

Scalable products for Low-to-moderate-Income Members

Filene Research Institute 

The Accessible Financial Services Incubator

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Filene Research Institute 



WE ARE A
NONPROFIT * INDEPENDENT
THINK & DO TANK



EVERYTHING

*** WE DO ***

STARTS WITH RESEARCH



Financial Stress and Workplace Performance: Developing Employer-Credit Union Partnerships

A Colloquium at the University of Wisconsin-Madison



The Center for Credit Union Innovation, LLC

2012 FINANCIALLY UNDERSERVED MARKET SIZE STUDY

DECEMBER 2013

CFSI Center for Services Innovation
CORE Center for Research in
CAPITAL Innovation

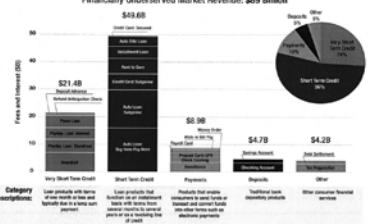
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Key Findings in an \$89 Billion Market:

- The financially underserved market generated approximately \$89 billion in fee and interest revenue in 2012 from a volume of approximately \$792 billion in principal: loans, funds transacted, deposits held, and other financial services provided.
- The financially underserved market saw annual growth in revenue of 8%, from a previous total of \$82 billion, while the volume of business conducted grew 7% from \$740 billion in 2011.
- Steady, moderate revenue growth occurred across all product categories: Short Term Credit grew by 10% from 2011 to 2012, Very Short Term Credit and Payments each grew by 7%, Deposits grew by 4% and Other services by 6%.
- The strongest growth segments in 2012 included: open-loop prepaid cards – both Payroll (23.7%) and General Purpose Reloadable (28.5%), Refund Anticipation Checks (23.3%) and Subprime Auto Loans (23.6%).
- Indicators project the financially underserved market will maintain a steady growth rate of 8% in 2013, reaching a total of \$95 billion in revenue.
- Subprime Auto Loans are likely to be the highest growth product segment in 2013 with a projected growth rate of 23.1%.

Industry Revenue by Category and Segment in 2012

Financially Underserved Market Revenue: \$89 Billion



The Economics of Serving Low-Income Employees at Tax Time: Implications for Credit Unions

John Hoffmire, PhD
*Director of the Center on Business and Poverty
University of Wisconsin-Madison, Wisconsin School of Business
Chairman, Progress Through Business*

Thomas Harms
Progress Through Business



The Economics of Payday Lending

John P. Caskey, Swarthmore College

Prepared for the Center for Credit Union Research

University of Wisconsin-Madison
School of Business

and the

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\$700,000

**SIZE OF FORD FOUNDATION GRANT TO
LAUNCH AN ACCESSIBLE FINANCIAL
SERVICES INCUBATOR**



The Accessible Financial Services Incubator

WHAT:

\$700,000 / 30 month grant to develop and implement an Accessible Financial Services Incubator to scale five financial innovations that benefit low-and-moderate-income (LMI) and un/under-banked consumers in a profitable and sustainable way.

BENEFITS:

The LMI consumer benefits because the products being incubated are designed with them in mind. Benefits will be greater access, convenience and lower expenses associated with banking. The financial institution benefits because they are extending their reach and serving more of their current members and gaining new members along with new loans.

WHO:

The Ford Foundation. Amy Brown, Program Officer - Financial Assets
Filene Research Institute, Cynthia Campbell, Director of Innovation Labs
Credit Unions form around the country willing to test the products!



The Accessible Financial Services Incubator

The five products that we are testing are:

Employer Sponsored Small Dollar Loans

Non-Prime Auto Lending

Borrow and Save

Pay Yourself Back

The Trust Card

WHAT IS THE MARKET OPPORTUNITY?



Pay Day

Lending on the

Internet alone

grew 18.75%

from 2011 to

2012.³

- ✓ The financially underserved market generated approximately \$89 Billion in interest and fee revenue in 2012.³
- ✓ The financially underserved market saw annual growth in revenue of 8% and projections indicate continued growth.³

³ 2012 *Financially Underserved Market Size Study* -

CFSI