.

The story is a defining one for the Camfield neighborhood, and residents wanted to preserve it for future generations. Camfield Estates joined forces with the CRCP to create a series of digital stories to capture the epic. Their work culminated in a centerpiece film, *Moving Forward: A Community’s Story*. Besides relating the seven years’ events, this digital story relays the value the community places on recognizing and using its strengths and talents to meet the challenges of urban life. Today, all incoming Camfield residents are asked to watch this story. The community hopes to inspire each individual to invest in their surroundings and to continue to work for “safe, decent, affordable housing for all.”

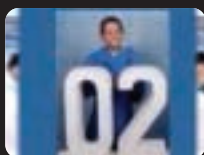
After this initial digital storytelling experience, Creative Narrations was

Camfield Estates: “Moving Forward”



Clips from the digital story chronicling the development of Camfield Estates, Roxbury, Massachusetts.

A Thanks to My Mother: Edwin's Story



Clips from Edwin Camacho's story, *A Thanks to My Mother*, prepared at the North End Outreach Network (NEON) in Springfield, Massachusetts.

brought in to pilot a “train the trainer” program, and residents soon became equipped to run their own digital storytelling workshops. Since then, digital storytelling has expanded as a community building tool at Camfield Estates. For example, in the past two years, community youths and elderly residents have come together in a digital storytelling summer program. Combining a wealth of narrative from the seniors and the technological know-how of the kids, members of the program have created a library of over 40 stories. While the youngsters express their fresh perspectives on the world, grandparents are preserving wisdom for the next generation of citizens. Head of this project, Massachusetts Housing Finance Agency’s director of public safety, Thaddeus Miles, was amazed at how these stories “really bridged the gap between the generations . . . bringing some new respect.”

While internally, the digital stories are connecting residents, they are also an important communication outlet to the world beyond Camfield. As expressed by Miles, “Many urban communities are struggling for an identity, and too often, they are sensationalized in the news for violence and crime.” Digital stories are demonstrating all of the chapters of life in this Roxbury community. This past April, several of Camfield’s digital stories were shown at the Boston Cyberarts Festival. “I was surprised at the effect they had,” remembers Miles. “These stories got people to begin thinking critically about their decisions and the consequences of their actions.”

Neighborhood Outreach: Springfield, Massachusetts

In the North End neighborhood of Springfield, Massachusetts, nearly one-half of households live in poverty. The community struggles with drug addiction, substance abuse, teen pregnancy, and high instances of AIDS, asthma, and diabetes. Here, the North End Outreach Network (NEON) is working to improve daily life in this largely Puerto Rican community. Knocking door to door, NEON’s community health advocates regularly canvas the neighborhood to ensure that every resident is receiving quality health care and the resources that they need. In 2002,

employing this outreach mentality, NEON teamed up with MIT to create digital stories that documented the neighborhood’s challenges and highlighted solutions, signs of hope, and the growing strengths of the community.

Beginning with the personal stories of several community health advocates, the group inaugurated a series of digital tales that relate the storyteller’s own confrontation with issues such as gang violence, single parenthood, and assimilation into New England culture. These private stories strive to console those with similar struggles and provide insight into the range of solutions that exist. These digital stories are now bombarding the neighborhood, being shown everywhere from drop-in centers and clinics to classrooms and community centers.

Maira Velez’s story, *No Te Detengas, Don’t Hold Back*, ran for several weeks at a neighborhood drop-in center. A single mother of three, Velez revealed her battle with depression and her successful struggle to get her family off welfare. A visitor to the center, coping with addiction, happened to see her story. As he later told NEON employees, the video helped him realize that he needed to stop making excuses for himself; if she could turn her life around with three kids in tow, so could he.

Edwin Camacho’s story, *A Thanks to My Mother*, relates his challenge of raising a son as a single dad. It illuminates the wisdom he receives from his own single mother’s story of rearing five children. His tale has reverberated with many of the neighborhood’s single parents and freed many mothers from believing that women alone face single parenthood.

