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A TOOL FOR GETTING BY OR GETTING AHEAD?

CONSUMERS' VIEWS ON PREPAID CARDS

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Abstract

This paper summarizes lessons from interviews of 22 consumers who use general-purpose reloadable prepaid cards (PPCs), an emerging financial services product that provides transaction services not linked to a conventional checking or savings accounts. A majority of interviewees used PPCs as their primary non-cash transaction tool. Prepaid clients appreciate both what the card can do for them (instrumental features) and the meaning of having an electronic payment card like those of more advantaged consumers (symbolic features). Prepaid cards are a helpful financial tool, but the product needs additional elements before it can substantially support customers' long-term financial goals.

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CONSUMERS' VIEWS ON PREPAID CARDS

The past decade has been marked by rapid transitions in the financial services available and marketed to households who do not hold or regularly use conventional checking and savings accounts. Mainstream banks and emerging companies increasingly offer products that fall within the gap between conventional bank-based transaction accounts, which are inaccessible to or unused by some consumers, and "fringe" financial services such as check cashing or payday loan services. Technological innovation and diffusion makes possible new "market bridging" products such as reloadable prepaid debit cards, small dollar secured and unsecured loans, and "second chance" or checkless-checking accounts (Herrmann, Schütte et al., 2007).

Whether these new products and services are good or bad for consumers is an open question. Advocates have long noted that mainstream depository institutions (banks) do a poor job serving low-income and minority populations. Fringe financial services reach these populations effectively, but do so at a cost; critics claim that they profit on unfortunate consumers without providing systematic links to the type of wealth-building opportunities.

Certainly any new financial product or market segment demands scrutiny, including analysis of the product features itself and how it operates in the market. In this paper, we present new evidence on how one particular emerging products, prepaid cards, are used by consumers. For the purposes of this paper, "prepaid" will be taken to mean general purpose, branded, re-loadable prepaid cards. Prepaid cards (PPCs) function like electronic bank accounts without checks; consumers load funds on the card and can only spend what they load, limiting the risk of overdraft while providing near immediate liquidity. Like debit cards, they can be used at ATMs and to make point-of-sale purchases. General purpose PPCs are sold in a variety of locations—retailers, bank and credit union branches, current exchanges, online, nonprofit organizations, and more – and typically carry the logo of a major payment network (e.g. Visa or MasterCard) in conjunction with a brand name of the issuer.

This paper summarizes lessons from interviews conducted with 22 PPC consumers selected from customer rolls of two major card firms. Talking at length with a small number of card users allows us to understand the cards from consumers' perspectives, providing a type of evidence that should be considered alongside other sources of information on this product. We describe these PPC users' day-to-day financial lives, including the nature and amount of income sources, family expenses, and use of different services. Our interviews show the roles that PPCs play in consumers' lives, including symbolic (meaning of having access to this product or using this service) and instrumental (what this accomplishes for consumer) roles. Prepaid cards are a helpful financial tool and their features are appreciated by users; however achieving individuals' long-term financial goals will likely require more intensive and comprehensive services and products.

BACKGROUND

Underbanked consumers

For the millions of low- and moderate-income Americans without access to well-designed and reasonably priced financial services, meeting short-term and long-term financial needs can be difficult. An estimated 40 million American households – 106 million adults – are financially underserved (CFSI, 2008).[i] Roughly half—18.5 million—of these households are unbanked, meaning they have no checking or savings account with a bank or credit union. The others—21.5 million—are underbanked. They may[ii] have an account, but they are not using it to its fullest, instead relying on a broad array of money-service businesses to meet their short-term financial needs. Together, these financial underserved consumers are a large and varied group representing several different behavioral and attitudinal segments. Relative to the population at large, underserved consumers are more likely to have lower incomes, be ethnic minorities and have less education (CFSI, 2008).

This is a matter of public concern (Stegman, 1999) for both the well-being of underserved households and general economic growth. Un- and under-banked households face higher costs in conducting routine financial business, such as paying bills (Caskey, 1994; Stegman 1999). They also lack access to low-cost credit, which can help smooth consumption over time and promote investment in personal and physical capital (Stern, 2001). Having to process and issue paper checks relative to direct deposits poses additional transaction costs on businesses and government units that provide payments (such as wages or tax returns) to persons who do not use accounts.

Households are underserved for several reasons (Caskey, 2005; Bucks, Kennickell and Moore, 2006). For some households it is a matter of choice, the most frequently cited reason for lacking a checking account is that the household does not write enough checks to make it worthwhile (Bucks et al. 2006). For others banklessness is involuntary as financial institutions have created barriers—both intentional and unintentional—that have restricted access to traditional checking and savings accounts. These products are primarily sold in locations that are intimidating and inconvenient in terms of both geography and operating hours for working families. In addition, the marketing messages around these products are poorly-tailored and fail to resonant with underserved consumers. Many households may not have enough money to meet account minimum standards (the second most-cited reason in the Bucks et al 2006 analysis of national consumer data). Other potential account holders may have bounced a check or had an account overdraft in the past, events which – if left unresolved – result in the person being placed on the ChexSystems list which many institutions use to restrict access to accounts (Bordas, Kiss et al. 2006). Similarly, many financial institutions pull credit reports in the account-opening process which leaves the millions of potential account holders with thin and nonexistent credit histories ineligible.

Financial service innovations

Financial institutions, government agencies, retailers, nonprofit organizations, technology companies and others have started to recognize both the need and the opportunity presented by 40 million financially underserved households. Innovation is occurring rapidly throughout the financial services marketplace, and a growing number of organizations are working to increase and improve the supply of responsible financial products and services aimed specifically at the financially underserved. One strategy for connecting – or re-connecting – underbanked households with mainstream financial institutions is to create products that better serve such households' needs. Recent changes in technology and industry structure have led to opportunities for innovative products that can provide access to modestly-priced transaction services while limiting firms' exposure to financial risks (Herrmann, Schütte et al. 2007).

The prepaid card, prepaid debit card or stored value card is one such innovation. PPCs were first introduced in the early-1990s (Jacob, Su, et.al., 2005). The term "prepaid" refers to a broad category of products ranging from gift cards to payroll cards to general spending cards. In this paper, we focus on the latter, sometimes called "open-loop" cards in that they can be used anywhere that accepts conventional debit or credit accounts.

The number of prepaid card providers across the industry is large, but they can generally be divided into two main types of players: companies for whom prepaid cards constitute their primary line of business, such as AccountNow, Green Dot, MiCash, NetSpend, and Rush Card; and companies for whom prepaid cards are an addition to an established core business, such as Walmart, H&R Block, Western Union, Univision, etc.

