

Banking to the Future Financial Mainstream

Betsy Flynn
President/CEO
Community Financial
Services Bank

Who are Unbanked and Underbanked?

- **Unbanked:** No checking or savings account.
- **Underbanked:** Have an account, but continues to rely on alternative financial services, like check-cashing services, payday loans, rent-to-own agreements or pawn shops.

National Statistics on Unbanked and Underbanked

- 7.7% of U.S. households are unbanked
- 17.9% of U.S. households are underbanked
- 43% of households with a yearly income below \$30,000 are either unbanked or underbanked
- 54% of black households and 43% of Hispanic households are unbanked or underbanked, compared to only 18% of white households

Unbanked and Underbanked in Kentucky

- 11.9% of households in Kentucky are unbanked
- 23.7% of households in Kentucky are underbanked

Unbanked and Underbanked in Marshall County

- **8.7%** of households in Marshall County are unbanked
- **18.8%** of households in Marshall County are underbanked



How to Reach Unbanked and Underbanked?

How to Reach Unbanked?

- Mobile Websites and Devices
- Mobile Payments
- Checking accounts that have varied rewards
 - ATM Refunds
 - Rewards for Debit Card Usage
- Marketing towards International Demographics

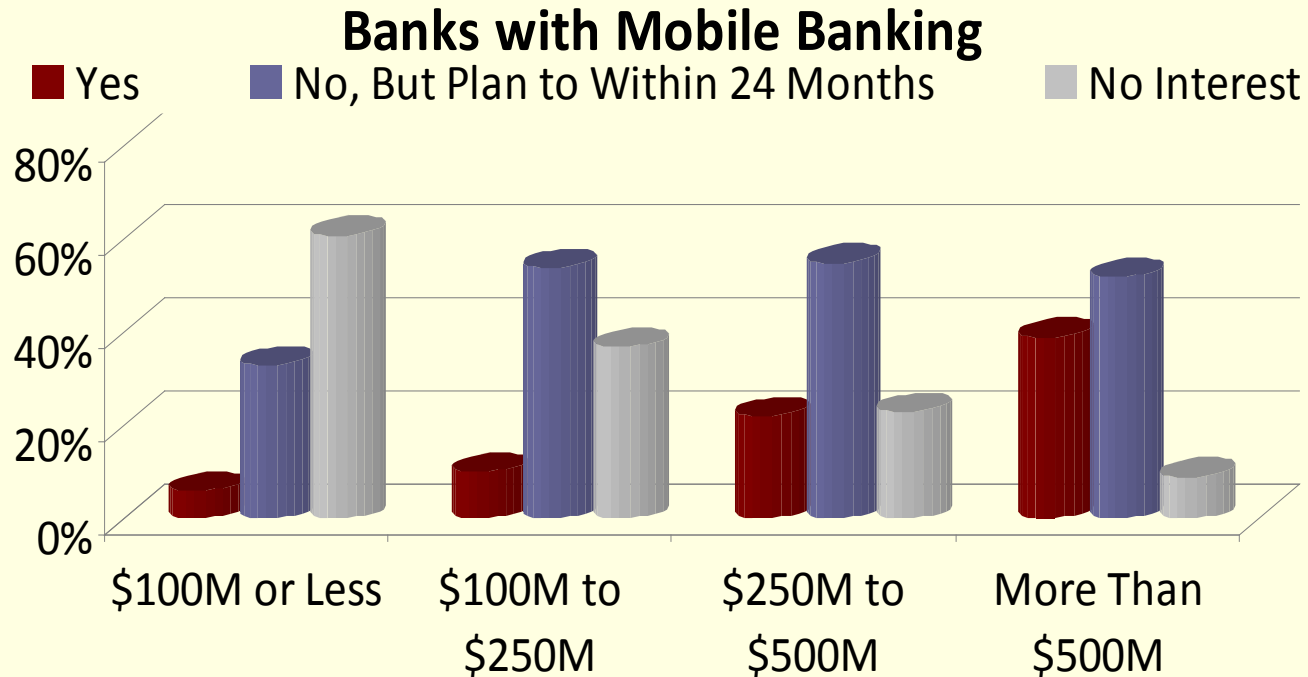
How to Reach Underbanked?