Jeri Gardiner’s digital story, *I Am Jazz, and Jazz Is Me*, has recently infused many North End classrooms, educating a new generation about the influence of jazz in African American culture. “Jazz is my passion,” says Gardiner, “and it is a story that affects our story. It is a part of our history, and should not be forgotten.”

Beyond the neighborhood impact of NEON’s stories, digital storytelling is changing the lives of many of the storytellers, in part, by addressing the digital divide (see sidebar). Edwin Camacho had never worked with a computer prior to attending his first digital storytelling workshop 18 months ago. But while using the digital technology to

----- The Digital Divide -----

With many Americans basking in a fluorescent glow of Internet shopping, online libraries, and digital tax forms, it is often forgotten that much of the country still remains without access to digital technology. The “digital divide” describes the relative lack of access to computer, Internet, and digital technology that exists for many low income, elderly, minority, and central city populations.

According to the U.S. Department of Commerce’s 2002 study, *A Nation Online: How Americans are Expanding Their Use of the Internet*, 43.5 percent of U.S. households do not have a computer in their home and 49.5 percent are without home Internet access. These rates vary dramatically with income. While more than 89 percent of households with incomes over \$75,000 own a computer, only 32 percent of households with incomes between \$15,000 and \$20,000 have one.

Education, race, and location are also factors. Householders with a college degree are more than twice as likely to use the Internet as those without a high school degree. Relative to the national average, black and Hispanic populations are between 16 to 20 percent less likely to have home access to computers and the Internet, while geographically, central city populations trail their rural and suburban counterparts.

Many public and private entities are successfully working together to bridge this divide. Most prominently, public schools and libraries have emerged as the major equalizers for computer and Internet access. Thanks in large part to the Telecommunications Act of 1996 and its E-rate funds for schools and libraries, by 2001, 99 percent of all public schools and 87 percent of instructional classrooms were equipped with Internet access.

Community technology centers (CTCs) have also been a vital element in closing the digital divide. These non-profit organizations give local communities access to information technology, with services ranging from after-school youth programs to workforce development training. While CTCs have existed since the 1980s, recently they have become part of a greater community building effort. By providing community members with a place and a reason to gather, CTCs are helping communities empower themselves through technology.



create his story, “I fell in love with it, and now I can’t get enough,” he says. Switching career paths, he is now the head of NEON’s marketing department and the group’s database manager, and he uses his new skills everyday.

Community health advocate Marisol Jimenez, similarly, has been inspired to improve her technological know-how. She has added computer classes to her college course load so that she can fulfill her vision of helping terminally ill patients produce digital stories. “Everybody leaves wills, property, and other material things,” she says. “I also want people to leave their stories, because everybody has a story.”

NEON’s digital story library is continuing to grow. The original storytellers are now training other community members in the art. It has been a positive experience for trainers and trainees alike. Says Gardiner, “The best part about being a trainer is exposing somebody to something they didn’t know before. They start off saying that they can’t do it, and then they see that they can. In the end, they have created a finished product of which they are very proud.”

A New Anthology of Community

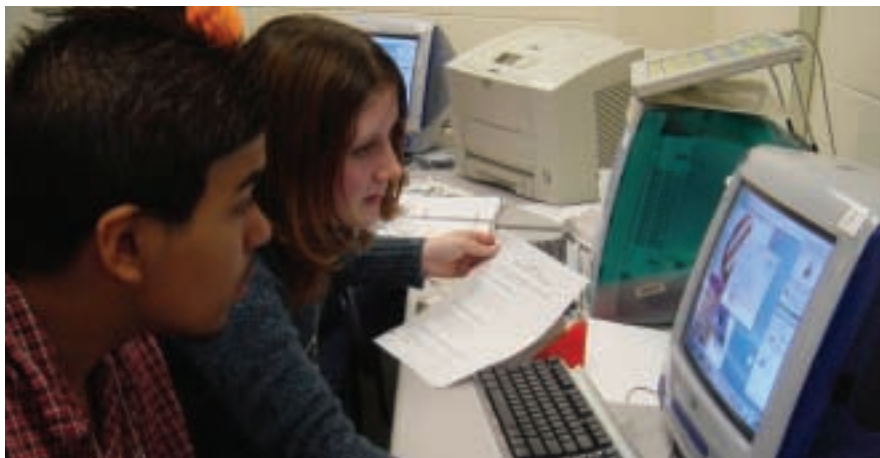
While each of these three communities is using digital storytelling in a unique way, they all are building on their community’s core values. Reflecting an educator’s mindset, the TEACHBoston digital storytelling program was a learning tool that instilled a larger lesson while teaching concrete skills. Camfield’s digital stories have created a united voice to fight for what the community values, mirroring the Camfield Tenants Association’s goals when it first took on HUD. Likewise, the personal stories being shared in the North End enhance the person-to-person

