Great gains from equal access to financial technology

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Mastercard

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Los Angeles
Yes, I know:
It’s a credit card company
Not a credit card company!!

Mastercard is a technology company that provides a safe, simple and smart way for consumers, businesses and governments to do business together.

1. A cardholder purchases goods or services from a merchant using a card
2. The transaction is authorized by the issuer, using our network
3. The acquirer pays the amount of the purchase, net of a discount, to the merchant
4. Issuer pays acquirer an amount equal to the value of the transaction minus any interchange fees and posts the transaction to the cardholder’s account
A **community empowerment education program** sponsored by Mastercard that helps you learn how to get more from your money by using electronic payment technology.

Mastercard is the **technology company** that built one of the world’s fastest electronic payment networks, providing a safe, simple and smart way for consumers, businesses and governments to do business together.

Learn:

- The benefits of using payment cards
- Choosing the right card for you
- How cards protect you and your money

[Master Your Card](http://www.masteryourcardUSA.org)
Why electronic payments matter
Eventually cash will be a thing of the past. Card payments continue to expand in the world and are becoming the preferred payment method due to convenience, safety, speed and value to consumers and businesses.
Cash has a cost

- 6.5% of households in the US qualify as “unbanked” and 18.7% as “underbanked.“
- Highest percentage are African American and Hispanic.
- Pay high fees to get access to their own money.
- Spend a great deal of time and money making in-person cash or money order payments for utilities and other bills.
- Are unable to purchase goods and services via phone or internet.

*2017 FDIC Report
The cost of cash

**Paper paycheck** (estimated monthly cost)

**ACCESSING MONEY**

Check cashing: $29 - $78

- 1.5% x $450/week = $6.75
- 52 pay periods x $6.75 = $351
- $351 ÷ 12 months = $29

- 4% x $450/week = $18
- 52 pay periods x $18 = $936
- $936 ÷ 12 months = $78

ATM withdrawals: N/A

No access.

**PAYING BILLS**

Rent, car insurance, car payment: $3 - $12
Three bills via money order at $1 - $4 per bill.

Phone, cable, electricity: $3 - $6
Three bills via brick and mortar bill pay services at $1 - $2 per bill.

**ESTIMATED TOTAL MONTHLY COST** $35 - $96

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**Alex**

- Works full-time for a hospitality company.
- Makes $450 per week.
- Doesn’t have a bank account because of minimum balance requirements and other fees.
- Can’t sign up for direct deposit.
**The cost of cash**

**Paper paycheck (estimated monthly cost)**

**ACCESSING MONEY**

Check cashing............................................................... $29 - $78

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- 4% x $450/week= $18
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ATM withdrawals......................................................... N/A
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**PAYING BILLS**

Rent, car insurance, car payment................................. $3 - $12
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Phone, cable, electricity................................................... $3 - $6
Three bills via brick and mortar bill pay services at $1 - $2 per bill.

**ESTIMATED TOTAL MONTHLY COST................................. $35 - $96**

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**The value of cards**

**Mastercard Payroll Card (estimated monthly cost)**

**ACCESSING MONEY**

Check cashing............................................................... N/A

ATM withdrawals......................................................... $0 - $18
Four withdrawals per month. Range ~ $1 - $4.50 per withdrawal.
One free ATM access per pay period.

**PAYING BILLS**

Rent, car insurance, car payment................................. $0 - $3
(three bills via bill pay or check at $0 - $1 per bill)

Phone, cable, electricity................................................... $0 - $3
(three bills via bill pay at $0 - $1 per bill)

**ESTIMATED TOTAL MONTHLY COST................................. $0 - $24**

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Scenario represents an estimate based on pervasive consumer behaviors, and depicts a probable range of alternatives. All numbers have been rounded. Scenario research by Towers Watson commissioned by Mastercard, delivered May 2010, using the following source data: - Dollar Financial Corp., Annual Report on Form 10-K, Mid August 29, 2008; - CFSI, One Size Does Not Fit All: A Comparison of Monthly Financial Services Spending, May 2009.
Technology is transforming the way we pay
The era of the “always on” consumer

Connected **People**: 56% of the world population

Connected **Devices**: 12 billion today 50 billion in 2020

**Digital Payments** are outpacing card and cash transactions

**Shop in Store**
**Shop at Home**
**Shop Anywhere**
Transforming the way we pay

Speed, Security and Convenience!!!
Digital payments are an essential feature of business in the future.
Payment cards are:

Safe
- With payment cards you are protected and can fight back when you need to.
- Suspicious transactions are detected and declined.
- Your money is protected if your card is lost, stolen or used fraudulently.
- Robbery, mugging and purse snatching are lower risks when you aren’t carrying cash.
- Security features make sure your information is only shared with those who need to know it.

