

Banking with WiseWage

By Adam Rust

Goals for Today

- Learn some more about how people bank and save.
- Discuss New Thinking on Financial Health
- Introduce **WiseWage**

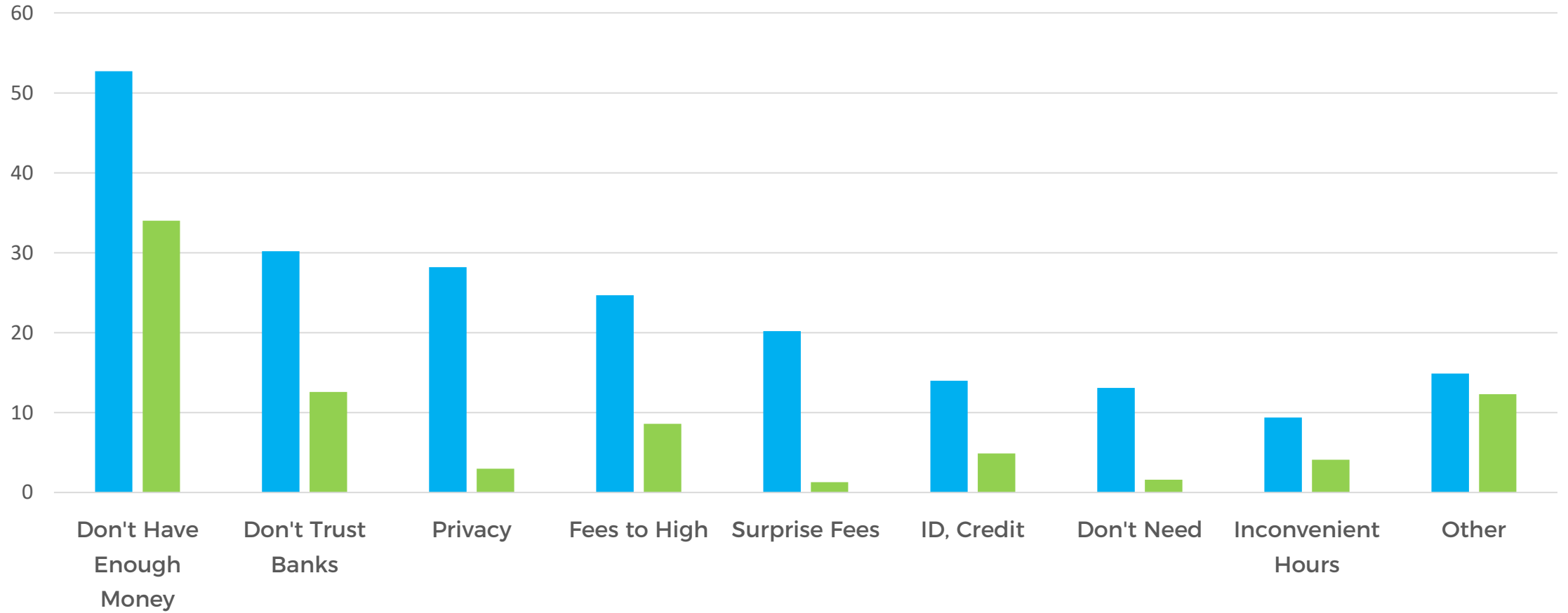
Banking for Everyone?

- There is a bank on every corner, but most banks are not interested in serving every person on every corner.
- 14.1 million adults do not have a bank account of any kind.
- 48.9 million adults might have a checking account, but they do not have a savings account.

