

UTILITY PAYMENT KIOSKS BANKING INCLUSIVITY THROUGH DIVERSITY AND CHOICE IN PAYMENT

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How to make your banking more inclusive

Diversity and Choice
in Payment

Growing Pains of Stores with
Unattended Payment in the U.S.

How Fully-Optimized Bill Pay
Kiosks Can Improve Inclusion

Having It All: Inclusion
and Efficiency Arise
from Customer Choice



DIVERSITY AND CHOICE IN PAYMENT

When people consider diversity and choice in payment, most think of card payment and mobile payment options. However, for the unbanked population, the narrative works in the opposite way. For the 1.7 billion unbanked population¹ around the globe, cash is the only alternative to handle transactions over electronic payment.

Some U.S. states are banning cashless stores, hence enacting legislation to protect the unbanked population. “It’s important to recognize the fact that not everyone has access to banks or lines of credit,” said Nellie Pou, State Senator of New Jersey².

With Fintech quickly developing the global financial landscape, many countries struggle with financial inclusivity during rapid growth. This is especially true in developing countries and emerging markets, where most of the population are unbanked or underbanked. The unbanked represents those who don’t make use of any banking services³. The underbanked represent those who may not make use of the full slate of banking services, but they do take advantage of some of them. Even in developed countries, a large portion of the population remain unbanked or underbanked for various reasons and become at risk of financial exclusion.

¹ FINCA, <https://finca.org/blogs/2017-global-findex-a-fresh-look/>

² The New York Times, <https://www.nytimes.com/2019/02/20/business/cashless-payments.html>

³ Microbilt, <https://www.microbilt.com/news/article/unbanked-vs-underbanked-who-they-are-and-how-they-differ>

GROWING PAINS OF STORES WITH UNATTENDED PAYMENT IN THE U.S.

In the United States, underbanked households are generally from lower-income families. Around 24% of households with an annual income lower than \$15,000 were unbanked. Underbanked households were also found to have less education compared to the families considered fully banked⁴.

On the other hand, more and more people take advantage of the efficiencies that mobile pay or card payment platforms offer. As payment vehicles evolve, reducing this discrepancy has been recognized as a growing pain. The state governments across the U.S. are considering various ways to improve financial inclusion and promote greater flexibility of payments for everyone.

For instance, the Mayor of Philadelphia, Jim Kenney, has signed a law that imposes bans on restaurants and brick-and-mortar stores that do not accept cash payments. Philadelphia has become the first major city in the country to ban cash-free stores, effective October 1st, 2019.

Note that this practice will increase the efficiency and convenience of nearly 13% of Philadelphia's population, approximately 200,000 people, who are unbanked, according to federal banking data⁵.



Amazon, the biggest online retail giant in the world, introduced its Amazon Go stores across the U.S. in 2018 and have been operating 17 stores in Chicago, New York City, San Francisco, and Seattle as of September 2019. Amazon Go promises to deliver the world's most advanced shopping technology experience, with no lines or checkouts⁶. Accepting only credit or debit card payments in Amazon Go stores is part of Amazon's promise for an easy and quick payment process. However, futuristic cashless stores must confront the backlash for discriminating people who are unbanked. In Chicago, where more than 10 Amazon Go Stores are located, 6.9% of the population is unbanked⁷. Without access to bank accounts, Chicago's unbanked population will be unable to complete transactions at Amazon Go stores.

⁴ Investopedia, <https://www.investopedia.com/terms/u/underbanked.asp>

⁵ NPR, <https://www.npr.org/2019/03/08/701076862/protecting-the-unbanked-by-banning-cashless-businesses-in-philadelphia>

⁶ Amazon, <https://www.amazon.com/b?ie=UTF8&node=16008589011>

⁷ Woodstock Institute, <https://woodstockinst.org/news/press-release/number-illinois-households-bank-account-increases-barely/>

Responding to pressures from the public and local governments, Amazon is beginning to accept cash payments at specific locations. Amazon's latest Amazon Go store in New York accepts cash. "We're learning. We're going to see how it works, iterate on it based on customer feedback, and then eventually roll it out to all our stores" stated Cameron Janes, Amazon's Vice President of physical stores⁸.

Inclusivity should not be sacrificed to accelerate the customer retail experience without digital technology.

In addition to the retail experience, unbanked and underbanked populations interact frequently with automated payments when paying repeated bills.

HOW FULLY-OPTIMIZED BILL PAY KIOSKS CAN IMPROVE INCLUSION

Unbanked and underbanked populations frequently pay their monthly bills using cash. Cash was reported as the primary vehicle for paying monthly bills by 11% of underbanked families (families who prefer cash transactions over checking/saving accounts or credit cards) compared to the 3% rate of fully banked families⁹.