The nascent prepaid card industry has grown rapidly in recent years. In 2005, approximately $14.1 billion were loaded onto an estimated 45 million network-branded cards (CFSI, 2007). By 2012, the dollar amount is projected to grow nine-fold and top $100 billion (Singh, 2009). A recent survey estimate suggests the growing appeal of prepaid cards: 9.7% of US households – including 11.9% of unbanked and 16.4% of underbanked households – reported that they use prepaid cards (Federal Deposit Insurance Corporation, 2009).

Product features and pricing vary a great deal from product to product. Typical features include the ability to load with cash or direct deposits; access to funds via ATM withdrawals and point-of-sale debit options; Visa, MasterCard or other brand; and customer services via phone, text, and/or internet for balances and transfer information. Fee structures vary greatly with some cards having higher activation or monthly fees and lower per-transaction costs or vice versa. Some brands offer different plans that consumers can switch between on the same account, much like switching between different phone plans. One comparison of several well-known cards estimated fees and expenses for the first two months of use ranging between $38 and $80 (Martin, 2009).

Champions of prepaid argue that the cards offer advantages for consumers and other parties (Network Branded Prepaid Card Association, n.d.). Prepaid cards allow consumers to make purchases and pay bills without carrying large amounts of cash, safeguarding both consumers and their funds. Funds loaded on prepaid cards are available immediately. The option for direct deposit is faster than waiting for a check to clear or cheaper than using a check cashing service. Prepaid cards do not require a credit check, but they do offer many features of conventional cards, including branded Visa or MasterCard logos and near-universal acceptability.

Critics of prepaid note that the costs compare unfavorably to conventional transaction accounts (Martin, 2009). Consumers may have difficulty comparing different fee structures, and some fees may come as unexpected (Singh, 2009). Another concern is that using PPCs does not help consumers build credit. Combining low-cost transaction services with opportunities for credit access and long-term savings is seen as a "best-practice" model for the financial services industry (Caskey, 2005). Although a few companies – including our two focal card offerers - include links to savings options or credit reporting, most cards have only basic transaction capabilities.

Is prepaid a connection to mainstream products and services, a perfect substitute for a checking account, or a dead end? More generally, to what end is this innovative financial product with new features and functions a useful tool that helps put financially underserved consumers on a path towards financial prosperity? Does it help with money management? This research was conceived to further explore the answers to these questions.

DESIGN AND METHODS

This study investigates consumers' use of and views about prepaid cards. At this point industry and policy decisions to create financial products for currently unbanked households rest largely on analysis of the sources of banklessness and faith in households' motivation and ability to use available services. There is a need for more information about how households use emerging services (Garasky, Nielsen et al. 2008). Although individual firms have conducted proprietary market studies of their own products, there is little public knowledge about how new services are used.

Our study is designed to create generalizable knowledge about how clients use innovative financial services and about whether these services can indeed serve as a gateway to long-term financial stability and prosperity. We find evidence to answer the following empirical questions:

- What are the financial circumstances or needs that lead people to select prepaid cards?
- How do clients use prepaid cards and other financial services?
- How do clients view the advantages and disadvantages of prepaid cards?

Through interpreting the findings from these questions, we aim to address the larger question of whether prepaid cards improve the short- and long-term financial well-being of underbanked households.

Focal Firm Innovations

Two firms were selected for this client study. Both are firms that have worked with the Center for Financial Services Innovation (CFSI)[iii] and both offer prepaid cards. For this paper, pseudonyms are used and proprietary information is masked.

Both firms have been recognized as leaders and innovators in the prepaid card industry. The first firm, "NewCard," primarily distributes cards over the internet. The second, firm, "CardPlus," is one of the largest providers of prepaid cards in the marketplace today and distributes cards through an extensive network of grocery and convenience stores, and check-cashing outlets. Both cards offer direct deposit and cash reloading, phone or online bill pay, card-to-card money transfers, and flexible fee plans. In addition, NewCard provides customers with the opportunity to build credit by reporting bill payment activity. CardPlus distinguishes itself with free mobile alerts and a free savings plan though which customers can earn interest on any money transferred into the associated savings account.

Research Design

This study is guided by a belief that financial products will help individuals achieve greater financial success if the products fit the consumers' lives and goals. We conducted in-depth interviews to obtain evidence on consumers' use of products, belief about financial services, and long-term goals. This section describes the sample selection and interview protocols. Research activities were conducted under approval by the University of Washington Human Subjects Division.

Sample

Respondents are drawn from customer lists at the two firms described above. A non-probabilistic purposive sampling procedure was used to get clusters of clients with different patterns of use, ranging from clients who used services for only basic transactions to those who used advanced options such as online bill pay or linked savings accounts. Specifically, for participants from NewCard, selection into the sample consisted of having being a customer for at least 6 months, having enrolled for direct deposit and bill payment option. We also sampled for a minority of customers who only used cash to reload their cards and had not signed up for bill payment. For CardPlus customers, sample selection criteria consisted of having signed up for linked savings account for at least 3 months and being an active saver (based on activity in the account). We also sampled for a minority of customers who used grocery and convenience stores rather than check cashing outlets.

Based on the above selection criteria, potential study participants were prescreened by the companies for their use of focal products and their willingness to participate in the interview process. Firms' screening protocols were designed by the interviewers and did not involve screening questions based on client experience beyond account use verification.

The researchers then recruited interviewees from the pre-screened lists. Although our goal was to have a full sample of 24 prepaid card customers (12 from each firm) this paper is based on a sample of 22. This includes 12 NewCard customers, all of whom had been account-holders for at least six months at the time of the interview. Of the 12 participants, eight of them had signed up to use online bill pay and the remaining four had not signed up to use this feature. NewCard customers were interviewed in the Chicago metropolitan area (including north-western Indiana and south-eastern Wisconsin) during the summer of 2008.

The remaining 10 participants are from CardPlus. All CardPlus customers had signed up to the linked-savings program and carried a balance at some point. CardPlus customers were all interviewed in the Seattle metropolitan area in winter 2008-2009. Scheduling factors caused a lag after the first ten interviews were completed. Upon initial analysis of those interviews, we concluded that we had reached a point of data saturation at which additional interviews did not yield substantially more information (Miles and Huberman, 1994; Morse 1994). A 23rd interview was conducted but was incomplete. On conducting a preliminary review of this interview, no new information emerged and therefore it was excluded for the full analysis.