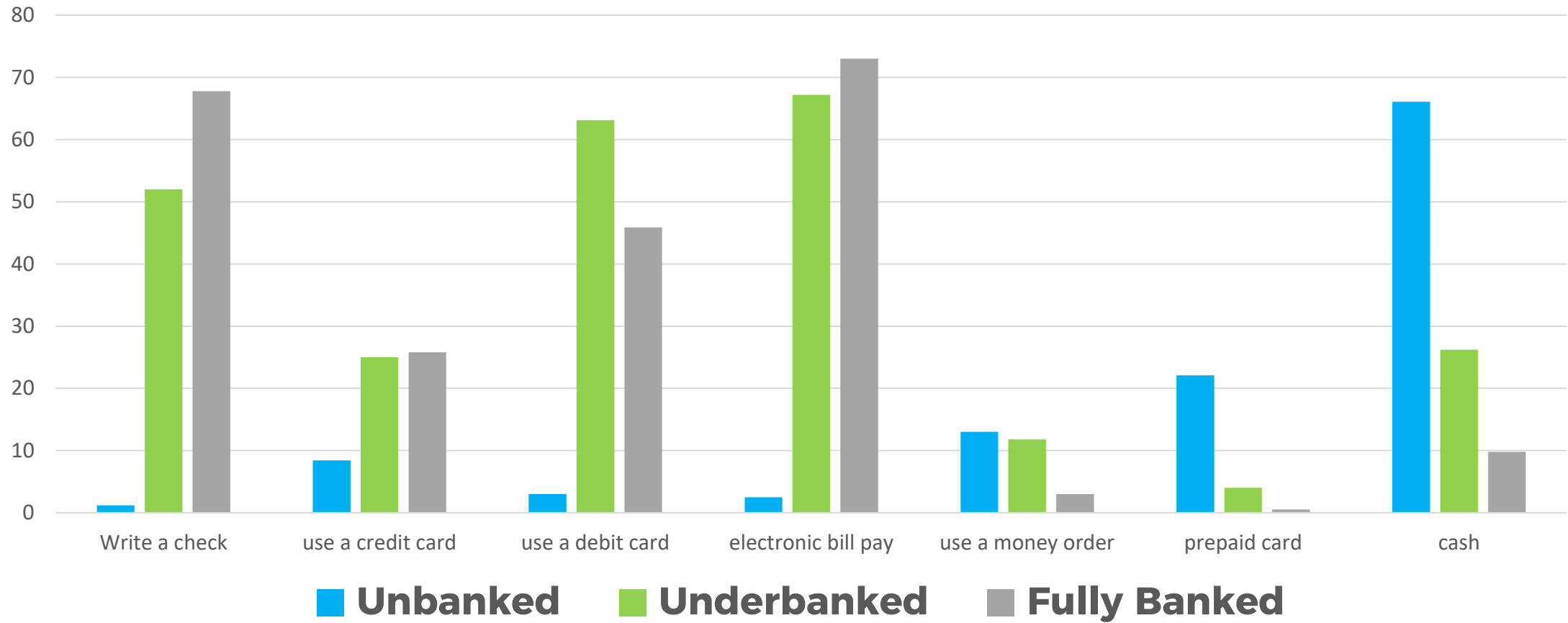
What do unbanked people think about banks?

- Most people without a bank account used to have a bank account. *= they had a bad experience before*
- Only one-quarter of the unbanked have a stated intention to get an account. *= people think they don't belong in the system.*
- But - more than half of the unbanked are not interested in getting an account in the future. *= they will need to be convinced to return to the system*

Blue - a Reason not to have an account
Green - main reason not to have an account