outreach that has always had NEON knocking on doors.

In digital storytelling, these communities have found an innovative way to voice their values by harnessing the power of digital media. Their successes are filling computer hard drives with a digital library of the sights, sounds, and voices of communities in action. It is a new anthology of community.

Please visit the web to learn more about digital storytelling, Creative Narrations, and MIT’s Center for Reflective Practice:

*www.storycenter.com
www.creativenarrations.net
web.mit.edu/crcp*



TEACHBoston students fine-tune their digital stories. Photo here and on page 10 provided by TEACHBoston.

Revitalizing Central Western Maine's **E**conomy

by Jennifer DeChant
Coastal Enterprises, Inc.



Nationally, the manufacturing industry is undergoing serious structural change. Companies are consolidating. Firms are relocating. Factories are modernizing. The result is a dramatic decline in manufacturing employment and the erosion of the traditional job base for many American communities.

These struggles are magnified in the Kennebec and Somerset counties of inland Maine. Here, the economy has historically relied on mature industries such as pulp and paper, shoes, textiles, and wood products. Most of the residents are blue-collar workers, and many have spent their entire career working at the same small manufacturing firm. In the past ten years, shoe and textile plant closings, factory downsizings, and large layoffs in wood products manufacturing have hit this area hard.

These communities are now struggling to rebuild their economic base, and many of the area's dislocated workers cannot find jobs that replace their level of lost wages and benefits. Employment options are limited, and when opportunities are available, workers often lack the skills they need to secure these jobs.

Maine's Kennebec and Somerset counties are the focus for the economic development efforts of the Progressive Alliance for Careers and Training.

The Progressive Alliance for Careers and Training (PACT) is addressing these challenges. PACT is an alliance of economic and workforce development professionals who are working to promote business development, job creation, and job access in Maine's Kennebec and Somerset counties (see sidebar on page 16). PACT has identified three industries—small-scale manufacturing, health care, and information technology—as strategic areas for building a sustainable economy with high paying jobs. Administering funds for skills training and technical assistance, PACT has made headway in each of these sectors.

Small-Scale Manufacturing

In 2000, Richard Casey took his 15 years of experience in wood products manufacturing and started AM Wood Designs, Inc., in his hometown of Bingham in western Maine. That same year, he saw two area mills close and another destroyed by fire. These events put nearly 200 people out of work in a town of only 1,200 and started a ripple of job losses in this commercial and employment center of northern Somerset County.

Despite the bleak economic outlook, Casey had a strong belief in his community's ability to survive. With a commitment to quality employment, Casey knew that his business' ability to provide even a small number of good jobs would be important for the future of Bingham.

Today, Casey employs 14 machine operators and assemblers and operates a growing business supplying wood products to the unfinished furniture and craft marketplace. Getting to this point was not easy. When he started, he had just a shell of a building, and his manufacturing process was far from efficient.

The company's production method focused on projected sales, rather than pulling from actual purchase orders. The result was unnecessary material handling, a clogged production line, excessive inventory, and severe cash shortfalls. AM Wood could not meet its truckload goals from week to week.