Simply deploying cash solutions on unattended kiosks can provide excellent service to both banked and unbanked populations. From the retailers or kiosk operators' point of view, cash-adapted solutions can increase profits and capture the following customers:

- Unbanked populations and low-income families, minorities, or immigrants with no access to checking/saving accounts
- Privacy-conscious consumers who are afraid of credit card information infringement (Data Breaches)
- Those who are more familiar and comfortable with cash payments
- Those who prefer cash to manage within a budget, instead of spending ahead on credit.

⁸ Business Insider, <https://www.businessinsider.com/amazon-go-proves-cashless-dream-dead-2019-5>

⁹ Investopedia, <https://www.investopedia.com/terms/u/underbanked.asp>

Equipping utility payment kiosks with both cashless and cash-enabled solutions includes all types of customers, banked, underbanked, or unbanked. Utility bill payment kiosks with fully enabled payment options creates inclusion for all customers to pay their monthly bills anytime, accessible through kiosks that are deployed in their communities, in shopping malls, train stations, or convenience stores.

Victor Marin, CPI's partner from Danemar Trading in Romania, [shared his views](#) about the potential of [bill payment kiosks](#) and the key elements to consider when installing them. "Many customers still want to pay bills in cash. This is more cost effective for the banks to maintain a full-time payment processor," stated Victor. Processing between 80 to 100 transactions per day, the average value processed with bill payment kiosk is about 40 euros.

80-100 Transactions Processed per day **€40** Average value processed

HAVING IT ALL INCLUSION AND EFFICIENCY ARISE FROM CUSTOMER CHOICE

On a global scale, cash is an even more vital element of financial inclusion, according to NCR Financial research¹⁰. This is relevant to the growth of cash as well. Based on Retail Banking Research¹¹ study, cash withdrawals keep increasing globally. Navroze Dastur, the Managing Director at NCR India & South Asia provides his thoughts behind this phenomenon. Dastur states, "At a time when an increasing number of processes and assets are being digitized, cash retains a particular advantage and plays a vital role in bringing the unbanked & underbanked into the banking system, it's worth and authenticity are inextricably linked to its physicality."

This view is further supported¹² by ATMIA Industry Association (ATMIA), which strengthens the position of cash payment as the common denominator for transactions, regardless of age, ethnicity, gender, or banking situation.

¹⁰ Cash Matters, <https://www.cashmatters.org/blog/cash-vital-financial-inclusion-finds-ncr-financial-whitepaper/>

¹¹ ATM Marketplace, <https://www.atmmarketplace.com/news/atm-withdrawals-rising-worldwide-study-finds/>

¹² ATMIA, <https://cashessentials.org/app/uploads/2018/07/cash-and-financial-inclusion-31-mar-2017.pdf>

INCREASE PROFITS & CAPTURE ADDITIONAL CUSTOMERS

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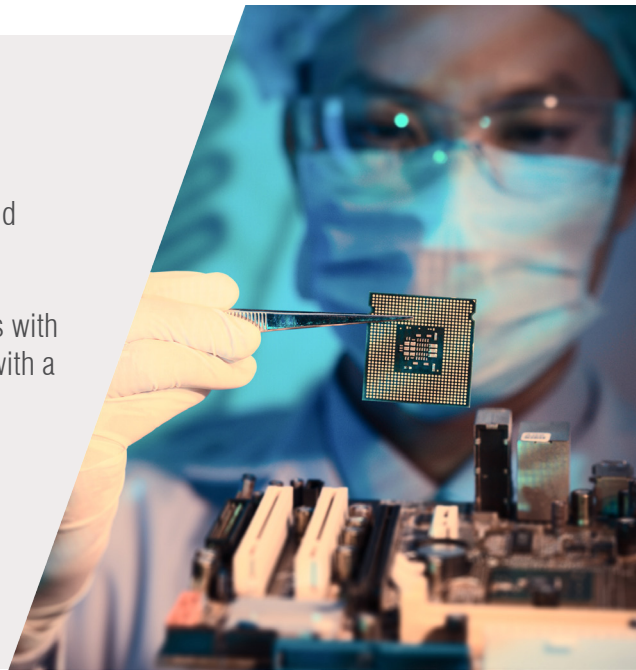
- ✓ Unbanked populations and low-income families, minorities, or immigrants with no access to checking/saving accounts
- ✓ Privacy-conscious consumers who are afraid of credit card information infringement (data breaches)
- ✓ Those who are more familiar and comfortable with cash payments
- ✓ Those who prefer cash to manage within a budget, instead of spending ahead on credit

Increasing access for a greater number of customers is directly connected with increased efficiency and profits to businesses. Solutions like utility payment kiosks with full payment options available can protect those who are vulnerable to financial exclusivity in today's changing society.

Accommodating to changing customer preferences and technology trends is important. However, a more important issue is to ensure that no one is denied of their access to purchase.

WHY CPI?

CPI offers the most extensive range of premium bill and coin validators and recyclers, coin hoppers and dispensers, and software applications. All of our products and technologies offer the highest level of security and fast acceptance rates, with low maintenance and labor costs. Today, CPI works with global financial services partners to ensure that the industry is equipped with a high variety of applications to upgrade their customers' experiences.



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