2014 Underserved Market Size: Financial Health Opportunity in Dollars and Cents

December 2015

CFSI Center for Financial Services Innovation

CORE INNOVATION CAPITAL

Morgan Stanley

Highlights of the $138 Billion Market[1]

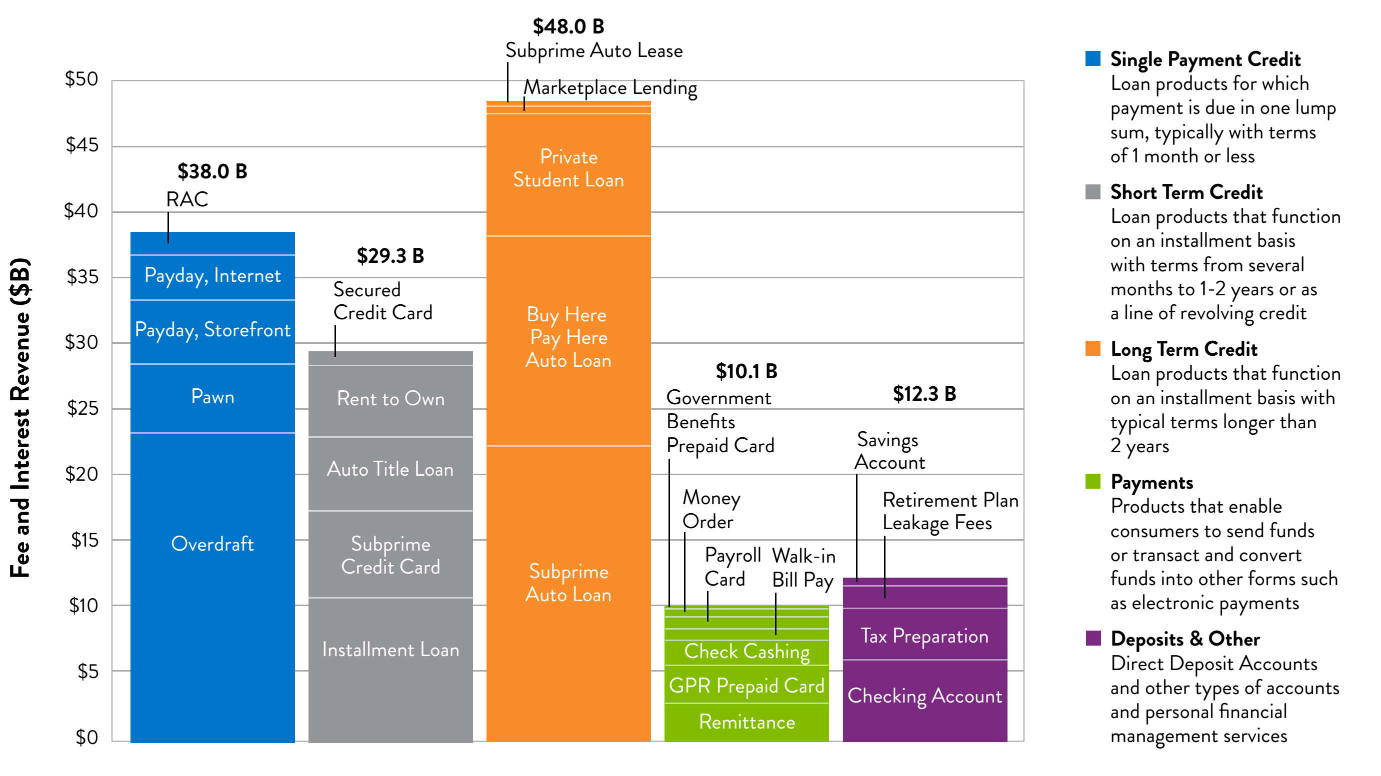
- Financially underserved U.S. consumers spent approximately **$138 billion** in fees and interest to access financial products and services in 2014.
- Market revenue grew by **$10 billion** or **7.6%** from 2013 to 2014.[2]
- Consumer spending was generated by **$1.6 trillion** in financial product usage volume.[3]
- The market is projected to expand an additional **6.8%** in 2015, reaching a total of **$147 billion**.
- The market has grown an average of **6%** each year since 2010.
- Subprime Auto Loans were the largest product segment in 2014, constituting **$22.7 billion** in revenue.
- Marketplace Lending was the fastest growing segment with a **310%** increase in revenue from 2013 to 2014.

Sizing the Financially Underserved Market

Financial services for underserved consumers in the United States constitute a diverse and continually growing marketplace where consumers spent $138 billion across 26 financial products in 2014. This annual report—which measures how much underserved consumers spend to conduct their financial lives—illustrates the size of the opportunity to address their financial needs and the variety of products and services used to borrow, spend, save, and plan.

CFSI and Core Innovation Capital present this analysis of the financially underserved market landscape to measure the magnitude of consumer spending and identify significant trends driving its evolution and growth. This report does not constitute a commentary on the appropriateness, safety, or quality of specific financial products for consumers. Market size and growth rates are not endorsements of market well-being for providers or financial health impact for consumers.

2014 Financially Underserved Market Revenue: $138 Billion



The Financially Underserved Consumer

This annual report sizes the opportunity to improve the financial health of underserved consumers. We anchor this analysis in the products used by underserved consumers—often referred to as the "unbanked" or "underbanked"—who typically struggle with access to mainstream financial products. The FDIC indicates that 68 million U.S. adults are underbanked, based on their lack of bank accounts or use of alternative financial services, such as check cashing or payday loans.[4]

This report also incorporates a wide range of products used by consumers who are underserved due to subprime credit scores or lack of a traditional credit score, estimated at approximately 108 million people,[5] and those who may find their access to a full range of conventional financial products limited by low-to-moderate household incomes or income volatility, a challenge that impacts about 79 million U.S. adults.[6]

In this report, underserved consumers are those who:

» are unbanked or underbanked,

» have subprime credit scores or are unscorable, or

» have low-to-moderate or volatile income.