The situation became critical. Business had to be turned away because of a lack of cash flow. Break-even goals could



PACT-sponsored training has made a big difference for Richard Casey, owner of AM Wood Designs in Bingham, Maine.

not be met. Casey knew that he needed to re-engineer his plant and re-train his workforce in order to stay afloat. Unfortunately, he could not meet the costs associated with internal training, and he could not afford any production downtime. "We simply could not afford the cost of the labor, materials, and process improvements necessary to increase our volume," explains Casey.

Looking for ways to cure his company's production problems, Casey attended a PACT-sponsored training program, Time Wise Lean Manufacturing, conducted by the Maine Manufacturing Extension Partnership (MEP). Here, he learned valuable new production management techniques, including strategies for meeting production goals with limited, or lean, resources.

The new techniques made a difference, but it was not enough. As Casey explains, "After my training, productivity improved almost immediately, but we were still having trouble meeting our weekly goal. We were not moving fast enough toward the lean methods." Casey realized that his workers needed training of their own.

At its January 2003 meeting, the PACT board reviewed Casey's case and approved a \$10,299 grant from a fund earmarked to help small businesses reorganize and train employees. With this money, plus a \$10,000 rural development grant secured by Maine MEP, Casey's entire workforce received on-the-job training. The customized training helped AM Wood's employees set up an effective production schedule based strictly on customer purchase

orders—not on speculation of what demand would be. Now, daily production is managed in a "first order in, first order out" method.

The results have been dramatic. "In a number of the weeks following the onsite training and the implementation of the improvements, we came very close to meeting our goal," exclaims Casey. "And, just recently, we surpassed it!"

PACT was instrumental to this success, Casey believes: "I don't believe we could have achieved these goals in time to save the company without PACT's help to finish the training we started."

Health Care

PACT tagged the health care sector as one of its strategic growth areas because of the industry's livable wages, benefits, and career ladders. Moreover, PACT could see that central Maine's hospitals desperately needed skilled registered nurses (RNs).

Recognizing that it is difficult for the area's unemployed to enter the RN field because they must first pursue a four-year degree in nursing, PACT's health care subcommittee, HEALTHPACT, advocated the development of a licensed practical nurse (LPN) program. Unlike RN training, LPN training can be consolidated into one year, expediting the dislocated worker's return to the workforce. The new LPNs can be placed into good jobs and are on track to becoming registered nurses.

PACT Combines Labor and Business Interests to Foster Economic Growth

In Maine's Kennebec and Somerset counties, an alliance of economic development and workforce development professionals is working to promote business development, job creation, and job access. The Progressive Alliance for Careers and Training—PACT—finances skills training and technical assistance to help rebuild the economies of these distressed communities. Funded by a \$1.4 million grant from the U.S. Department of Labor, PACT was established in 2002 and is administered by Coastal Enterprises, Inc., a nonprofit community development corporation in Maine.

According to Kathleen Kearney, co-chair of PACT's board and a senior program officer at Coastal Enterprises, "PACT's objective is to stabilize businesses, retrain workers, and create new jobs in a region hard hit by layoffs, plant closings, and a general economic slide. By providing financing for business assistance and skills development, the local economy can be improved."

PACT has brought together key parties to meet this goal, constructing a board that includes representatives from the Maine Department of Labor, the workforce development sector, private industry, economic development groups, educational entities, and business assistance organizations. Critically, the well-diversified group bridges a gap between workforce development and economic development professionals.

Opposite sides of the same coin, workforce development groups promote workers' interests and strive to preserve employment. Economic development organizations, on the other hand, aim for policies that will benefit local businesses. PACT hopes that a greater level of cooperation, planning, and collaboration between these two parties will lead to solutions that address both the labor and the business needs of these struggling communities.

"Too often workforce development has had to be reactive to economic development," says Bryant Hoffman, co-chair of PACT's board and executive director of the Central/Western Maine Workforce Investment Board. "PACT has brought these two interests together at the same table. People are talking to each other that weren't doing so previously."