Our sampling procedure captured dedicated users. As such, it should be kept in mind that this may be a "best case" scenario of prepaid card users. This study cannot reveal the perspectives of consumers who have tried PPCs and decided these products are not a fit for them.

Interview protocol

In-depth qualitative interviews were used to obtain evidence on consumers' financial background, use of prepaid financial products, belief about financial services, and long-term goals. The development of this study was guided by a belief that financial products will help individuals achieve greater financial success if the products fit the consumers' lives and goals. Therefore, the interview instrument was developed with an intention to elicit a sense of respondents' lives and financial and non-financial goals.

The interview instrument was designed based on a review of existing literature and the authors' experience in this area along with input from the partner firms. The protocol allowed respondents to engage in a variety of ways, including personal biography, product evaluation and reacting to agree/disagree statements. Open-ended questions were also used to help the researchers understand the world of pre-paid services as it is seen and described by the participants (Patton, 2002). This design is aimed at accommodating respondents with varying degrees of comfort with talking about finances, speaking on abstract topics, reading, and responding to surveys questions. This approach also minimizes the threat of response error in which respondents try to please the interviewers and attempt to deliver the "right answers" rather than honest responses. The University of Washington Human Subjects Division approved the interview instrument and all study procedures undertaken in this study. The study protocol was field tested and revised before use; the final template is summarized in Appendix A.

Interviews and analysis

Face-to-face interviews were conducted in respondents' homes, at agreed-upon public locations such as coffee shops, and – in the case of two CardPlus interviews, at a University of Washington conference room. Caution was taken to ensure there was sufficient privacy when interviews were to be conducted in a public location. The second author, a masters-trained social worker conducted all the interviews. Most interviews lasted about 90 minutes and were audio-recorded. Respondents received a $75 account credit on their prepaid cards for their participation.

Before conducting each interview, the interviewer briefed the participants on the purpose and process of the interview. Participants were given the opportunity to discuss any issues, concerns and questions that they may have. Any issues raised were discussed and/or addressed. Two example of issues raised and addressed include confidentiality of participants identification and the audio-recording. For the former, participants were assured that only members of the research team could have access to the interview materials and no identifying information of the participants would be included in the study report or subsequent publication. For the latter concern, participants were made aware that all audio-recorded interviews were going to be destroyed 90 days after the interview date. Prior to the recording (the beginning of the actual interview), participants signed the informed consent form. Participants kept a copy of the signed consent form.

The broad topic areas in the interview instrument (see Appendix A) guided the open-ended questions posed during the interview. Various interviewing techniques such as probing, asking for clarification and explanations including use of a monthly calendar worksheet were used to elicit more information from the participants. Audio-recording helped promote a sense of conversation in the interview discussion because it freed up the interviewer from note taking. All interviews were audio-recorded and transcribed verbatim. The second author verified the accuracy of all transcribed files by listening to the recordings while reading the transcript and making necessary rectifications.

Analytic summaries were created from each interview. These summaries contained systematic information about participants' background, financial history, current budget, use and views of PPCs, and financial goals. All three authors read summaries and created lists of common themes or hypotheses based both on summaries and prior information. Summaries and full transcripts were then re-read in order to find evidence to support or negate these themes and hypotheses. The findings that follow are based on some of the themes that emerged from the data. These findings attempt to give evidence to questions raised above. We use quotes from the raw data to illustrate and support findings.

Table 1 summarizes information about the characteristics of the customers interviewed. Across both samples, most respondents were in their 30s, 40s or 50s. NewCard clients were more likely than CardPlus clients to be married or cohabitating and more likely to have children. CardPlus clients were more likely to be single persons living without children. We cannot say if these differences are due to underlying differences between who uses NewCard versus CardPlus or if they are artifacts of our sampling strategies or interview locations.

[Table 1 about here]

FINDINGS

Here we report findings from the interview transcriptions. We begin by describing interviewees' financial situations, their prior experiences with conventional account-based banking, and the experiences that led them to use prepaid cards. Next we describe their typical month-to-month card use. We then discuss these clients' experiences relative to hypothesized prepaid card advantages such as convenience, simplicity and value. In a subsequent draft will also describe use of the focal products – NewCard's bill pay feature and CardPlus's linked savings program – and discuss the usefulness of prepaid cards in helping improve underserved consumers' financial well-being.

General financial situations

Although we have no way of verifying how representative our sample members are of PPC users as a whole, their personal financial situations provide important context for interpreting what they told us. With some exceptions, NewCard and CardPlus customers in this study had low or moderate incomes and substantial personal debt. Table 2 summarizes basic financial information about the interviewees. We estimated income from reports of regular paychecks or transfers. The median annual individual post-tax income is $18,300. Just over three quarters of all sample members depend primarily on wages or salary. The remaining quarter subsisted primarily on disability or transfer income, most commonly SSI. Adding in income from spouses, partners or cohabitating relatives increases some households' totals, and results in annual incomes ranging from $12,000 to above $150,000. The lowest NewCard and CardPlus earners were a woman on disability and a young man with a $9/hour part-time job, respectively; the highest earning households both contained two professionals. Over a quarter of respondents reported that they worked a second or side job. A few others reported additional income from commissions on a sales job or survivor's benefits for a child.

For households in general, the primary source of wealth is a home. However, homeownership was relatively rare among our respondents, 86% rented. The majority reported having some personal debt, with a median estimated amount of just under $9,000. Unpaid bills for utilities and fees (including old bank fees) were the most common source of debt, although the largest sources were generally credit cards and medical bills.

[Table 2 about here]

Prior banking experiences

Table 3 summarizes the experiences our interviewees reported with conventional banking transaction accounts. All except one of our interviewees had operated conventional bank-based checking or savings accounts before they started using the PPCs. However, by the time of our interview, 16 of the 22 interviewees did not have a conventional bank account. Here we describe how these consumers entered and – by and large – exited the bank system.

[Table 3 about here]

A majority of our interviewees started interacting with the mainstream financial system at young ages. Most of them opened their first bank accounts soon after they started their first summer jobs as adolescents. For others, bank accounts were established for them by their parents or grandparents at a much younger age (between 9-11 years). For this latter group, all of the accounts were savings accounts. These accounts were controlled by their parents and deposits mainly consisted of gifts from families and friends during birthdays, graduations or important holidays. These accounts were later turned over to the interviewees after they started working or demanded greater control of the savings accounts.