- Extended Mobile Services
- Varied Payment Options
- Free/No Minimum Balance Checking/Savings with Debit Card Access
- Second chance accounts
- Grass roots campaigns

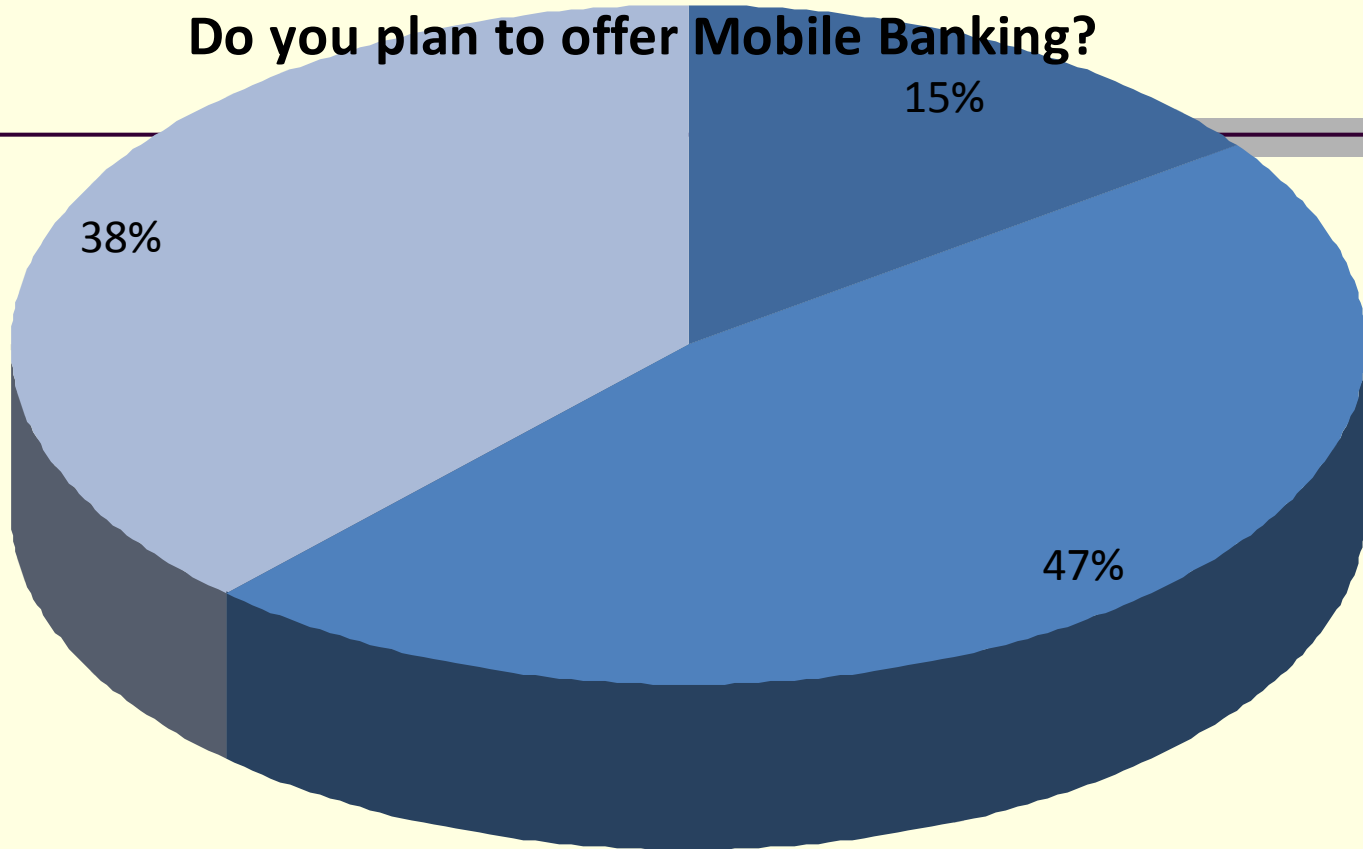


Reaching Unbanked and Underbanked Through Technology

Reaching Unbanked and Underbanked Through Mobile

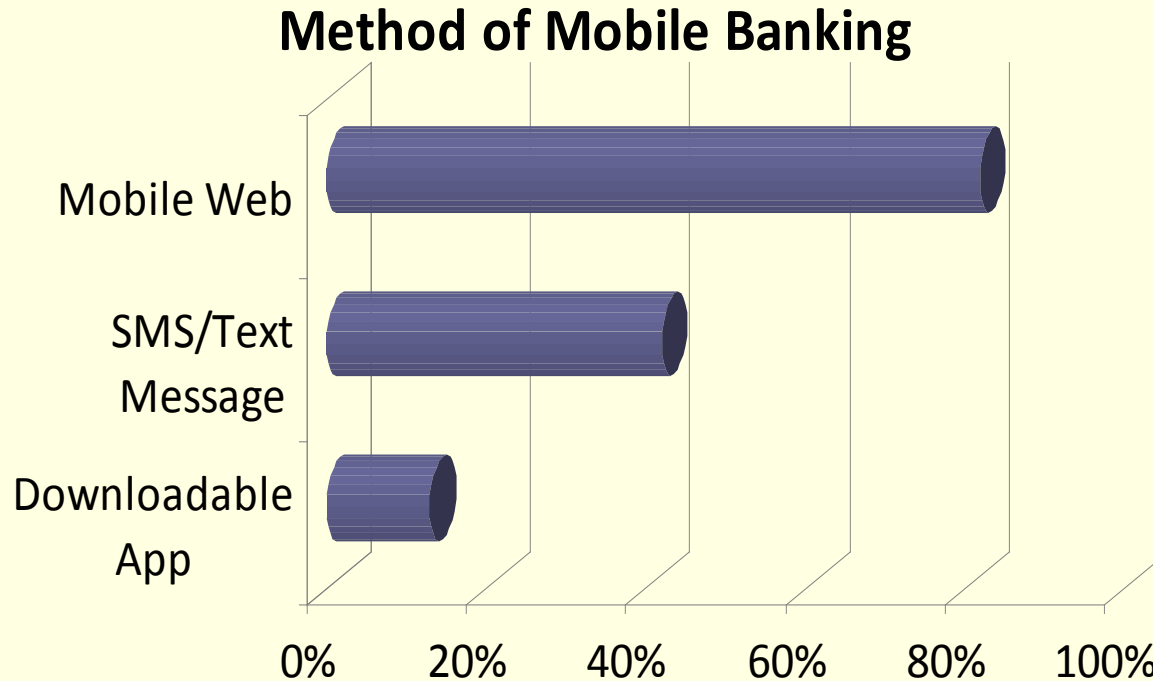


Do you plan to offer Mobile Banking?