Once established, the leadership of PACT quickly identified three strategic sectors of sustainable employment growth within its service area: small-scale manufacturing, health care, and information technology. However, the local workers' skill sets were not in line with these industries, and training resources in these sectors were scarce. The health care and information technology fields were relatively new employers in this area, and little training infrastructure was in place. In manufacturing, while laid-off workers were sometimes eligible for federal Trade Adjustment Assistance, resources had generally not been available to help incumbent workers update their skills to avoid layoffs.

To best address these training and development needs, industry representatives from each of the three fields were brought into the alliance, and three subcommittees were formed to tackle the challenges in each sector. Charged with finding the best uses of PACT dollars, the subcommittees identified solutions and developed strategies to promote effective training and technical assistance.

Previously, remembers Hoffman, "When a company announced a closing, we worked to reduce the implications of that action. Now, PACT can work proactively with companies to avoid this drastic outcome. We can provide funding for training and give companies a chance to re-engineer."

Originally conceived as a two-year project, PACT's funds will be exhausted by September of 2004. However, encouraged by the program's success, Coastal Enterprises is advocating for additional resources through the local and state legislative process to replace the U.S. Department of Labor's funding. PACT is also developing a structure that, in the future, will help industry groups pool resources and minimize individual company's training expenses. Moreover, the key to PACT's long-term success is the lasting relationships that are now being forged among economic developers, workforce training providers, government, and private industry. It is anticipated that this important partnership will remain in place well beyond the initial grant period.



Licensed practical nurse training, sponsored by PACT, addresses central Maine's nursing shortage and gives dislocated workers a path to quality employment.

To develop the LPN program, HEALTHPACT met with representatives from the local hospital in Skowhegan and the president of the Kennebec Valley Community College. They brainstormed approaches to best meet the various needs of the hospital, the potential students, and the trainers. "The obstacles, such as recruiting instructors and the limited available funding, were not easy to address," says Kathleen Kearney, co-chair of PACT's board. "It took everyone working together with open communication and persistence."

Eventually, a plan was developed that all parties could buy into, and PACT approved \$129,000 in seed money for the LPN training program. The area's nursing shortage is now being addressed, and dislocated workers have an avenue toward quality employment.

Information Technology

PACT recognized that skill building was also the key to developing employment opportunities in information technology (IT). Feedback from both employers and employees underscored that a lack of practical skills and experience was one of the biggest barriers to entering the IT field for many Mainers.

PACT's IT subcommittee noticed that only a limited number of IT internships were offered in the area. Furthermore, most of these internships were in state

government and paid only a small stipend. Accordingly, PACT immediately began developing a private-sector internship program structured on the input of local businesses. Approximately 16 PACT-funded workers are now employed in these new internships and are becoming more marketable candidates for future IT jobs.

PACT's IT subcommittee also developed a guide to help workers in transition gain a better understanding of the complexities of the IT world, with specific information on what is going on in central Maine. *So You Want a Career in Information Technology—A Practical Guide to Understanding and Finding Computer-Related Jobs in Central Maine* provides practical information for workers and career counselors, including a variety of assessment tools to gauge potential aptitude for IT work.

Other Initiatives

In addition to the programs noted above, PACT is funding several other initiatives as it strives to develop a sustainable economy in Kennebec and Somerset counties. Such activities include the following:

- supporting e-commerce workshops and other classroom training;
- subsidizing the Edwin Marion Kauffman Foundation's FastTrac Planning program to help small business owners develop effective business plans; and

- funding various business counseling and technical assistance programs.

To date, PACT has helped train 244 individual workers and has had an impact on an estimated 100 area businesses.

To accomplish these successes, PACT has overcome substantial challenges. Achieving transparency and efficient decision-making often proved difficult because of the range of sectors and interests involved. Each of the three industries had an economic agenda and a complex political landscape that had to be navigated. In health care and information technology, PACT faced a steep learning curve as these newer industries required significant research in order to effectively identify gaps and target resources. And PACT learned that while it is relatively easy to train workers, it is a major challenge to train workers when constrained by money, time, and a sluggish economy.

