Announcer:

Welcome to the Keys to Financial Inclusion podcast, brought to you by National Disability Institute Center for Disability Inclusive Community Development. Hear from thought leaders in the disability and financial communities who will share insights, analysis, and emerging strategies to improve and increase investing, lending and service activities for people with disabilities. And now here's your host, Michael Morris.

Michael Morris:

Americans with disabilities are the largest minority group in our nation, comprising between 13% to 20% of the US population, or over 45 million people. One in four families has a family member with a disability and people with disabilities are two and a half times more likely to live in poverty than those without disabilities. Let me introduce Annie Harper, is the associate research scientist in the program for recovery and community health at Yale University. She conducts research on poverty, finances, and mental illness. She's interested and will share with us her insights in addressing the social determinants of mental health, focusing in particular on how the financial services and retail industries could better serve low income people generally, and people with mental illness in particular.

Michael Morris:

So, welcome Annie to our podcast show. And let me start with the first question. NDI established last year this new center for disability inclusive community development. Our intention is to focus much needed attention by financial institutions on the unmet needs of low, moderate income people with disabilities and to encourage greater investment and lending activities to support people with disabilities. Annie, what does inclusive community development mean to you and why is it important?

Annie Harper:

Hi, Michael, and thank you so much for the opportunity to be here today. So to me, inclusive community development really means development that provides an opportunity for everyone to flourish, however they might define that. I think to reach full community development, we have to pay attention to not just what's happening today, but to historical and also structural, so bigger system injustices. It's not enough just to open doors and invite people in, then act like it's their fault or their decision when they don't enter. I think we do that quite often in community work. What we have to do is really pay attention to why some people have less or are struggling more than others, why in a deep historical sense, and then tackle those inequities at their roots. So that's racism, discrimination against people with disabilities, et cetera.

Annie Harper:

I also think we may need to rethink what we even mean by community development. We really need to recognize that the best people to define what that means are the people who currently are struggling most. And in fact, while I recognize that all the terms that we use for these things have limits, there's no perfect terms, we do need to be clear that inclusive shouldn't mean those of us who consider ourselves on the inside, kindly inviting those who are outside, in. Rather we need to be thinking about there are different potential ways of flourishing which may not be mainstream, might not even be in the heads of us who have privilege, and taking them seriously. So what does development even mean? Who gets to decide what that is, not just who gets to participate?

Annie Harper:

I just have one example of that relevant to banking. We sometimes focus on inclusive as being who doesn't have a bank account and therefore who needs one. And I think maybe it's helpful to step back and start thinking about what should banking even mean. So not just who gets to have a bank account, but what does banking look like in our ideal community?

Michael Morris:

Oh, wonderful. Thank you. Let me go to a second question. You and I know that FDIC data indicates that almost one in two working age adults with disabilities are un-banked and under-banked. With your research and your work in the field, can you share with our audience, how can financial institutions do more in terms of products and services to change this picture for low and moderate income people with disabilities?

Annie Harper:

Okay, yeah. Great question. And that is indeed really the focus of my work is I focus mostly on people with psychiatric disabilities and thinking about what their access is to financial services and how that relates to their wellbeing generally, and particularly their financial wellbeing. So I should say that I came to this work from a background not in health, but in poverty and financial services. And one of the really great things about that is that most of my colleagues come from a health background, and when you come from a health background, you tend to see things in terms of health. So the financial problems that people face, people who have psychiatric disabilities, could be interpreted as to do with their mental illness. And one of the things that it was easier for me to see, because I didn't come from that world, was that actually lots of the financial problems that people with mental illness have, are exactly the same as the financial problems that people who are poor have.

Annie Harper:

So for me, when I think about what financial institutions could do, my first thought is what can financial institutions do to better serve people who are poor? There are some very specific things that I think they could do to better accommodate very specific difficulties that some people with disabilities have, and I'll talk about those in a moment, but for the most part, I think if we had a banking system that worked with people who are poor, then many of the problems that people with disabilities have would really go away.