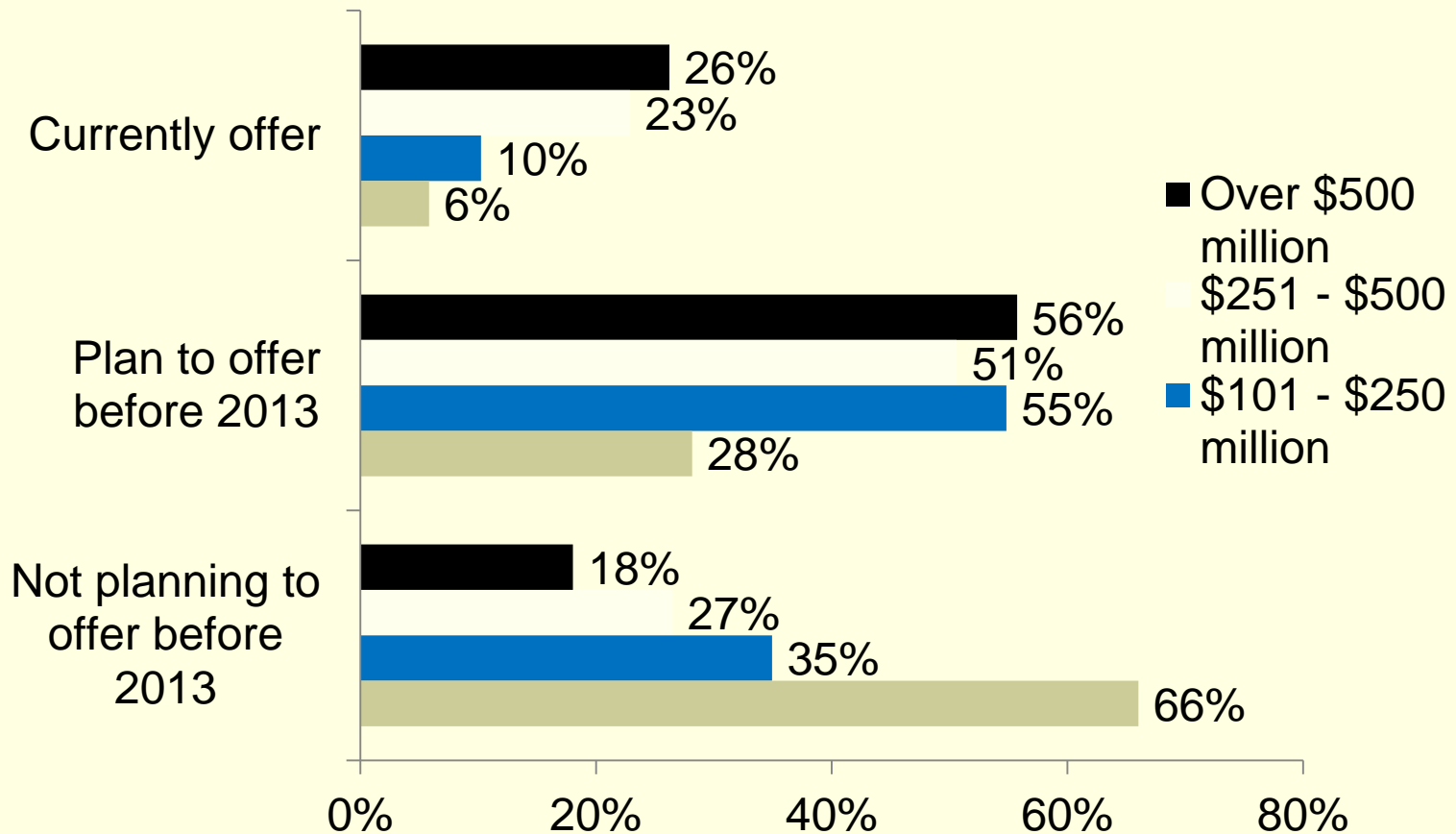


■ Yes ■ No, but plan to within 24 months ■ No, not planning to

