



FINANCIAL SERVICE CENTERS OF AMERICA

The Unbanked & Underbanked Consumer in America

For millions of “unbanked” and “underbanked” Americans each year the cash based approach makes the most sense when managing their personal financial transactions. Financial service centers provide the cash based products and services that best meet their needs and the peace of mind of knowing their obligations have been met without fear of future financial repercussions.

Who are these consumers?

- There are as many as 56 million Americans who rely upon financial service centers (FSCs) in addition to or instead of traditional financial institutions, such as banks and credit unions when conducting their routine financial business.
- The unbanked (people with no checking or savings accounts) or underbanked (individuals who have an account but do most of their banking with FSCs) tend to be working, low-to-moderate-income consumers who live in urban or rural areas.

Why do these consumers choose financial service centers?

Access

- Traditional financial institutions are often difficult to find in working class and minority neighborhoods, having concentrated their locations in middle and upper class suburbs
- In contrast, FSCs are deeply-integrated members of the local communities they serve
- FSCs offer better hours to accommodate varying work schedules (many are conveniently open seven days a week, even 24 hours a day)

Interpersonal Service

- Low-income individuals sometimes need a higher level of interpersonal service not often found in traditional banks. They get that at a FSC
- There is significant cultural aversion to using mainstream banks. Many immigrants come from cash-based cultures and are reluctant to trust banks with their hard-earned money
- The FSC staff speaks the language(s) of the neighborhood and offer a more family-friendly environment than traditional financial institutions

Liquidity

- These consumers often lack the liquidity that is required to open and maintain traditional bank accounts
- They live paycheck to paycheck and have little, if any, money left over to put into a bank

Transparency

- Low- and moderate-income consumers manage tight budgets and cannot be subject to surprise fees and back end charges
- An unexpected charge can be catastrophic to a family’s finances
- All fees charged by FSCs are posted and explained up front
- All fees are paid at the time of the transaction, at the point of sale.