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Financial Inclusion

Ways to Broaden Use and Value of Faster Payments for the Underserved

Work Group Concurrent Session
March 4, 2022

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Presenters



Adam Rust

Senior Policy Advisor
National Community Reinvestment Coalition
Vice Chair, Financial Inclusion Work Group



Ryan McNaughton

Vice President, Information Technology
North American Banking Company
Member, Financial Inclusion Work Group



David Dwumah

Founder and CEO
OurBanc Corporation
Member, Financial Inclusion Work Group

Financial Inclusion Ways to Broaden Use and Value of Faster Payments for the Underserved

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Ways to Broaden Use and Value of Faster Payments for the Underserved

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Charter & Mission

- Provide a blueprint for leveraging faster payments to accelerate access to the financial system for unbanked and underserved Americans.
- Scope includes unbanked and underserved consumers as well as small businesses in the United States, with a focus on domestic payments.

Objectives & Goals

- 1) Examine current state of issues, concerns, and needs of unbanked and underserved consumers and small businesses.
- 2) Identify opportunities and benefits for FPC members, and the industry as a whole.
- 3) Inform relevant stakeholders regarding how faster payments adoption is part of a holistic approach to advancing financial inclusion in the United States.



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Consumer & Small Business Pain Points

Resource Constrained Consumers and Small Businesses are large market segments that face many obstacles – Faster Payments may be one of many solutions

Market Characteristics

Resource Constrained Consumers

106M

Americans are considered **financially vulnerable** (low –to-moderate income, thin-to-no file, income volatile)¹

\$255B

Financial services fees paid by financially coping and vulnerable households. % of annual income spent on fees greater for black (6%) and latinx (5%) households than white (3%).²

7.1M

Unbanked households, encompassing 5.4% of the US total. Total estimated unbanked individuals is 13.8M in 2019.³ 50% of Americans earning <\$50k living paycheck to paycheck

Small Businesses

30.7M

Small businesses in the US, encompassing over 99% of all US businesses and 59.9M employees (47.3% of all US employees).⁴

32.5M

Small Business in the U.S., 32.5 small businesses in the U.S., which account for 99.9% of all business⁵ Small Businesses as a firm, that has fewer than 500 employees.

66%

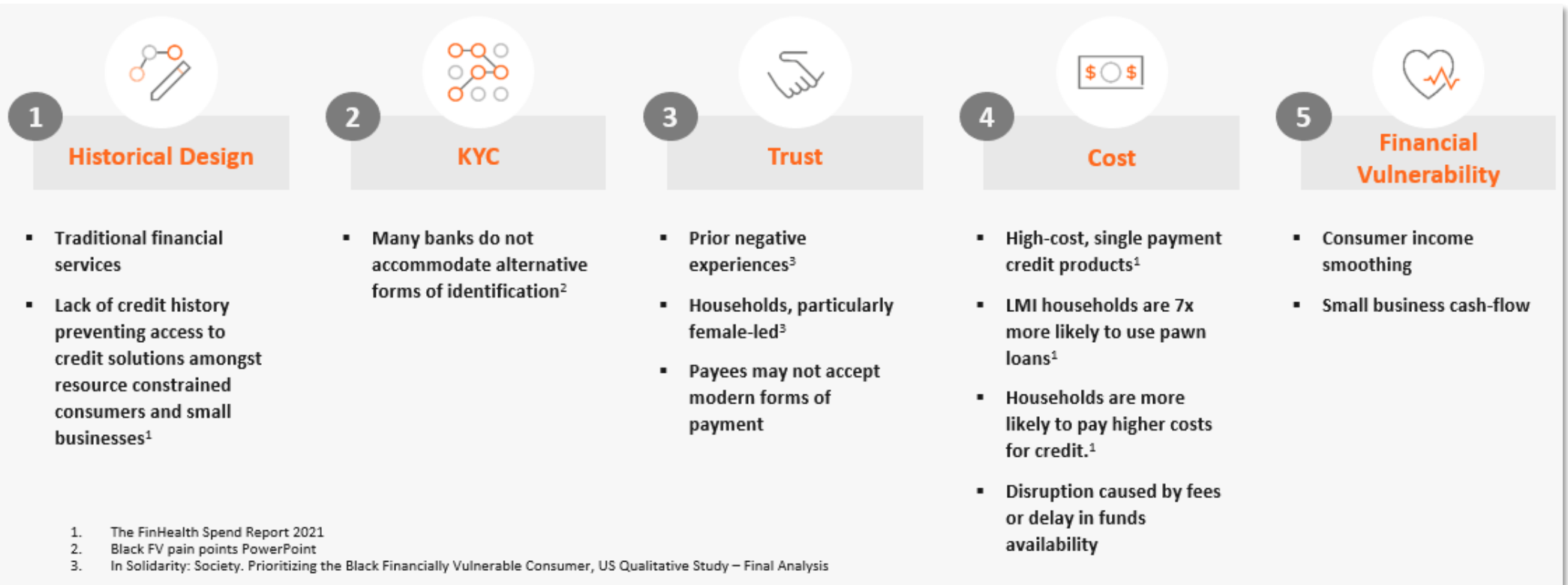
Of employer small businesses **faced financial challenges**, the most common being operating expenses (43%).⁶