The interviewees gave a variety of reasons regarding why they no longer had conventional accounts. Most had either closed their accounts or had their accounts closed by the banks for various reasons. The four reasons that figured largely included having overdraft fees, unexpected or unanticipated fees, unauthorized account access and being a victim of identity theft. Interviewees also identify their own personal spending or money-management habits as contributing factors. In many cases, the consumers and banks attempted to reconcile the problems, with mixed results.

Interviewees recalled having incomplete understanding of the regulations and fees structure under which some of the banks operated. As a result, they reported to getting hit with unanticipated fees. For example three of the interviewees (Mr. Auguste, Mr. Leo and Ms. Libra, all names are pseudonyms) were frustrated that their banks would honor one big check and allow several small checks to bounce instead of allowing payments for the small checks and allowing the big check to bounce (a practice that has since been limited by federal regulation). Ms. Libra captured it as follows

> I know instead of bouncing the one big check they bounced a zillion other little ones… Then they charged, it was 30 dollars for each of that so next thing I know its like negative 600. Forget it! I mean, you guys are killing me here! That was just mean.

According to them, it seemed that the banks intentionally paid out the one big check so that they could charge overdraft fees (roughly $35) for each of the small checks. Such unexpected fees caused some customers to leave their accounts. For example, Ms. June noted that she left the mainstream financial institution because her bank hit her with a $400 fees which she never understood. She felt that even with several attempts to get an explanation from the bank the bank failed to justify the fees or take them off.

Unauthorized transactions are another problem in respondents' banking histories. At least eight interviewees reported some unauthorized transaction in which funds had been withdrawn from or charged against their accounts. Most of these unauthorized accesses had put their accounts in the negative, resulting in disputes with their respective banks. Respondents used language about unauthorized access and identity theft interchangeably.

Often several problems co-occur. For instance, Ms. April had a checking account for over 20 years, but ran into several problems right before she discontinued using her account. First, someone debited a charge of $159 that she had not authorized. She called the bank to complain. She recalls that the bank established that a theft had occurred and initially returned her money, but later reversed the decision and added an additional $161 in fees. She then got a "bogus" check of $1100 that she deposited into her account unaware that the check was not good. When the check bounced, the bank tried to recoup its loss. She recalls paying about $800 back but fees accumulated. When she tried to establish a payment plan for the final $600 the bank refused. She walked away from that account but has continued to maintain a savings account at another bank.

Mr. Auguste reported a series of encounters with three different banks that made him decide to switch to PPCs. In the first bank, he could not understand the fee structure so he closed the account and moved to another bank. In the second bank, his check book was stolen and checks worth $3000 were written up from his account. Even though the bank investigated and verified that it was not his signature on the checks, they closed his account. He felt that as a victim of a financial fraud and after the bank had verified that it was not his activities, it was not right for them to close his account. At this point, he started using his wife's account at a third bank. He reported that somebody placed a device in one of this bank ATM which his wife used. Two thousand dollars were withdrawn from his wife's account. Bank number three soon reimbursed their account but failed to sufficiently inform them that they needed to file some paper work. After some time, this third bank took out the $2000 stating that the wife had not filed necessary paper work. Unfortunately, this unprecedented withdrawal not only took their account into the negative, it caused several checks to bounce due to lack of funds. Eventually, the bank gave them back the money and waived all fees, but Mr. Auguste says they had the creditors they had to deal with. This led them to file for bankruptcy and together with his wife they resolved to stay away from the banks.

The above narrations are not unique or isolated incidents, nearly, all of the interviewees discussed incidents in which they had disputes with their banking institutions and the manner in which the incident was handled by the bank (and/or its officials) left them with a great mistrust of conventional checking and savings accounts. Keep in mind that retrospective accounts sometimes contain internally inconsistent details, and the banks' records of the matters – of course – cannot be verified.

Customers do not hold themselves harmless in disputes with banks; our respondents report that their personal characteristics contribute to their financial troubles. Nearly all of the interviewees reported that at some point in their lives they had limited knowledge or misconceptions about how things worked in the financial system. While mistakes are not limited to holding bank accounts only, most mistakes resulted in the overdrawing of accounts or writing bad checks. For example, Ms. Aries reported that she wrote so many bad checks to just shop from the checking account that the bank directed her into a check-writing class. For another respondent, Mr. October, some of his financial troubles with the bank stemmed from his gambling addiction and he revealed that he had closed some accounts due to his gambling. Yet another, Mr. Tember, was trying to establish himself in business and revenue was not coming in as fast as he would have wanted. He found himself caught in the cycle of bank overdrafts and bounced checks.

Other interviewees reported that they were basically bad money managers. For instance, Ms. Dec got in trouble with the banks because she liked buying things on financing such as video games, books and magazines. She would set up automatic debits with the various merchants but forgot to budget for the time her payments would be due. The debits hit the account and she did not have the money. Her account went into the negative attracting, subsequence fees. In another example Ms. May reported that she had loans from two different institutions getting paid from the same account. She had set up her loans in such a way that payments would be due on different periods. At one time both payments fell within the same period and she had not budgeted for it.

Personal mistakes also include miscalculations about the working of the financial system even with the best of intention. For example, Mr. Taurus recalled that in his late teens when he had just started living independently, his boss told him that he would be paid as soon as she returned from her overseas trips. He wrote checks in anticipation of the direct deposit arriving. He explains,

> [My boss said] 'Go and pay your bills; pay what you need to.' 'Cause this is back when you could write a check and it took, you know, a week and a half to clear. … So I wrote, you know, check and then I went out [of town] for a while and saw some friends and she never came back into the country so check started bouncing left and right.

In this case, the bank fees arose from negligence on his employer's part (or possibly a misunderstanding). However, as with other interviewees, Mr. Taurus's experience turned him off of banks. He continued, "So after that I paid those off and closed [the account] and said if I can't pay with cash then, no [I won't buy it]."

Prepaid Card Initiation

Before they became NewCard or CardPlus customers our interviewees had similar experiences with banks, financial problems and money management. However, the ways in which they came across the two firms differs markedly as a function of the distribution network through which NewCard and CardPlus reaches their target consumers. NewCard advertises and distributes its cards online; it has no physical presence. CardPlus has business collaborations with many of the large nationwide check cashing outlets and recruits most of its potential customers through these check cashing stores.

Nine of the 12 NewCard customers recalled coming across the product online either on their own or through a friend or a relative. To some it was an accidental but a rather welcome encounter. For example, Mr. Feb was actually online searching for a job when he came across NewCard. He reported that he signed up for the card because he was tired of paying $13 per paycheck to cash his check. Ms. May says that she was not even sure what she was looking for but she was online doing an internet search and NewCard came up. She read about it online and applied immediately and she received her card shortly thereafter. Ms. July said that her "sister-in-law …. went online and she got her one …..And me one."

