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UNDERBANKED CONSUMERS WANT RELEVANT CONNECTIONS WITH BANKS

Study Co-Sponsored by KeyBank and CFSI Reveals Banking Preferences of the Underbanked

Chicago, June 11, 2007 – Underbanked consumers want traditional financial services relationships according to a paper released today by The Center for Financial Services Innovation (CFSI). “The Power of Experience in Understanding the Underbanked Market” offers new insights into underbanked consumer preferences and decision-making that can help banks and other financial institutions offer the products and services needed to deliver on the underbanked market’s potential.

“Key is committed to better understanding the business opportunities that exist with underbanked consumers to determine how we can provide a broader array of services to this market. This study gives us practical information that will help all of us in the financial industry serve underbanked consumers better and develop lasting relationships with them,” said Bruce Murphy, president of Community Development Banking at KeyBank.

A major finding is that underbanked consumers make financial decisions differently than mass market customers, strongly emphasizing intangibles such as respect, trust, safety, security, and a sense of belonging. Yet they can also be segmented along more traditional lines, such price and convenience. Among the study’s other findings:

- These consumers cash an average of 20 checks a year, with an average check size of \$452.
- A majority are very open to having a relationship with a bank or credit union.
- More than 60 percent of those surveyed have a checking account and 45 percent have a savings account. Of those who do not have such accounts, 30 percent said they would like to open a checking account in the next year, and 39 percent would like to open a savings account.
- Although fewer currently have other financial products, many hope to have a retirement account (51 percent), CDs (50 percent), college account (50 percent), or loan (36 percent) within five years.

“To attract underbanked consumers and win their trust, banks need to understand who these consumers are and how they make decisions, and then deliver experiences that are relevant and desirable,” said Jennifer Tescher, CFSI’s director.

The paper is being released at the second annual Underbanked Financial Services Forum June 10–12 in Dallas, co-produced by CFSI and SourceMedia. Its results will be discussed in the “Know Your New Customer: Success Stories on Segmenting and Marketing to Underbanked Prospects,” session on Monday, led by KeyBank’s SVP Thomas Hawn. The study, underwritten by KeyBank and CFSI and conducted by Market Innovations, Inc., surveyed 760 underbanked consumers across the United States, using qualitative and quantitative techniques as well as ethnographic research.



KeyBank currently offers low-cost check cashing and free money orders through its KeyBank Plus program— services traditionally disregarded by banks but preferred by much of the underbanked market. This innovative approach is quickly expanding to include additional markets and services.

The paper is available on CFSI's website, at http://www.cfsinnovation.com/research-paper-detail.php?article_id=330182. Hard copies may be requested by contacting CFSI's Communications Coordinator, Jessika Osorio, at 312-881-5864 or josorio@cfsinnovation.com.

About CFSI:

The Center for Financial Services Innovation, a non-profit affiliate of ShoreBank Corporation, facilitates financial services industry efforts to serve underbanked consumers across the economic, geographic and cultural spectrum. It provides funding and resources, enables partnerships, and identifies, develops and distributes authoritative information on how to respond to the needs of the underbanked profitably and responsibly. CFSI works with banks, credit unions, technology vendors, alternative service providers, consumer advocates and policy makers to forge pioneering relationships, products and strategies that will transform industry practice and the lives of underbanked consumers. For more on CFSI, go to www.cfsinnovation.com.

About KeyCorp

Cleveland-based KeyCorp (NYSE: KEY) is one of the nation's largest bank- based financial services companies, with assets of approximately \$93 billion. Key companies provide investment management, retail and commercial banking, consumer finance, and investment banking products and services to individuals and companies throughout the United States and, for certain businesses, internationally. For more information, visit <https://www.key.com/>.

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Company Contact:

Jessika Osorio
Communications Coordinator, CFSI
T: 312-881-5864
josorio@cfsinnovation.com
www.cfsinnovation.com

Public Relations Contact:

Alice Brown
A. A. Brown Public Relations
T: 818-762-9232
alice@aabrownpr.com
www.aabrownpr.com