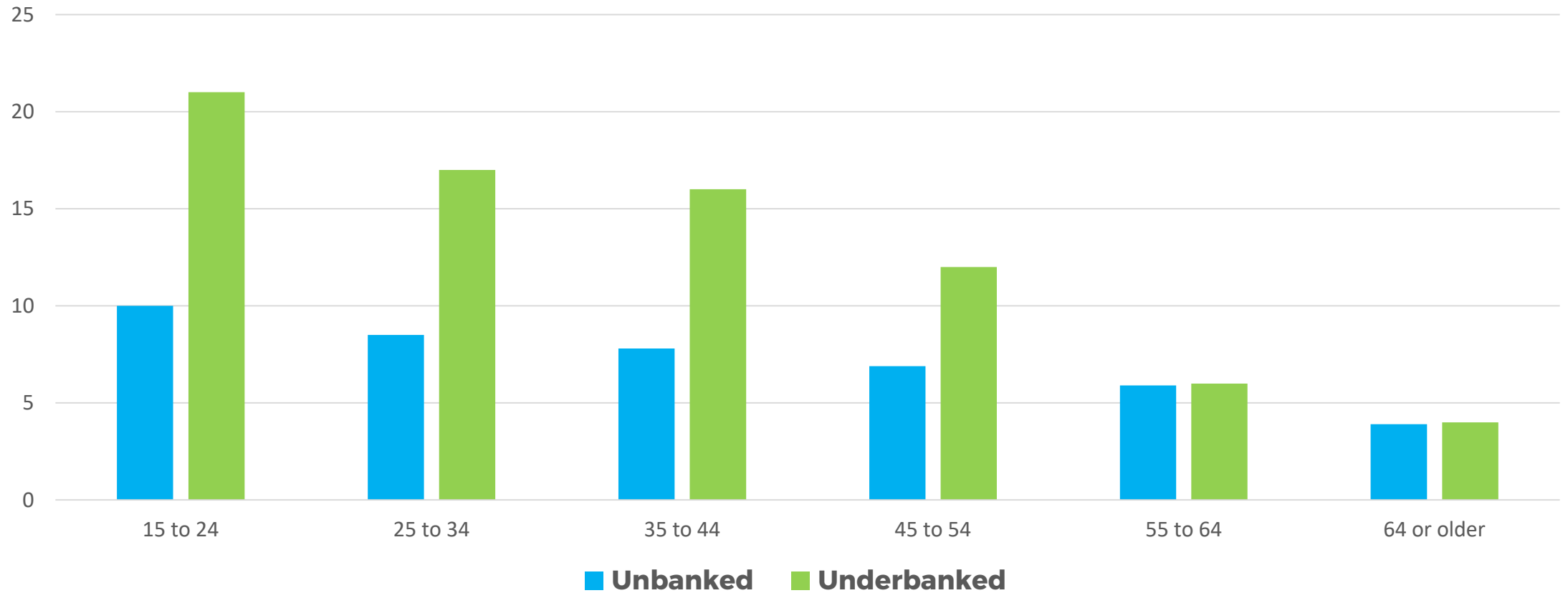


The unbanked and underbanked still have to pay bills – how do they do it?



Younger people more likely to be unbanked

Banking Status by Age Cohort



The cost of being unbanked or improperly banked

Unbanked: Americans spent \$2.1 billion cashing checks, \$3 billion in non-bank remittances, \$900 million in walk-in bill-pay, and \$800 million on money orders.*

Improperly banked: 70 percent of checking account overdraft fees are paid by low-wealth individuals**

Risky: Carrying cash puts a person at risk of theft.

Negative experience = last experience: Overdraft and minimum balance fees convince people to leave the banking system. On average, low-wealth consumers pay four overdraft fees (\$130+/-) per year.

It's not just the direct financial costs – it's also the lack of velocity in receiving wages.

The Problem with Check Cashers

They take Money

**SERVICE FEES CHECK
CASHERS TAKE FROM
AVERAGE WORKERS**



WHICH CAN BUY....



OR...



OR...



They take Time

**NUMBER OF HOURS CHECK
CASHERS TAKE FROM
AVERAGE WORKERS**



WHICH CAN BUY....



OR...



OR...