Some underserved consumers struggle with all of these challenges, while others meet the criteria for only one or two of the above.

As a result, some products included in this analysis, such as checking accounts and auto loans, are also used by consumers who are not traditionally defined as underserved. In these cases, measuring underserved market size only focuses on usage volume and revenue generated by those who meet the criteria for financially underserved individuals. Accounting for market revenue in this way allows for a specific examination of spending on financial products and services by individuals who are highly likely to be vulnerable to financial health challenges.[7]

Consumer Financial Health in the Underserved Market and Beyond

Financial health challenges extend well beyond the underserved market. CFSI research estimates that 57% of U.S. consumers, or approximately 138 million adults, are financially unhealthy.[8]

Financial health is when your daily financial system helps you build resilience and take advantage of opportunities.

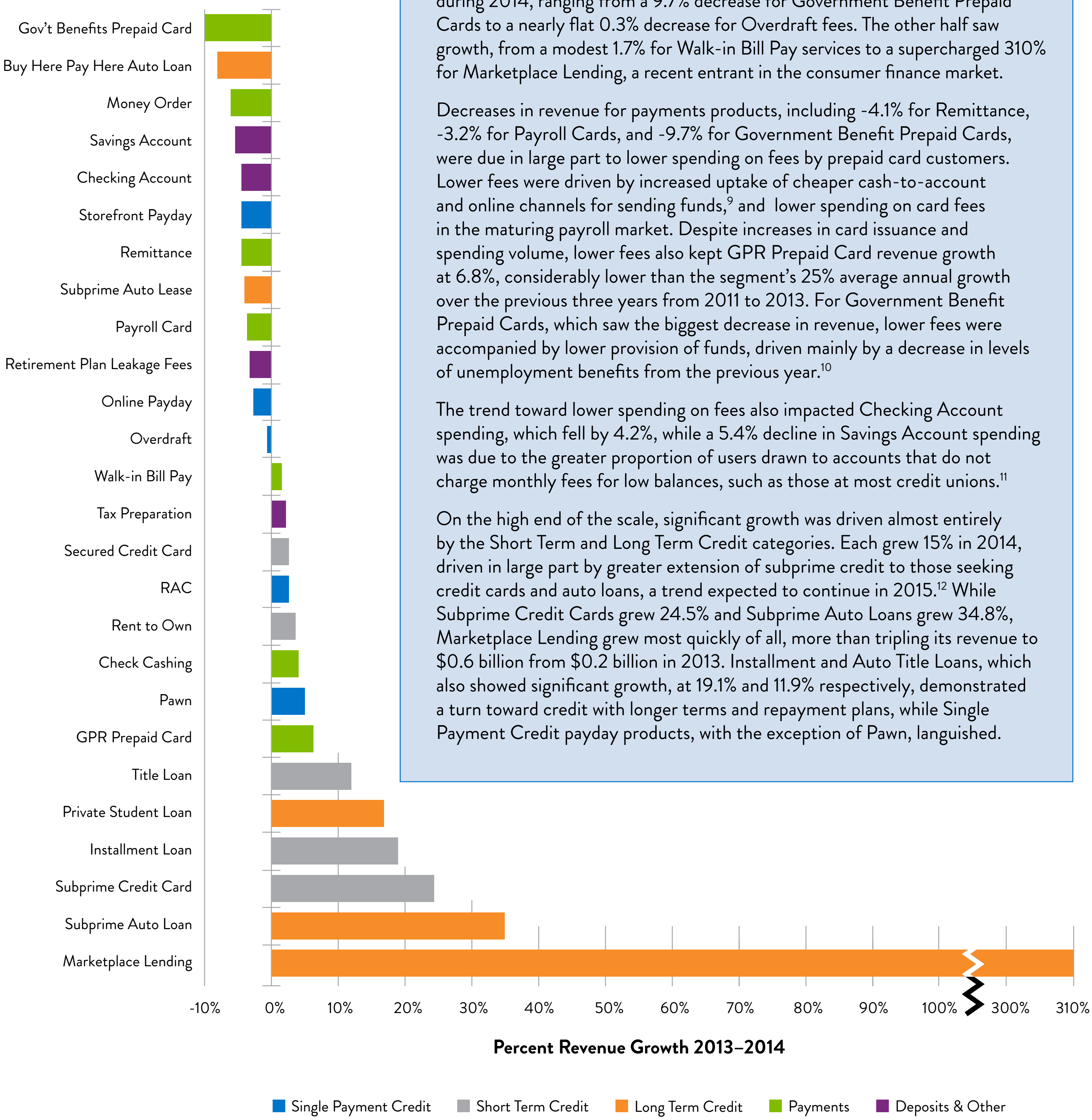
Although all financially unhealthy Americans could benefit from higher-quality financial products and services, this annual report focuses on the financially underserved. It shines a light on the market activity of those with the most acute need for financial products that meet their needs and the corresponding opportunity to better serve them.

Improving America's financial health—especially for the underserved—requires a robust and innovative financial services market. This market must address consumer need for day-to-day financial systems that function well and products that increase the likelihood of resilience and opportunity.

To explore the opportunity to serve a broader swath of financially unhealthy Americans, page six of this report highlights two prime examples of additional financial product usage and spending beyond the underserved market that is ripe for disruption.

Financial health is...

Annual Growth of Financially Underserved Market Revenue
2013 to 2014



Key Trends in the Underserved Market

Overall market growth of 7.6% in 2014 was not uniform across all product segments. Nearly half the products in the market saw contraction of revenue during 2014, ranging from a 9.7% decrease for Government Benefit Prepaid Cards to a nearly flat 0.3% decrease for Overdraft fees. The other half saw growth, from a modest 1.7% for Walk-in Bill Pay services to a supercharged 310% for Marketplace Lending, a recent entrant in the consumer finance market.

