

Dos

Marias,

Dos

Caminos

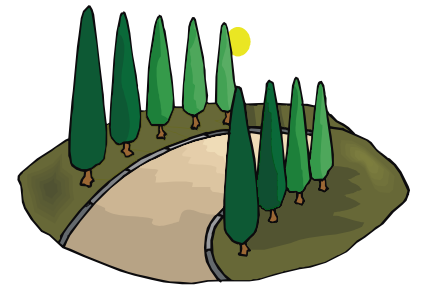


...or why banking is a right!

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Dos Marias, Dos Caminos

Dos Marias, Dos Caminos



(Two Marias, Two Roads)
is a story that explains the separate and unequal financial systems that exist in the United States, why this is a problem, and what we can do about it as individuals and as communities.

Our story begins with the introduction of our two main characters and their two separate roads.



Introducing the Marias...



Hi! My name is **Maria Rica**. I am an account executive with a major media company in Los Angeles. I have a nice car, a cell phone, and a bank account.

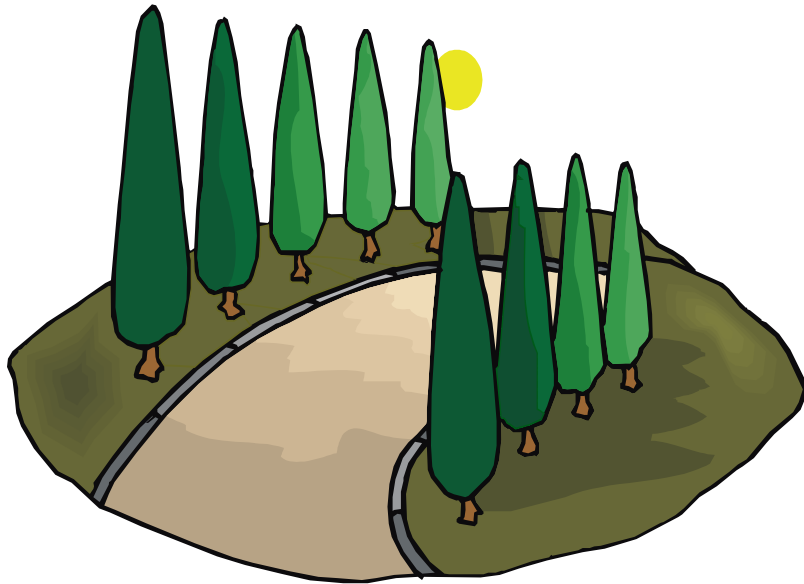


My name is **Simplemente Maria**. As you can see, I am a waitress. I earn minimum wage plus tips and struggle every month to pay my rent and support my kids on my salary. I do not have a bank account, and every week I take my paycheck to the check-casher, where I also buy money orders to pay my bills.

The Two Roads



The Smooth Road



Maria Rica's financial road starts with a bank account. Her bank account offers a safe place to keep her money and checks which provide a convenient way to pay her bills. Her relationship with a bank is the first step that can lead to other financial opportunities credit cards and various kinds of bank loans - consumer loans, home loans, business loans, and more. We call this road the **smooth road** because it takes you where you want to go.



The Bumpy Road

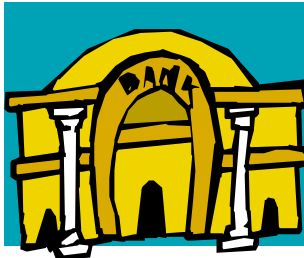


Simplemente Maria's financial road starts with a check-casher. She doesn't have a safe place to keep her money, she has to pay separately for each transaction - for a money order or a bill paying service. When she needs credit, she can't go to a bank because she doesn't have a banking relationship. She can instead get a pay-day loan, purchase from a credit furniture store, or use a pawnshop. We call this road the **bumpy road** because it costs more and it takes you longer to get where you want to go.

Two Financial Systems



The Smooth Road



Bank Account
Free checking



Consumer Loans
13% interest
(home & business
loans too)



Credit Cards
18% interest

It is important to understand that the two roads never meet - they represent two separate financial systems - one that primarily serves middle and upper class people and one that primarily serves poor and working-class people.



The Bumpy Road

Checks Cashed
1.5%-3% fee

Money Orders
75¢



Pay-Day Loans
300% interest*



24% interest



180% interest & fees

As you can see from the illustrations, although each road provides real services that people need, they are not equal.