Source: CurrenC San Francisco

Savings is Hard to Do; It's Worth It

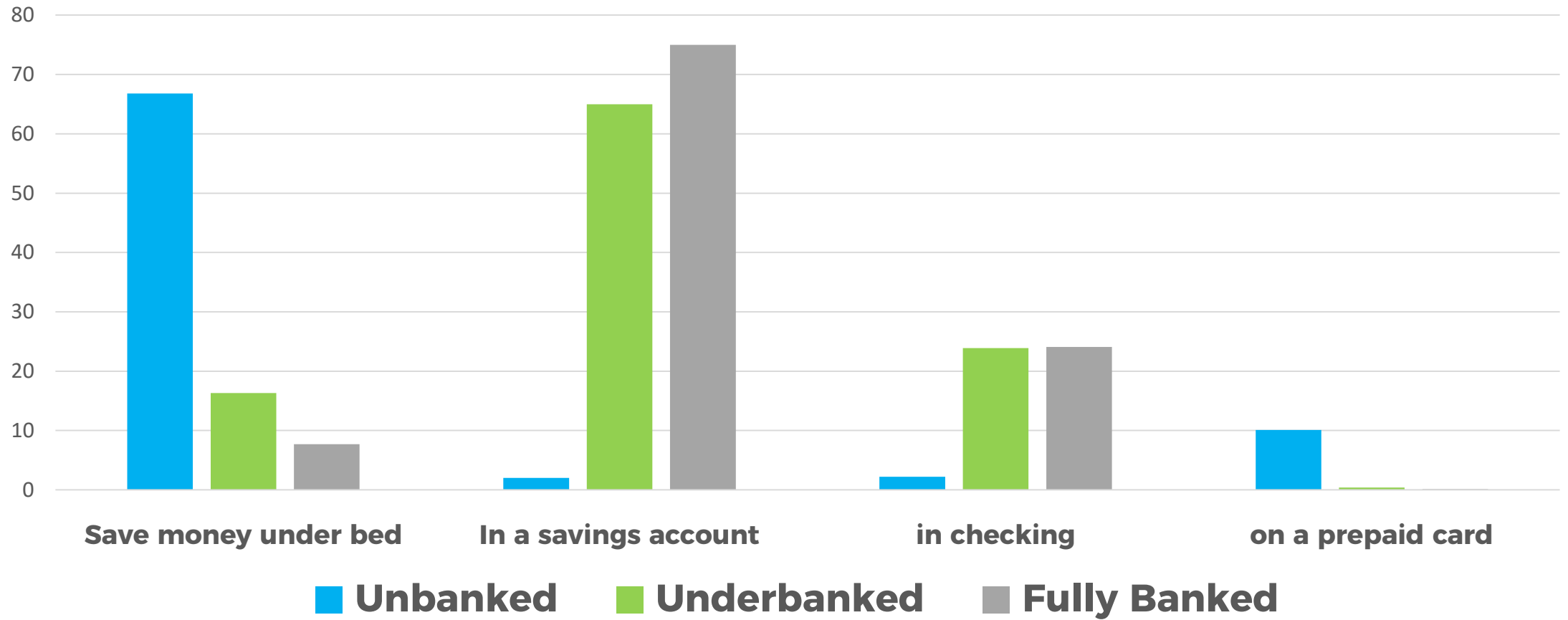
We had realized the American dream, and were living a very expensive lifestyle, the type of lifestyle where it is difficult to turn off the spigot."

- Ken Lay, former CEO of Enron

- Compound interest is the eighth wonder of the world. He who understands it, earns it. He who doesn't, pays it. Compound interest is the most powerful force in the universe.

- Albert Einstein

Where do people save their money?



Path # One:

Change How People Manage their Money

Findings from Data

How Successful Savers Plan to Save

They Tap the Power of their Goals

- They establish a specific savings aim.
- They plan how they will measure success
- They make the goal relevant
- They bind their goals within a period of time

They understand their obstacles

- They identify why, when, where you make mistakes
- They create if-then plans
- They make achievable goals

