

**President's Advisory Council on Financial Capability
Financial Access Subcommittee
Report – November 8, 2011**

Subcommittee Members:
Roland Arteaga (Chair), Ted Beck, John Bryant, Samuel Jackson
Ken Wade and John Rogers (ex-officio)

Background:

This past year has been consumed by an abundance of research, education, and understanding of the issues and barriers surrounding financial access in general, and in particular, to the 60 million unbanked/underbanked adults in the United States. The majority of these adults come from low and moderate income households and by virtue of their financial status can least afford to pay the most --- in terms of fees -- for basic financial services. The Financial Access (FA) subcommittee's charge from the onset has been to provide the President and Secretary of the Treasury recommendations promoting private sector development of financial products and services that will benefit the 60 million adults that are unbanked/underbanked, and to that end, this subcommittee has concentrated its research on financial programs, products, and services that are currently being employed or developed in support of financial access and asset building. Additionally, and given the prevalence and use of wireless broadband and smart phones, the subcommittee has also focused its energy on emerging technologies, as technology will clearly be instrumental in addressing some of the barriers faced by the unbanked/underbanked.

Updates:

To date, the subcommittee has made one recommendation and has identified four specific areas of concentration moving forward: 1) savings, 2) transactional products, 3) financial literacy, and 4) local government leadership.

In regards to the FA subcommittee's sole recommendation, on April 21, 2011 the subcommittee recommended, and the President's Advisory Council on Financial Capability (Council) approved, the "*Mobile Application Challenge (MAC)*." The recommendation charges the Treasury to hold a challenge (competition) with the private sector to create applications for mobile devices that will provide and promote financial access and financial education for the unbanked/underbanked. Since late April, Treasury's Office of Financial Education and Financial Access has been developing procedures, securing non-profit providers (to conduct the challenge), and obtaining funding to move forward with the competition.

In the area of savings, the subcommittee has targeted Child Savings Accounts/Lifetime Savings accounts as a primary focus. Subcommittee members Samuel Jackson and Ted Beck have done yeoman work in this space, and with the support of Ray Boshara, Senior Advisor, Federal Reserve Bank of St Louis, the concept of providing a Roth at birth has gained momentum. The FA subcommittee will be reviewing and discussing this notion over the balance of the year and will determine the viability of this innovative product for youth savings. Additionally, the subcommittee has shown interest in Prize Linked Savings accounts, such as the "*Save Up*" nationwide rewards company and in the coming months the subcommittee will be monitoring the progress of "*Save Up*," as it is due to launch Nationwide in early November.

In the near future, the subcommittee plans to further learn about activities and research, from federal financial institution regulators, about how insured depository institutions can provide reasonable transaction and loan products to un/underbanked consumers.

The subcommittee is interested in and supports the work of the Partnership subcommittee to promote Financial Capability Councils (FLC) at the state and local levels. The subcommittee believes that this effort will contribute to community-based approaches to expanding financial access, such as in the Cities for Financial Empowerment (CFE), including New York, San Francisco, and other cities around the country. The subcommittee is looking forward to further exploring the benefits of CFE and how best such a model might be projected at the National level.

Listening Sessions/Conferences:

The FA subcommittee continues to participate in listening sessions and conferences, such as the Financial Capability Town Hall, hosted by subcommittee member, Samuel Jackson, in Atlanta, GA; the Society for Financial Education and Professional Development's Fourth Annual Financial Literacy Leadership Conference supported by Ted Beck and Arty Arteaga in Arlington, VA; the Federal Reserve Bank of St Louis', Innovations in Savings and Financial Education supported by Arty Arteaga in Evansville, IN; and Savannah's Step-Up Savannah supported by Arty Arteaga in Savannah, GA.

Summary:

In summary, the FA subcommittee has remained fully engaged in researching and identifying existing, innovative, and practical solutions to address financial access. To date, the subcommittee has made one viable recommendation (*Mobile Application Challenge*); it has also drilled down its areas of focus to four specific areas of concentration (savings, transactional products, financial literacy, and local government leadership) with the intent to make further recommendations in the year ahead.