Reaching Unbanked and Underbanked Through Mobile

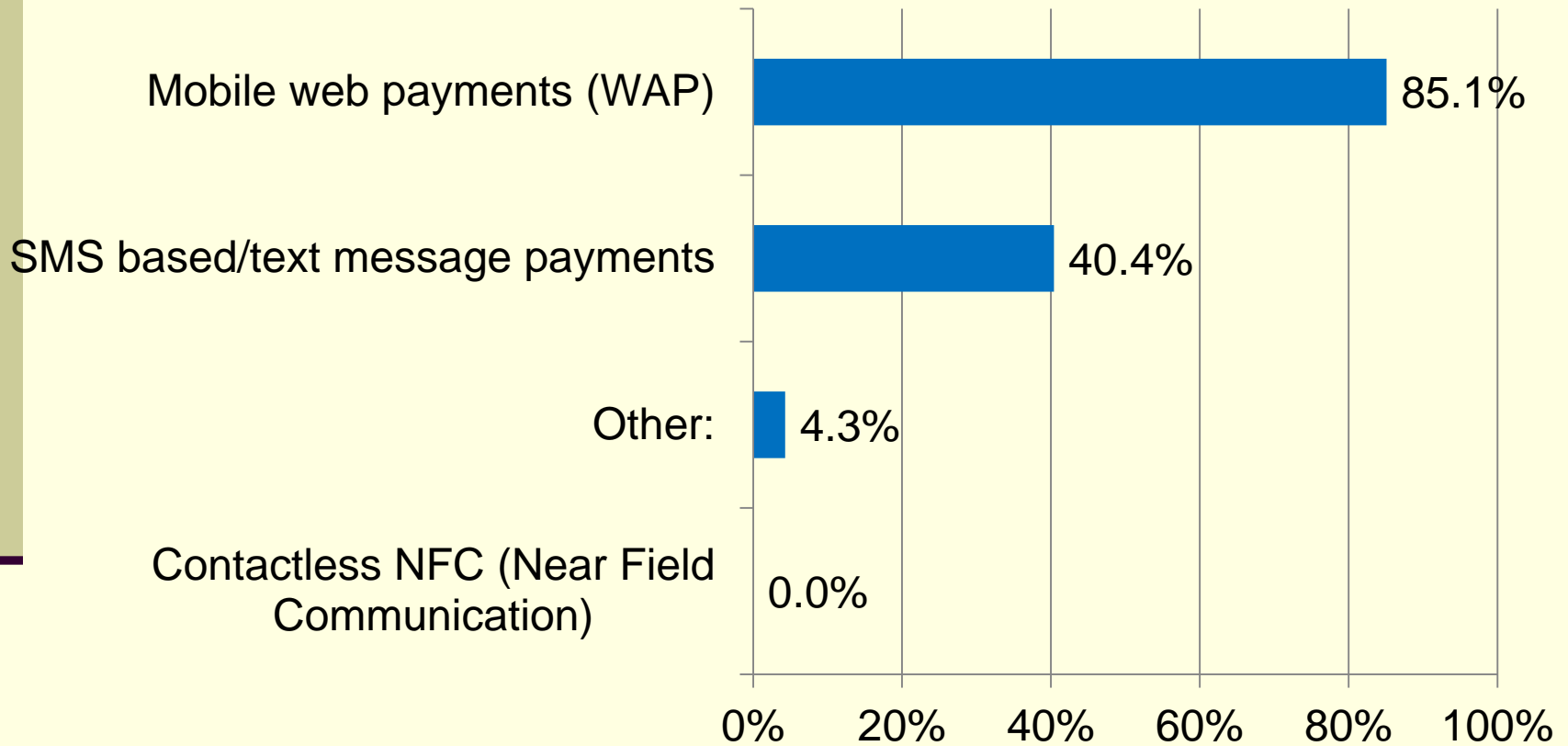


Mobile Payments

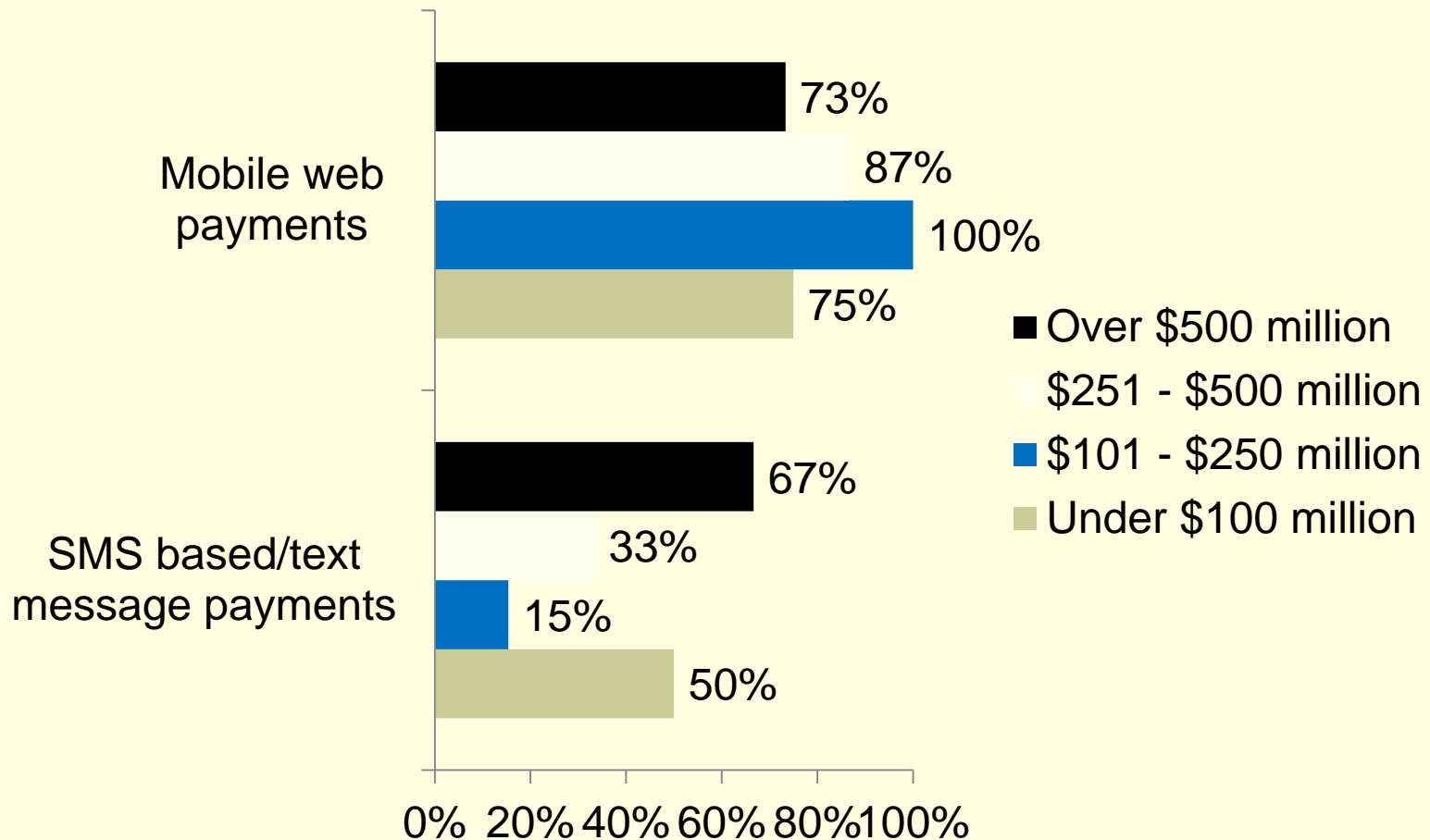