The bumpy road does not provide a safe place to keep your money, it will never lead to a home or business loan, and it generally costs more for each financial or credit transaction.

* Annual Percentage Rate, based on 15% for two week loan

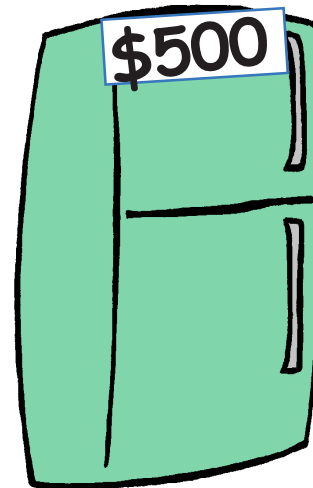
The Two Marias Buy a Refrigerator

Our two Marias actually have a couple of things in common. Last night, both of their refrigerators broke down and now they both have to buy new ones!

The other thing they have in common is that neither Maria has the cash to buy a refrigerator - they are going to have to buy on credit before all their food goes bad.



Although **Maria Rica** earns a lot, she doesn't have any cash because she spends all her money on her nice car, her cell-phone, and eating out in restaurants.



Simplemente Maria doesn't have the cash because she earns barely enough to make ends meet. For her, extra expenses like a new refrigerator or going to the dentist almost always require credit.



Let's see what choices each Maria has to finance the purchase of a refrigerator.

Maria Rica Buys a Refrigerator

Maria Rica, you have a choice between going to the bank and getting a consumer loan or using your credit card. Which do you prefer?

I'll take the bank loan because it costs less interest.



13% interest



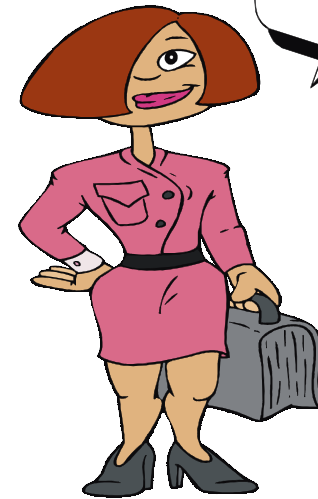
18% interest



Choosing a Form of Credit

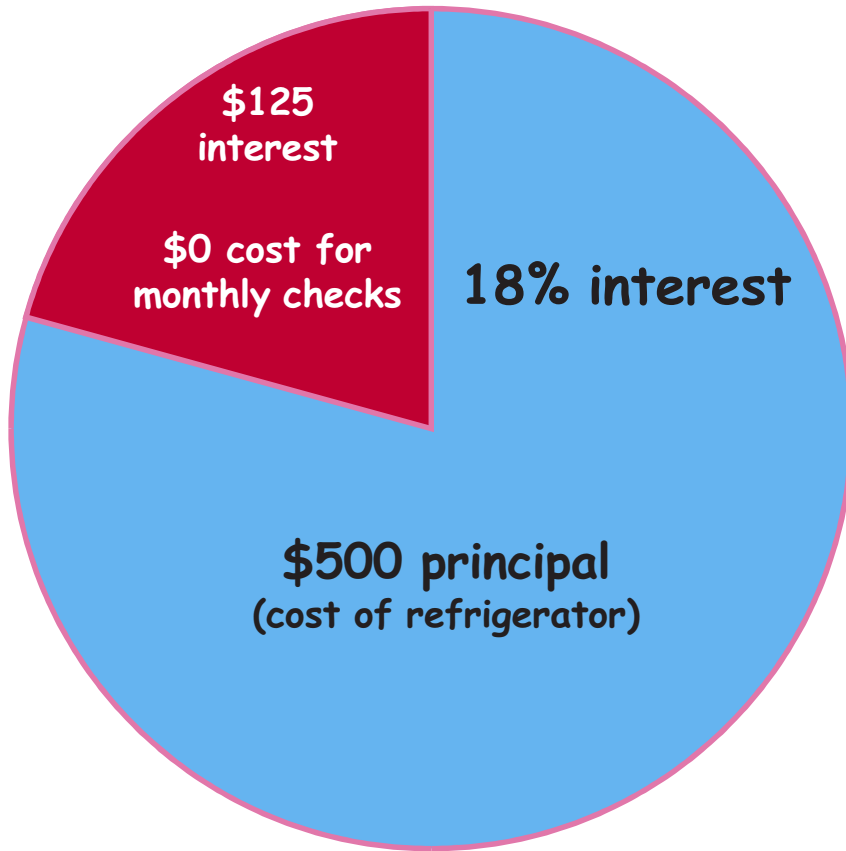
Good idea, Maria Rica, but most banks won't give you a loan for less than \$2,500. Maybe you had better use your credit card.

