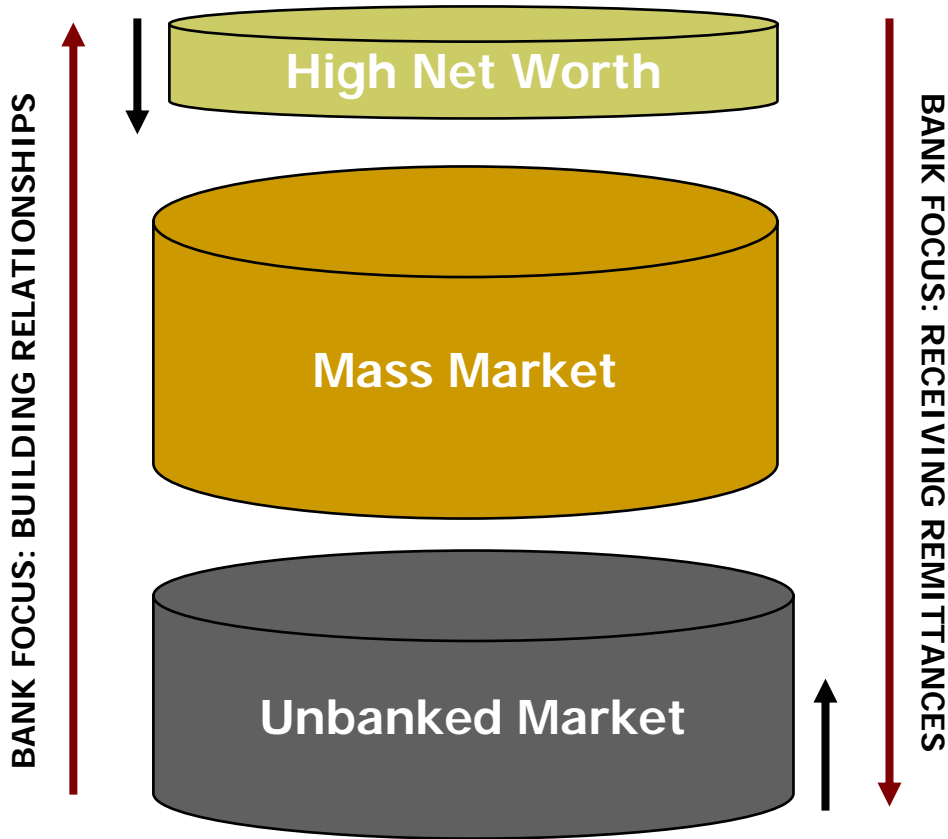




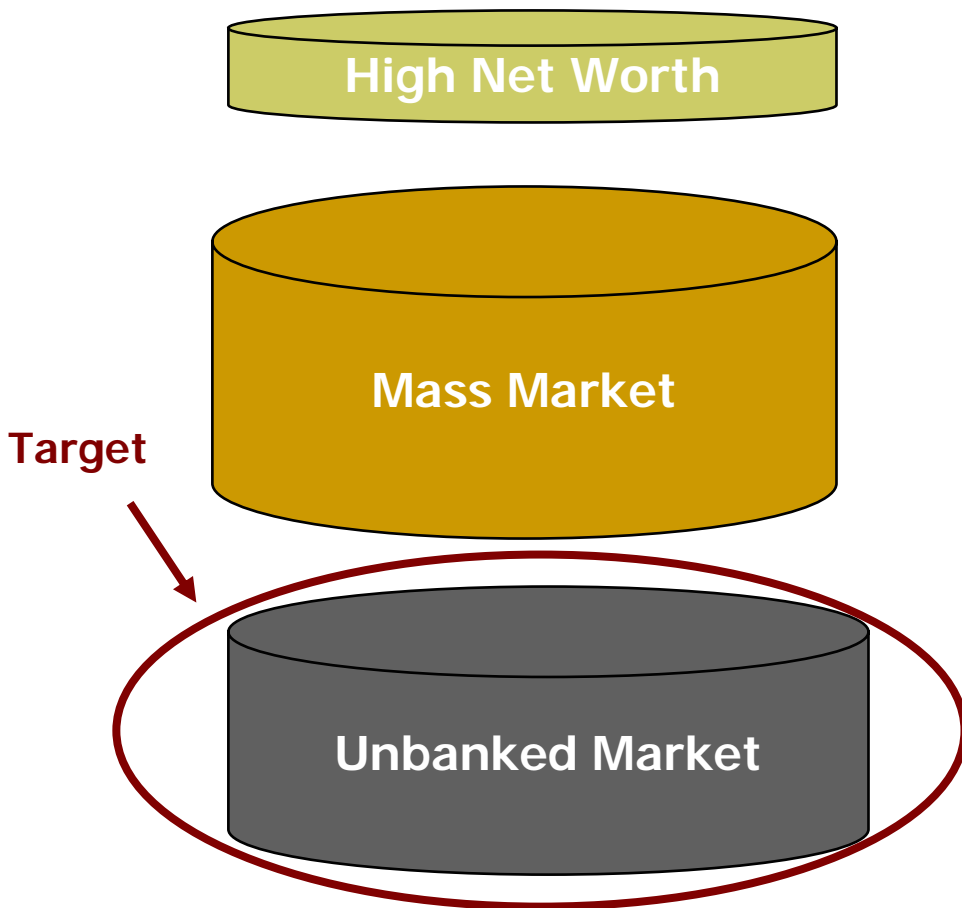
**Get Checking™
A National Initiative:**