Decreases in revenue for payments products, including -4.1% for Remittance, -3.2% for Payroll Cards, and -9.7% for Government Benefit Prepaid Cards, were due in large part to lower spending on fees by prepaid card customers. Lower fees were driven by increased uptake of cheaper cash-to-account and online channels for sending funds,[9] and lower spending on card fees in the maturing payroll market. Despite increases in card issuance and spending volume, lower fees also kept GPR Prepaid Card revenue growth at 6.8%, considerably lower than the segment's 25% average annual growth over the previous three years from 2011 to 2013. For Government Benefit Prepaid Cards, which saw the biggest decrease in revenue, lower fees were accompanied by lower provision of funds, driven mainly by a decrease in levels of unemployment benefits from the previous year.[10]

The trend toward lower spending on fees also impacted Checking Account spending, which fell by 4.2%, while a 5.4% decline in Savings Account spending was due to the greater proportion of users drawn to accounts that do not charge monthly fees for low balances, such as those at most credit unions.[11]

On the high end of the scale, significant growth was driven almost entirely by the Short Term and Long Term Credit categories. Each grew 15% in 2014, driven in large part by greater extension of subprime credit to those seeking credit cards and auto loans, a trend expected to continue in 2015.[12] While Subprime Credit Cards grew 24.5% and Subprime Auto Loans grew 34.8%, Marketplace Lending grew most quickly of all, more than tripling its revenue to $0.6 billion from $0.2 billion in 2013. Installment and Auto Title Loans, which also showed significant growth, at 19.1% and 11.9% respectively, demonstrated a turn toward credit with longer terms and repayment plans, while Single Payment Credit payday products, with the exception of Pawn, languished.

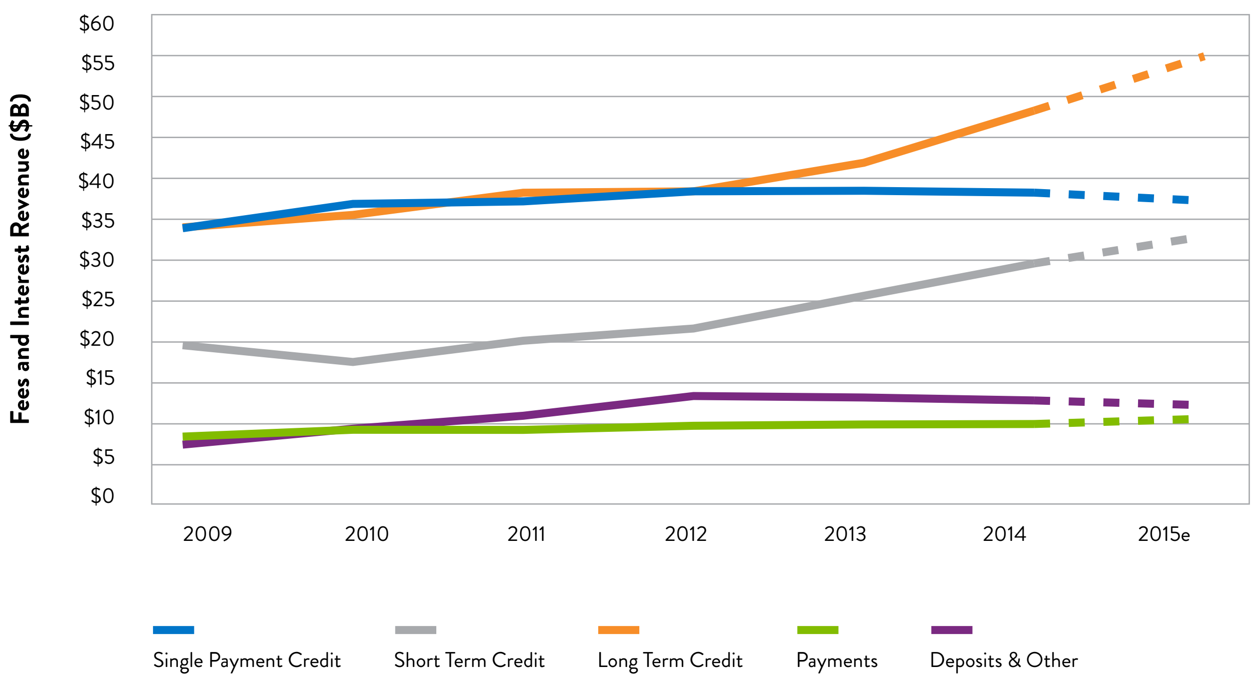
Shifting Growth in a Changing Consumer Lending Industry

The rapid rise of Short Term Credit, which grew 37% from 2012 to 2014, while Single Payment Credit grew only 0.1% over the same period, is starkly apparent. With anticipated regulatory changes likely to alter the feasibility of offering loans due in one lump sum,[13] many companies are investing more heavily in installment-based credit products, while new players are seeking to upend the economics of small-dollar loans through online channels and alternative underwriting. The strong marketing and new account approval rates of Subprime Credit Cards have also provided consumers with increased access to funds available on a short-term basis.

