

Payroll Cards and the "Unbanked"

The Importance of Accepting Credit Cards

What are Payroll Cards?

A payroll card is a card that allows you to access the money from your paycheck using a card that looks like a bank debit card. The money is held in an account, and you withdraw it or spend it by using the card. A payroll card can be more convenient than using a check casher, because you can make ATM withdrawals and use the card to make purchases.

What is "Unbanked"?

Unbanked is commonly used as an "umbrella" term to describe diverse groups of individuals who remain outside the banking mainstream. The term unbanked means that a person does not have a checking or savings account.

35% of the U.S. population, or 12 million households, are "unbanked" (maintains no checking or savings accounts with mainstream banks), and utilizes "alternative financial services" such as: check cashing outlets, payday loan outlets, money transfer services, and pawnshops. *Source: Marketdata Enterprises, Inc., an independent market research company.*

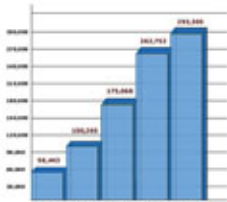
How are Payroll Cards and the Unbanked population related?

Celent Communications, a consulting and research firm that focuses on technology in the financial services industry estimated that 10% of unbanked households were using payroll debit cards at the end of 2002. This figure was almost zero in 1998. Projections are that 25% of unbanked households will be using payroll debit cards by 2009 which represents over 14 million paycards and over 27 billion in spending. *Source: Celent Communications*

What Does This All Mean to the Rental Housing Industry?

Renters that don't have access to bank accounts have to take extra time and spend extra money to obtain a money order to make their monthly rent payment. By accepting credit cards, property management companies and apartment communities bridge the gap for renters who use payroll cards rather than traditional bank accounts.

Property managers and apartment communities that accept credit cards can attract more renters by marketing their credit card acceptance services. Accepting credit cards is a competitive advantage that can make or break a potential renters decision to sign a lease.



Graph on how credit card usage has increased from 2000-2008 for RentPayment the leading electronic rent payment provider for multifamily housing industry.

Source: RentPayment