For others, the search was more purposeful. Ms. March actually went online to look for a card. She said "because I wanted my own account. Just something for me ….. because any woman in her right mind should have account for herself." In another example Ms. Jan said,

> Actually I was looking on the internet for … a prepaid card 'cause I got real tired of paying it cash 'cause you know I get my son's check and the currency exchange is charging through the nose to cash on them …… So you know I went online and I started looking at ones and NewCard just seemed the simplest and their fees were the lowest.

All CardPlus customers remembered coming across the product in a retail location. A majority of the interviewees had gone into the store to cash a check, and they either noticed the PPC advertised or an attendant offered it to them. Actually, in many instances, CardPlus customers could not differentiate the card company from the check cashing outlet. They often thought that CardPlus was an additional financial product of the check cashing place.

Ms. Cance is one customer who came across CardPlus through a check cashing place. She thought the check cashers had switched services to start offering prepaid cards. Ms. Sagith got her card when she started working at a checking cashing outlet which is one of the CardPlus distribution outlets. Ms. Aries described it all by saying,

> Well, I went in to cash the check at, um, what is the place called ……. [Check Cashing Store Name] … …. and I noticed the prepaid account and I said oooh, you know, I asked questions about it. They told me how it works and I got it right then and there ….. Deposited my money got the temporary card and that was it …

Another customer, Ms. Gemini said,

> I think I saw something, gosh probably at a [Grocery Store Name] or one of the stores you know I saw one the prepaid cards that you would load and ……. I remember thinking that that would probably be the way to go ….Uuh, I really couldn't think of any other choices that I had, yeah.

Customers signed up for cards because they thought that the cards would be a useful tool. In the next section, we describe how cardholders used their cards.

Use of prepaid cards

Using a monthly calendar as a guide, we asked interview questions about funds that enter and exit the respondents' households. For each income source or expense, we track details including the typical timing, the transaction method, the labor involved, and the consumer's subjective experiences around the transaction. Table 4 summarizes how participants use their cards on a monthly basis. From this we can see that prepaid cards play an important role in interviewees' regular financial lives.

All interviewees regularly use their cards for bill payment or retail transactions. All but one respondent uses the card to pay at least one monthly bill, and the average number of bills paid is 2.4. The most common single bill-pay method is to call the payee and enter the account number as if one was paying by credit card, but most customers also use a mix of payment methods. For instance, Ms. July pays her rent using a money order, pays her phone bill and internet connection over the phone using her NewCard number, and pays for groceries with a combination of her food assistance benefit card and cash. Nine participants have at least one bill that is automatically charged to their PPC, but most of these also use the phone or point-of-sale (POS) transactions as well. Groceries, gas and entertainment costs are usually conducted as POS transactions, through swiping the card. Non-routine expenses, such as online purchases or car rentals were also mentioned by several customers. In general, however, most of our respondents' budgets have little room for such discretionary spending.

[Insert Table 4 about here]

Consumers' views on advantages and disadvantages

In this section we summarize interviewees' views on the advantages and disadvantages of prepaid cards. Overall, consumers like using their cards, and specific comments suggest that they appreciate the hypothesized benefits of prepaid cards – their convenience, simplicity, immediacy, etc. – identified by prepaid proponents.

Convenience. Nearly all of the interviewees commented about the ease that their cards brought to their lives. For instance, Ms. Jan described the key attribute of her NewCard as, "It's just convenience …. That's very important to me …. I don't have to go to a bank. I don't have to [do anything else]. I mean my money is direct deposited so I don't have to do anything there …. and that I like." Ms. Sagith reports that she was impressed with how convenient it was to use her PPC. She commented that "I don't know where its been all my life. It just keeps getting better."

Commonly, respondents compare their experiences with PPCs to prior money management routines, noting that the card keeps them from having to run multiple places to cash a check, buy money orders, and then deliver payments. Ms. Cances reports that she found her CardPlus card easier to use than money orders, particularly to pay standing bills like her monthly storage unit rent. A NewCard user, Mr. Feb, favorably compares his current money management with his prior steps, "[Now I] don't have to go and get money orders and stamps and all that. It eliminates all that. No Money Grams, no Western Union."

The only inconvenience mentioned involved loading cards for those who do not use direct deposit. Six of the 20 customers interviewed do not have direct deposit set up. For instance, CardPlus customer Ms. Libra works as a freelancer and contract worker, making direct deposit unrealistic for much of her income. To load her card she has to physically take cash to a retail outlet. When outlets close or switch locations, this can disrupt regular routines.

Accessibility. Because the Visa- or Master-card logoed cards are accepted almost universally, customers can buy whatever they want. This is useful practically, since customers can conduct transactions that are difficult with other means, such as buying things online or renting cars. Ms Aries appreciates her CardPlus for that,

> [I like] the fact that it was a Visa and you can take it anywhere and use it anywhere. There are no limits on it on what it is ……. I rent a car with it … and that's major, because lots of places are very particular ………..so I mean just the fact that you can do just whatever you want with the card as if it's a Visa ………….. just the fact that you can, like I said, use it anywhere.

At a second level, having a card gives customers a way to pay that does not differentiate them from other consumers who may be more financially advantaged. Whereas using a money order is a visible symbol of not having a checking account, the prepaid cards act and look just like conventional credit or debit accounts. Ms. Libra talks about the symbolic value of her being able to get a Visa-branded card despite "deplorable" credit caused by personal and medical problems,

> I could not qualify for a credit card mainstream. So I had to rely on …[CardPlus] so that I can rent a car you know so that I can use a visa even though I don't qualify for credit. So because of what I went through, the challenges I went through. I'm deeply grateful to the presence of an institution like [CardPlus]. You know what I mean? I can buy online, I can do anything that a person with good credit can do

Ms Aries echoes this feeling of being included, as someone with bad credit, she used to just watch other people use cards, now she can say, "I have it too, I have plastic too."

The general acceptability of PPCs makes one minor exception stand out. Both NewCard and CardPlus customers complained that their cards cannot be swiped at gas station pumps. When pressed for something he disliked about his NewCard, Mr. October mentioned this, "You can't swipe it ….you have to go inside…… You know, like regular credit card you [can't] just swipe it at the pump. I wish they'd make it so I didn't have.[iv]"

Immediate liquidity. Customers, particularly those who use the direct deposit feature, like that their money available immediately. Ms. Sagith explains how she gets paid, "We don't checks in the mail. I get direct deposit on my CardPlus card. So I don't see my pay stub. I don't see a check. I just know that on Friday I can start spending money." She compares that with her understanding of depositing a paycheck at a bank account, "Because the bank holds your check down even if its your regular pay roll check you know they hold it for three days you can have your funds for three days."