Oh, O.K.



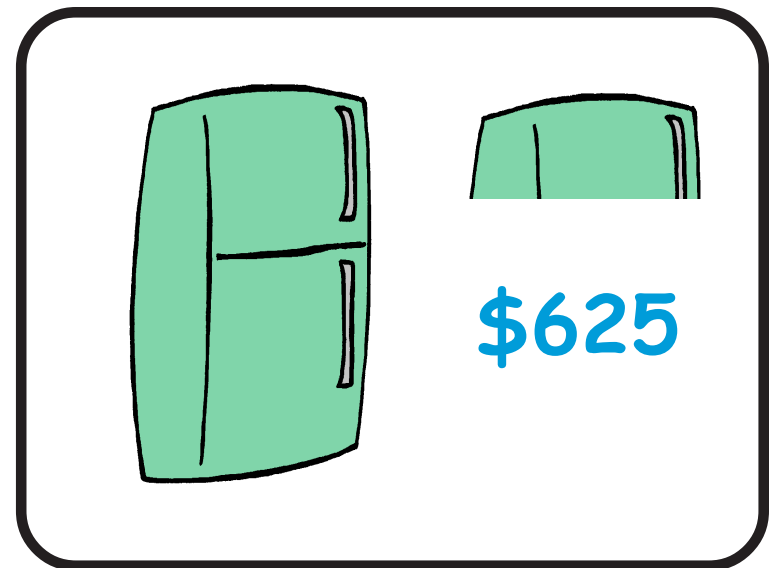
Let's see how much that \$500 refrigerator will cost you if you use your credit card.

Maria Rica's Costs



Maria Rica Pays **\$625**

That's equal to the cost of one and a quarter refrigerators.

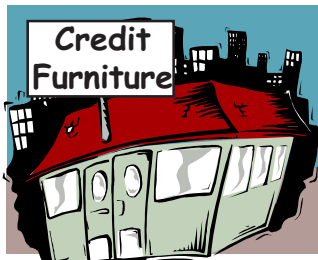


After she pays off her credit card bill, Maria Rica will end up paying \$125 in interest plus the cost of her \$500 refrigerator. Since she has a free checking account, her monthly payments don't cost her any extra money. Her total costs are \$625.

Simplemente Maria Buys A Refrigerator

Simplemente Maria, you have the choice of buying your refrigerator at a credit furniture store or at a rent-to-own store. Which do you prefer?

I'll use the credit furniture store in my neighborhood because they charge less interest.