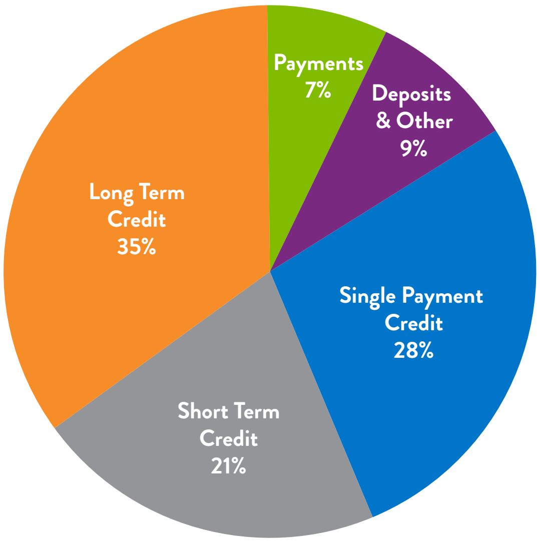
Together, these shifts in the consumer lending industry suggest that total revenue for Short Term Credit products, sized at $29 billion in 2014, will soon outpace that of Single Payment Credit products, sized at $38 billion for the same year. In fact, Short Term Credit products already generate nearly twice as much annual revenue as Single Payment Credit products if Overdraft, which makes up the lions share of Single Payment Credit revenue at $23 billion alone, is excluded from the comparison.

The continued provision of cheap credit for Subprime Auto Loans and strong consumer demand for Private Student Loans are primarily responsible for the steep growth of Long Term Credit, but the growth of these products form only part of the picture. Marketplace Lending—still a relative drop in the bucket at $0.6 billion in revenue—is the fastest growing product in this category, exhibiting 310% growth from 2013 to 2014. Looking forward, the fact that more than half of Marketplace borrowers report using their loan to consolidate credit card debt may mean that this product will sap future momentum from the Subprime Credit Card segment.[14]

Financially Underserved Market Revenue Growth by Product Category



2014 Financially Underserved Market Revenue by Product Category



Stalwart Popularity for Tried & True Products

While some products experience growth or contraction due to technological, macroeconomic, and regulatory pressures, others that rely on older business models remain perennially strong or are poised to make a comeback in 2015. Pawn, Check Cashing, and Walk-in Bill Pay each show slow but steady growth, drawing on their presence in nearly all communities to attract customers who prefer storefront interactions. (Pawn credit carries relatively low regulatory risk, having been largely left out of pending rule changes to small-dollar loans, and Check Cashing continues to thrive at big-box and storefront points of sale.)

The decline of Money Orders, while notable at 5.9% in 2014, is projected to slow to only 1.1% in 2015 as the decreasing number of transactions stabilizes and the average size of each money order continues to increase, indicating that this product will still remain relevant for many consumers for years to come.

Remittance, which saw 4.1% lower spending in 2014, is expected to rebound to 10.7% growth in 2015, driven in part by the continuing recovery of employment rates that means more earnings can be sent abroad. A moderate increase in fee levels, projected to rise 4% after falling 10% the previous year for funds outbound from the United States, is also a factor in the projected increase in consumer spending on Remittance.[15]

Market Opportunity to Support Financial Health Beyond the Underserved

There are clear signs that a large percentage of Americans are struggling with financial health.[16] Sizing the underserved market uncovers indications of additional opportunities to address the financial needs of these consumers who are financially unhealthy but not necessarily underserved. In this section, we explore two examples of products that show signs of unhealthy usage patterns among the underserved and beyond.

Half of Checking Account Fees Spent by the Financially Unhealthy

Underserved consumers represent $1.6 billion out of $6.1 billion spent by all account holders on Checking Account fees (not including Overdraft charges) in 2014. This estimate, based on Checking Account holders who are underbanked according to the FDIC,[17] indicates that just over one quarter of Checking Account revenue is generated by consumers who represent an opportunity to be better served.

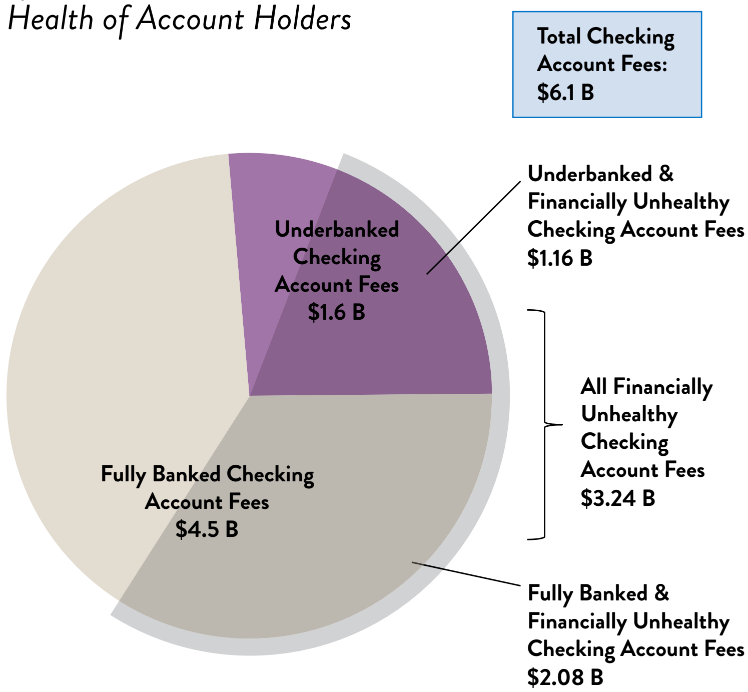
A far greater proportion of Checking Account holders, however—many of whom are underbanked, but many more of whom are not—were identified as financially unhealthy by CFSI's Consumer Financial Health Study.[18] In 2014, 53% of Checking Account fees totaling $3.24 billion were generated by Americans struggling with their financial health. Of these fees, $2.08 billion, or 64%, were spent by financially unhealthy account holders who were fully banked, suggesting that there is a far greater market opportunity to develop checking account product models and features that can better support consumer financial health.