Findings from Data

Habit Formation Best Practices

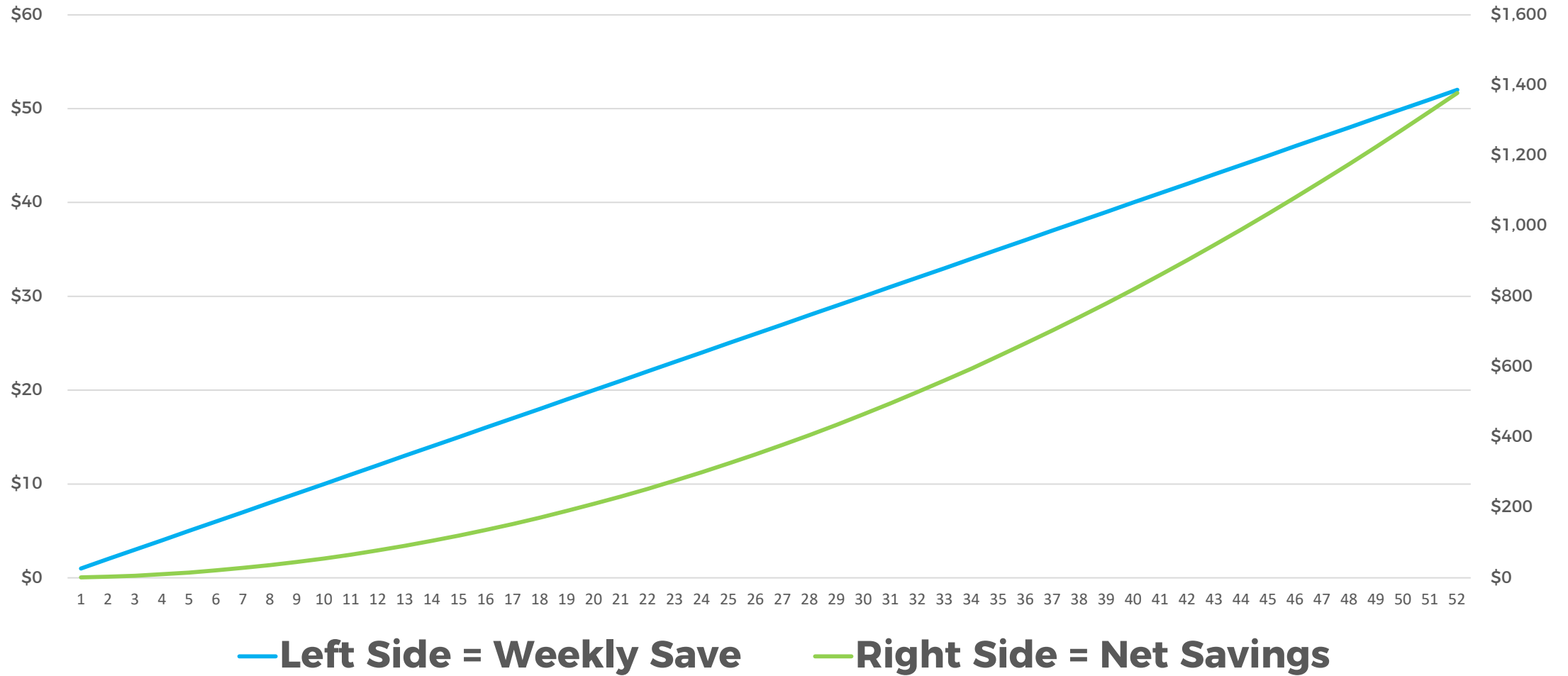
ENDOGENOUS:

- New exercisers (2017): high frequency, achievability, and known reward
- New flossers (2010): Those who committed to flossing before (2.2x) or after (8x) an existing habit were more successful than those who did not.
- New exercisers (2015): Rewards most effective with “skin-in-the game.”

EXOGENOUS

- New Voters (2003): one pre-election reminder increased participation for successive elections.
- Savings deposits (2013): Reduce friction to deposit (with encouragement) and increase friction to withdraw

Results from the 52-Week Challenge



How are we doing as a nation of savers?

Assets and Debts

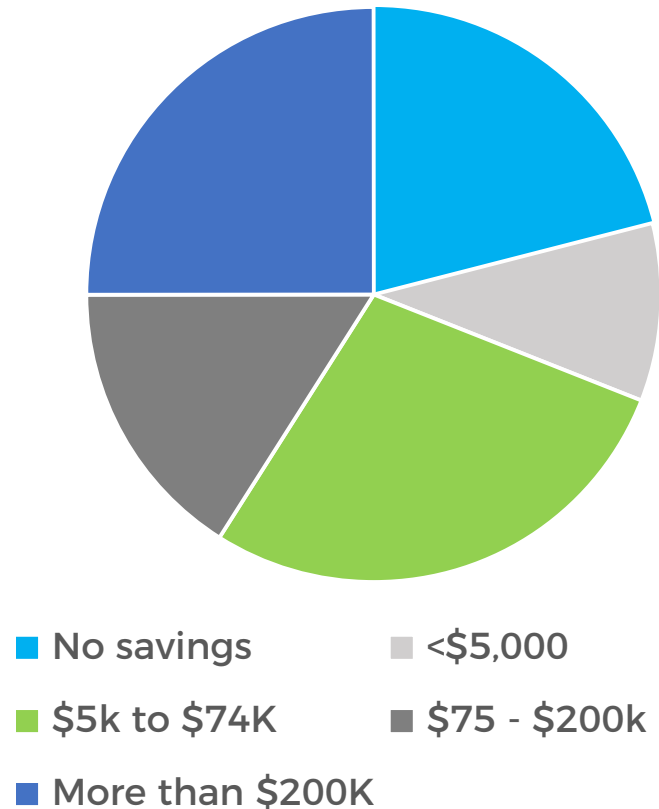
- 40 percent of adults have less than \$400 in cash for an emergency.
- Most people have more debt than savings
- Only 29 percent have six months of savings