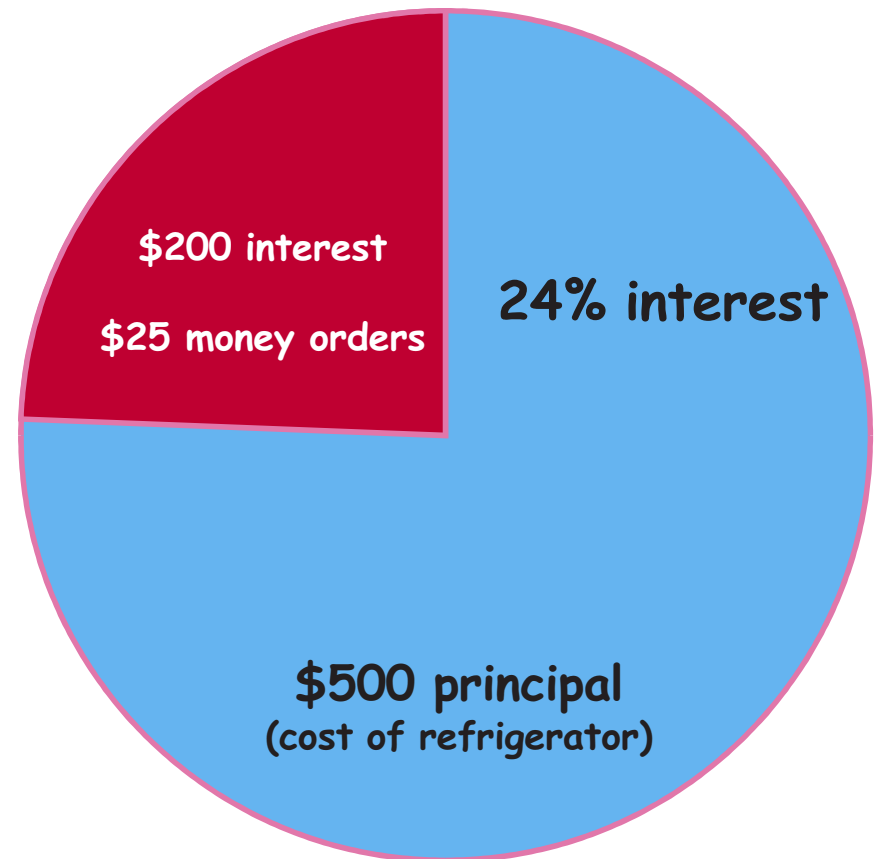


24% interest



180% interest & fees

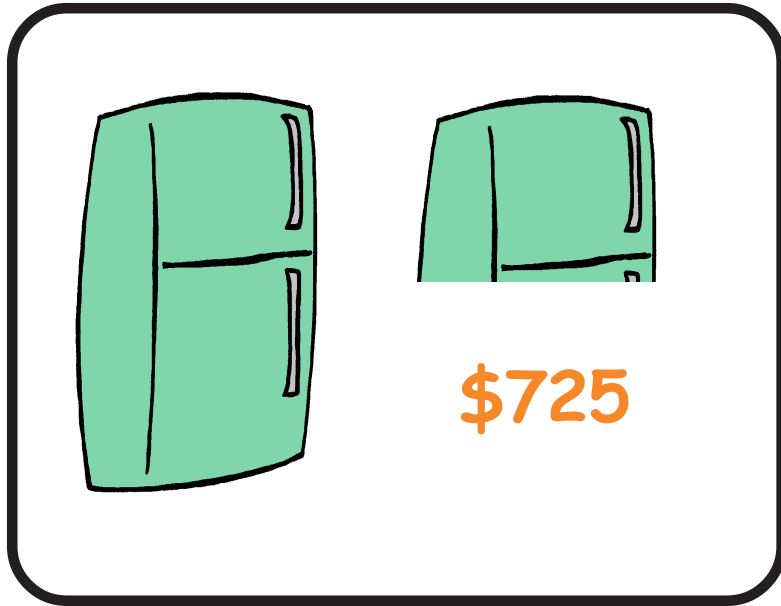
Simplemente Maria's Costs



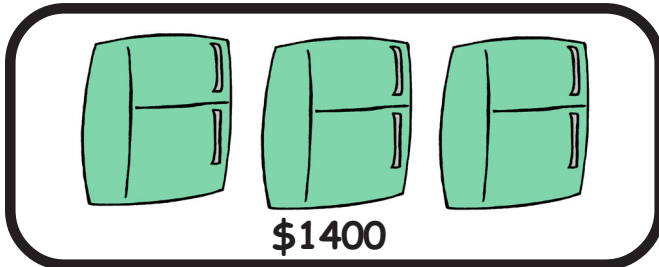
After she pays off her credit card bill, Simplemente Maria will end up paying \$200 in interest plus the cost of her \$500 refrigerator. Since she has to pay for a money order in order to make every monthly payment, that adds another \$25 to her costs. Her total costs are \$725.

Simplemente Maria Pays \$725

That's equal to the cost of almost one and a half refrigerators.