Another aspect is that account updates are available on demand. Customers get and use information about their balances by phone, by text, by email and via logging into their accounts online. Our interviewees appreciate these up-to-the-minute information sources. As Ms. Jan explains, "It works for me And I like being able to like call and check my balance when I need to that's always a nice thing …. Just call the 800 number then I can know what my balance is [or] go online and do it and they send it." Mr. Taurus gets email alerts as well, "You see, I don't have to worry about it. You know, they send me emails any time I use the card. Every month they send me an email, they let me know what my balance is. So that makes it very convenient."

Simplicity and transparency. Customers appreciate the easy-to-understand fee structures of the prepaid cards. They know the fees for their transactions and know that there will not be unexpected fees. Several compared their experiences with prepaid to banks. Mr. Taurus's experience is typical:

> When I had the banks every time I was turning around I was being charged for this, I was being billed for that, and if I went into the bank too many times they would charge me for [that]. If I, you know, ask for a copy of my statements they would charge me for that. Any little thing that I needed they would charge me for. With CardPlus there is none of that. I know how much I spend a month to have them and that's all that is.

Mr. Auguste calls this feature "accuracy," describing how the fees are fitting for the transactions and all goes smoothly, "No glitches. I don't like glitches. I have had enough glitches in my life. Glitches cost you money."

Value. In addition to appreciating that the costs are clear, clients feel as if they are getting a fair service for the cost. Mr. Taurus totaled up the predictable and unpredictable (described above) fees from him bank. He figures he is paying far less per month with his CardPlus. Others compare the prepaid card fees to banks as well, Mr. Feb estimates that, "if I go to a bank I would just be paying whatever monthly fee which is about the same." For cardholders who would otherwise be using non-account based services such as check cashers, the card is an even better relative value. Describing her life pre CardPlus, Ms. Libra explains, "I would have the physical check sent to me and then I would go to one of the money tree And I would cash it and pay some huge ridiculous fee to cash it." She estimated spending $40-$60 per month on check cashing fees. Clearly, prepaid fees are lower.

Others describe the other value that they get from their cards. For instance, Ms. April had an experience with losing her card. She called NewCard's customer service and was sent another card without any problem.

> Ok but I did call in and have and told them that, you know, I've lost that card. And they send me another one, you know. So I liked them for that you know so I would never change with them you know and so when I would pay the $9.95 'cause they do honor with everybody I have paid, you know.

She figures in that positive experience as part of why one really "can't beat" the monthly fee.

Customers are not quite unanimous, however. NewCard client Mr. Auguste would like to see a lower fee structure:

> I do have a problem this 10 dollar service fee that they got every month you know. Its like you charge me what, 30 bucks almost to open the account, to set the account up. Now you wanna charge me a 10 dollar fee every month to maintain it.

Part of Mr. Auguste's frustration is that there are lower cost ATMs available through NewCard but he does not live near any of them. He acknowledges, however, that a PPC is still his best option.

Built-in discipline. For customers, PPCs provide much of the ease of a checking account with one major advantage: they cannot be overdrawn. If there are not sufficient funds to cover a POS transaction or requested debit, the transaction is turned down without the card company penalizing the cardholder. As Mr. August explains, "if the money is not there, can't nobody take it out. You know they don't pay it so I don't incur no fees."

This provides a check on spending that users find helpful, particularly for those who have gotten into trouble with overspending and fraudulent (or merely over-optimistic) check-writing in the past. Ms. Libra, who freely admits that she has a lot of trouble managing money, appreciates this feature noting, “the good thing about this though is that you can’t write checks and have them bounced. Its like the funds are either there [or not]; the transactions either passes or doesn’t. So it’s a good discipline for me.”

Goals and advancement

Prepaid cards are definitely useful for these customers’ day-to-day money management needs, but are the cards helping them achieve larger financial goals? As part of the interviews we spoke with customers about their future financial plans and hopes. Table 5 below summarizes the most common types of goals mentioned by respondents.

[Table 5 about here]

Twenty of the 22 respondents mentioned a financial-related goal, although the respondents’ level of specificity and time horizons varied. Some well-specified goals that could be accomplished within a year or two include saving enough to move into a different apartment, paying off a particular debt, buying new furniture, or generating some emergency savings. For instance, Ms. May and her husband would like to buy a house. She described concrete steps they had taken toward this end, including getting their credit scores and trying to pay off certain bills.

Others mentioned goals that might take several years or more to achieve. Goals such as further education, career changes, or starting a business have longer time-frames and require effort beyond financial savings. Sometimes such life-long goals were mentioned as things that would be nice to achieve, but without much specificity. For instance, when asked about her financial future, Virginia replied, “I hope to be comfortable, you know. I hope to get back my future, get a job that I like, and be able to travel more... [maybe] move to San Francisco, get a job doing something I really like…” Without specificity, these types of future ruminations might be better thought of as aspirations.

Some parents in the sample spoke about what they wanted to leave their children. Again, plans varied in their specificity and time frame. One woman spoke of wanting a better apartment so it was easier for her grandchildren to visit. Mr. Auguste describes wanting to build up his side-work company into a full-time business and an asset for his children, “My goal is to bring them into the company. You know, during school years and stuff like that, between school, between semesters, and, you know, grooming in the business…so I have something to leave to them.”

How well do the services and features of prepaid cards align with these goals? Prepaid cards may help customers achieve short-term specific goals that require money management and savings. Products alone are insufficient, however. Achieving any goal require behavioral change or commitment in addition to services or features. Some goals can be fully met through the features of prepaid, providing that income is available. For instance, Mr. Feb would like to get his car paid off within a year. He currently pays his car payment over the phone with his NewCard number. When funds are available, he can send more than the minimum to pay down the principle

Longer-term goals such as buying a home or starting a business require combinations of savings, access to credit, and other preparation work. Basic prepaid cards alone are not sufficient to help customers achieve these goals. However, the two additional products offered by our focal firms reflect an industry recognition that transaction alone will not fully meet customers’ needs. Certainly, users of CardPlus could use the linked savings feature for goals such as saving for a home down payment or emergency fund. Similarly, customers looking to improve their credit scores could use the NewCard bill pay and reporting. The next section examines current customer use of these features.