Prime Auto Loan Delinquencies Indicate Additional Vulnerable Consumers

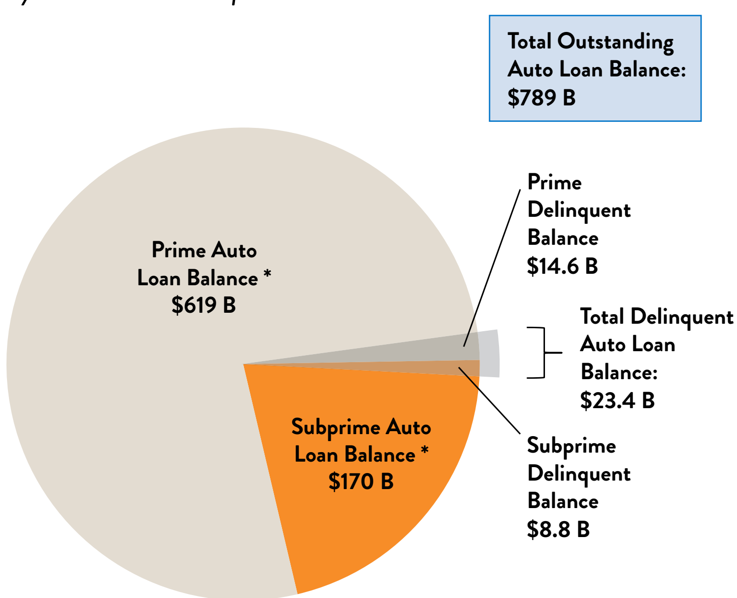
This report measures revenue for Subprime Auto Loans, on which consumers spent a total of $22.7 billion based on an outstanding balance of $170 billion in 2014.

Yet the auto loan market also shows indications of prime rate borrowers struggling to maintain their financial health: $14.6 billion in outstanding prime auto loans were either 30 days or 60 days delinquent during 2014, indicating a sizable market opportunity to address the day-to-day financial management and debt load planning of prime auto loan borrowers who have difficulty keeping up with payments.

2014 Checking Account Fee Revenue
by Underbanked Status and Financial Health of Account Holders



2014 Outstanding Auto Loan Balances
by Prime and Subprime Borrowers



** Prime Loans include all loans with VantageScore 601-850. Subprime Loans include all loans with VantageScore 300-600. Totals and delinquencies exclude Buy Here Pay Here Auto Loans.*

Endnotes

1 All figures in this report are the result of original research and analysis by CFSI and Core Innovation Capital when not otherwise sourced. Please refer to the appendix for a full description of methodology and sourcing.

2 Updated from previous annual Market Size report to reflect revised 2013 estimates. Center for Financial Services Innovation, "2013 Financially Underserved Market Size," 2014.

3 Consumer usage volume refers to dollars borrowed, transacted, saved, or managed through the use of a financial service, exclusive of fees and interest paid to access these products and services. Measurements of volume vary depending on product category. Single Payment Credit products, Auto Title, and Rent to Own are sized according to annual dollars borrowed to reflect the usage of products often extended multiple times during one year; the other Short Term Credit products and all Long Term Credit products are sized by average outstanding volume to reflect loans paid in installments or on a revolving basis and balances carried over a longer period; Payments products are sized by annual load or transaction volume; Deposits are sized by average annual balances held in accounts; and the volumes of other financial services, which often generate revenue and fees independent of volume, are sized according to the volume of funds addressed by the service.

4 FDIC, "2013 FDIC National Survey of Unbanked and Underbanked Households," October 2014.

5 Experian, "VantageScore® Credit Score Ranges," 2015; VantageScore, "Credit Scores: The gateway to credit and how the scoring landscape is changing," July 2014; United States Census Bureau, "State and County Quick Facts," 2014.

6 For this analysis, CFSI calculated LMI households based on those with incomes at or below 200% of the federal poverty level, as defined by the US Department of Health and Human Services, and household income data from the United States Census Bureau. United States Department of Health and Human Services, Office of the Secretary, "Annual Update of the HHS Poverty Guidelines," January 2015; United States Census Bureau, "Current Population Survey (CPS), Annual Social and Economic (ASEC) Supplement," 2014.

7 All revenue generated by consumer spending is sized in this report for products that constitute alternative financial services typically used by underserved consumers. For the eight product segments in this report that are used more widely across the consumer market, only the portion of revenue generated by underserved consumers or by subprime rate product offerings are sized. Savings and Checking accounts, Overdraft, Remittance, and Tax Preparation services, and prime rate Auto Lease, Auto Loan, and Credit Card products all generate revenue in this wider market, so spending on these products by consumers who have prime rates or are fully served is not included in this report.

8 CFSI, "Understanding and Improving Consumer Financial Health in America," 2015.

9 The World Bank, "Remittance Prices Worldwide," Issue No. 10, p. 7, June 2013.

10 Average unemployment rates fell from 7.4% in 2013 to 6.2% in 2014. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, retrieved October 2015.

11 Credit Union membership grew 3.1% in 2014, crossing the 100 million member threshold, while Credit Union savings balances grew 4.4% to $970 billion. CUNA Mutual Group, "Credit Union Trends Report," May 2015.

12 Alan Zibel and Annamaria Andriotis, "Lenders Step Up Financing to Subprime Borrowers," Wall Street Journal, February 18, 2015.

13 The Consumer Financial Protection Bureau is currently weighing proposed rules that would impact small-dollar lending regulations with respect to fees and loan structure. CFPB, "CFPB Considers Proposal to End Payday Debt Traps," March 2015.

14 Mecia, Tony, "Peer-to-Peer Loans Catch on for Credit Card Debt Consolidation," Fox Business, June 24, 2013. 75% of Lending Club and 50% of Prosper borrowers report using loan to consolidate other debt, primarily credit card balances.