Mobile Payments

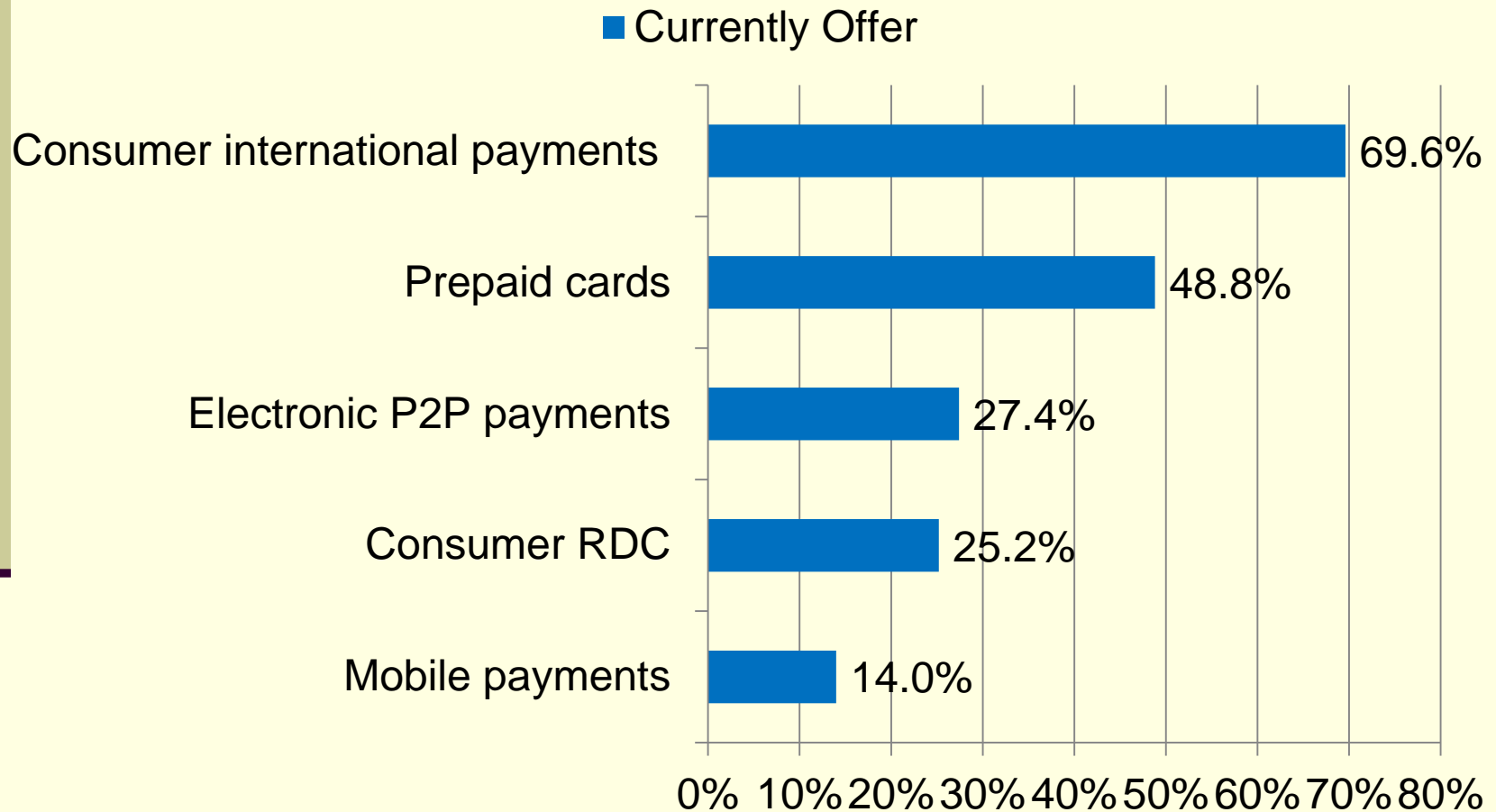
What type of mobile payments do you support?



