

2017



**ECONOMIC  
INCLUSION**

S U M M I T

# **SAFE BANKING PRODUCTS**



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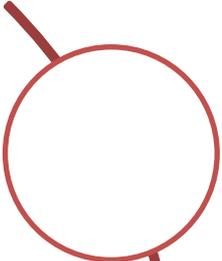
# From Access to Financial Wellness

**Rani Boukerrou**

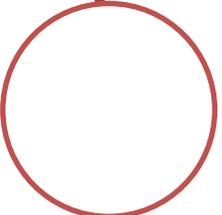
*SVP, Payments and Rewards*



# Agenda



**“Access” Always Matters**



**KeyBank Journey from “Access” to  
“Financial Wellness”**



**Solutions Highlights**



# Banking clients have four primary financial needs...

Clients do need access to the Banking system to help resolve some basic problems in order to achieve long-term financial success

## 4Cs- Primary Needs of Underbanked Clients

## Bank Implications

### Cash

- Liquidity
- Real-time payments
- Value clarity over cost

**94% have used a transaction AFS<sup>1</sup>**

Risk client attrition to AFS + prepaid providers; transparency is important

### Convenience

- Mobile usage
- Close locations
- Convenient hours

**50% more likely to prefer mobile as primary channel<sup>2</sup>**

Further opportunity to leverage large digital banking investments

### Credit

- Small dollar lending
- Establish + build credit
- Simple processes

**25% have prime credit and 42% are thin/no file<sup>3</sup>**

Seek new ways to serve clients through traditional/alternative credit scoring

### Coaching

- Credit building
- Budgeting
- Banking fundamentals

**32% of banks cite consumer understanding as largest roadblock<sup>4</sup>**

Advice is equally important to product solutions



# Serving the Underbanked at KeyBank – a robust product and service set with additional solutions under development

## Products & Services Serving KeyBank's Underbanked Clients

### Cash Solutions

- Check Cashing
- Fee Free Money Orders<sup>1</sup>
- Bank-On program

### Credit Solutions

- **KeyBasic Credit Line**
- Loan Assist
- Key Community Mortgage

### Deposit Solutions

- **KeyBank Hassle-Free Account**
- Remote Deposit Capture
- Expedited Bill Pay

### Coaching Solutions

- Financial Wellness
- Key2FinancialWellness.com
- >600 Certified Financial Educators
- Super Refund Saturday (Tax Prep)



1) Five free money orders per check cashing transaction.

# KeyBank Hassle-Free Account® simplicity appeals to various client segments

## KeyBank Hassle-Free Account®



The screenshot shows the KeyBank Hassle-Free Account landing page. At the top left is the KeyBank logo. Below it is a large image of a woman smiling at a laptop. Overlaid on the image is the text: "Welcome to Hassle-Free Banking. Get started towards your \$200 gift." Below the image is a red "Get Started" button. Underneath are three columns of text:

- No Monthly Fees**  
You heard right. With the KeyBank Hassle-Free Account™ you can be confident in the balance you have and not worry about getting charged each month however you use your account.
- No Minimum Balance**  
No matter your balance, the KeyBank Hassle-Free Account lets you know what's yours. You won't get charged if your funds run low.
- No Overdraft Charges**  
Sick of paying overdraft fees? With the KeyBank Hassle-Free Account there are no overdraft fees, no minimum activity requirements, and no bounced check fees to worry about.

At the bottom left is an image of a red KeyBank debit card. To its right is the text:

- No Checks. No Problem.**  
The KeyBank Hassle-Free Account is a checkless account but with lots of payment options for paying both individuals and businesses. These include online Bill Pay, debit card, wire transfers, automatic payment deductions or a credit card.