**Providing Access to Mainstream
Financial Services**

**Arizona CRA
Roundtable
Tucson, AZ
August 11, 2006**



- ▶ The % of high net worth individuals and families are steadily decreasing
- ▶ The % of unbanked population is steadily increasing as 22 million households in the U.S. do not have a checking or savings account
- ▶ Cost savings that the electronic delivery of payments provide serve as an incentive to see unbanked individuals become account holders
- ▶ Unbanked households represent a potentially profitable class of customers to financial institutions.



▶ The underserved population spends an estimated **\$10 billion annually on transactions** such as check cashing, money orders, money transfers, prepaid cards and bill payments.

▶ A fifth of ATM transaction volume growth, which **represents 1.19 billion transactions and \$2.4 billion in revenues**, has been picked up by non-bank firms.

▶ Majority of the unbanked and underserved are more likely to go to retailers for financial services.

▶ Financial institutions that initiate relationships within this market reap the rewards of fostering new, full-service customers.

Never Banked	Formerly Banked	Underbanked
<ul style="list-style-type: none"> ■ Inadequate income ■ Lack of financial education ■ Undocumented ■ Poor/no credit history ■ Distrust of banks 	<ul style="list-style-type: none"> ■ Inadequate income ■ Lack of financial education ■ Poor/no credit history ■ ChexSystems Listing ■ Distrust of banks 	<ul style="list-style-type: none"> ■ Inadequate income ■ Lack of financial education ■ ChexSystems Listing ■ Poor/no credit history

**SAFETY
NET
SERVICES**

cash securitized credit cards, prepaid cards

**RISK
ADJUSTED
PRICING**

aggressively pursue with risk-adjusted pricing, as a consequence the terms "sub-prime" and "near-prime" have come into being

**JOINT
VENTURES**

deal through intermediaries by making investments in check cashing companies or creating joint ventures with retailers

**PURSUE
SELECT
SUB-SEGMENT**

pursue select sub-segments within the un-banked population, like the acceptance of the matricular consular card as legitimate form of identification

EDUCATE

promote financial literacy proprietary programs, like Get Checking, or government projects, like FDIC's MoneySmart



Get Checking: A National Initiative Education Is Key To Acquire More Profitable Customers



Education + Products and Services = Profitable Clients

**Goal: Grow customer base
with consumers that can be
involved in as many products
as financial institution has to
offer with lower probability of
account mismanagement**



