

## **Qualitative Research on Bank Efforts Phase 3 Focus Group Protocol**

*Background – not to be read to participants.* In Phase 3, we will conduct focus groups with front-line staff/counselors from non-profit organizations. The goal of this phase is to explore non-profit counselors' perceptions of whether specific bank products/programs/strategies that were the focus of Phases 1 and 2 of this project would address barriers that their clients face to opening and retaining bank accounts, and how to make these offerings more effective. In addition, we will explore additional strategies/products/programs that these counselors believe will be effective in addressing their clients' barriers to becoming or staying banked that are not currently being offered or pursued by banks.

### *I. Clients' current use and perceptions of financial services providers (20 minutes)*

- What methods are your clients currently using to make and receive payments?
  - Probe ownership of checking and savings accounts, use of check cashing, money orders, non-bank prepaid cards, AFS credit
- Why do you think your clients use these methods to make and receive payments?
- What do you see as the benefits and drawbacks of these methods?
  - Probe if not mentioned: What are the benefits and costs to your clients of bank account ownership? Are there situations in which you would not advise your clients to open or retain a bank account? What are those?
- How relevant are banks to your clients for making and receiving payments?
  - Probe: Are banks even in the consideration set of your clients when they need to make or receive payments? Why/why not?
- How do you think your clients view alternative financial services providers such as check cashers, money transfer businesses (like Western Union) and payday lenders?
  - Probe if not mentioned: trust, "fit", reservations, past experiences
- How do you think your clients view banks?
  - Probe if not mentioned: trust, "fit", reservations, past experiences
- How can banks increase the engagement and trust of your clients? (Probe if not mentioned: use of partners trusted by your clients, customer service)

*II. Nonprofit counselor perspectives on low/no fee accounts and GPR prepaid cards (30 minutes)*

- How many of you have clients who are unbanked? We just discussed the many different views of banks that your clients have. For those clients who want to open a bank account, are there any barriers that they face? Tell me about them.
  - Probe if not mentioned: costs, minimum opening deposits, convenience, speed of access to funds, identification, Chex systems
  - What do you think banks can do to address these barriers?
    - Probe if not mentioned: Some banks offer second chance accounts to consumers who are unable to qualify for conventional accounts due to previous difficulty with maintaining an account. Do banks in your area offer second chance accounts? Have any of your clients used them? Have any of your clients successfully graduated from these accounts to regular accounts?
- After opening a bank account, do your clients have difficulty keeping it open? Why do you think that is? Probe if not clear: do your clients close the account or does the bank close them?
  - Probe if not mentioned: loss of job/income, emergencies, overdrafts
  - What do you think banks can do to help consumers like your clients keep their accounts open?

We are now going to ask you about some products that banks are offering in an attempt to address some of these account-opening barriers and account-retention challenges for low-income consumers. The first is a low/no-fee account. Such an account [describe features of actual Phase 1 bank offering from a local bank but don't name the bank; if no local Phase 1 bank offers a low/no-fee account, then give the following example: provides basic checking account services for a low monthly maintenance fee, perhaps \$5, which is waived for accountholders who have their paycheck directly deposited into their account. These accounts typically have a very low or no requirements for initial deposits or monthly balances.]

- Do any banks in this area offer low/no fee bank accounts? Which banks?
  - Probe: Find out counselor awareness of low/no fee account from local bank(s) included in Phase 1 if not mentioned.
- Have any of your clients opened a low/no-fee account with a bank? Why/why not?
  - Probe: At which banks have your clients opened low/no-fee accounts?

- What features would be particularly important to include in these low/no fee bank accounts to make them attractive to and feasible for your clients to open or retain accounts?
  - Probe if not mentioned: overdraft coverage and overdraft fee levels and limits, specific features if any mentioned by Phase 1 banks
- What else, other than account features, can banks do to increase the likelihood that your clients will open a low/no fee account?
- What are effective methods that banks can use to raise awareness of these low/no fee accounts among your clients? (Probe if not mentioned: methods used by Phase 1 banks to raise awareness)
- Have any of your clients closed their low/no cost bank accounts?
  - Why did they close them, and what could their bank have done to retain them as customers?
- Is there anything else that we have not talked about that banks can do in conjunction with offering low/no fee accounts to increase the number of low-income consumers opening and retaining bank accounts?

Some banks offer low fee general purpose reloadable prepaid cards. These are cards branded with a Visa or MasterCard logo, and they allow you or others, like relatives or a government agency, to load funds that can later be spent. Prepaid cards also allow you to withdraw cash from ATMs.

- Do any banks in this area offer low-fee prepaid cards like the ones that I described? Which banks?
  - Probe: Find out counselor awareness of GPR prepaid cards offered by local bank(s) included in Phase 1 if not mentioned.
- Do any of your clients use prepaid cards offered by banks? Are they using these cards together with having a bank account or instead of a bank account? Why is that?
- What would you say are the benefits and drawbacks of these prepaid cards offered by banks? How do these benefits and drawbacks compare with prepaid cards issued by non-banks such as NetSpend, Greendot, Rushcard etc.?
- Do you think your clients see a difference between prepaid cards offered by banks and prepaid cards offered by non-banks such as NetSpend, Greendot, Rush card etc? Why/why not?