Below that is the text: "Hassle-Free FAQ"

- No monthly fee
- No minimum balance requirement
- No overdraft/NSF fees
- No paper checks
- No paper statement fee
- Free digital banking & mobile check deposit
- Free debit card
- Free access to Key ATMs

## Product Highlights

- KeyBank Hassle-Free Account® production has been significant to our overall checking unit production
- Product receives full Bank's support (marketing, advertising, training..)
- Product not positioned or sold as a safe-account
- Customers use Hassle-Free as a main engaged checking account, or a second account
- Attracts new-to-bank households
- Deposit balances span a very wide range of bands



# Loan Access: KeyBasic Credit Line as a responsible solution to small dollar lending needs

## KeyBasic Credit Line

The screenshot displays the KeyBank website's product page for the KeyBasic Credit Line. The page features a navigation bar with categories like 'Checking, Savings & CDs', 'Loans & Lines of Credit', 'Rewards & Cards', 'Investing & Insurance', and 'Online & Mobile Banking'. The main content area is titled 'KeyBasic Credit Line' and includes a family photo. Text describes the credit line as an unsecured revolving line of credit for short-term financing. A 'KeyBasic Credit Line Details' section lists features such as cash advances, overdraft protection, and monthly statements. A 'May We Also Suggest' box highlights the 'Preferred Credit Line' as an alternative. The page also includes contact information, a 'Get Rewarded' section, 'Related Information', 'Helpful Calculators', and a 'Financial Hardship?' section. At the bottom, there are links for 'Apply Now', 'Rates & Fees', and 'Learn More'.

## Product Highlights

- Small revolving credit line
- Credit limits \$250 to \$5,000
- APR 17.24% to 22.24%
- Repayment: 1/60th outstanding balance plus interest
- 4 fees:
  - Annual fee – \$25
  - Late payment fee – \$25
  - NSF – up to \$35
  - Overdraft advance fee
    - 10% of advance amount up to \$10 maximum each day
    - Advance fees cannot exceed \$100/month
- Trade line reported to the credit bureaus



# Financial Wellness

***We believe*** everyone deserves the confidence and peace of mind to dream big.

***We exist to*** empower the financial wellness of our clients one decision at a time.



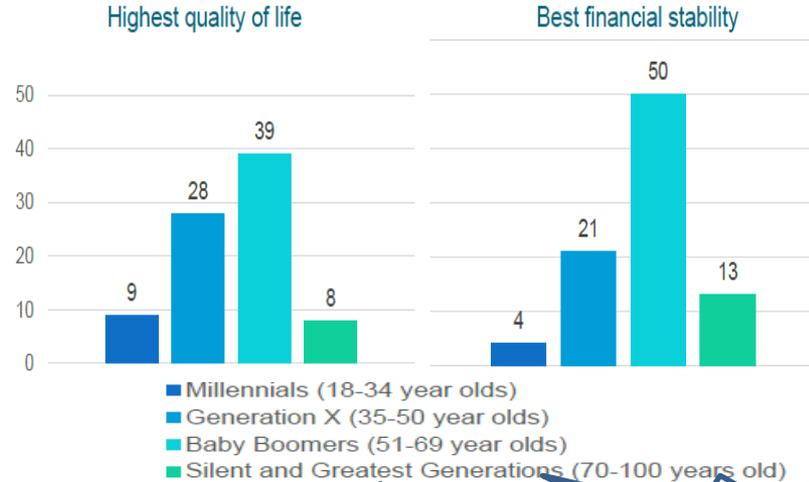
# American Mood Trends

As consumers get older, certain worries diminish. The top worry among young to middle-age consumers centers on financial health

## Top Worries Among U.S. Consumers

	Top Worry	Second	Third
30s	Financial security	Poor health	Losing memory
40s	Financial security	Losing memory	Poor health
50s	Financial security	Poor health	Losing memory
60s	Losing memory	Poor health	Losing independence
70s or older	Losing memory	Losing independence	Poor health

## Which Generation Has It Best?



Money Issues are a Leading Cause for Divorce

10,000 People Turn 65 Every Day

Over 50% of People do not have Enough of an Emergency Savings to Cover Minor Emergencies

55% of adults lack confidence in their financial future

The Average Household has \$15,355 in Credit Card Balances

60% of Households do not have Life Insurance

46% of Workers have Less Than \$10,000 Saved For Retirement

# What is Financial Wellness?

Financial wellness represents our commitment to empowering our clients to have the confidence and the peace of mind to dream big

A different way of banking...