Special features

Consumers' use of and views of the NewCard's bill-pay and CardPlus's linked savings features provide insight into prepaid's potential for supporting customers' financial mobility.

NewCard's bill pay. NewCard offers a bill payment system in which customers can sign up online to have their bills automatically debited from their account. Bills paid in this way would then be reported to an alternative credit reporting agency, allowing households who pay their regular bills on time to establish a record that could be used for future credit or rental applications. Although we purposively sampled clients who had signed up for this feature, we found that a majority of the NewCard customers were not using bill pay at the time of the interview. Specifically, of the eight customers identified by company records as having signed up for bill pay, only one customer currently used it and that customer did not use it for all household bills. Two other customers recall having enrolled, but did not currently use it.

Regardless of whether customers currently used bill pay, we asked them for their thoughts on this feature. Over half of the interviewees cited the possible loss of control over their financial management as the most important reason they did not use the bill pay feature. Customers felt that there was not enough money coming into their households to comfortably cover all their bills, and they wanted control over the order in which bills were paid. Similarly, others reported that they were behind on their bills and they were not in a position to make full payments.. For example, Jan, a mom of 3, reported that "I like to get my money then I choose where it goes … you know I don't like automatic things coming out of my account …" Similarly, another customer, June summed by saying she preferred being in control of "how much gets paid where."

A related concern was that a bill would post at a time when there were not sufficient funds in the account to cover it. Even though most of clients knew they could not overdraw on their accounts, some worried about the possibility of taking their account in the negative while others worried about a bill bouncing. These uncertainties made customers like Mr. Feb and Ms. March to set up bill payment and then take it off. It also made another customer (Ms. May) not to sign up at all for bill payment.

Customers did not see advantages to using bill pay relative to the more labor intensive – but controllable – method of paying bills by phone using their card numbers. Some were not aware at all of how the bill payment feature worked. Others knew they could set up bills to be paid through the NewCard website, but were unaware of the additional benefit of their bills payment history being reported directly to credit bureaus if they used the bill pay feature. While there was a general recognition that paying bills on time would eventually help one improve their credit, NewCard customers did not distinguish that paying bills directly with the creditor would not be reported in the same way that bills paid through the NewCard "bill pay" feature would be.

CardPlus's linked savings. CardPlus card holders can open a savings account linked to their card. Six monthly transfers into and out of savings are free and instant online. As of the time of our interviews, the CardPlus savings feature paid interest at a rate of 5%, far higher than rates available for conventional savings accounts. We interviewed only card holders who had opted into opening this linked savings feature.

All ten knew that they had the linked savings feature, although not all knew about the interest rates. Nine of the ten respondents transferred money into savings at some point. The tenth misunderstood the terms, believing that CardPlus was automatically transferring a portion of his spending into savings (similar to a program offered by a national bank to have a small portion of credit card purchases go into savings). Six of the ten account-holders had no money in savings at the time of the interview. The four with savings had balances ranging from $97 to around $500.

Most signed up for the account with plans or hopes to accumulate funds. Mr. Taurus was one who hoped the account would help him save. When asked if it works, he laughed, "Does it work? No. It doesn't work. The biggest thing is everything is so expensive now. You know, when I put … money in the savings with the intention of keeping it there. But then I spend what I had in my checking's after going to the savings…" Others were able to save for a period of a few months and then used the savings for an unexpected expense.

The accounts proved useful for purposes other than enduring savings. For instance, Sagith explains how she uses her savings account to help enforce her monthly budget of saving part of each bimonthly paycheck to pay her rent of $695,

> Its not always true to form but on the 1st pay day of the month I'll pay half of the rent or 300 dollars or put it into my savings on my card….And then on the next pay day I pull it out of the savings and pay the 695….Because I figured my check's only 800 and I need 695, that's 700 dollars. [If I paid all out of one check] that leaves me 100 dollars to pay that 50 dollar bill plus gas and buy all my coffee, yeah it don't work like that. So I do budget to some form. I mean, I like to think ahead a little bit. So I don't want it to be one big smack in the head on one pay day.

For this account holder and at least one, other the main advantage of the savings account was that it could shelter money from being available for debit. If the money was in savings, it could not be drawn down accidently.

At least three of the ten respondents suggested that additional restrictions on the account would help them save. Consumers assessed their own savings behavior and concluded that more built-in discipline would help. This line of reasoning starts with the observation that available funds often get totally depleted. As Ms. Cances noted, "If I find that I have money in my pocked, I kind of spend it a little fast."

Another customer who tried to save every month but almost always spent down completely suggested that the transfers between savings and debit were too easy. He would like it to be harder. Ms. Aries' illustrated this point with her own experience in initially misunderstanding the savings account terms,

> I thought I was reading it wrong. But this had am glad I read wrong because I said, it said you know you can only transfer money from the savings to the other account six times? But I am just thinking it was out of a year. [*Interviewer "Wow", both laugh*]. So like for a long time I thought that I was. I said, oh men, I can t transfer nothing else on this account because its my third time already and so I [*laughs again*] have had money in that account where am not touching it. I saved up quite a bit. And then I went back and read it and it said six times out of the month. Well, I wish I never read it because I probably would have still had that money in my account.

This observation – that more restrictions might increase well-being – is consistent with behavioral economics concepts of pre-commitment and externally structured enforcement mechanisms (e.g. Mullainathan & Thaler, 2000).

CONCLUSION

What do consumers' experiences tell us about the usefulness of these new financial products? Do the so-called bridge products provide a way for consumers to move toward greater financial well-being? In what ways could current products – and the current financial services market – be changed to better meet the needs of consumers not currently using conventional checking and savings accounts?

Prepaid cards are useful, particularly for users who have had problems with conventional bank-based accounts in the past. Using PPCs as a tool, consumers can and do receive direct deposits and use their funds to pay for routine living expenses. Customers who uses these cards feel they are cheaper and easier on the whole than other options.

As to whether prepaid cards can help cardholders advance financially, there are fewer fixed conclusions. Some goals – such as creating emergency savings – can be achieved with the current prepaid cards. Other goals, such as accessing mainstream credit for large purchases, will require additional products. The bill payment reporting and savings products here represent a step toward that end, but are not yet fully embraced by consumers. All goals will require spending discipline alongside supportive products.

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APPENDIX A

Interview Template Summary

Introduction. The researcher reviews the purpose of the interviews and the protocol, including risks to confidentiality, the use of a pseudonym, the participants' honorarium, the voluntary nature of participation and permission to audio record the discussion. Participant and researcher sign consent forms. The participant is shown a brief outline of the interview and shown that specific questions about the focal product will be asked after some background information.