1. X
2. The FinHealth Spend Report 2021
3. Mercator: THE U.S. UNBANKED ISSUE IS IMPROVING; ARE YOU A PART OF THE SOLUTION?
<https://cdn.advocacy.sba.gov/wp-content/uploads/2019/04/23142719/2019-Small-Business-Profiles-US.pdf>
4. Small Business Association 2021; <https://www.oberlo.com/blog/small-business-statistics>
6. <https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2020/2020-sbcs-employer-firms-report> -- Survey period 2018H2 – 2019H2

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Historical challenges influence these market segments and must be confronted



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Themes/Clusters



cost/cost of funds	liquidity
	fees
user experience	visibility through transaction
	friction reduction
	Precautionary speed bumps
	add-on
	messaging (technical)
	interoperability
compliance/ integrity/ security	identity
	fraud
	control
tools/functions	person financial management
	payment
	credit
	being like cash
trust/communications	trust
	service
	Language/culture



Draft Table of Contents

Title: Actions to Expand Financial Inclusion in Faster Payments

Executive Summary (TBD) to cover:

Why we are doing this (briefly)

What we did (briefly)

Summary of solutions

Part I. The population for financial inclusion

Part II. Pain points and barriers to financial inclusion

Part III. Summary of actions and solutions addressing the pain points and barriers

Part IV. Details about actions and solutions to expand financial inclusion

A. How the requirements of the underserved differ from other customers

1. Design for the financial life of the underserved consumer
2. Timing and liquidity constraints
3. Cash In/Out for persons without bank accounts

B. Overarching issues with special impact on the underserved

4. Trust
5. Mistake prevention
6. Fraud
7. Security
8. Interoperability

C. Enhancing Solutions and Services for the Underserved (may be combined into one section)

9. Infrastructure to support Integrated and layered services
10. Value added integrated and layered services for users

Part V. Remaining considerations and remaining issues that are more difficult to resolve

Conclusion (TBD)

Join the Discussion

- What have you done or seen that we haven't done in Financial Inclusion?
- What do you see as the barriers and potential steps toward solutions, for inclusion of small businesses in faster payments?
- Do you find it hard to convince people to bank?
- How people without bank accounts move \$ in order to use faster payments?
- What did you try that didn't work?
- What's the future proofing the underlying infrastructure needed to provide overlay services? (e.g., flexible/adaptable for future use)

Call to action...
Join the work group!
Spread the word once whitepaper is published!

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Financial Inclusion Work Group

Who we are....

COMPANY	FIRST NAME	LAST NAME	SEGMENT
ATM Industry Association	David	Tente	Others
BNY Mellon	Randi	Lichtenstein	Financial Institution
Catalyst Corporate Federal Credit Union	Mark	Keeling	financial Institution
Catalyst Corporate Federal Credit Union	Sharon	Hudgins	Financial Institution
Consumer Financial Protection Bureau	Amy	Zirkle	Consumer Organization
Federal Reserve	Tim	Boike	Payment Network Operator
Financial Health Network	David	Silberman	Consumer Organization
Financial Health Network	Jennifer	Tescher	Consumer Organization
FirstBank	Tony	Cook	Financial Institution
Gwocu Intelligence, LLC.	Dick	Dickson	Others
ICBA	Nasreen	Quibria	Technology Providers
ICBA	Rhonda	Whitley	Technology Providers
Ingo Money	Jay	Collins	Payment Network Operator

COMPANY	FIRST NAME	LAST NAME	SEGMENT
MasterCard	Troy	Dennis	Payment Network Operator
National Community Reinvestment Coalition	Adam	Rust	Consumer Organization
National Consumers League	Gail	Hillebrand	Consumer Organization
Navy Federal Credit Union	Tynika	Wilson	Financial Institution
North American Banking Company	Ryan	McNaughton	Financial Institution
OurBanc Corporation	David	Dwumah	Technology Providers
Paygility Advisors LLC	David	True	Others
Stash Financial	Brandon	Timmone	Financial Institution
Target	Perry	Starr	Business End User
U.S. Bank	Gene	Neyer	Financial Institution
Vments	Steve	Wasserman	Technology Providers
Walmart	Kara	Kazazeen	Business End User



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