Annie Harper:

Now I have some key features that I think good banking would have. The first is there have to be options for free or very low cost checking, basic transactional account, ways to pay bills. We need much more effective tools to help people effectively budget their funds and allocate pots of money for different expenses. There are apps, financial, sort of FinTech apps that are doing this quite well, but we need mainstream banks, that mostly people with disabilities that I work with prefer to use banks and credit unions. They need to be able to offer these tools. We need savings accounts that really help people save. Not that you log in and in 10 seconds swipe to your checking account. Biggest ones for me is overdraft fees. It's a particular focus of mine because so many people struggle with overdraft fees. Banking products need to offer people ways to deal with those short term moments when their balance might dip below zero without spiraling into uncontrollable fees and debt. And finally, affordable credit for larger than normal expenses, such as [inaudible 00:07:22] or whatever for people who don't fit into the typical credit worthy description.

Annie Harper:

I think if banks were able to offer those kinds of products, people with disabilities would do much better. And while a good banking system isn't the only thing we need to get people out of poverty in this country, they are part of the problem and part of the solution. And if people have access to the kind of services that I've just described and that were affordable, I think fewer people would spiral into debt and get taken advantage of and everything.

Michael Morris:

Thank you.

Annie Harper:

I just want to finish by wondering whether what I've just described is possible in the current economic climate. I know that there are small financial institutions that I work directly with, which really want to do these things, but they struggle to do it. So I don't know whether it's possible within the current financial services industry or whether we need to look at something completely different, like post office banking or public banks or something like that.

Michael Morris:

Okay. Let me go to further thoughts about your research. Could you share three key things you have learned that could help our audience understand both the challenges and opportunities to improve financial inclusion for people with psychiatric disabilities?

Annie Harper:

I mean, as I said, the first thing is that the financial inclusion for people with psychiatric disabilities will be advanced if we have banking that works for poor people. That's key thing number one. The second is that, having said that, there are some particular problems that some people with psychiatric disabilities have, and I want to reiterate most people with psychiatric disabilities manage their money just fine, but at the same time, there are some who struggle for wide range of reasons. So I guess the second thing I've learned that is, while we need to just have a good banking system overall, there is a need for specific things that will address the needs of some people with psychiatric disabilities. And this is particularly for people who, for whatever reason, are unable to manage their funds by themselves.

Annie Harper:

Just as background for people who don't know, if you are struggling to manage your money, not pay your bills, et cetera, also if you're on disability benefits, you typically have to hand over control of your money to someone else, to a representative payee or a conservator. It can be really helpful, but we've done research which finds that when people give control of their money to someone else, all sorts of things can go wrong: lack of trust, lack of accountability, lack of transparency. And often you end up damaging relationships that are really important to people. So I'm interested in ways that actually banks could help people in those situations to create more transparent ways for people to see what's happening with their money. There's view only accounts are an option that a couple of banks have. There's apps that you can use, one's called EverSafe, to be able to enable those relationships, but have people be more empowered and more accountable within them.

Annie Harper:

The third thing ... So the first one is banks need to be good for poor people. The second one done is there are some specific things banks can do to accommodate people who need to not be in control of their money. But then the third thing is I think there's very specific things banks can do based on the particular kind of difficulties that people with mental illness sometimes have. So for example, banks can offer a way where if you spend a certain amount of money or engage in certain types of spending behavior, you get an alert to remind yourself, "Hey, what's going on? What are you doing? You're close to zero, or you've just spent a large amount of money." There are some cards out that where you can actually self-impose limits on what you spend, where you spend, how you spend. I think these types of things could really help people who are struggling, but don't want to lose control of their money, don't want to hand over control to somebody else.

Annie Harper:

And like most things that are good for people with disabilities, they end up being good for everyone. Like the cutaway curbs for wheelchair users just makes life easier for all of us. And I think these kinds of products I've just described would be good for people who have psychiatric disabilities, would actually be good for everyone.

