



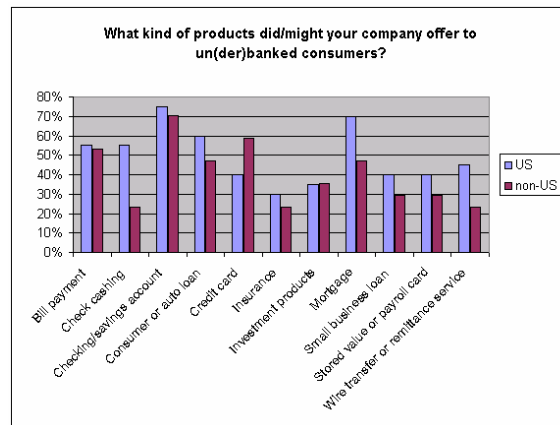
The Center for Financial Services Innovation (CFSI) conducted an informal survey during BAI's RetailDelivery Conference and Expo in Orlando during November 2005 to get a feel for the financial services industry's interests in and experiences with underbanked markets. Thirty seven attendees of CFSI's preconference session "Growing Customers and Profitability: How to Target and Acquire Underbanked Customers" provided the following interesting insights. CFSI conducted a similar survey at Retail Delivery in 2004, and comparisons are included here.

Who are the Survey Respondents?

- Over half of the respondents represented banks (57 percent) and about one sixth represented credit unions (16 percent). Other respondents offer ATM, debit, credit, or smart cards or perform transactions and process payments. In addition, there was strong international attendance at the preconference session.
- Of all the respondents, 43 percent target the underbanked market in some way with 16 percent primarily targeting the underbanked market. Over one-third (35 percent) indicated that they do not currently target this market, but may in the future.

Products for the Underbanked

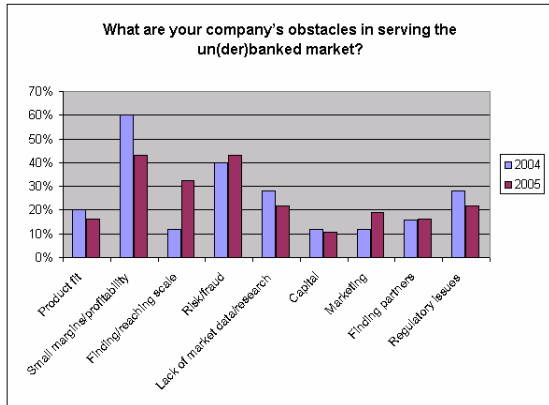
- A majority of respondents currently provide or are interested in providing one or more of the following products or services to underbanked consumers: bill payment, checking or savings accounts, consumer or auto loans, or mortgages. Over one quarter of respondents indicated they offer or are interested in offering: check cashing, credit cards, insurance, investment products or small business loans.



- US respondents generally did/might offer more products or services to underbanked consumers. This trend was especially pronounced in mortgages (US, 70 percent; non-US, 47 percent), consumer or auto loans (US, 60 percent; non-US, 47 percent) and check cashing (US, 55 percent; non-US, 24 percent). The trend was reversed however for credit cards (US, 40 percent; non-US, 59 percent).

Obstacles in Serving the Unbanked

- The most common obstacles to serving the underbanked market are the concern of small margins and profitability cited by 43 percent of respondents and concerns of risk and fraud also cited by 43 percent of respondents.



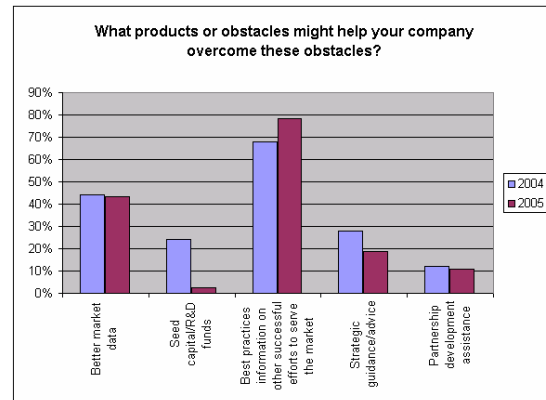
- While US respondents saw no obstacles in product fit (zero percent), over one-third (35 percent) of non-US respondents saw product fit as an obstacle.

- The biggest changes from 2004 to 2005 showed up in respondent's obstacles. Small margins and profitability dropped from 60 percent in 2004 to 43 percent in 2005, while finding/reaching scale grew from 12 percent in 2004 to 32 percent in 2005.

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How Can CFSI Help?

- The most commonly cited product or service needed to overcome obstacles to serving the underbanked market is best practices information on other successful efforts to serve the market – 78 percent of respondents expressed interest in this type of information.
- In addition, 43 percent of respondents agree that better market data may also help.



CFSI provides funding for innovative solutions, a meeting place for interested parties, resources for testing products and services, and identifies, develops and distributes authoritative information on how to respond to the needs of the underbanked profitably and responsibly. CFSI works with banks, credit unions, technology vendors, alternative service providers, consumer advocates and policy makers to forge new relationships and pioneering products and strategies, as it seeks asset-building opportunities that create value for both customers and companies. For more information please visit us on the web at www.cfsinnovation.com.