Clearing these hurdles and forming a united front, PACT is helping communities in Kennebec and Somerset counties face head on the challenges of a shifting economic landscape.

Jennifer DeChant is marketing coordinator at Coastal Enterprises, Inc.

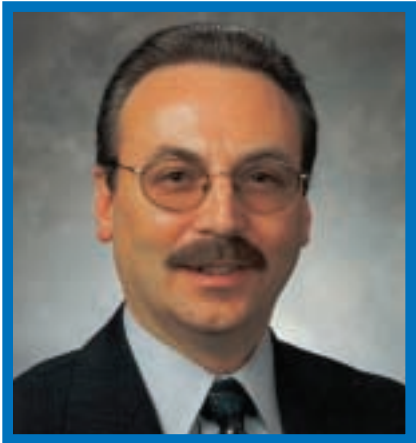


Information technology internships give workers the experience and skills they need to enter the IT field.

JUMP\$TARTING

a New Career

by Daniel Hebert
New Hampshire Jump\$Start Coalition for
Personal Financial Literacy



When I was asked to speak at a teachers conference in 1996 about the differences between credit cards and debit cards, I never imagined how that one presentation would not only change my career path, but also reveal my personal passion. It was the event that I like to say “knocked me over with a feather.”

On that day, I discovered just how little many of the teachers in the room knew about credit cards, and how many didn’t know the difference between credit cards, charge cards, and debit cards. I had been in consumer lending for almost 25 years, and in my role as a credit card administrator, I was responsible for the profitability of a growing credit card portfolio. I just naturally assumed that since I had a successful credit card program, my customers must know what they’re doing with them.

I was even more surprised by how little some of these educators knew about basic financial matters such as balancing a checkbook, applying for credit, and saving for retirement. Even more alarming, I learned that their students were not exposed to personal financial information. The school curriculum did not support these concepts. Who was teaching kids about basic banking and financial matters?

Around the same time, I began to observe some trends in our consumer loan portfolios. An analysis revealed that the average age of our charged-off borrower was 30 years old. These young borrowers were more than six months behind in their monthly payments, and by regulation, my bank considered their debt non-collectible, treating the remaining loan balance as a total loss. The dots were beginning to connect.

Then the late 90s arrived, and with this period came many contradictions of former economic notions. Unemployment was trending downward to historic levels. We were approaching the ninth year of economic recovery. Interest rates were at all-time lows. The NASDAQ rose 85 percent in 1999 as

money flowed into the stock market, yielding incredible returns. Consumers felt prosperous and bought everything in sight.

And yet, bankruptcy filings were at record levels and climbing each year—especially in New Hampshire. We ranked 8th in the country for the highest percentage of people filing bankruptcies linked to credit card debt. We were 6th for the highest percentage of bankruptcy filers that chose total debt liquidation over the option to repay their debt over time. These bankruptcy filings seriously affected the profitability of our credit card program—forcing us to follow the route of many other small credit card issuers at the time and sell our portfolio to a larger issuer who could absorb the expenses.

With the convergence of all of these events, I began to wonder about the next generation of borrowers—teenagers. How could we get information to them about the fundamentals of saving and prudent spending so they could avoid using bankruptcy as a means of financial management?

Through my bank's affiliation with Visa, I read one day that Visa is a financial supporter of the Jump\$tart Coalition for Personal Financial Literacy, a Washington-based nonprofit association that addresses this very issue. Formed in 1995 and supported across the United States by 140 corporations, government agencies, education associations, and nonprofit providers of financial education, Jump\$tart has a mission "to improve the personal financial literacy of young adults by promoting personal finance education at home and in school."