*Digitally-powered experience motivates clients to share more information and set goals*

*Data-driven insights help clients understand their finances and inform actionable recommendations*



*Reward our clients for success and create moments that delight them*

*Clients take action and form healthy financial habits*



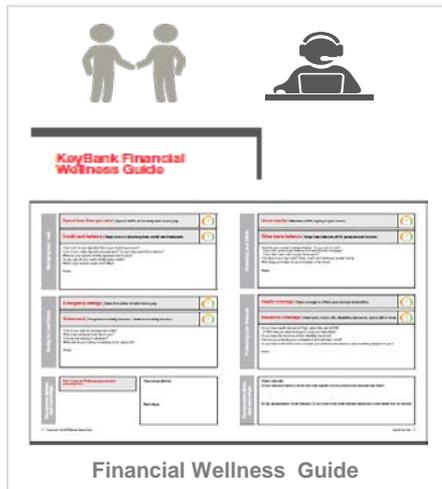
# How will the experience work?

Wellness will be core to every conversation, with clients benefiting from consistent, high-quality and personalized guidance across channels.

Enhanced conversations...

...supported through a digitally powered platform...

...with ongoing follow-up



**KeyBank Financial Wellness Guide**

Financial Wellness Guide



**Wellness Score**

**92** out of 100 points

Your Peers: **79** out of 100 points

**Financial Insights**

On average you spend \$9 per month on Restaurants / Bars.

We see \$8,000 in health savings. We suggest you save enough to cover your annual out-of-pocket maximum.

**FINANCIAL WELLNESS SCORE**

**4** Spend Less Than You Earn  
You spent less than you earned in the last three months.  
To earn full points, spend 90% or less of your total earnings.  
Show Details

**13** Emergency Savings  
All's well here - you have enough to cover emergency.  
Show Details

**13** Credit Card Balance  
You could use more in checking to cover card balances.  
Show Details

**6** Health Coverage  
Nice work - you're covered for major health expenses.  
Show Details

**13** Other Loans Balance  
Your loan balances look OK relative to your income.  
Show Details

**9** Insurance Coverage  
You may be missing insurance to protect you from financial risks that could affect your lifestyle.  
Show Details

**30** Retirement  
Your Retirement Score is based on your ability to close the gap between income from Social Security and your retirement income goal.  
Show Details

**4** Home Equity  
Great work! You own at least 20% of your home.  
Show Details

**Retirement**

Your Retirement Score is based on your ability to close the gap between income from Social Security and your retirement income goal. Saving more will provide you with an income in retirement that is closer to that goal.

YOU SUGGESTED: **\$8,420** monthly take home income in retirement

WE SEE YOU ARE PROJECTED TO HAVE: **\$7,720\*** monthly take home income in retirement

\* This projection is based on:  
• \$2,400 from Social Security  
• \$5,320 from your current retirement savings, any contributions you are planning to make to those savings, and any pension income  
• A set of assumptions that you can edit

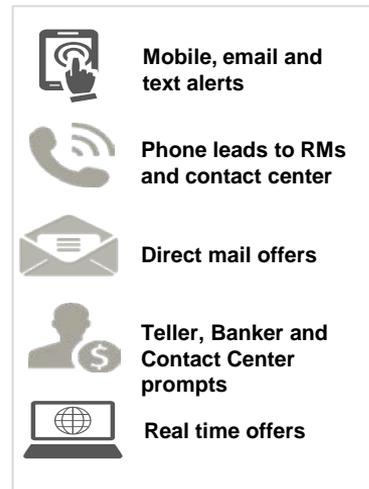
**Go to Retirement Guidance**

You can personalize your retirement plan by using Retirement Guidance.