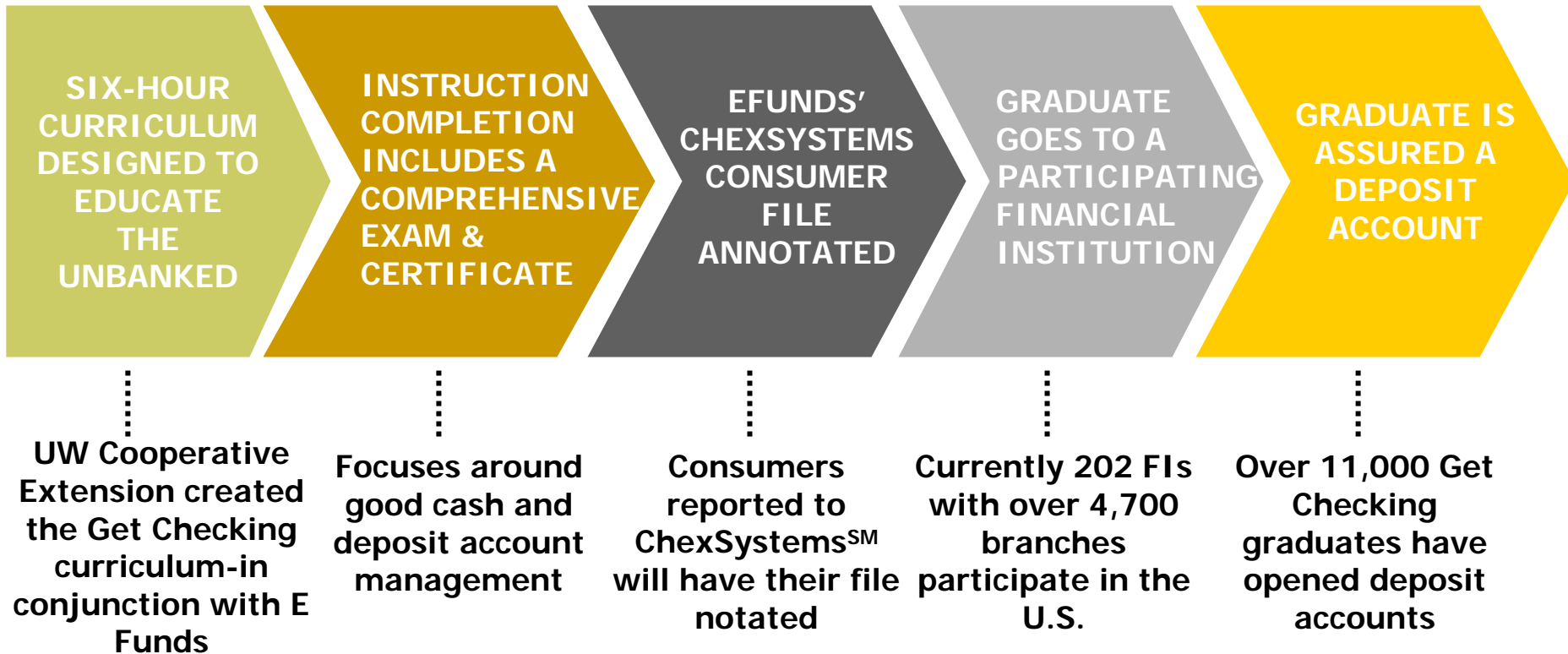
Get Checking: A National Initiative

There Are Various Education Programs That we are aware of....



- Arizona Council on Economic Education
- International Rescue Committee
- NHS Phoenix
- Center for Consumer Education (Money Management International)
- Junior Achievement
- United Way of Tucson & its FECSA group
- UofA Cooperative Extension
 - Products are available, education can be made available...
 - Account access is the missing component-more financial institutions need to sign on...

Snapshot of Get Checking



□ In Arizona...

- 2 Financial Institutions are on board - National Bank of AZ and M&I Bank
- 2 Credit Unions have recently joined the network – SunWest CU and Basha's CU
 - Each of these financial institutions are using the Get Checking programs
 - Each has developed their own product to accommodate this market-similar but not exactly the same

Why Get Checking Is Program Of Choice

☑ Results Tangible & Immediate

Consumers who graduate from the program gain more than financial understanding and account management skills, they gain access to a deposit account.

☑ Efficient Time Use

By investing a reasonable amount of time (six hours), educators can teach the financial management skills necessary for account sustainability and consumers can gain access to mainstream financial services.

☑ Annotation of ChexSystemsSM Report

Graduates ChexSystems file will be annotated to signify that they have completed the course.

☑ Facilitates Accountability

Consumers bring their ChexSystems report to class for the educator to go through and check for fraud codes, unpaid balances and help them to understand what they did wrong to get them reported in the first place.