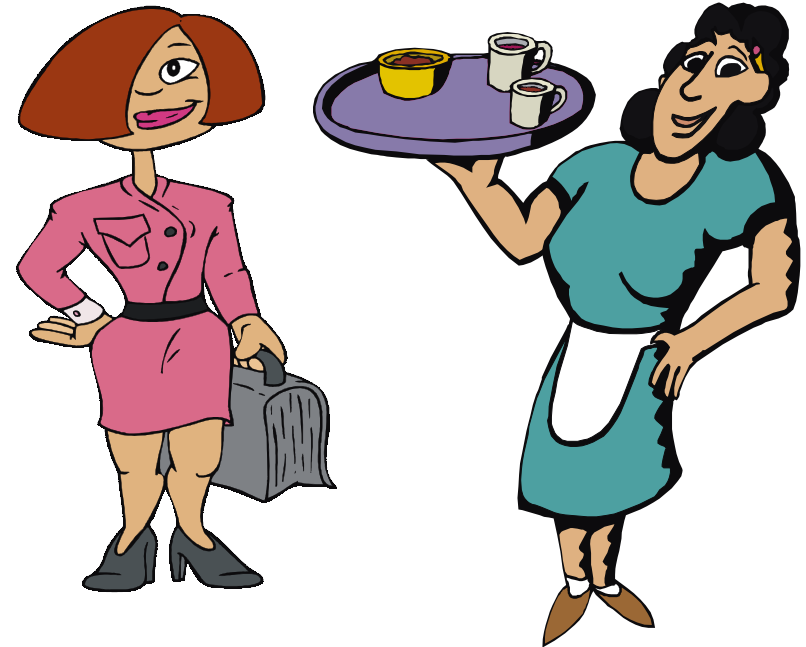
Good thing you didn't choose the rent-to-own. That would have ended up costing \$1400, or almost three refrigerators!



What's Wrong with this Picture?

Simplemente Maria earns less money than I do, but always pays more.

That's not fair!



There's More to the Picture

There is more to this picture than what you can see.

In the United States, we have policies that support the banking system that Maria Rica uses. This system is protected and subsidized by the government.

These policies started after the Depression of the 1930's when everyone ran to take their money out of the banks at the same time. There wasn't enough money in the banks, so a lot of people lost all their money and a lot of banks failed.

New policies were created to make sure that this never happened again.

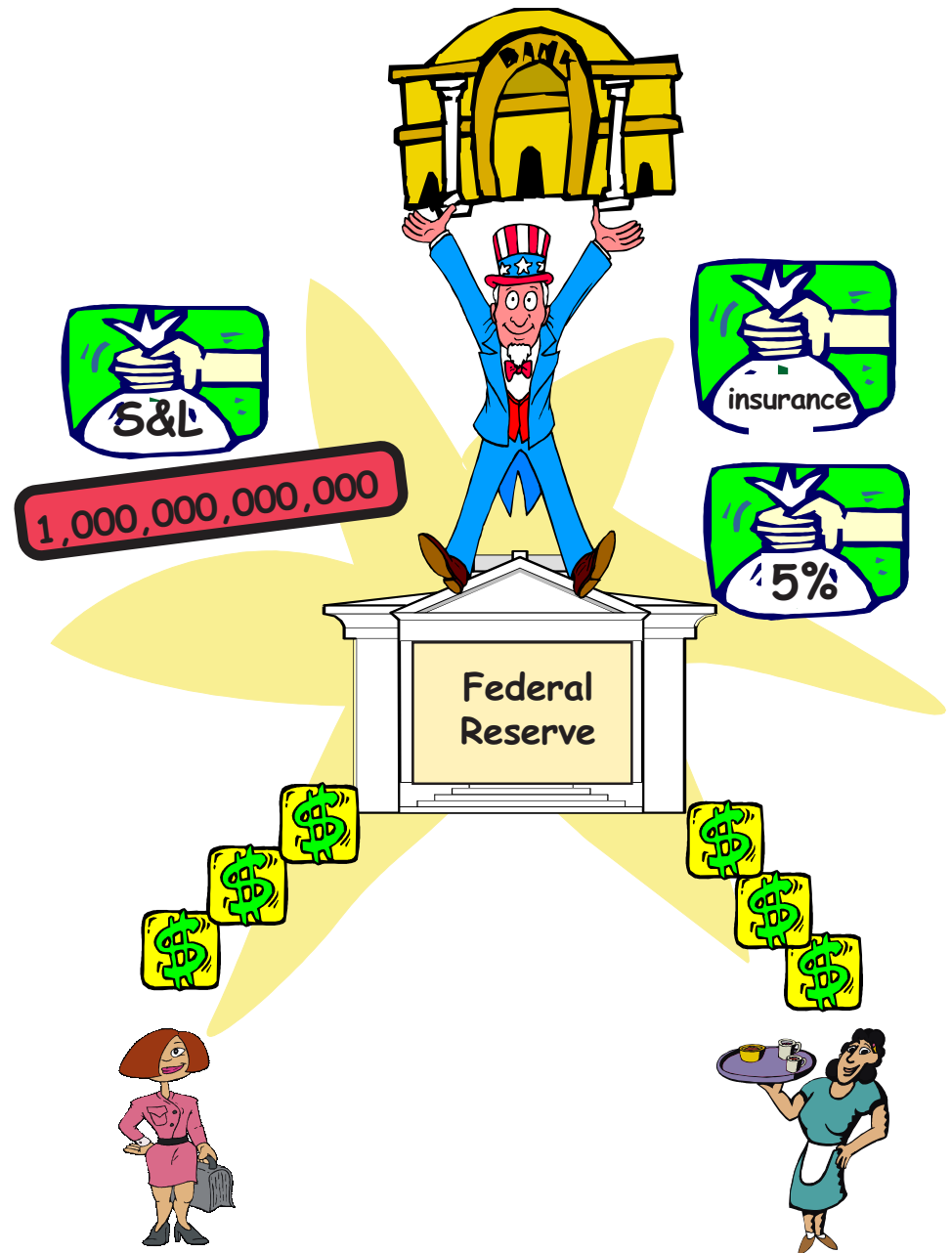
Today, all bank accounts are insured up to \$100,000, so if a bank fails, people still can get their money. There is even a government super-bank called the Federal Reserve. The Federal Reserve loans money to banks at a low interest rate so that they won't ever run out of money. That rate is currently about 5% -- a lot lower than anything either of the Marias can get.