**Retirement Plan**

Total Retirement Savings Projection & Progress

Retirement Plan



**Mobile, email and text alerts**

**Phone leads to RMs and contact center**

**Direct mail offers**

**Teller, Banker and Contact Center prompts**

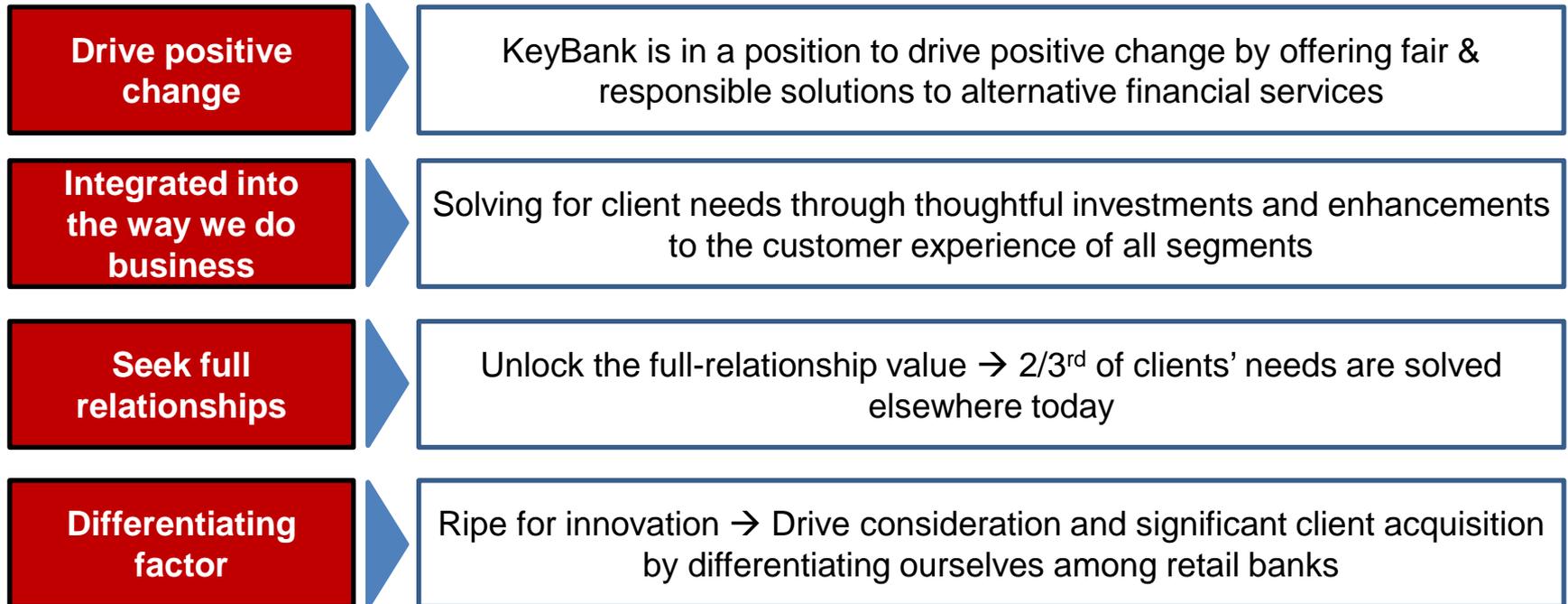
**Real time offers**



# Financial Wellness Video



# Summing it up – banks have a tremendous opportunity to shift from focusing on Access to helping clients achieve financial wellness



# Boosting the Power of Youth Paychecks

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*Integrating Banking, Saving & Credit-building  
into Youth Employment Programs*



# MyPath Vision

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*Every low-income working youth has the chance to make their first paycheck not just about income, but about lasting economic mobility.*

- ▶ Income alone isn't enough to disrupt poverty
- ▶ 20 million youth ages 16-24 participating in the workforce
- ▶ Many low-income working youth growing up in “financial deserts”
- ▶ Many barriers to youth banking, particularly for minors
- ▶ Research demonstrates the power of starting early



