



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter

FIL-32-2016

May 3, 2016

Request for Comments on Mobile Financial Services Strategies and Participation in Economic Inclusion Demonstrations

Summary: The FDIC’s Division of Depositor and Consumer Protection is seeking input from financial institutions, consumer groups and other stakeholders on the FDIC’s plans to assess opportunities for mobile financial services to enhance underserved consumers’ banking experiences.

Statement of Applicability to Institutions Under \$1 Billion in Total Assets: This Financial Institution Letter (FIL) applies to all FDIC-insured institutions.

Distribution:
FDIC-Insured Institutions

Suggested Routing:
Chief Executive Officer
CRA Officer
Chief Retail Officer

Related Topics:

- [Mobile Financial Services and Economic Inclusion](#)
- [Assessing the Economic Inclusion Potential of Mobile Financial Services](#) (white paper)

Contact:
Keith Ernst, Associate Director
Consumer Research & Examination Analytics
Division of Depositor and Consumer Protection
MFSDemonstration@fdic.gov or 202-898-3883

Note:
FDIC financial institution letters (FILs) may be accessed from the FDIC’s Web site at <https://www.fdic.gov/news/news/financial/2016/>.

To receive FILs electronically, please visit <http://www.fdic.gov/about/subscriptions/fil.html>.

Paper copies may be obtained through the FDIC’s Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226 (1-877-275-3342 or 703-562-2200).

Highlights: The FDIC’s Division of Depositor and Consumer Protection is seeking input from financial institutions, consumer groups and other stakeholders on its plans for exploring the economic inclusion potential of mobile financial services (MFS). The FDIC is interested in demonstrating how MFS can be successfully leveraged to promote and support underserved consumers’ banking relationships.

Recently, the FDIC conducted [qualitative research](#) to identify ways in which insured depository institutions might use MFS to better engage underserved consumers in the banking system.

Emerging from this research, the FDIC has identified a set of six strategies that banks employing MFS may consider to better meet consumer needs, as well as potential demonstrations that can document the usefulness of certain strategies.

The FDIC is soliciting comments and feedback on: 1) financial institutions’ current implementation of these strategies; 2) the best way to shape a demonstration project; and 3) indications of interest from financial institutions that may wish to participate in a demonstration.

Please share feedback by emailing MFSDemonstration@fdic.gov or by calling the MFS Project Mailbox at (202) 898-3883 by June 15, 2016.

Request for Comments on Mobile Financial Services Strategies and Demonstration for Economic Inclusion

The Federal Deposit Insurance Corporation (FDIC) is seeking input from financial institutions, consumer groups and other stakeholders on its proposed efforts for exploring the potential of mobile financial services (MFS) to bring the underserved into the mainstream banking system.

The FDIC published a [white paper](#) in 2014 on the potential for MFS to attract and enhance the banking experiences of unbanked and underbanked consumers. Recently, the FDIC conducted consumer research on opportunities for MFS-based strategies to address these populations' needs. [Preliminary findings](#) were presented on October 30, 2015, at the Chairman's Advisory Committee on Economic Inclusion (ComE-In). The results suggested that MFS can help foster more sustainable banking relationships with underserved consumers. Emerging from this research, the FDIC has identified a set of six strategies that banks employing MFS may consider to better meet consumer needs, as well as potential demonstrations that can document the usefulness of certain strategies. These demonstrations could be built around new or existing offerings.

The FDIC is soliciting comments and feedback on: 1) financial institutions' current implementation of these strategies; 2) the best way to shape a demonstration project; and 3) indications of interest from financial institutions that may wish to participate in a demonstration.

Comments on the Implementation of MFS Strategies

During the FDIC's qualitative research, underserved consumers noted opportunities for their financial providers to meet their needs more effectively with MFS. The following are several of the most promising strategies identified by the FDIC:

Increase consumer control over finances by improving access to timely account information.

- Post transactions in as close to real time as possible and communicate more precise timing of when payments and deposits are expected to clear (as opposed to a range).
- Clearly identify transactions not factored in the current available balance.

Expedite access to money.

- Find ways to clear mobile remote deposit capture (mRDC) deposits faster, while maintaining sound risk-management practices. For example, offer mRDC with faster availability options in exchange for a reasonable fee.

Make banking more affordable through better account management.

- Promote the use of MFS as a tool to help consumers reduce unexpected fees. For example, offering low-balance alerts or using MFS to conduct timely balance and transaction monitoring can help avoid overdraft or insufficient funds (NSF) fees.

Address real and perceived security shortfalls.

- Develop and communicate security measures to allay widespread fears about MFS, both real and perceived. Inform consumers about best practices they can implement to minimize MFS security risks, such as setting password protection on mobile phones and being mindful when using unsecured networks.

Increase awareness of mobile tools.

- Promote the use of MFS as a tool to help improve consumers' control of their finances. Identify and target customer segments that might benefit from strategies to help them manage funds, reduce unanticipated fees, maintain minimum required balances, increase savings or avoid having transactions declined.
- Offer MFS setup as part of the account opening process and demonstrate available alerts and functions.

Encourage long-term financial management.

- Provide aggregate or trend information through mobile tools to help consumers more effectively monitor progress toward fulfilling financial goals (for example, spending, saving or budgeting).

The FDIC is interested in learning about effective ways financial institutions have implemented one or more of these strategies, any challenges to the implementation, and the effects on both consumers and the financial institution.

Feedback to Shape Potential MFS Demonstrations

The FDIC is also announcing its interest in demonstrating the potential for select MFS-related strategies to help and appeal to underserved consumers while adding value to the participating bank. These demonstrations could involve new or existing bank offerings that would allow an analysis of the relationship between MFS use and several indicators of banking engagement and bank outcomes. Because the FDIC intends to consider the recommendations from banks in shaping these demonstrations, the goals are only presented here in general terms.

- 1. Demonstrate the extent to which the use of mobile banking improves sustainability of banking relationships by improving account longevity, customer satisfaction, sense of control over finances, incidence of overdraft or account fees, or similar outcomes.**

- 2. Demonstrate the effects of providing mRDC with fast or immediate availability of funds for both low-income consumers and banks offering this service.**
- 3. Demonstrate the best ways to raise awareness among underserved customers about the potential to use mobile banking to increase control and convenience of banking services. Examples could include pop-up messages, conversations at account opening, printed statement enclosures, and outreach to current and potential customers through banks' partners.**

In particular, the FDIC is interested in learning from banks whether there is interest in participating in a demonstration, what types of information could be utilized in support of a demonstration, and how a demonstration may be best designed to enable an analysis of the impact of MFS on underserved consumers' behaviors and bank outcomes.

How to Provide Input to the FDIC

Please share feedback or interest in participating in the MFS demonstrations by emailing MFSDemonstration@fdic.gov or by calling the MFS Project Mailbox to request a return call at a convenient time at (202) 898-3883. Please submit your feedback by June 15, 2016.