And, in the 1980's when all the savings and loans in the country started to fail, the government bailed them out with public money. Some people think that bail-out will end up costing us \$1,000,000,000,000 (a trillion dollars!).

The cost of the savings and loan bail-out, cheap insurance and loans is paid out of public money -- our tax dollars. That means that both Marias and the rest of us pay for the system whether we use it or not.

The Big Picture

This is what the system looks like.



What's Really Wrong with this Picture?

*I'm paying for the banking system whether I use it or not!
Banking should be a right!*



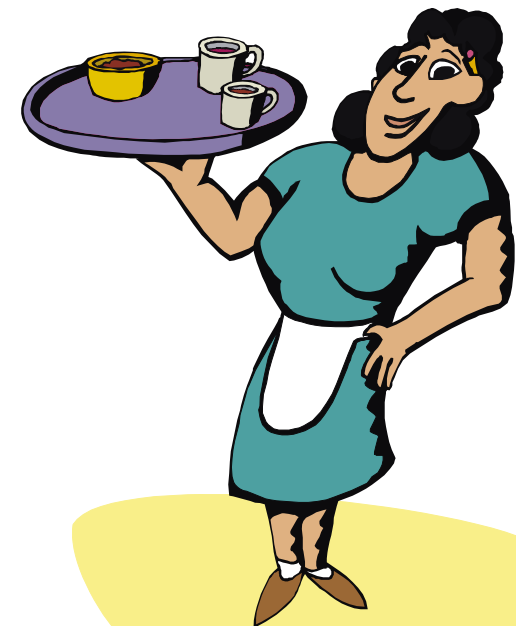
That's Right!

So, Simplemente Maria, what are you going to do about it?

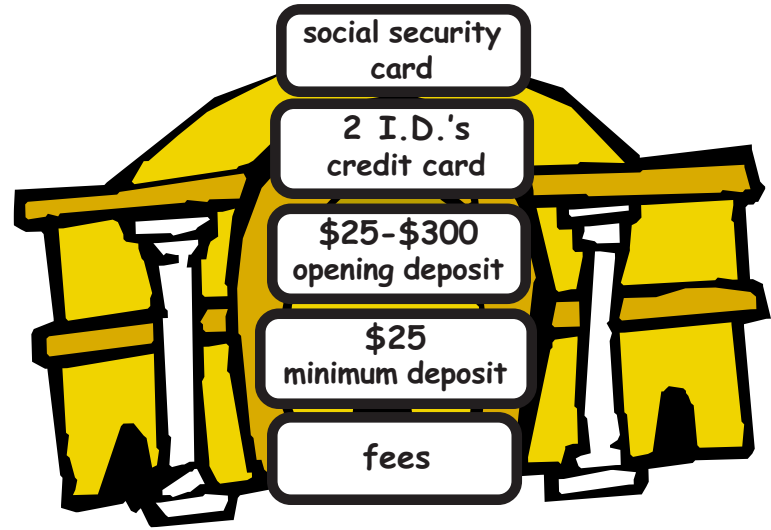


Simplemente Maria Goes to the Bank

*I really need to get on that smooth road.
The first thing I need to do is get one of those free bank accounts like Maria Rica's. I'm off to the bank.*



Hi! I'm Simplente Maria. I would like to open one of your free bank accounts, please.