Simple
- No hassles, and so easy you might not even realize how payment cards simplify your life.
- Pay in person, by phone, online or by mail, anytime, anywhere.
- You can see details of your spending almost immediately in your card statement.

Smart
- Help you manage and access your money without wasting time or paying fees for check cashing or money orders to pay bills.
- Armed with cards, you can shop around to find the best deals online or in stores anywhere.
- Provide you with automatic tools that help you set spending limits, get alerts, see where your money goes and know exactly what’s in your account.
Not all cards are credit cards!!
Empower yourself with the right card

Debit?
Credit?
Prepaid?
Prepaid cards

You can have a prepaid card to use anywhere credit or debit cards are accepted.

**Pros**
- No credit history required.
- You don’t need to have a bank account.
- Easy to use. Easy to reload.
- No possibility of going into debt.
- Safer than cash, as you are protected if your card is lost or stolen.

**Cons**
- Do not build a credit history or impact your credit score.
- Usually have fees.
- Money might be put on hold for reservations requiring a deposit.

**Do**
- Use your card everywhere payment cards are accepted, instead of cash.
- Look for cards with low start-up costs, cheap and easy reloading online, in-person or by phone, and no monthly maintenance or balance checking fees.
Debit cards
If you have a bank account, you can get a debit card to make purchases.

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
<th>Do</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Easy access to your money. Function like electronic checks.</td>
<td>• Sometimes there are fees and requirements on your bank account, i.e. minimum monthly balance, limits on cash withdrawals, etc.</td>
<td>• Find an account with free checking and a low (or no) balance requirement.</td>
</tr>
<tr>
<td>• Use your own money to pay everywhere payment cards are accepted.</td>
<td>• In case of fraud and disputed transactions, sometimes your money is not available until a decision is made.</td>
<td>• Consider declining overdraft protection or find lowest cost alternative.</td>
</tr>
<tr>
<td>• Easy access to cash through ATMs.</td>
<td></td>
<td>• Monitor your balance online, by phone or ATM to avoid overdraft.</td>
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<tr>
<td>• You can’t spend more than what you have.</td>
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<tr>
<td>• You are protected from fraudulent transactions.</td>
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Credit cards

Every time you use a credit card, you are borrowing money from the bank that issued your card.

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<th>Pros</th>
<th>Cons</th>
<th>Do</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Helps establish or improve your credit history and score.</td>
<td>• Risk of over-extending yourself, therefore incurring debt and interest charges.</td>
<td>• Find a card with fees, rates and benefits that work for you.</td>
</tr>
<tr>
<td>• Like a short-term loan, useful in case of emergency.</td>
<td>• Some cards may have annual fees.</td>
<td>• Pay your balance at the end of the month for interest-free credit.</td>
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<tr>
<td>• You are protected in case of fraudulent charges.</td>
<td>• Late payments harm your credit score.</td>
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<tr>
<td>• In many cases offer rewards programs, insurance and other benefits.</td>
<td>• Higher rates/fees for cash advances.</td>
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Learning how to manage your money is the key to protecting your finances.

Planning and developing a budget are important to take control of your money.

You must be aware of the best options that are available to you.

Electronic payment technology provides great value at a much lower cost than checks or cash.

Using payment cards is one of the best ways to purchase goods and services.

Smart use of prepaid, debit and credit cards increases financial strength.
Protect yourself

Do

• Keep a record of your account numbers, expiration dates and the contact information of each card company in a secure place.

• Report any questionable charges promptly to the card issuer.

• Compare receipts with billing statements.

• Sign your cards as soon as they arrive.

• Notify card companies in advance of a change in address or travel abroad.
Protect yourself

Do not

• Respond to emails or phone calls that solicit your personal or payment card information.

• Volunteer details or fill in the blanks (name, relationship, financial or personal information) if someone calls asking for help from family or friends.

• Sign a blank receipt. When you sign a receipt, draw a line through any blank spaces above the total.

• Lend your cards to anyone or leave cards unattended or receipts lying around.
Do you have your own business, or are you maybe working on it?

Small businesses grow with electronic payments!
If you have a business, payment cards...

- Increase revenue.
- Enable new sales channels.
- Increase sales, as customers spend more when using payment cards.
- Help you keep cash flowing.
- Offer your customers a better purchase experience.
- Serve your consumers better as they transition from cash to cards.
- Make transactions more efficient and more secure.
- Improve operational efficiency.
- Provide you with immediate, accurate and transparent accounting.