



Community and Economic Development in North Carolina and Beyond Blog: Savings Programs for Low-Income Households: Overcoming Challenges in Rural Areas

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*This post is part of a series that highlights approaches described in a **School of Government web guide on asset-building tactics** for individuals and communities on the economic margin.*

A prior post lists several reasons that many communities have sought to encourage low-income households to contribute to savings accounts. In short, low-income households that accrue savings reap long-term benefits for themselves and contribute more to the communities in which they reside. One way to promote savings among low-income households is through Individual Development Account (IDA) programs—also known as matched savings programs—as described in a prior post.

Rural communities, however, face special challenges in administering IDA programs related to their lower population density. For example, many IDA programs require participants to attend financial education courses, but such courses may not be available in rural areas. This could make it difficult or impossible for rural residents to participate in an IDA program. Additionally, lower population density and transportation hurdles may make it difficult to identify and recruit participants, qualified staff, and financial partners.

There are several ways that rural communities have overcome these difficulties. One program in western North Carolina relies on several different partners for delivery of its IDA program. A local agency, Western Carolina Community Action, administers the program. Local churches assist by marketing the IDA program and providing space for associated financial education classes in an accessible and comfortable location for the served population. Even local businesses are enlisted to provide some portions of the training.

Outside of North Carolina, one of the oldest, largest, and most successful rural IDA programs in the country is operated by Southern Good Faith Fund (SGFF), which works in the Delta of Arkansas and Mississippi. To make the program work in these impoverished rural areas, SGFF partnered with more than twelve different banks or credit unions that are familiar with their local communities—and proximate to the households being served by the IDA program—in order to offer no-fee banking accounts and other bank services to program participants.

For more information on these IDA programs and how such programs relate to other asset-building approaches, see the School of Government web guide on asset-building tactics for individuals and communities on the economic margin (click here for the section on IDAs).