O.K., all I need to see is your social security card, a picture I.D., a credit card, and a \$300 opening deposit. Also, make sure you always keep at least \$300 in your account at all times or we'll have to charge you special fees.



I don't have all that stuff, and this bank account doesn't sound free to me! I am annoyed and depressed. I guess I'll stay with my check cashier. At least he wants my business. He'll even give me an I.D. It doesn't seem like banking is a right at all.






Whoa! Who are you?

Don't despair,
Super-Maria is here!
Let's think about this.
You are a worker, a woman, and a
person of color. Haven't you ever
had to fight for your rights?

Sure, I've had my
struggles. But what
does that have to do
with getting a bank
account?

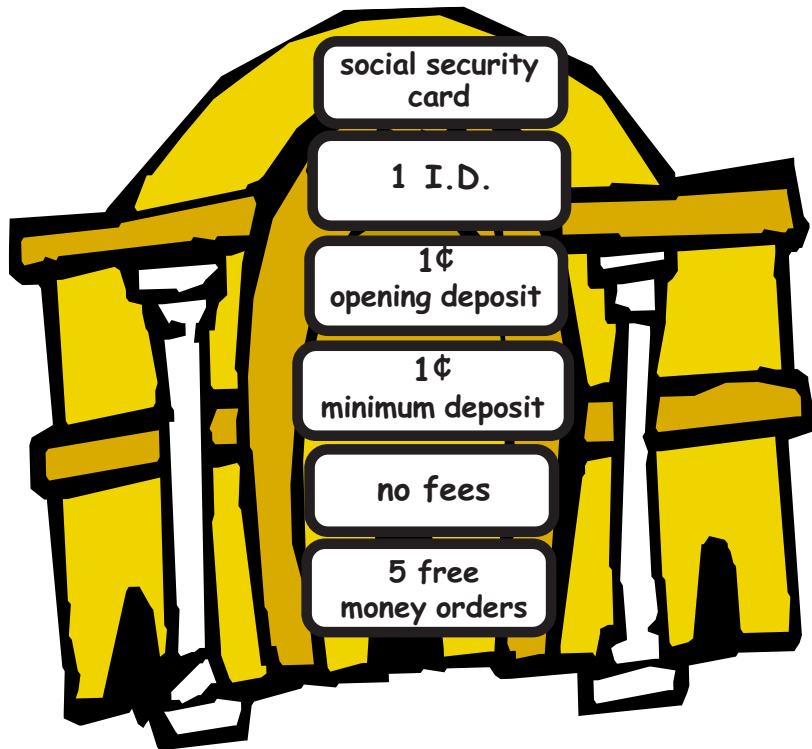


Some friends of mine in Los
Angeles - women on welfare -
educated themselves, organized,
and met with a bank to create a
bank account that meets their
needs. You can do that too, if
you join together with others in
your community.

In Los Angeles, people on welfare

negotiated the nation's first welfare-to-work bank account with Washington Mutual, the largest savings and loan in the country. They also worked to change a law in their state so that people on welfare can have their checks directly deposited into a bank account. They replaced the barriers with requirements that could better meet their needs.

There are lots of ways that banks and community organizations can work together to make the "smooth road" available to everyone.



The Moral



*And remember...
Banking is a right!*

*Thanks,
Super-Maria!*



The End

Strategic Actions for a Just Economy



SAJE

Strategic Actions for a Just Economy (SAJE) is an economic justice organization dedicated to building more economic power for working class people. Towards this end, SAJE is dedicated to bringing banks back into our communities and people back into the banking system.

This pamphlet accompanies financial literacy workshops that were designed for grassroots community organizations by SAJE.

For more information about SAJE and our financial literacy programs, contact:

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