☑ Self-Sustainable

Roles and Responsibilities

LEAD
ED
AGENCY

Attend lead agency training

PARTICIPATING
FINANCIAL
INSTITUTION

Administer and teach the Get Checking curriculum

Provide program brochures and class schedules to participating financial institution partners

CONSUMER

Adhere to national reporting and best practices

Facilitate local partner meetings and local collaboration

Roles and Responsibilities

LEAD
ED
AGENCY

PARTICIPATING
FINANCIAL
INSTITUTION

CONSUMER

Assist local lead education agency through funding and/or in-kind resource support

Display program brochures and local class schedules

Refer potential customers to the local lead education agency

Open a deposit account to program graduates

Attend local partner meetings and facilitate local collaboration

Roles and Responsibilities

LEAD
ED
AGENCY

Present one form of identification with a photo

PARTICIPATING
FINANCIAL
INSTITUTION

Pay off any account balances owed to all financial institutions

Consumers will not receive an account without proof of payment on outstanding account balances

CONSUMER

Bring ChexSystems report to class so instructor can attest eligibility and report participation to ChexSystems.

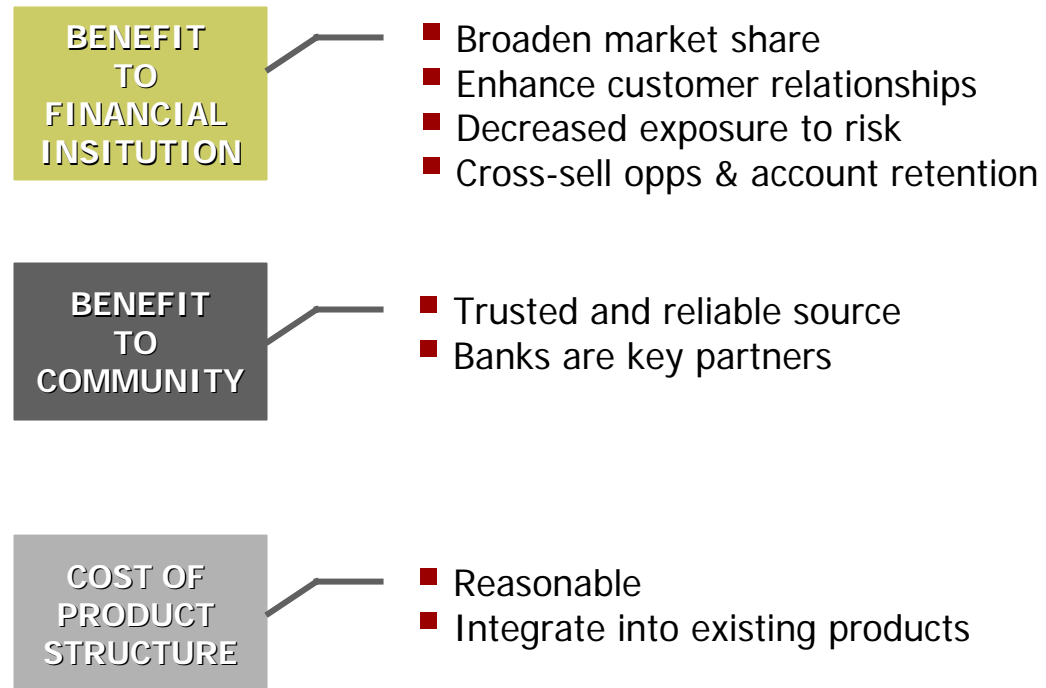
Actively participate in sessions, attend all scheduled classes and be on time