# 1. MyPath Engineers Effective Models

From Financial Education to *Access + Action*

**MyPath's  
Financial  
Capability  
Approach**



Quality Financial  
Products

+



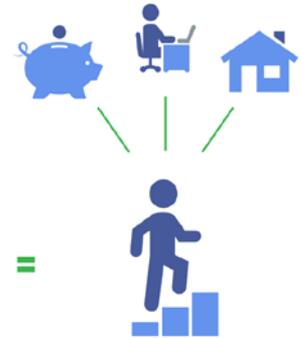
MyPath Financial  
Curriculum

+



Personal Goal  
Setting

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FINANCIAL EMPOWERMENT  
AND MOBILITY

**Traditional  
Financial  
Education**



Retail Check Cashing

+



Traditional Financial  
Education

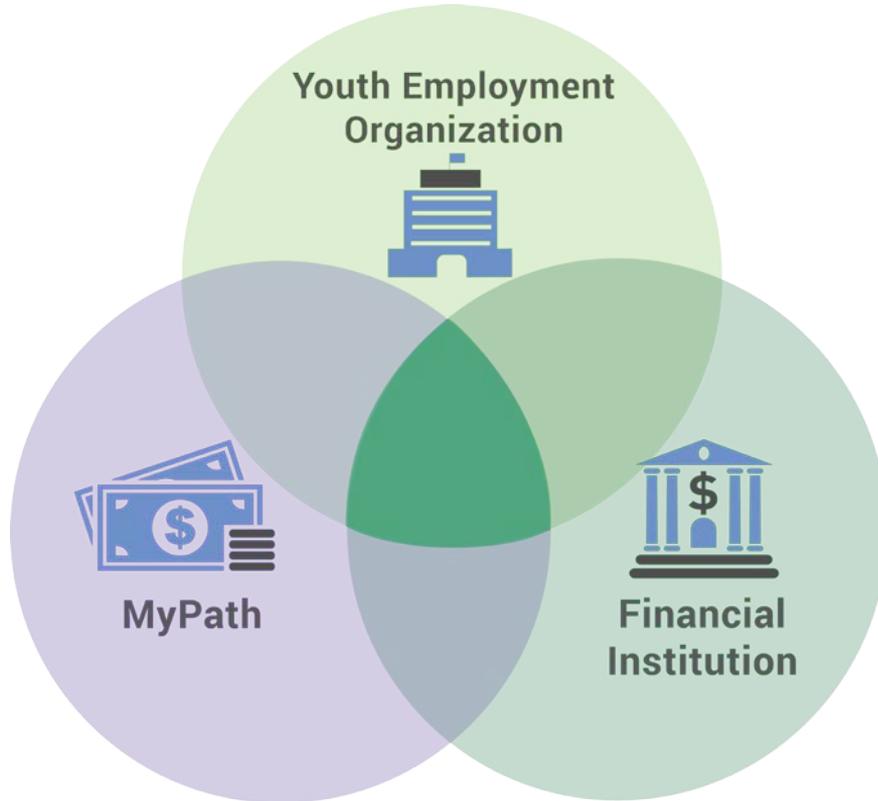
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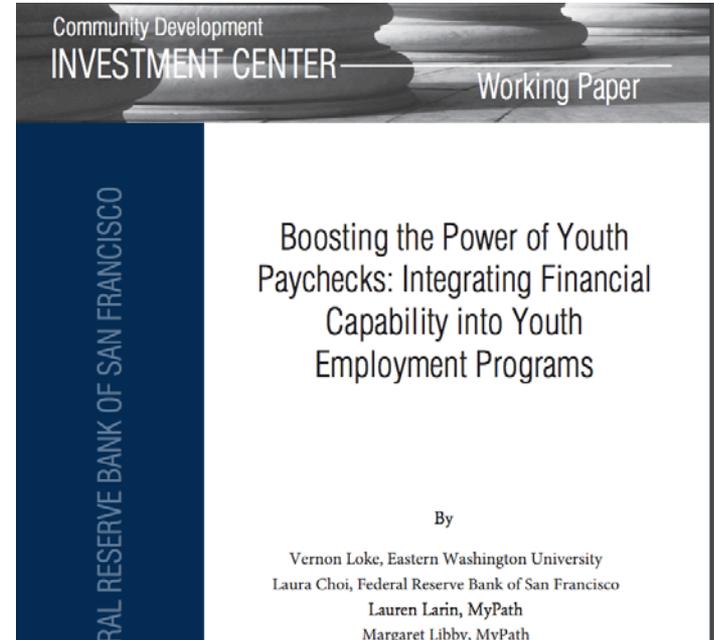
FINANCIAL INSECURITY