Michael Morris:

Let's take us over to the world so many people with disabilities live in. They're very much dependent on public benefits that often may limit ability to save. They may even place limits on income in order to remain eligible for benefits. Can you talk a little bit about how these rules get in the way of financial stability for people with disabilities?

Annie Harper:

Yeah. So this is an absolutely key area because obviously for people who can't work or can't work to the full extent that they could if they didn't have a disability, it's essential that we provide them with financial resources. So the disability benefits system, social security disability income, SSDI, and supplemental security disability income, SSI, are a key plank of equity and inclusion for people with disabilities in this country. Unfortunately, at the time they were developed, and I don't know all the details, but decades ago it might've been pretty awesome. Unfortunately now, they are out of date. And ultimately people who rely on those disability benefits are hemmed in by requirements, which really affects their ability to get ahead financially or just to be financially secure. And the two you've already mentioned, well, the first problem is it's not enough money, but the other issue, the key issues, which you've already mentioned, are that when you're on those types of disability benefits, there are strict limits on how much additional money you can earn through work and also how much money you can save.

Annie Harper:

For people on SSI in particular, so people without much of a work history may not be eligible for SSDI, which usually gets higher amounts, and they have to rely on SSI, which is very, very low level. People on that type of benefit really, really struggle because not only is it a very small amount of money, I think it's around $770 at the moment, but if you earn over $20 in earned income, then you start to lose 50 cents of your SSI for every dollar that you earn. If you have more than $2,000 in assets, you can lose your benefits entirely. So it really makes it impossible for people to do anything other than subsist on the very basics.

Annie Harper:

One thing that we've noticed in our research is it's not simply, this doesn't just negatively impact people who do work and earn money or save money and therefore needs their benefits. It actually has a profound effect on a much larger group of people, which is the people who could work or would at least think about work or saving money, but just don't because they're so afraid of what might happen, because there are so many stories out there about people having to repay money that they ended up not being eligible for because they had too much money in the bank. And it really just keeps people trapped in a situation they don't need to be in. And it's very damaging, it's very unfortunate and it really needs to change.

Michael Morris:

Let's go to a slightly different set of issues, and that is that really not enough attention has been given to the intersectionality of race, gender, and disability in low, moderate income populations. There are added challenges to equity and inclusion. From your research and your community work, what can community groups and financial institutions do to be more responsive to these challenges?

Annie Harper:

I will just say from the outset, personally I come from a background of great privilege and I don't have a disability. So everything that I talk about, it comes from people who have suffered from lack of privilege and all of these intersecting issues. And that really is my first point, that if we're going to do anything about this, the first thing we have to do is acknowledge it and try to understand it. And for people who come from positions of privilege, that's really difficult. And it's always a work in progress to understand the situations of people who don't have the kind of privilege that in my case I have. So I guess that's lesson number one, is acknowledge and learn and keep acknowledging and learning everyday because when you live the kind of privilege that I do, every day you wake up, that's reinforced and you have to keep reminding yourself to understand what it's like for people who don't have privilege.

Annie Harper:

So, yeah, issue number one, acknowledge and try and understand and continue to understand. And understanding means recognizing that people, and let's say around race in particular, people of color have suffered the impact of racism for generations. The financial services system have been central to that. The very short story is the red lining through the 1930s and '40s, whereby people of color weren't given loans to buy homes, continued discrimination since then, just less visible. And today when predatory lending and criminal justice fines and fees, just to mention two, today disproportionately affect people of color. So we have a situation where racist practices past that resulted in people of color being poorer, having less intergenerational wealth to pass on, having to pay more for essential financial services, and then on top of that, racism continues today.

Annie Harper:

What do we do now to make a difference there? And I really think there are two broad areas. The first is actively working against it. Being alert to recognizing it still happens and calling out discrimination when it's found. And there are examples where the Consumer Financial Protection Bureau has done that around mortgage spending, but then also recognizing that sometimes you have to rebalance the situation. So it's not just enough to say, "Oh, well, we all have equal access now," when you have communities who over the decades have been pushed back so far, you may need to rebalance by giving additional resources to certain groups. And the work that's been done on baby bonds by Sandy Derrick and Derrick Hamilton is really, really great about that. Just recognizing redistribution and rebalancing is sometimes necessary.