Self-perception

- Two-thirds say they are saving money
- Most people think they are experts on money.
- 20 percent say their retirement plan is to win the lottery

The New Retirement

Savings Level upon Retiring



Results

- Most people plan to work part-time in retirement. Many people develop disabilities that make it hard to work.
- Most people run out of money before they pass away.
- Twenty percent say they will never stop working.
- One in six people over 70 is still working

Path # Two

Change The Products People Use to Manage Their Money

- Could it be the products, not the people?
- If so, what would the products be?
- How would they be designed?

The Pillars of Success



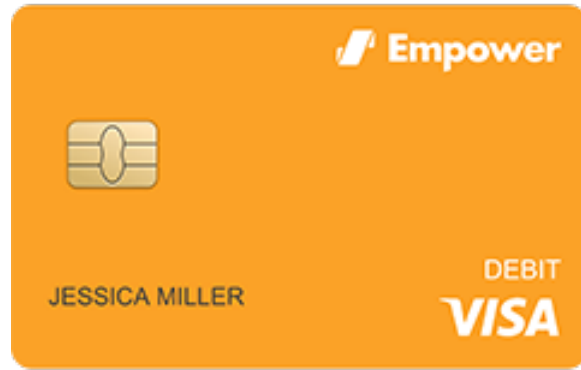
About WiseWage.org

- A web portal marketing overdraft-free FDIC-insured debit cards.
- Easy-to-use, FREE, and available to consumers from smartphone or desktop anywhere in the United States.
- They incorporate what we know about savings

WiseWage provides safe and affordable bank accounts

- No credit pull.
- Absolutely fee-free!
- Our accounts pay more than 2 percent interest.
- Each also has budgeting tools.

FDIC-Insured Digital Bank Accounts



Example - Empower Budgeting Tools

Category	Amount
Housing	
Loan Repayment	
Other Expense	
Shopping	
Groceries	
Investment	
Auto & Transport	\$519.77
Business Expense	\$500.00
Bills & Utilities	\$486.15
Dining & Drinks	\$454.23
Entertainment	\$402.49
Health & Medical	\$395.29
Kids	\$65.00

