

Maximizing Check Cashing as a Gateway Product to the Underbanked

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Guaranty Bank Background

- Family owned bank since inception in 1923
- Guaranty Bank's mission is to help hard working families achieve their financial dreams
- Retail branch network has grown over 50% in the last three years to 180 locations in five states
- Size => \$1.5B in Deposits, \$90M in annual revenue
- Convenience oriented business model with approximately 90% of the branch network comprised of in-store locations (e.g., Wal-Mart, Kroger, Roundy's)

Approach Overview

- No-strings-attached check cashing offer
- Low risk – low revenue business case focused on lifetime value of relationships acquired through check cashing

**Now Offering
Easy Check Cashing.**

No Account Required. GuarantyBank

Scope

- Partnership with Certegy
- Initial roll-out at twelve branches selected on the basis of customer demographics
 - Target markets with Low-Moderate Income (LMI) customers
 - Branch Managers with broad experience serving the underbanked segment
- Checks accepted:
 - Computer-generated payroll, max: \$1,500
 - Government checks, max \$2,000
- Require a valid USA ID
- One Price: 2% of the face value (lower than market average)

Sales Tactics

- Goal: Gain the trust of users to convert them into customers, recognizing that not everyone is interested (or in a position to have) a successful banking relationship
- Collateral: Flyers, posters and banners
- Timing: Available 7 days a week. Focus on paydays
- Target: Store employees, walk-by prospects
- Use of scripts

Retail Branch Execution

- Buy-in from branches based on explanation of cost-benefits. Branch Managers were allowed to opt-out
- “Plug & Play” sales strategy:
 - Sales scripts
 - Collateral
 - Timelines
- Forum for branches to exchange experiences and reinforce training
- Go-To person at Corporate

Check Cashing Cross-Selling Approach

- Maximize in-store location possibilities
- Gain their trust: cross-selling initiated after several check cashing events
- Offer a relevant set of products for the Underbanked:

Product	Description
New Opportunity Account	Checkless checking account for low Qualifile score customers. No overdrafts allowed. ATM Card
Easy Advance	Cash advance on direct deposit paycheck
Get Checking™	Promotion of financial education classes Get Checking™ . Reimbursement of fees when opening our core Checking account: Free & Easy
Savings for the Future CD	12-Month CD with additions. Minimum to open is \$25.00
Savings PayBack	Automatic transfers from checking to savings. Guaranty Bank/BestBank matches the average monthly transfer at the end of the year

Check Cashing Results

- Approximately 150 checks cashed per month
- Average check amount = \$387
- Average transaction approval rate = >85%
- **Losses = \$0**
- There has not been a significant impact on checking sales results (yet)
- If the store offers check cashing service at same or lower price then the number of transactions declines dramatically

Learning Points

- Sales tips:
 - Trust is essential
 - Timing, timing, timing: paydays!
- Marketing and support are key factors. A poster and a machine are not enough
- Price sensitivity: flexible pricing is key
- Cross-selling:
 - Need for a comprehensive set of products that meet Underbanked needs
 - Realize some users will never become 'full-service' banking customers