Through a survey conducted by the University of Buffalo School of Management, Jump\$tart determined that the average student who graduates from high school lacks basic skills in personal financial management. Many are unable to balance a checkbook, and most simply have no insight into the basic survival principles of earning, spending, saving, and investing. Participants in the 2002 survey answered only 50.2 percent of the questions correctly, falling from 57.3 percent in 1997. Clearly, this is not a favorable trend.

Articulated by Jump\$tart, "Many young people fail in the management of their first consumer credit experience, establish bad financial management habits, and stumble through their lives learning by trial and error. The Coalition's direct objective is to encourage curriculum enrichment to ensure that basic personal financial management skills are attained during the K-12 educational experience."

I approached Jump\$tart and indicated that I would be interested in leading a state coalition for New Hampshire. With their assistance, an informational meeting was arranged with leaders from the financial services and education communities. At that meeting, it was agreed that personal financial literacy is an important issue to pursue for our children, and many attendees volunteered to assist in the effort. A few months later, in the summer of 2000, the New Hampshire Jump\$tart Coalition was formed. We became a state affiliate of the national organization, creating a unique structure that allows us the independence to work on specific initiatives for our state, while benefiting from the brand awareness of the national organization.

Soon, I was speaking to high school students in the classroom and directing the activities of the coalition. After almost 25 years in consumer lending and collections, it became time for me to channel my experiences and knowledge to a new passion—helping young people avoid the pitfalls of poor money management. And I am pleased with the progress to date.

We developed a strategy of training teachers with the intent that they will share this information with their students. In partnership with the UNH Cooperative Extension, we conducted three successful conferences training teachers on how to use the High School Financial Planning Program, a curriculum designed to be integrated into their current lesson plans. As a result, more than 15,000 New Hampshire students have received in-class instruction in personal financial management since 2002.

Personal financial literacy is an important issue to pursue for our children.

We are also striving to make Jump\$tart a recognizable voice in New Hampshire. We have spoken to many civic and parent organizations to generate grassroots support of our mission and have targeted teenagers through a dozen public service announcements *12 Principles Every Young Person Should Know*. We facilitated a statewide multimedia contest, administered by a committee of high school students, that challenged students to address a personal finance topic in an essay, poster, or video. Additionally, we formed a speakers bureau of professionals from the financial services sector who volunteer their expertise in presentations to students; to date, they have reached 3,500 children.

NH Jump\$tart is an organization made up of volunteers. There is no paid staff, and all of the activities and initiatives are done by members of the coalition with support from our sponsors and in-kind service providers. Some of the most extraordinary people have joined

our group. What makes them extraordinary to me is their commitment and passion for personal financial literacy and their willingness to volunteer their time to support our quest. These individuals come from banks, credit unions, credit bureaus, credit counseling services, universities, and the education and financial planning worlds—all have busy jobs with limited time. Yet, everyone puts aside their agendas and competitive desires, and we work together as a group.

Never content with the status quo, this group is working on a number of important new initiatives. We are introducing the national LifeSmarts program to the Granite State. NH Jump\$tart will serve as New Hampshire's first state coordinator for this exciting program that teaches teens to be smart and responsible consumers and citizens. Perhaps even more exciting, the NH Department of Education is in the process of revising school standards for all of the state's school districts, and NH Jump\$tart is busy advocating for the inclusion of specific personal finance requirements in these standards. This represents our best opportunity to ensure that all students have access to information on personal financial management.

In my work, I have seen the complexity of the contemporary financial world, and I believe that the need for sound money management skills has never been greater. The stark reality is that today's teenagers are unprepared to take advantage of their wealth of options and, in fact, are more likely than ever to be victimized by their own lack of knowledge. I believe that we as a community have the power to request our education leaders to include personal finance in our children's curriculum, and we as parents have an obligation to talk to our kids about money matters. In this changing and complex financial world, there is no better way to ensure a viable financial future than to educate our children about financial matters.

Daniel Hebert is President of the New Hampshire Jump\$tart Coalition for Personal Financial Literacy and Executive Director of New Hampshire Partners in Education. You can learn more about New Hampshire Jump\$tart by visiting www.nhjumpstart.org.

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