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Today’s Speakers

Sophia Anong, PhD

Nancy Donahue

Catherine Thaliath
Retail Payments Risk Forum Mission

*Detect and identify, assist and encourage*

- Identify what?
  - Risk in existing and emerging retail payments

- Help how?
  - Contribute to mitigating payment risks by:
    - Researching products, services, and systems
    - Collaborating with the industry
    - Convening

- [Take On Payments weekly blog](#)
- [Talk About Payments webinar series](#)
- [Retail Payments Risk Forum website](#)
What Is Financial Inclusion?

World Bank’s definition:

- Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs—transactions, payments, savings, credit and insurance—delivered in a responsible and sustainable way.
- Financial inclusion is a key enabler to reducing poverty and boosting prosperity.

Source: World Bank
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Catherine Thaliath
Unbanked vs. Underbanked

- **Unbanked:** Those who do not have a checking, savings, or money market account
- **Underbanked:** Those who have a bank account but also use an alternative service product to conduct certain financial transactions through providers other than traditional banks and credit unions

Common Reasons Cited for Being Unbanked

Source: 2017 FDIC National Survey of Unbanked and Underbanked Households, FDIC, October 2018
Seven Needs of Underserved Consumers

Source: Opportunities for Mobile Financial Services to Engage Underserved Consumers, FDIC, May 2016
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Unbanked Rates by Household Age and Year (Percent)

Source: 2017 FDIC National Survey of Unbanked and Underbanked Households, FDIC, October 2018
Underbanked Rates by Household Age and Year (Percent)

Source: 2017 FDIC National Survey of Unbanked and Underbanked Households, FDIC, October 2018
Financial Products Used by the Underserved

Source: Opportunities for Mobile Financial Services to Engage Underserved Consumers, FDIC, May 2016
Financial Providers Used by the Underserved

- Banks
- Prepaid card companies
- Non-bank deposit account companies
- Retailers
- Payday lenders and pawn shops

Source: Opportunities for Mobile Financial Services to Engage Underserved Consumers, FDIC, May 2016
A Sample of Solutions Currently in the Marketplace

- Square
- PayPal
- prism
- chime
- T-Mobile
- Amazon Cash
Mobile Phone Ownership and Financial Usage by Banking Status

Mobile phone ownership by banking status

![Chart showing mobile phone ownership by banking status]

Mobile banking and payments use by banking status

![Chart showing mobile banking and payments use by banking status]

Source: Consumers and Mobile Financial Services 2016, Board of Governors of the Federal Reserve System, March 2016
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Federal Reserve Payments Study: 2018 Annual Supplement Results

- General purpose prepaid debit grew almost 19% by number from 2016 to 2017.
- This type outpaces the growth rate of all other card types.

Source: The Federal Reserve Payments Study: 2018 Annual Supplement, December 2018
Prepaid debit card payments fraud accounted for 5% of the total fraudulent debit card payments by number in 2016.

Source: Changes in U.S. Payments Fraud from 2012 to 2016: Evidence from the Federal Reserve Payments Study, Board of Governors of the Federal Reserve Systems, October 2018
Consumer Financial Protection Bureau – 2018

Prepaid Amendments to the 2016 Prepaid Rule

- Protection from unauthorized charges and errors
- Clear, uniform disclosure charts
- Provide warning if not FDIC insured
- Basic account information for free
- Choice for employees and recipients of certain government benefits
- Limits on overdraft fees and features
- Public and consumer access to account agreements and fee schedules
- Effective April 1, 2019
This year’s Diary, based on 2018 data, reported debit cards as the most frequently used payment instrument for the first time.

Debit cards accounted for 28% of payments.

Cash was a close second, used 26% of the time.

49% of transactions under $10 were conducted using cash.

Source: 2019 Findings from the Diary of Consumer Payment Choice
Current Solutions That Help Facilitate E-commerce and Online Shopping for Cash Users

1. Visit one of these popular retailers
   - CVS pharmacy
   - Family Dollar
   - Dollar General
   - Rite Aid
   See All Retailers

2. Purchase a PayPal My Cash card with cash ($20-$500) at the register to activate.

Resources

- World Bank
- Economic Well-Being of U.S. Households, May 2019, Board of Governors of the Federal Reserve System
- Opportunities for Mobile Financial Services to Engage Underserved Consumers, May 2016, FDIC
- Alabama Governor Signs Two Broadband Bills Into Law, May 2019, TR Daily
- HUD ConnectHome Program
- Consumers and Mobile Financial Services, March 2016, Board of Governors of the Federal Reserve System
- National Survey of Unbanked and Underbanked Households, October 2018, FDIC
- Federal Reserve Payments Study
- Survey and Diary of Consumer Payment Choice
- EconomicInclusion.gov (FDIC)
- Financial well-being survey data, Consumer Financial Protection Bureau
- The Little Data Book On Financial Inclusion, 2018, World Bank Group
Questions or Comments

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- **Contact Today’s Speakers**
  - Sophia Anong
  - Nancy Donahue
  - Catherine Thaliath
Thank You for Participating in Today’s Webinar

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