

## **www.nocreditcard.co.uk**

### **Wal-Mart: Debit cards for the 'Unbanked'**

By MARCUS KABEL | Associated Press

June 20, 2007

*Retailer expands financial services with prepaid plastic*

Wal-Mart, furthering a lucrative push to offer financial services to its customers, will sell prepaid Visa debit cards that don't require a credit check or bank account, this would allow millions of low-income shoppers who don't have bank accounts to keep up with an increasingly cashless society.

Wal-Mart is following other retailers who hope to tap into a large pool of consumers who deal mostly in cash, but want the convenience of plastic. As the world's largest retailer, Wal-Mart would be able to reach an enormous number of those consumers.

Three months after dropping a bid for a bank license, the world's largest retailer said Wednesday that it will add hundreds of in-store centers to bundle the financial services it already offers, such as payroll check cashing and money transfers.

The number of so-called MoneyCenters will rise from about 225 now to • 1,000 by the end of 2008 and should continue growing. Wal-Mart Stores Inc. has more than 3,300 discount stores and supercenters in the United States.

The new centers and the debit card will help raise the profile and sales of Wal-Mart's five-year-old financial service business, which is currently growing between 30 percent and 40 percent a year in sales, but which still has fairly low recognition among consumers, company officials said.

"It'll help spread the word that we're in the (financial) business," said Jane Thompson, president of Wal-Mart financial services.

In March, Wal-Mart withdrew a bank-license application that had been strongly opposed by banks, unions and other critics, who argued before federal regulators that a Wal-Mart bank would have too much economic power.

Wal-Mart said at the time that it would focus instead on expanding a slate of individual financial services for people who live outside mainstream banking.

The Federal Deposit Insurance Corp. estimates that 40 million American households are "unbanked" or "underbanked," meaning they do not have accounts at financial institutions and often pay excessive fees for basic financial services.

Wal-Mart does not disclose the earnings or revenues of its financial services arm, but Thompson said it produces a larger margin of profit compared with retail sales in stores. "All of the (financial) products are good margin. They are healthier than retail margins," she said.

Besides the new debit card, Wal-Mart offers payroll check cashing, bill payment, money orders, money transfers and Wal-Mart branded credit cards.

Personal finance expert Conrad Ciccotello from Georgia State University said prepaid debit cards can be a boon to low-income consumers who might otherwise be stuck dealing in cash, unable to make such basic transactions as paying for gas at the pump or paying bills online.

"It generally strikes me as positive. In today's society that is more and more cashless, somebody who doesn't have access to cashless transaction vehicles is at a disadvantage," said Ciccotello, who is director of the personal financial planning program at Georgia State's business college.

The Wal-Mart MoneyCard costs • \$8.95 to buy and \$4.95 for monthly maintenance. Cash can be loaded on the card for free by cashing a payroll or government check at Wal-Mart or direct depositing. Otherwise, it costs \$4.64 to reload the card.

The card carries the Visa name and can be used anywhere that accepts Visa debit cards, not just at Wal-Mart.