NAME Rainy Day Fund

SAVE Once a week

AMOUNT \$25

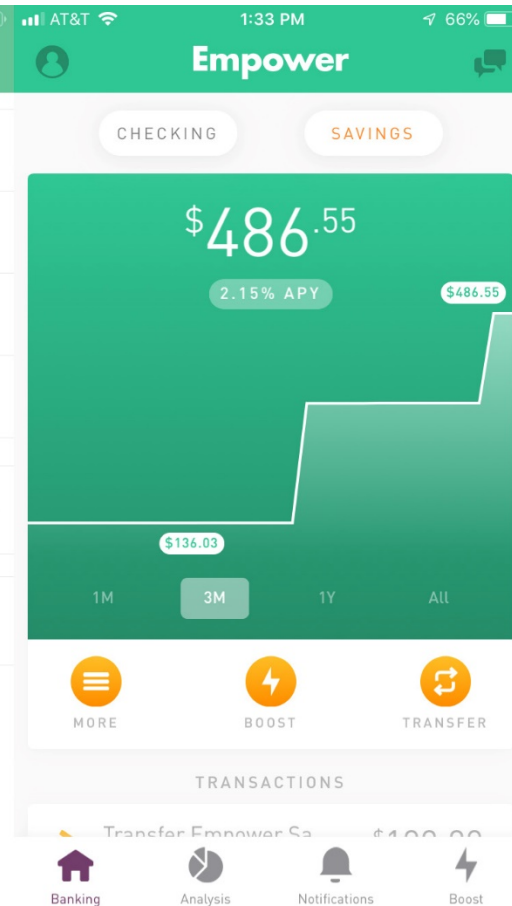
GOAL \$500

FROM Tap to select account

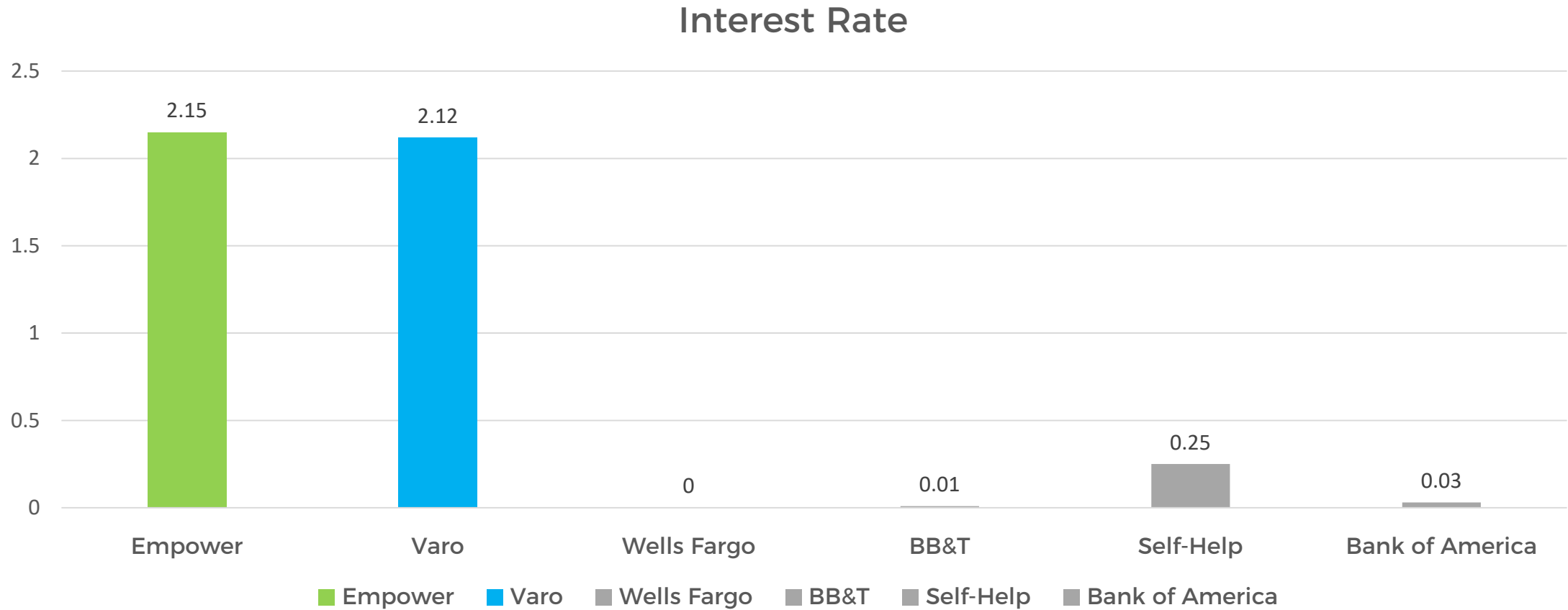
TO Empower 0038 Empower Savings

Transfers take 2-3 business days to complete.

START SAVING



Compare current interest Rates on Savings at WiseWage versus other banks



Oh, the money you'll save!

- No monthly fee
- Free ATMs
- No minimum balance fee
- No fee to buy things
- Free bill-pay
- Free photo check deposit
- No overdraft fees
- No international transaction fees

Comparison of Accounts

	Bank of America	Wells Fargo	Varo Money	Empower
Monthly Fee	\$12	\$10	\$0	\$0
Minimum to Open	\$100	\$25	\$0	\$0
Waiving Fee Rules				
With Direct Deposit of at least:	\$250	\$500	n/a	n/a
Or minimum balance of	\$1,500	\$1,500	n/a	n/a
Overdraft fee	\$35	\$34	n/a	n/a
Pays interest?	0.03%	0%	2.12%	2.15%

Let's Try It -
It's Your Turn to Bank Better

Questions?
Call Adam - 919.260.3653
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WiseWage.org