Annie Harper:

And then also, and I think maybe I'm going back to my first point here, which is really that for people who don't understand through personal experience a particular kind of discrimination, constantly recognizing that people who actually have experienced that, whether it's racism or discrimination against people with disabilities or gender discrimination, they are and always will be, and are the only experts on those issues. So it's a constant process of making sure that people like that are at the center of deciding what the problem is and what the solutions need to be.

Michael Morris:

I think, let me take you to a topic very much a focus for our Center for Disability Inclusive Community Development, and that is banks' activities and commitment and responsibilities under the Community Reinvestment Act. In 2018, banks spent over an estimated $450 billion in investment lending and services to low and moderate income individuals in their footprint. What advice do you have for people with disabilities and disability community groups to become more engaged with mainstream financial institutions and build important, impactful relationships that can truly benefit banks, benefit communities, benefit people with disabilities?

Annie Harper:

That's such a great question because it seems like an easy and obvious thing to do, and it really is not. I know in my own work, I've tried to do it and I continue to try and do it. And it's hard to know how to do it well. But one of the things, this is just a thought that comes to me that I think is really important, is to remember that financial institutions are not just buildings and policies. They're human beings. Human beings have designed those policies, human beings continue to implement those policies. So when I'm feeling intimidated by trying to partner with, or put pressure on a financial institution, I remind myself, this is people. People's minds can change. People can change [inaudible 00:20:01] policy. So I think that's the first thing. This is really people running institutions, and we can work with people.

Annie Harper:

And also that those people often have their own personal experiences of experiencing discrimination, whether it's themself or someone in their family. And so there are ways to make connections with bankers, people working in credit unions, who you might not think that you have things in common with. So, the way I've tried to do it, I guess there are a couple of things. The first is to partner. As I said, there are people in those institutions, you can make connections and partner with institutions that want to do the right thing. That's where to start. But also not being afraid to push and call out when things aren't moving far or fast enough, or when you're being told by bankers or people working in credit unions that you don't really understand it because you're not a banker. I think our job as non bankers is to keep putting the pressure on and saying, "Well, we're not bankers, but we know this is wrong. We know this isn't working."

Annie Harper:

So it's that sometimes really tense or uncomfortable balance between partnering on the one hand and being a pushy spoke in the wheel person on the other hand. And I think one way to get over that barrier is to choose where you sit, because for banks to change, for credit units to change, they need people on the inside to change. They need partner organizations to help them in that change, but they also need activist groups who aren't partnering who are just putting the pressure on. I think we need all three of those things. So it makes sense for some people to be a bit more antagonistic and be in the activist demonstrating on the streets type of world. Partnering, or at least being allies with people who are a bit more central, partnering with financial institutions, going to those types of meetings, being respectable, and then finding allies in the banking and credit union industries themselves who recognize that things need to change and who can navigate the best way to do that.

Michael Morris:

One final question to help our audiences, share your closing thoughts.

Annie Harper:

NDI was one of the first organizations that I came across that actually recognizes that there is a connection between financial services, poverty and people with disabilities. So I think really what I want to end with is just for people to recognize that this banking actually is relevant to people's lives. It's relevant to people who are poor. They pay more for banking services. The banking services they use are less effective. And that's true for people with disabilities. I think I just want people to understand that, that financial services matter, that the lack of access to good and affordable financial services makes the lives of people who already have difficult lives even more difficult, and that there is something we can do to change this. And really the more people who get that and who are collaborating, the more effective it will be.

Michael Morris:

Thank you, Annie, for your insights today, sharing your knowledge and perspective. Your research has been trailblazing. I appreciate that today we've had the opportunity to learn more and share it with our audience. Thank you for being a part of our Keys to Financial Inclusion podcast series.

Annie Harper:

Thank you so much for giving me the opportunity and also thank you to NDI and this new project that you're doing for really opening the space for us all to make a difference. Thank you.

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Announcer:

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