## 2. MyPath Shares What Works

### Building Local Partnerships



### Building the Field



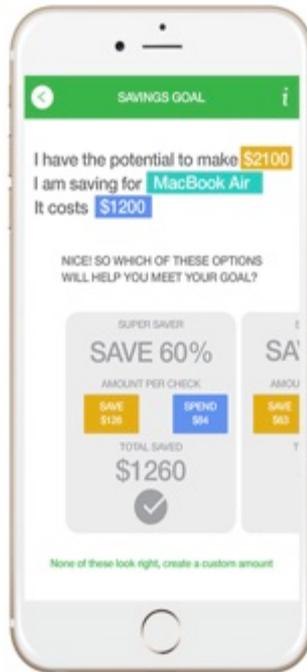
### 3. MyPath Advances Policy Change

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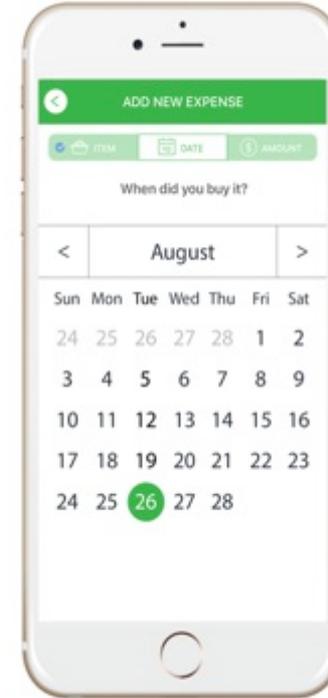
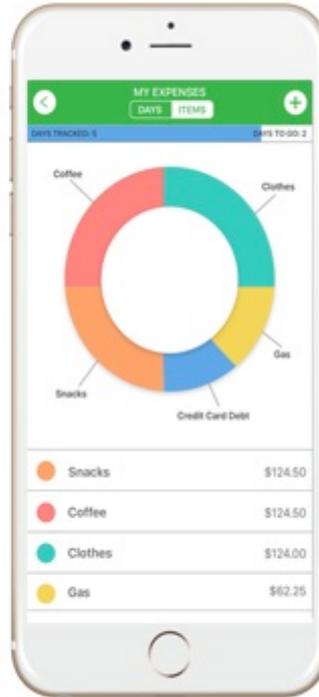
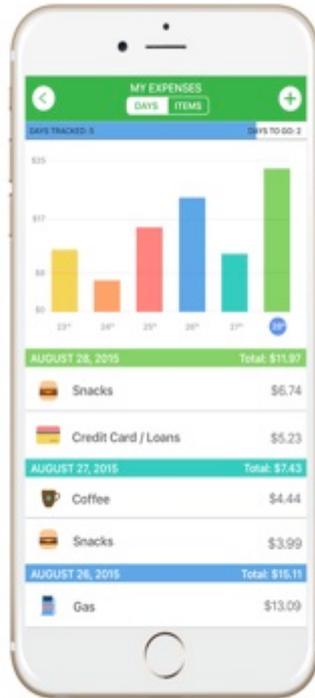
- ▶ Created *MyPath National Youth Banking Standards*
- ▶ Support MyPath Advocates, a team of young savers and credit-builders that leads youth financial inclusion campaigns
- ▶ Engage with regulators and policymakers to advance youth financial inclusion and integration into youth employment system



