

# From Access to Assets: The Promise of Financial Services for Underbanked Consumers

Financial Services, Asset-building  
and Economic Development:  
New Public Policy Perspectives for Puerto Rico

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**The Center for  
Financial Services Innovation**

An Initiative of ShoreBank Advisory Services

# CFSI

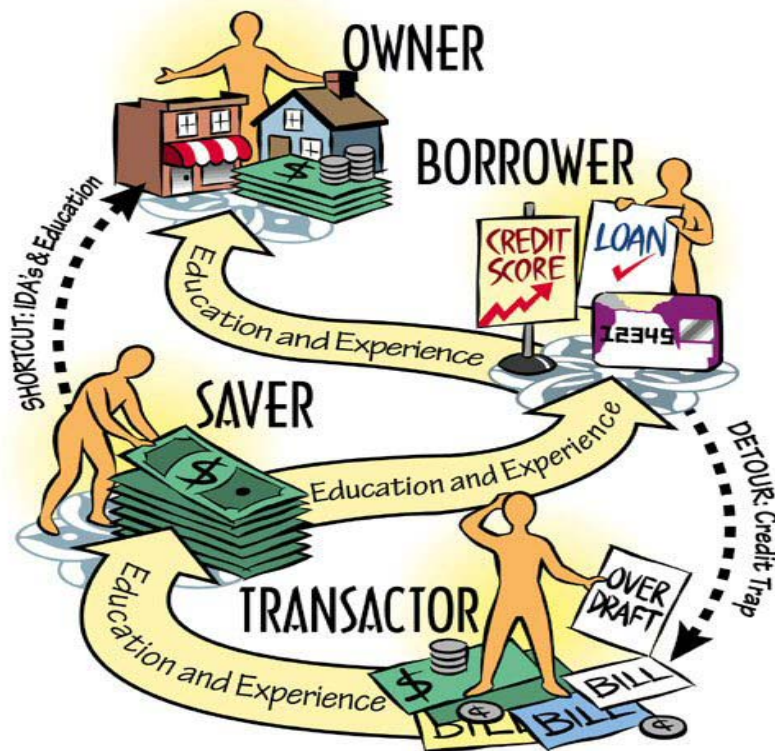
The Center for Financial Services Innovation assists the financial services industry to identify, develop, and implement innovative ways of delivering asset-building opportunities to the underbanked market.

CFSI provides:

- funding for innovative solutions
- a meeting place for interested parties
- information on how to respond to the needs of the underbanked profitably and responsibly

# Turning Access Into Assets

- **Current thinking:** Asset building is a journey that begins with basic financial services; access is the first step.
- **Future thinking:** Multifunctional products “grease the path,” making financial transitions seamless.



**The Credit Path**  
**Alternatives Federal Credit Union**

# Supply vs. Demand: The Gap

The gap is due to poorly designed. . .	What does this look like?
<b><i>Processes</i></b>	<ul style="list-style-type: none"><li>• ID requirements that overstate risk</li><li>• ChexSystems, credit checks</li><li>• Geographic access issues</li></ul>
<b><i>Products</i></b>	<ul style="list-style-type: none"><li>• Lack of transparent pricing</li><li>• Fails to meet customer liquidity needs</li></ul>
<b><i>Partnerships</i></b>	<ul style="list-style-type: none"><li>• Lack of cultural awareness</li><li>• Inappropriate marketing messages</li></ul>

# Industry Change = New Opportunities

<b>MAJOR CHANGE</b>	<b>IMPACT</b>
Technological advances	Reduces costs to serve consumers
Government initiatives	Generates awareness of unbanked
Expansion of non-bank sector	Demonstrates demand, profit potential
Emergence of IDAs	Connects assets, financial services
Demographic shifts	Signals market potential

# Gaps Mean Opportunity. . .

The gap is due to poorly designed. . .	How to close it?
<b><i>Processes</i></b>	<ul style="list-style-type: none"><li>• ITIN, matricula acceptance</li><li>• Second chance programs</li><li>• Financial education &amp; outreach</li></ul>
<b><i>Products</i></b>	<ul style="list-style-type: none"><li>• Stored-value cards</li><li>• Remittances</li><li>• Emergency credit</li></ul>
<b><i>Partnerships</i></b>	<ul style="list-style-type: none"><li>• CCO partnerships</li><li>• Workplace-based outreach</li><li>• EITC programs</li></ul>

# Process Highlight: ITIN Mortgages

- FDIC's New Alliance Task Force brings midwest banks together to encourage acceptance of ITINs as substitute for Social Security #.
- 18 banks in U.S. develop new mortgage product with ITIN, piloted in Chicago.
- Secondary market is considering whether to purchase these mortgages; PMI firms are already participating.

# Product Highlight: NetSpend

- NetSpend is one of largest stored-value card companies in the U.S.
- Primary distribution channel: check cashers
- Hybrid debit/deposit card in the works
  - On behalf of FiSCA, they are adding a savings feature, where funds earmarked for savings would be held in separate, interest-bearing accounts.
  - To be unveiled in October



# Partnership Highlight: CD Tech & Community Empower

- CDTech: Los Angeles non-profit wants to expand its workplace IDA program with broader array of financial services
- Community Empower: National for-profit start-up supporting 1<sup>st</sup> time homebuyers with web-based credit repair, mortgage referrals wants to pilot a payroll card with defined contribution accounts
- CFSI invests in partnership to pilot payroll savings card through employers who buy employee assistance programs through CDTech

# Challenges Remain

- Cultural barriers
- Inadequate market data
- Finding volume
- Finding partners
- Regulatory issues

# For more information

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