15 The World Bank, "Remittance Prices Worldwide," Issue No. 14, Table 2, June 2015.

16 CFSI, "Understanding and Improving Consumer Financial Health in America," 2015.

17 FDIC, "2013 FDIC National Survey of Unbanked and Underbanked Households," October 2014.

18 CFSI, "Understanding and Improving Consumer Financial Health in America," 2015.

Appendix

Market Size Analysis Methodology and Data

Market sizing analysis is an exercise of best estimation for a quantity that is frequently unknowable or has a range of recognized figures. This analysis relies on sources that are credible, consistent with other estimates, and continuous, providing historic figures for reference. In many cases, figures are extrapolated from a selection of data sources to arrive at a final estimate for a given product segment. Sources and key figures are summarized in the Appendix below, and we transparently disclose our level of confidence—high, medium, or low—in the accuracy of each product segment, based on the Confidence Level Criteria at right. We encourage readers with access to further information to share sources or figures that can continuously improve our analysis.

Confidence Level Criteria

High

» Based on surveys or company-specific information
» Cited by industry leaders
» Source methodology disclosed

Medium

» Estimate derived from credible market data
» Source discloses methodology, but with significant assumptions

Low

» CFSI/Core estimate requiring significant extrapolations and assumptions
» No source methodology disclosed
» Relies on pre-2012 data

Appendix

Product Segment	Product Definition	Revenue			Volume			Confidence Level	Methodology/Sources
		Revenue Growth 2013-2014	Rev ($B) 2014	Rev ($B) 2015e	Volume Growth 2013-2014	Vol ($B) 2014	Vol ($B) 2015e		
Auto Lease, Subprime	Car lease provided to consumers with VantageScore credit scores less than 600.	-3.8%	0.3	0.4	-14.8%	1.1	1.2	Medium	CFSI/Core estimate from Experian automotive data by risk segment and annual lease amount, Nada and Edmunds data on interest rates, new vehicle sales, % leased (2009-2015).
Auto Loan, Subprime	Car loans provided to consumers with VantageScore credit scores less than 600, exclusive of Buy Here Pay Here auto loans.	34.8%	22.7	26.8	13.0%	170.3	192.1	High	CFSI/Core calculation from Experian automotive data by risk segment, interest rate and loan volume (2009-2015).
Buy Here Pay Here Auto Loan	Car loan with high interest rates and payments typically due at the place of sale, often utilized by consumers who lack viable credit scores.	-7.9%	15.2	16.8	-7.9%	63.1	70.0	High	CFSI/Core estimate from Experian automotive data (2009-2015) by risk segment, interest rate, and loan volume, and Leedom & Associates LLC (2013).
Check Cashing	A service to quickly convert checks to cash or electronically available funds.	4.2%	1.9	2.0	4.3%	76.3	79.4	Medium	CFSI/Core volume estimate based on small providers and franchises average fees. Revenue estimate from Marketdata Enterprises, Inc. report: "Check Cashing & Money Transfer Services: A Market Analysis" (2013).
Checking Account*	Basic Bank or Credit Union Checking Account, exclusive of Overdraft.	-4.2%	6.1	5.8	0.7%	299.1	301.5	Medium	CFSI/Core estimate based on CFPB (2012), Bankrate (2014) reports and FDIC National Survey of Underbanked Households.

Product Segment	Product Definition	Revenue			Volume			Confidence Level	Methodology/Sources
		Revenue Growth 2013-2014	Rev ($B) 2014	Rev ($B) 2015e	Volume Growth 2013-2014	Vol ($B) 2014	Vol ($B) 2015e		
Credit Card, Secured	Credit card that is backed by money deposited into the account and used as collateral for the credit available.	2.5%	1.1	1.0	0.0%	5.2	5.2	Low	CFSI/Core estimate based on Philadelphia Federal Reserve Board report, "Millennials with Money: A New Look at Who Uses GPR Prepaid Cards" (2014), combined with census data and product structure and fees from 10 providers of secured cards.
Credit Card, Subprime	Revolving line of credit provided to consumers with FICO credit scores below 660.	-3.8%	6.5	8.2	24.7%	21.2	26.4	Medium	CFSI/Core estimate based on data from Equifax (2014), ABA, CardHub reports, and typical product structure and fees of major subprime credit cards (2015).
Government Benefits Prepaid Card	Prepaid card used to access federal government benefits including TANF, SNAP, Unemployment, Social Security, Disability, etc. for all recipients who do not receive benefits by direct deposit.**	-9.7%	0.2	0.2	4.2%	148.0	146.3	High	CFSI/Core estimate based on Federal Reserve Board "Report to the Congress on Government-Administered, General-Use Prepaid Cards," (2011 -2015) and Mercator Advisory Group report, "10th Annual US Market Prepaid Cards Market Forecast" (2013).
GPR (General Purpose Reloadable) Prepaid Card**	An open-loop card that serves as an account for consumers to load, store, and spend funds electronically.	6.6%	2.7	3.0	17.0%	98.6	114.4	High	CFSI/Core calculation using Mercator Advisory Group report, "11th Annual US Market Prepaid Cards Market Forecast" (2014) and fee estimate based on NetSpend and Green Dot operating revenue / gross dollar volume (2009 - 2014).
Installment Loan	A short-term loan repaid over time through a set number of scheduled payments.	19.1%	10.9	12.2	11.0%	14.2	16.2	Medium	CFSI/Core estimate based on publicly traded industry leaders' annual report data (2009 -2015) and data from "Alternative Financial Services: Innovating to Meet Customer Needs in an Evolving Regulatory Framework" by John Hecht, Stephens Inc., 2014.
Marketplace Lending	Loans offered by online, nonbank institutions that match sources of capital with applicants for personal installment loans, typically using a combination of traditional and alternative data to determine risk and interest rates.	310.2%	0.6	1.5	319.4%	4.5	11.2	Medium	CFSI/Core estimate from Foundation Capital Report on Marketplace Lending (2013) and Morgan Stanley data on Lending Club (2015), as well as company-specific information disclosed by Lending Club, Prosper and SoFi.

