

**President's Advisory Council on Financial Capability
Financial Access Subcommittee
Mobile Application Challenge - Increasing Financial Access for Unbanked and
Underbanked Households**

Subcommittee Members:
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Background

The 2009 FDIC Survey of Unbanked and Underbanked Households found that one of every four American households is unbanked (meaning they do not have a bank or credit union account) or underbanked (meaning that although they may have an account with a mainstream financial institution, they are turning to alternative financial service providers to fulfill their immediate financial needs). In practice, this indicates that too often, those who least can afford it are paying the most for basic financial services – like cashing a paycheck or paying bills. The money that families often spend on fees for these services could be going, instead, to saving for a child's education, purchasing a home, or planning for retirement. The President's Advisory Council on Financial Capability (PACFC) would provide recommendations to the President and the Secretary on promoting private-sector development of financial products and services that will benefit unbanked and underbanked consumers, with a focus on those that are low and moderate income, through the use of emerging technology, emerging products, and other means to address current barriers to access.

Intended Areas of Focus

Given the need to improve the immediate and long term financial capability of all individuals and families, especially the traditionally underserved unbanked and underbanked populations, over the past four months the PACFC Financial Access Subcommittee has focused its research efforts in the following areas: 1) on-going programs, products, services, and initiatives of profit and non-profit organizations, both at the state and local levels, that support and promote financial education, financial access, and asset building strategies, and that target the unbanked/underbanked, especially the low and moderate income population, 2) emerging and developing technologies that could benefit and facilitate the financial needs and financial access of the unbanked/underbanked, and 3) the FDIC, NCUA, and Department of Education partnership, as it relates to the unbanked and underbanked, and how best to promote this partnership in terms of youth financial access, financial education, and financial savings. While the Financial Access Subcommittee's collective efforts are far from complete, and our research and study in these strategic areas continues in earnest, suffice to say, at this point, we are pleased with our progress and equally proud to offer the below recommendation to the PACFC for consideration.

Recommendation to PACFC by the Financial Access Subcommittee: To recommend that the Treasury hold a challenge to the private sector to create applications ("apps") for mobile devices that promote financial capability and financial access.

Mobile technologies such as wireless broadband and smartphones have expanded rapidly. According to recent data, groups that have traditionally been more likely to be unbanked and

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underbanked, such as African Americans, Latinos, and the young adult population aged 18-29, now own and use cell phones at a greater rate than other demographic groups in the U.S.¹. The cell phone and other mobile devices are poised to become significant new tools for underserved consumers to access financial products that meet their needs and to access the timely, relevant information that can empower them to better manage their finances and make wise financial choices. A challenge by Treasury to the private sector should harness the creativity and inventiveness of app developers, designers, and others to address financial capability and financial access, an issue critical to the economic security of our nation's families. The challenge should also create momentum in the private sector to continue to innovate in ways that better serve the underbanked and unbanked by drawing the attention of the public, technologists, entrepreneurs and investors to the untapped market opportunities in this area. Apps should comply with all appropriate regulations, including regulations protecting consumers. Treasury should also actively engage the public in the challenge to build awareness of the issues facing the unbanked and underbanked and the new possibilities that mobile technologies have created.

¹ Pew Research Center, Pew Internet & American Life Project, "Mobile Access 2010" report-
<http://pewinternet.org/Reports/2010/Mobile-Access-2010.aspx>.