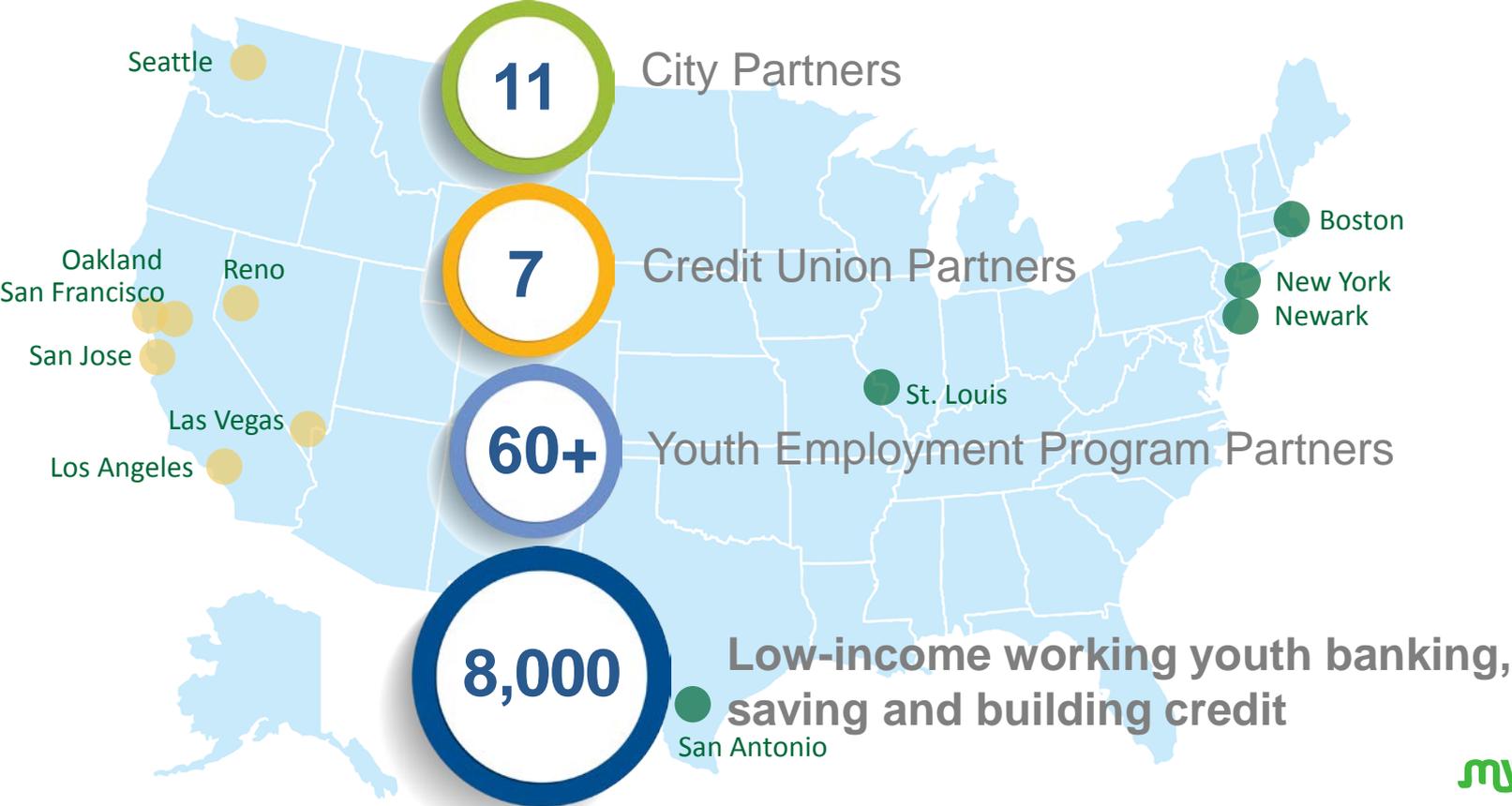
# MyPath Money – Setting a Savings Goal & Signing Savings Contract