Personal financial background. The interviewer asks the respondent to describe his or her financial background, current practices, and future goals. To elicit accurate and thoughtful responses, the interview moves from specific questions ("What was your first job? Do you remember your first paycheck? What did you do with it?) to more general requests for interpretation ("Has the way you view money and finances changed over time?").

Current transactions. Next the participant is asked to explain his or her regular expenses (rent, utility bills, car payments, work expenses, family costs, transfers to friends or families) and sources of income (regular earnings, occasional earnings, public transfers, support from kin, etc.). This section uses a blank monthly calendar to record all regular transactions. Again, by focusing on specifics and asking for interpretation as appropriate, this approach elicits responses that are true to the meaning that finances play in the respondent's life.

Financial services. For a number of common financial products or services, participants are asked to indicate whether s/he has used each service in the past, uses it now, or is likely to use it in the future. This product list will include fringe, alternative, and mainstream financial products such as money orders, storefront payday loans, savings accounts, mortgages, and 401ks, as well as the focal products. The interviewer also prompts for particular details about the focal product.

Reaction Statements. Participants are given a handout that lists statements about products or services ("Checking accounts are helpful" or "Paying bills on time will help build a credit record"). The interviewer reads statements one by one, asking whether the statements are true for most people they know, true for some and not for others, or not true for most people they know. Participants are asked to explain their views.

Conclusion. Participants are asked to give any final thoughts or suggestions on the focal product, other interview topics, or financial services more generally. The interviewer then thanks the participant.

TABLE 1: Sample information and demographics			
Sample information	NewCard clients (N=12)		CardPlus clients (N=10)
Geographic location	Chicago metropolitan area		Seattle metropolitan area
Selection criteria	Accountholder for 6+ months, 8 of 12 signed up for bill pay option		Had opened linked savings account
Basic demographic information			
Average age		43	
Age range		25-65	
Married or cohabitating		8 of 22 (36%)	
Female		14 of 22 (64%)	
Race / ethnicity		11 African-American	
		10 Caucasian	
		1 Mixed heritage	
Any children in household		10 of 22 (45%)	
Average number of children (if any)		3	

TABLE 2: Basic financial information	
Median personal income (post-tax)	$18,300
Estimated household income range	$12,000 - $160,000
Primary income source	
Wages / salary	77%
Disability (SSI or otherwise)	23%
Other income sources	
Second / side jobs	31%
Other	15%
Rent (v. own) home	86%
Debt (excluding mortgages)	
No debt	15%
Median debt among reporting debtors*	$8,900
Debt range among reporting debtors	$4,500 - $175,000
Percent reporting debts by source	
Car loans	16%
Credit cards	57%
Student loans	27%
Medical bills	45%
Other bills (utilities, unpaid fees, etc)	78%

*Four participants acknowledged holding debt but declined to report specific amounts.

TABLE 3. Use of bank-based transaction accounts and banking history				
	Used checking or savings in past (self)	Current checking or savings account (self or household member)	Past problems with checking or savings	Attempted to resolve past problems
NewCard customers				
Jan	yes	no	overdraft	
Feb	yes	no	closed in bankrupcy	
March	yes	yes (with husband)	overdraft	yes, unsuccessfully
April	yes	yes	bad checks, victim of unauthorized access, unexpected fees	yes, unsuccessfully
May	yes	no	non-sufficient fund fees	yes, with collection agency
June	yes	no	non-sufficient fund fees, other fees, overdrafts	
July	no	no	n/a	
Auguste	yes	no	sufficient fund fees, possibly victim of identity theft	yes, partially successfully
Tember	yes	yes	overdrafts, non-sufficient funds	
Tober	yes	yes (wife only)	non-sufficient funds	
Nova	yes	no	overdrafts, victim of identity theft	resolved overdrafts, partially resolved id theft
Decem	yes	no	overdrafts, victim of unauthorized account access	yes, overdrafts resolved through payment plan; theft partially resolved
CardPlus customers				
Sagith	yes	no	overdrafts, unauthorized access, dispute with ex-husband	
Cances	yes	no	overdrafts, unauthorized access, unexpected fees	yes, partially successfully
Aries	yes	yes	unauthorized access, overdrafts	yes, fully
Libra	yes	yes (new account)	overdrafts	
Taurus	yes	no	overdrafts, disputes bank charges, unauthorized access	yes, paid overdraft fees
Gemini	yes	no	overdrafts	
Leo	yes	no	unexpected fees, overdrafts	yes, repayment in process
Scorpio	yes	no	overdrafts	
Pise	yes	no	overdrafts, unauthorized access	yes, partially successfully
Virginia	yes	no	no	n/a

TABLE 4. Routine prepaid card uses		
Loading method (n)		
	Direct deposit only	45%
	DD and cash	27%
	Cash only	27%
Bill payment using card		
	Pay bills using card	21 (95%)
	Average number bills	2.5
Percent of bills paid		
	By phone	67%
	Automatically	18%
	Point-of-sale	4%
	Online	12%
Percent using other bill pay methods		
	Cash	68%
	Check or debit	14%
	Money orders	45%
Percent using PPC for		
	gas or groceries	71%

Note: Bills paid with PPCs include utilities (electricity, gas, water, sewer, trash), phones, internet, car payments, insurance, and other routine commitments such as debt repayments or tithing.

TABLE 5. Common Goals
Goal (Number of respondents with this goal)
Entrepreneurship or career change (7)
Buy house or save for home downpayment (5)
Save up to $5,000 for general or emergency use (5)
Save up for large purchase or experience (vacation, wedding) (4)
Inheritance or education for children or grandchildren (4)
Improve credit record or credit score (3)
Get or stay out of debt in general (3)
Get or stay current on bills (3)
New rental apartment (3)
Pay off particular bill or debt (2)
Further education (2)
Leisure time / retirement (2)
Qualify for credit card (1)

[i] See CFSI Underbanked Consumer Study Fact Sheet, June 2008, for more information.

[iii] A non-profit affiliate of the community development bank ShoreBank, CFSI offers a variety of programs to assist the financial services community in better understanding and serving underbanked consumers.

[iv][iv] Gas stations require in-person transactions instead of automated fuel dispenser ("at the pump") transactions in order to avoid placing inexactly large holds on customers' cards.

http://www.icba.org/files/ICBASites/NSPDFs/AFDbrochure.pdf