Product Segment	Product Definition	Revenue			Volume			Confidence Level	Methodology/Sources
		Revenue Growth 2013-2014	Rev ($B) 2014	Rev ($B) 2015e	Volume Growth 2013-2014	Vol ($B) 2014	Vol ($B) 2015e		
Money Order	Service that converts cash to a paper check equivalent with stated amount of funds guaranteed by the issuing institution	-5.9%	0.8	0.8	-5.6%	70.5	71.7	High	CFSI/Core estimate from USPS/ Federal Reserve data (2009-2015). Volume estimate from FDIC National Survey of Underbanked Households (2009-2013). Fee estimate based on post office fee for average money order and typical private market fees, proportional to customer usage of each channel.
Overdraft* **	Extension for a checking account holder that enables spending beyond the available balance for a fee to be repaid from the same account.	-0.3%	23.4	22.6	0.8%	32.5	31.3	High	CFSI/Core estimate based on portion of overdraft revenues (Moebs 2011 -2013), and usage ("Data Point: Checking account overdraft," CFPB, 2014) attributable to underbanked consumers (FDIC National Survey of Underbanked Households, 2009-2013). Assumes underbanked equally likely to overdraft as average checking account customer.
Pawn	A short-term loan with amount set and secured based on the value of items provided by the borrower as collateral.	5.2%	4.9	4.9	10.1%	16.1	15.9	High	CFSI/Core estimate based on publicly traded industry leaders' annual report data, market share data from the National Pawn Brokers Association, and 2013 FDIC National Survey of Underbanked Households.
Payday, Online	Single-payment loan offered by nonbank lenders through online channels.	-2.4%	4.0	3.9	8.8%	17.3	18.8	High	CFSI/Core estimate based on publicly traded industry leaders' annual report data (2009-2015), data from "Alternative Financial Services: Innovating to Meet Customer Needs in an Evolving Regulatory Framework" by John Hecht, Stephens, 2014, and statements by John Hecht for Jefferies, Inc., 2015. Rollovers counted as discrete volume.
Payday, Storefront	Single-payment loan offered by nonbank lenders through brick and mortar storefronts.	-4.1%	4.7	4.7	-6.7%	28.0	27.4	High	CFSI/Core estimate based on publicly traded industry leaders' annual report data (2009-2015), data from "Alternative Financial Services: Innovating to Meet Customer Needs in an Evolving Regulatory Framework" by John Hecht, Stephens, 2014, and statements by John Hecht for Jefferies, Inc., 2015. Rollovers counted as discrete volume.

Product Segment	Product Definition	Revenue			Volume			Confidence Level	Methodology/Sources
		Revenue Growth 2013-2014	Rev ($B) 2014	Rev ($B) 2015e	Volume Growth 2013-2014	Vol ($B) 2014	Vol ($B) 2015e		
Payroll Card	An open-loop card that serves as an account for employers to deposit employee salaries, wages, or other compensation on a regular basis for employees to store and spend electronically.	-3.2%	0.9	0.9	6.2%	32.5	34.4	High	CFSI/Core calculation using Mercator Advisory Group report, "11th Annual US Market Prepaid Cards Market Forecast" (2014) and fee estimate based on NetSpend and Green Dot operating revenue / gross dollar volume (2009 - 2015).
RAC (Refund Anticipation Check)	Fee-based service that allows tax preparation fees to be paid from expected tax refund rather than at the time of preparation.	2.9%	0.9	0.9	-3.5%	3.6	3.7	High	National Consumer Law Center estimate based on tax return data; industry typical fees (2014).
Remittance****	Service that transfers funds from sender in U.S. to recipient abroad.	-4.1%	2.8	3.1	6.3%	48.2	51.2	High	World Bank estimate of remittance inflows, outflows and fee percent (2009 - 2014); FDIC estimate of nonbank remittance activity (2011-2013); CFPB estimate of nonbank remittance market share (2012).
Rent to Own	Service that allows for the purchase of furniture, appliances, and other big-bucket household items through payments due in regular installments over a period of time.	3.7%	5.3	5.6	4.7%	8.0	8.4	Medium	CFSI/Core estimate based on industry leaders, Rent-A-Center and Aaron's, market share and gross margin (2009 - 2015). Market share information from RTOHQ.com.
Retirement Plan Leakage Fees*****	Fees charged to release funds previously dedicated to a personal retirement plan as a loan to the account holder.	-2.8%	1.7	1.5	-8.1%	156.5	143.8	Medium	CFSI/Core estimate based on data from TIAA-CREF Survey on Americans taking loans from their retirement plan savings (2014); Department of Labor Statistics; and Pension Research Council white paper.
Savings Account*	Basic Bank Savings Account or equivalent Credit Union Share Account	-5.4%	0.7	0.7	8.2%	45.0	45.9	Low	CFSI/Core estimate based on 2013 FDIC National Survey of Under-banked Households, typical fees from sample of banks, and account balance survey data from Consumer Federation of America data (2010) as reported in New America Foundation study "Beyond Barriers" (2011).
Student Loan, Private	Private loans provided to individuals for the pursuit of higher education and related costs.	16.9%	9.2	9.1	17.7%	91.8	91.0	High	CFSI/Core estimate based on CFPB white paper on Private Student Loans (2012), data from the New York Federal Reserve Board (2014), and Private Student Loan data from Measure One (2013 - 2015).