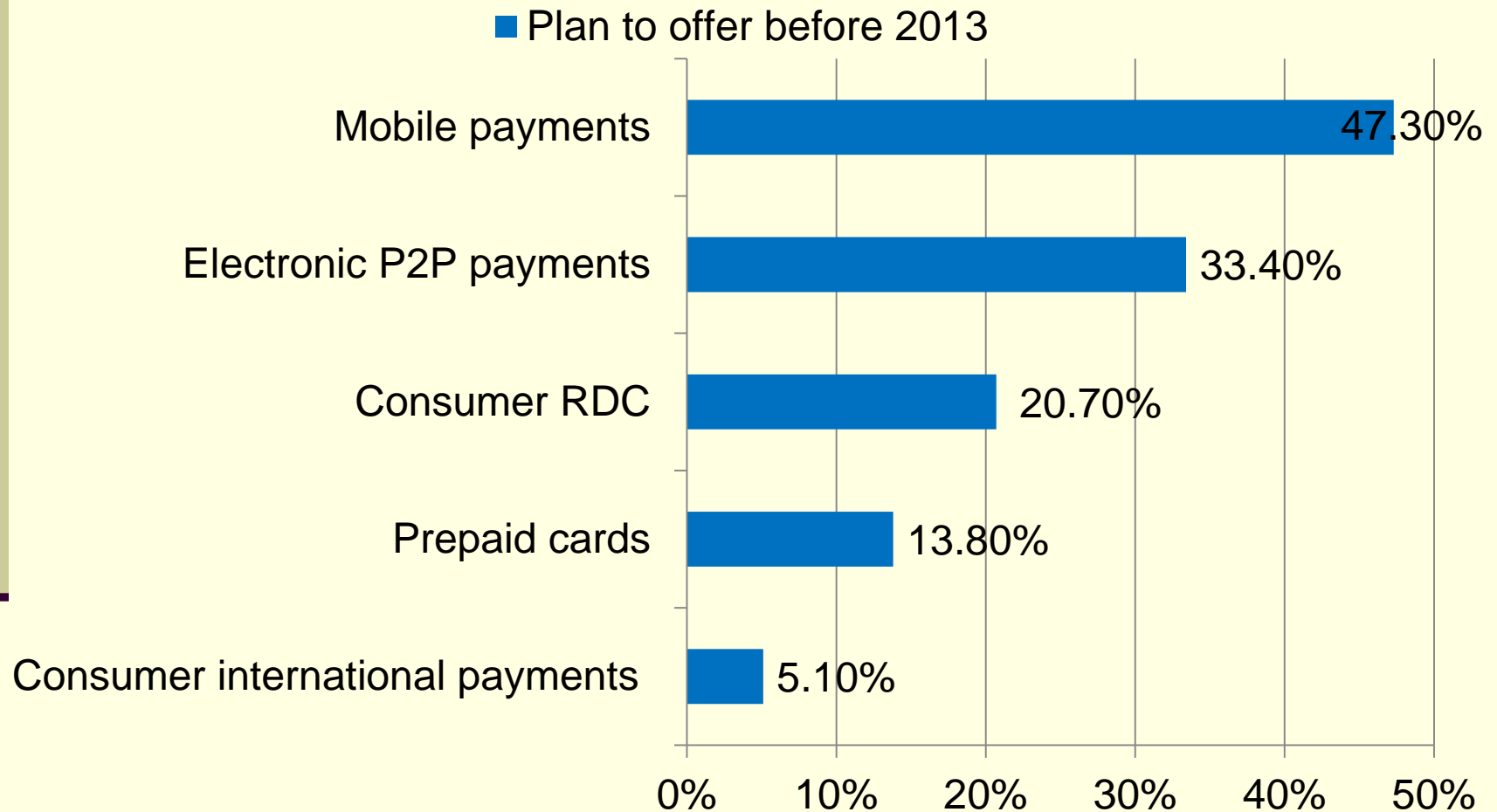
Mobile Payments



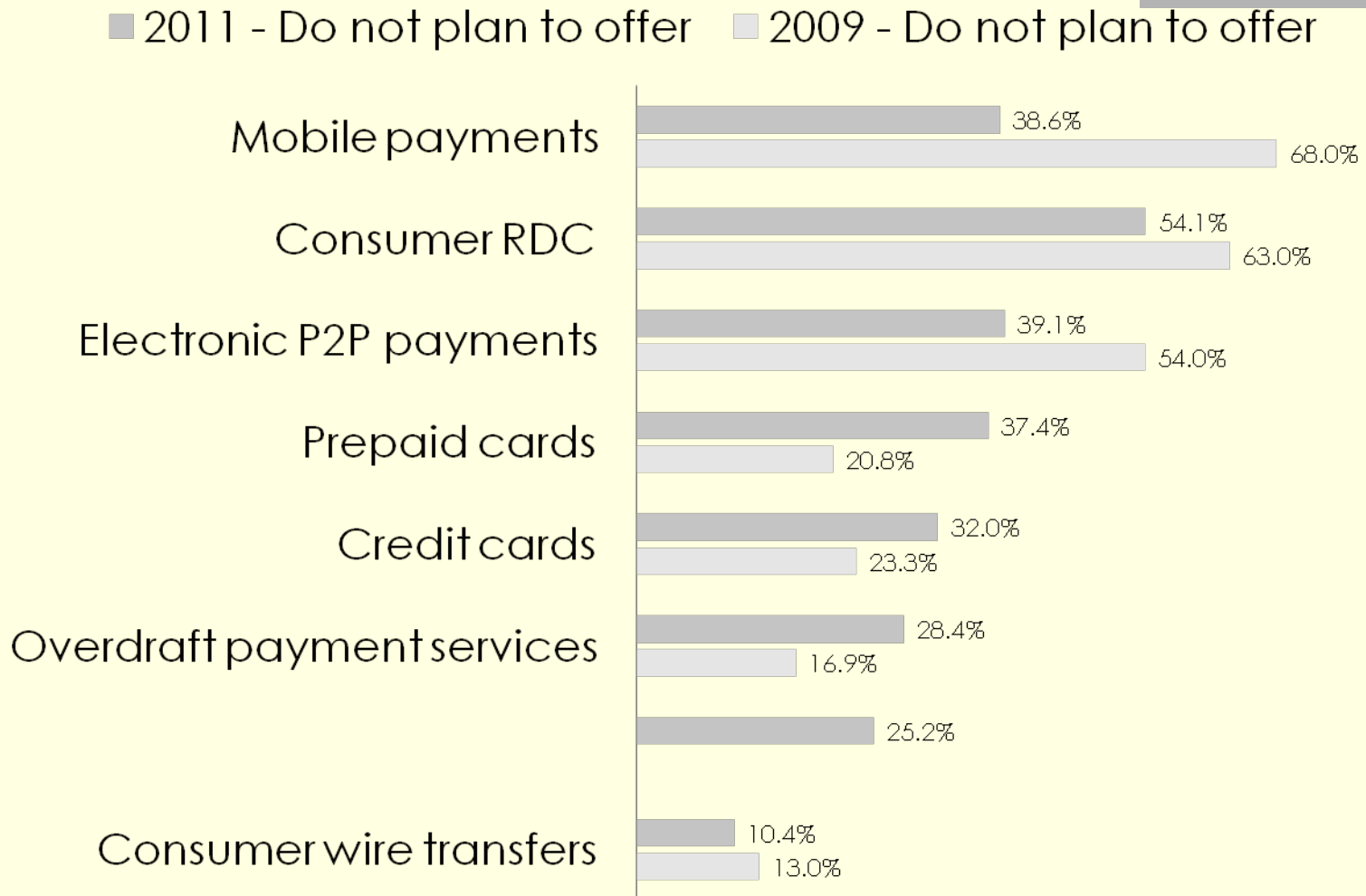
Emerging Payment Products



Emerging Payment Products



Emerging Payment Products

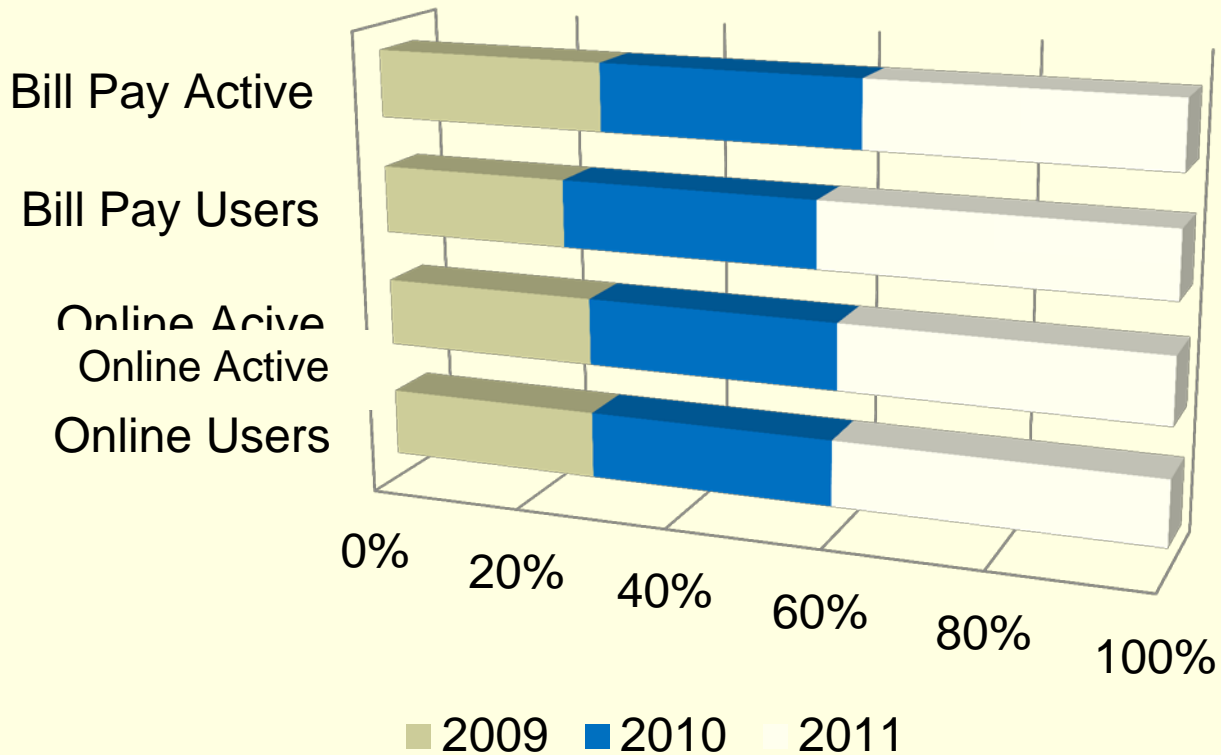




CFSB Current Actions to Reach Unbanked and Underbanked

Mobile Technology

Online Banking and Bill Pay Users



Debit Card Transactions

PIN (Debit)	NON-PIN (Credit)
2009 – 587,967	2009 – 1,162,557
2010 – 690,323	2010 – 1,340,548
2011 – 767,152	2011 – 1,532,948

ATM Transactions

On-U.S. Transactions	Foreign Transactions
2009 – 138,194	2009 – 20,503
2010 – 144,630	2010 – 19,384
2011 – 154,055	2011 – 22,413

Mobile Banking

- Live November 1, 2011
- 912 current users



Future Goals to Reach Unbanked and Underbanked

Mobile Applications

- Mobile Website
- Mobile Remote Deposit
- Mobile App for Merchant to Process Credit Cards
- Mobile Online Financial Management Alerts

New Website

- Online Loan Payment Option for Credit/Debit Cards
- New Website Translation in Spanish
- Online Account Opening
- Live Chat with Call Center Staff
- Online Financial Management Tool

International Customer Base

- Website translation in Spanish
- Translated brochures
- Student accounts tailored to International students at Murray State University
- Bilingual Call Center team member

Banking Centers

- Relationship Banking
- International Communication Capabilities
- Video Conferencing
- Digital Media



Information gathered from:
Bank On – joinbankon.org
2010 ICBA Technology Survey
2011 ICBA Payments Survey
CFSB Data March 2012