- Some banks now offer prepaid cards as an alternative to/instead of low/no fee bank accounts. In your opinion, are prepaid cards offered by banks equivalent to basic checking accounts in meeting your clients' financial transaction needs? Why/why not?
- In your opinion, do bank prepaid cards offer your clients the opportunity to develop a relationship with the bank similar to the relationship created with conventional bank accounts? Why/why not?
  - Have you observed any of your clients transitioning from using prepaid cards as their primary account to using a conventional checking account? What prompted them to switch? (Probe whether this was at the bank's encouragement and whether or not this was a smooth transition, and why.)

*III. Nonprofit counselor perspectives on bank-provided check cashing and small dollar loans (20 minutes)*

- Are there other products and services banks could offer that would help them better serve your clients' financial transaction needs and make banks a more attractive option for your clients? What are they? (Probe for low-cost check cashing; affordable small dollar credit; financial education, promoting savings).

Moderator should spend some time engaging participants in a discussion of the sorts of products and services banks do and could offer, generating a list, and ultimately transitioning into the following lines of inquiry:

- Do any banks in your area offer check cashing services (or money orders, bill pay and wire transfers) to consumers who do not have an account at the bank? Which banks?
  - Probe: Find out counselor awareness of check cashing services offered by local bank(s) included in Phase 1 if not mentioned.
  - Do any of your clients use these services? Which services and from which banks? How did they learn that the banks offer these services?
    - Probe if not mentioned: what would persuade your clients to use banks to cash their checks (or other services) rather than using check cashers? How could banks make them feel welcome?
- How can banks encourage check cashing customers (or users of other non-account services) to open a low/no fee account?
  - Probe regarding the effectiveness of methods mentioned by Phase 1 banks such as talking to bank staff to assess best fit product options.

- Do you think that some of your clients will open bank accounts if banks offered check cashing services (or money orders, bill pay and wire transfers) in addition to offering a low/no fee account? Why/why not?

Some banks offer unsecured personal small dollar loans that consumers can use instead of using payday loans and other higher cost forms of short-term small loans.

- Do any banks in your area offer affordable small dollar loans? Which banks?
  - Probe: Find out counselor awareness of small dollar loans offered by local bank(s) included in Phase 1 if not mentioned.
  - Have any of your clients obtained small dollar loans from banks in the area? Which banks? How did they learn that these banks offer small dollar loans?
    - Probe if not mentioned: what would persuade your clients to use banks for small dollar credit instead of payday lenders, auto title lenders or other more expensive alternatives? How could banks make them feel welcome?
- How can banks encourage small dollar loan customers to open a low/no fee account?
  - Probe re effectiveness of methods mentioned by Phase 1 banks such as depositing part of the loan proceeds in an account.
- Do you think that some of your clients will open bank accounts if banks offered affordable small dollar credit products in addition to offering a low/no fee account? Why/why not?
- Have you seen bank small dollar loans help make it possible for your clients to retain existing bank accounts? (For example, helping prevent overdrafts.)

Some banks offer low/no fee checking accounts or prepaid cards in conjunction with other financial services that are targeted to meet a variety of needs of lower-income consumers, such as affordable small dollar loans and check-cashing services. These services are offered as a suite to consumers.

- Do any banks in your area offer this sort of suite of services or products aimed at meeting a variety of needs of lower-income consumers or first-time bank customers? Which ones?
  - Probe if not mentioned for the Phase 1 banks that offer these suites of products.
- Do you think offering a suite of financial products and services that work together to meet a range of needs of lower-income consumers would make it more attractive for your

clients to open an account at the bank? Why/why not?

- Probe: Are your clients more likely to be aware of a group of products marketed together than individual products marketed individually? Why/why not?
- Probe: Would having these products organized together as a suite make your clients more likely to think the individual products are accessible to them?
- Probe: Do you see any drawbacks to this approach?

#### IV. Nonprofit counselor perspectives on tax-time savings programs (10 minutes)

Tax-time savings programs are generally partnerships between nonprofit organizations and banks, through which consumers are offered free tax filing assistance, and bank personnel are on hand to facilitate opening a low/no-fee bank account that the consumer can use to save all or a portion of their tax refund in a savings account. Some of these programs include providing match dollars to encourage consumers to keep their savings in their accounts for a specific length of time.

- Do any banks in your area participate in a tax-time savings program? Which banks?
  - Probe if not mentioned: examples of Phase 1 banks involvement with these programs.
- Have any of your clients participated in tax-time savings programs and opened accounts to deposit their tax refunds? How did they learn about these programs?
  - Probe how long they kept their accounts open, whether clients saw benefits to having savings in a bank.
- Do you think this is a useful way for banks to outreach to unbanked consumers to encourage them to open bank accounts and promote savings?
  - Why/why not?
  - What could banks do to make this type of outreach work better?
    - Probe if not mentioned: some banks have placed employees on-site where tax preparation services are being delivered so that consumers can open bank accounts on the spot. Do any of your local banks do this? Do you think this increases the number of accounts opened?

Some programs offer matching contributions for tax refunds deposited in bank accounts; have any local banks offered this? Do you think this would be effective in encouraging consumers to save who might otherwise not?

*V. Partnerships between banks and nonprofit organizations (5 minutes)*

- In current or past partnerships with banks, what actions have banks taken that have been most effective in supporting your efforts to increase the participation of your clients in the financial mainstream?
- What else could they do to support your efforts and support your clients in their efforts to open and retain bank accounts?

*IV. Additional strategies (5 minutes)*

- Is there anything else that we have not discussed that you would suggest banks do that would be effective in encouraging unbanked consumers to open and retain bank accounts?