Product Segment	Product Definition	Revenue			Volume			Confidence Level	Methodology/Sources
		Revenue Growth 2013-2014	Rev ($B) 2014	Rev ($B) 2015e	Volume Growth 2013-2014	Vol ($B) 2014	Vol ($B) 2015e		
Tax Preparation ******	Service that prepares and files personal income taxes for a fee, exclusive of Refund Anticipation Check fees (RAC).	2.3%	3.8	3.9	6.2%	65.4	66.7	Medium	CFSI/Core estimate based on IRS data on EITC eligibility and claims filed (2009 - 2014), combined with New Haven EITC leakage study (2008), Arlington EITC study (2010) and industry estimates of volume and typical fees (2010, 2011). Estimates exclusive of RAL and RAC volume and revenue (2008, 2009 - 2015).
Title Loan	An installment loan secured with a vehicle in which the auto title is provided to the lender as collateral.	11.9%	5.6	5.6	11.9%	2.4	2.4	Medium	CFSI/Core estimate from Center for Responsible Lending report on Car-Title Lending. Extrapolated using number of auto title loans for the 18 states where title lending is legal. Rollovers counted as discrete volume (2013, 2014).
Walk-in Bill Pay	Storefront service that converts consumer cash payments to funds sent to billers.	1.7%	0.9	0.9	3.8%	47.0	48.9	Medium	CFSI/Core calculation based on 2009 and 2012 Mercator studies of third party bill pay volume and public industry leaders, Federal Reserve Board Payments data, MoneyGram and Western Union revenue and fee information (2009- 2015), and company specific fee data.
Total Market		**7.6%**	**137.7**	**147.1**	**3.7%**	**1,566.2**	**1,625.5**		

** This report sizes only the portion of revenue generated by consumers defined by the "2013 FDIC National Survey of Unbanked and Underbanked Households" as un- or underbanked.*

*** All federal government benefits not accessed through direct deposit are legally required to be provided by prepaid cards as of March 2013.*

**** This report only sizes overdraft activity and spending by account holders who exhibit high frequency of usage—more than 10 times in one year—indicating that their need for short-term credit is chronically underserved.*

***** This report only measures remittance outflow from the United States to international destinations sent by consumers through nonbank channels.*

****** Interest payments made on funds borrowed from retirement account are paid back to the account itself and result in no net loss to the consumer. This report measures only the additional fees paid by the consumer to access this loan option.*

******* This report sizes only the portion of revenue generated by consumers eligible for the Earned Income Tax Credit (EITC).*

Differences between the 2014 and 2013 Market Sizing Reports

Several financial products have been newly incorporated, removed, or redefined in the 2014 Underserved Market Size Report to reflect the evolving array of products and product usage behavior that impact the underserved marketplace. To ensure that changes in methodology and product inclusion or exclusion do not influence the measurement of growth rates, these changes are retroactively applied to the sizing of products for the complete data set from 2009 to present. All year-over-year growth rates reflect revised figures for past years to ensure that annual changes are directly comparable.

For reference, the chart below displays the market size identified at the time of publication for the previous reports in this annual series and the size of the market for the same year as currently sized.

Report Year Covered	2010	2011	2012	2013	2014	2015 Estimate
Previously Published Market Revenue ($B)	$45.2	$77.6	$88.7	$102.6	Current Report	Current Report
Updated Market Revenue ($B) *Per current product inclusions, exclusions, and methodologies*	$107.3	$114.4	$119.6	$127.9	$137.7	$147.1

Note: Previously published figures reflect the smaller collection of products, differences in the scope of consumers defined as underserved, and previous information available to inform methodologies and calculations. For more information on past methodologies, please consult the previous Underserved Market Sizing Study reports in this series.

» **Checking Account** sizing has been updated, retroactively and for present and future year estimates, to reflect a change in methodology that takes into account data for all checking accounts held by individual adult Americans rather than an estimate of checking account volume and revenue based only on data at the household level.

» **Deposit Advance** is no longer included this year, as this service had been effectively discontinued by 2014, rendering revenue from this product negligible in the market. Revenue generated by this product in previous years was retained to reflect historical consumer spending on this financial product for years in which it available.

» **Marketplace Lending** was added in 2014 based on its fast growth in the consumer loan industry, which has reached a scale on par with other products that significantly impact the Underserved market. The growing revenue generated by this product in previous years was retroactively added to reflect an updated comparison of market growth over time.

» **Overdraft**, which was previously sized by basing the underserved proportion of market revenue and volume on the underbanked status of users, is now sized, retroactively and for present and future year estimates, by basing the underserved proportion of market revenue and volume on Overdraft users frequency. By measuring the market activity generated by those who Overdraft more than 10 times a year, this updated methodology more closely aligns Overdraft market size with the best available indicator of individuals poorly served by this product.

Note that this change in Overdraft methodology substantially increases both the size of annual Overdraft revenue in the underserved market, and the size of Single Payment Credit category revenue as a whole. The larger size of Single Payment Credit relative to Short Term Credit that results from this change in methodology means that previous estimates of Short Term Credit revenue surpassing Single Payment Credit revenue were premature although the current trajectories of these two product categories still indicate that this event likely will occur within a few years if current market trends persist.

» **Remittance**, which had previously been sized in its entirety, is now sized, retroactively and for present and future year estimates, only for those consumers who use nonbank remittance services. This updated methodology more closely measures usage by underserved consumers, recognizing that sending funds abroad does not in itself meet the criteria of financially underserved individuals.

» **Subprime, Private Student Loan** sizing has been updated to include all Private Student Loans, retroactively and for present and future year estimates, due to high interest rates averaging 12% that constitute a subprime experience for all borrowers, regardless of their credit score. Previously, this report sized only revenue generated by Private Student Loans for borrowers with subprime FICO scores below 650.

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Center for Financial Services Innovation
20 N. Clark, Suite 1950
Chicago, IL 60602
312.881.5856

For more on CFSI, visit our website and join the conversation online:
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