Pass a competency test with an 80% or higher

Financial Institution Channels of Acceptance



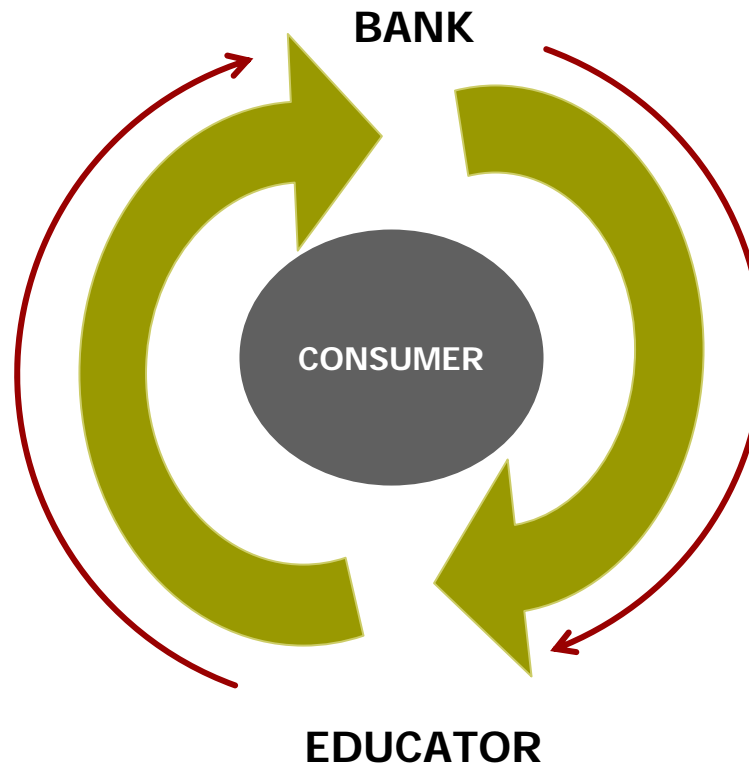
Benefits vs. Expense



Building a partnership with local educational organization facilitating classes is vital

local educational organization providing Get Checking classes sends graduates to financial institution

local educational organization has direct access to unbanked market segment and is conduit to connect financial institution with these consumers



consumers declined a deposit account are referred to local educational organization offering Get Checking classes



Get Checking: A National Initiative What Is ChexSystemsSM



ChexSystems is a network made up of member banks and credit unions that regularly contribute information on mishandled checking and savings accounts that is shared among member institutions to help them assess the risk of opening new accounts.

ChexSystems is the largest debit bureau in the world with 8,800 financial customers using its risk solutions. There are approximately **8 million consumers currently listed on ChexSystems.**

ChexSystems neither approves nor declines new account openings as these decisions are entirely up to each institution's policies. The two main reasons members report the names of account holders are:

- Outstanding debt as a result of non-sufficient funds (NSF)
- History of account mishandling

Each report submitted to ChexSystems remains on file for five years, unless the source of the information requests its removal.

For information, call ChexSystems Consumer Relations at 800-328-5121.

Consumers on ChexSystemsSM State of Arizona



Consumer Records
30,233

Business Records
1,791

*Updated June 2006

How Consumer Files Are Annotated

Educators must electronically enter their class completions within 7-10 days after the session and ChexSystems will reflect the successful program completion within 3-5 days after entry.

Consumers are advised the total turnaround time is estimated to be 10-15 days after their completion date before they should go to a financial institution to open an account. Consumers must start an account within one year of the Certificate of Completion date.

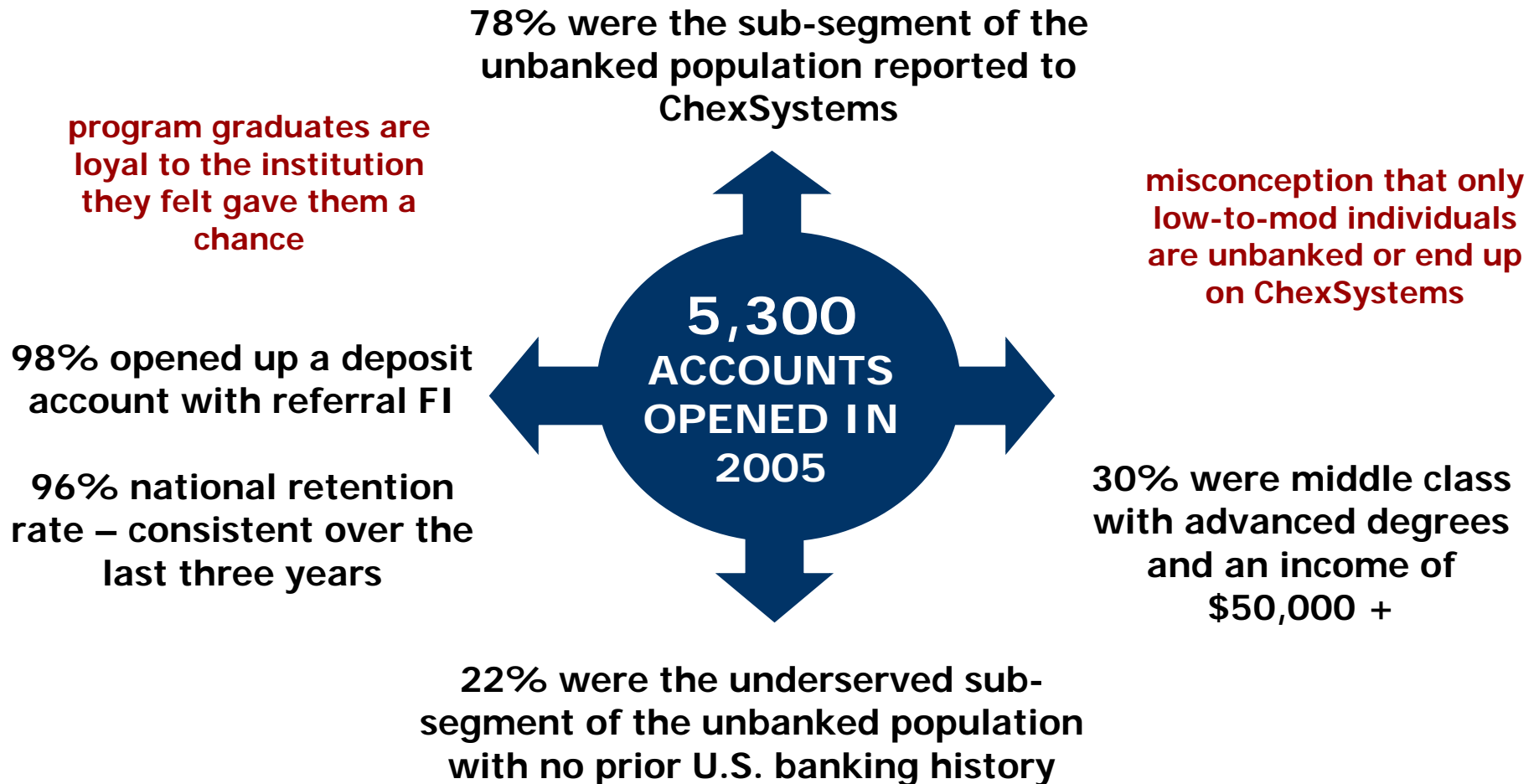
New account representatives need to be presented a Certificate of Completion and look for the following indicator on their screen:

Consumer Debit Education Course
Date Completed: 1/15/05
John Doe SS#123-45-6789

Financial institutions need to have version 6.0 of New Account Chex in order to see the Get Checking notation. Financials with QualiFile (customized strategy) will get a score and needs to incorporate Get Checking in their strategy.

Consumer Eligibility and Accountability

- ☑ Consumers who have been reported for fraud or suspected fraudulent activities are ineligible to participate in the Get Checking program.
- ☑ Consumers with ChexSystems reports must bring a hard copy to class for the educator to review before they can take the course, if applicable.
- ☑ Consumers must pay balances owed to all financial institutions and show proof payment prior to receiving an account, if applicable.
- ☑ Certificates of Completion presented to open an account must be the original and not a copy and must be in conjunction with ChexSystems notation, if applicable.
- ☑ Consumers are only twice allowed to go through the program and must wait 12 months from the reporting date to retake the course.





Get Checking: A National Initiative Local Administration



Lead Agency

Center for Consumer Education

Dawn Wharton, Area Director of Education and Community
Relations

Dawn.wharton@moneymanagement.org

602-674-4539

Additional Economic Benefit: Recovery of Charge-offs

Example from Seattle MSA....

Lender's Perspective – Sterling Savings Bank

Deposit Market Share = 0.83%*

Sterling's Potential Based on 2005 Charge-offs

Seattle MSA checking charge-offs 2005	108
Assume 50% are not Get Checking candidates (Fraud = 10%, Successful collection = 40%)	<u>-54</u>
Potential ANNUAL # of Get Checking candidates	54
Potential ANNUAL charge-off recovery (2005) (\$300 average checking charge-off)	\$16,200

*Seattle MSA 2005 FDIC Deposit Market Share Report (June, 2005)

Financial Institutions' Investment Opportunity

1. Annual commitment to the lead agency or educator group
2. Train front line staff-lead agency representatives available for staff meetings
3. Periodic class involvement
4. Provide brochures and class schedules to consumers

National Contact Information

Melanie Trausch, National Program Director
eFunds Corporation
480-629-7683
melanie_trausch@efunds.com

Chiquita Board, National Education Director
eFunds Corporation
678-260-8344
chiquita_board@efunds.com

Local Contact Information

Dawn Wharton
Center for Consumer Education
602-674-4539
Dawn.wharton@moneymanagement.org

Question & Answer Session