# MyPath Money – Expense Tracker



# MyPath Footprint: 2017-18



# MyPath Contact Information

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MyPathUS.org





**FDIC Economic Inclusion Summit**  
*Safe Banking Products*

**David E. Johnson, Sr.**  
**Senior Vice President &**  
**Director of Community Development**

**April 26, 2017**

# Who is BankPlus?

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- Founded in 1909 as Citizens Bank & Trust Company in Belzoni, Mississippi.
- We currently have fifty-five (55) offices located in thirty-two (32) Mississippi communities.
- In the last decade, BankPlus has grown from \$156 million to \$2.7 billion in total assets.
- We're proud of our community banking roots and strive daily to maintain and build upon that dedication.

# CreditPlus

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## ○ What is **CreditPlus**?

- CreditPlus is a small dollar, short-term, partially secured loan product designed to assist the unbanked and underbanked seeking to establish credit.
- It also assists those currently caught up in the payday lending cycle seeking to improve or reestablish credit.
- The program provides funds to help consumers break the payday lending cycle and start a savings plan.



# Why CreditPlus?

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- According to the **2015 FDIC Survey of Unbanked and Underbanked Households** in Mississippi:

- 12.6% of Households are Unbanked (Compared to 7.0% Nationally)
- 25.5% of Households are Underbanked (Compared to 19.9% Nationally)

<https://www.fdic.gov/householdsurvey/2015/2015appendix.pdf>

# CreditPlus

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- **CreditPlus** offers consumers an effective two-step process for establishing or improving credit.
  1. A three-hour financial literacy training seminar developed using the **FDIC MoneySmart** curriculum.
  2. New checking and savings accounts and a small loan to assist in paying off higher interest debt and/or to start a savings program.



# CreditPlus Loan Requirements

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- Mandatory attendance at a BankPlus-offered **financial literacy seminar**.
  - Upon completion, participants receive a signed **Certificate of Completion** that must be presented at loan closing.
- Must have **six (6) months** of verifiable income
  - Participants must present appropriate documentation of income at loan closing.



# CreditPlus Loan Options

CreditBuilder	\$500	\$1,000
<ul style="list-style-type: none"><li>o \$500 Loan Amount</li><li>o 5% Interest Rate</li><li>o Credit Score of 499 or Below (Including No Score)</li><li>o Fully Secured by BankPlus Saving Account</li><li>o 12-Month Loan Term</li></ul>	<ul style="list-style-type: none"><li>o \$500 Loan Amount</li><li>o 5% Interest Rate</li><li>o Credit Score Range of 500-599</li><li>o Loan Amount Split Between BankPlus Checking and Savings Accounts</li><li>o \$250 in BankPlus Savings Account Placed on Hold Until Loan is Paid in Full</li><li>o 12-Month Loan Term</li></ul>	<ul style="list-style-type: none"><li>o \$1,000 Loan Amount</li><li>o 5% Interest Rate</li><li>o Credit Score of 600 or Higher</li><li>o Loan Amount Split Between BankPlus Checking and Savings Accounts</li><li>o \$500 in BankPlus Savings Account Placed on Hold Until Loan is Paid in Full</li><li>o 12-Month or 24-Month Loan Term</li></ul>

# CreditPlus Accomplishments

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- **Program Inception (April, 2008) TO March, 2017**
  - 25,668 individuals have received financial literacy training through 786 seminars
  - 26,652 loans originated totaling \$19,992,113
- **As of March, 2017**
  - 2,868 active loans with balances totaling \$1,199,257
  - 11,894 deposit accounts with balances totaling \$6,358,259



2017



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**ECONOMIC  
INCLUSION**

S U M M I T

# **SAFE BANKING PRODUCTS**