

# Growing Profitable Accounts with Underserved Consumers

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A DSI White Paper for Banks and Credit Unions

## Executive Summary

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Banks and credit unions have the opportunity to grow profitable accounts by serving the nearly 30% of American households that are invisible to traditional financial institutions. These households include so-called unbanked and underbanked consumers. Unbanked consumers have neither a checking account nor a savings account. They make up about 8% of American households. Underbanked consumers have one of these types of accounts, but they rely primarily on alternative financial products like pre-paid cards for managing their finances. They make up a little over 20% of American households.

What prevents banks and credit unions from serving this sizeable market?

In a recent survey conducted by the FDIC, banks cited customer identity verification as the leading regulatory hurdle for serving unbanked and underbanked consumers. Because these consumers have little or no banking or credit history, account-screening services have difficulty verifying their identities, let alone assessing their financial stability and risk.

Another obstacle to serving these consumers is limited mobile access. More so than many other Americans, unbanked and underbanked consumers rely on smartphones and tablets for their Internet access. When mobile banking services fail to include features for account opening, they make it more difficult for these consumers to open accounts.

DSi offers solutions for both these problems. DSi Accelerated Insight<sup>SM</sup> is a real-time account-screening service that matches up to 93% of all consumers—far above the 70-75% match rates delivered by traditional screening services. In addition, Accelerated Insight offers real-time product guidance, directing applicants to appropriate products.

DSi Mobile Intercept<sup>SM</sup> is a real-time identity document (ID) authentication service that scans ID imagery, authenticates IDs, and uses extracted card data to auto-populate form fields, streamlining the account opening process.

By incorporating these services into the best practices recommended by the FDIC, financial organizations can grow business in a market segment that makes up this large and growing market.

## An Opportunity for Growing Accounts with Credit-Invisible Households

For many retail banks and credit unions, these are difficult times. Revenue is flat or rising only modestly. Fee income has eroded since the passage of Dodd-Frank. Interest rates are low, and lending remains sluggish. Branch traffic is dwindling.

Banks and credit unions might ask how they can grow business in such a difficult environment. For many institutions, the answer will turn out to be by serving the 30% of American households that are invisible to traditional account-screening and credit services. These financially underserved consumers, also known as the unbanked and underbanked, comprise a growing share of the U.S. economy.

As defined by the FDIC, an unbanked household has neither a checking nor a savings account. As of 2013, about 8% of American households were unbanked.<sup>1</sup>

Underbanked households, according to the FDIC, do have one of these types of accounts, but they rely primarily on non-traditional financial products for managing finances. These non-traditional services—sometimes called Alternative Financial Services (AFS)—include non-bank money orders, non-bank check-cashing services, non-bank remittances, payday loans, rent-to-own services, pawn shops,<sup>2</sup> or refund anticipation loans (RALs).<sup>3</sup> As of 2013, about 20% of American households were underbanked.<sup>4</sup>

Together, unbanked and underbanked households spent about \$138 billion in fees and interest to access financial products in 2014. The financial services market for these households has been steadily growing at an average of 6% per year since 2010. It makes sense for banks and credit unions to pay attention to this large and growing market.<sup>5</sup>

Banks and credit unions might wonder, though, if AFS customers could ever become customers of more traditional financial products. In fact, the two customer communities have long overlapped.

**ANNUALIZED BANK INCOME**  
from non-interest bearing  
sources as a percent of  
average earning assets:



**Figure 1:** Since the recession, non-interest income (NII) for banks has been trending downward, often averaging under 1% per quarter. The chart above shows NII for three recent years.

1 2013 National Survey of Unbanked and Underbanked Households, <http://www.fdic.gov/householdsurvey/2013report.pdf>. Note: The FDIC worked on a newer survey in 2015 but has not published that survey's results.

2 Seven percent of Americans have used a pawn shop at least once, according to recent research from Vanderbilt University, but that percentage jumps to 20% for the unbanked and underbanked (see [http://blogs.hbr.org/cs/2012/10/interpreting\\_the\\_fdic\\_survey\\_of\\_unbanked\\_and\\_underbanked\\_households.html](http://blogs.hbr.org/cs/2012/10/interpreting_the_fdic_survey_of_unbanked_and_underbanked_households.html)). Pawn shop business has been growing 3-4% annually for the past couple of decades. For more information: <http://news.vanderbilt.edu/2012/10/pawnshops>

3 2013 National Survey of Unbanked and Underbanked Households, <http://www.fdic.gov/householdsurvey/2013report.pdf>

4 Ibid.

5 2014 Underserved Market Size: Financial Health Opportunity in Dollars and Cents, December 2015, Center for Financial Services Innovation. The market is expected to have grown to \$147 billion in 2015.

In its 2013 survey, the FDIC found that nearly half of unbanked households had previously had a DDA account. Many had also previously had mortgages, auto loans, and other products issued by traditional banks.

Why are these households relying on AFS vendors today instead of banks and credit unions? In many cases, job losses, foreclosures, and hard times led to closed accounts and charge-offs. Roughly a third of recently unbanked households exited the banking system because of a significant income loss or a job loss, according to the FDIC.<sup>6</sup>

Another factor is consumers' fear of high or unpredictable overdraft fees. Over 30% of unbanked households cited concern about bank fees as a reason why they did not currently have bank accounts. Among previously banked customers, 17.7% cited fees as their main reason they were avoiding banks today.<sup>7</sup> To mitigate these concerns, the Consumer Financial Protection Bureau (CFPB) recently urged large banks (and by implication other banks as well) to offer lower-risk DDA accounts that do not incur any overdraft fees at all.<sup>8</sup> (These accounts will be discussed later in this paper.)

Given new opportunities to apply for accounts and new types of lower-risk products, many unbanked and underbanked consumers could become loyal customers of banks and credit unions. About half of surveyed unbanked consumers told the FDIC they expect to have bank accounts in the future.

Banks and credit unions would not be the only beneficiaries of this new wave of account opening. Consumers would benefit as well, as they switch to traditional banking from more expensive AFS products. To cover potential losses, many AFS organizations charge high interest rates and fees. Interest rates for payday loans average 390%.<sup>9</sup> Payments for expensive loans lead to overdraft charges for 27% of borrowers.<sup>10</sup> Many unbanked and underbanked consumers would be able to manage their finances more economically if they switched to more affordable financial products—especially the lower-risk products proposed by the CFPB.

What prevents banks and credit unions from serving these households? There are two principal challenges:

- ▶ account screening
- ▶ mobile account opening

Let's examine each of these in turn.

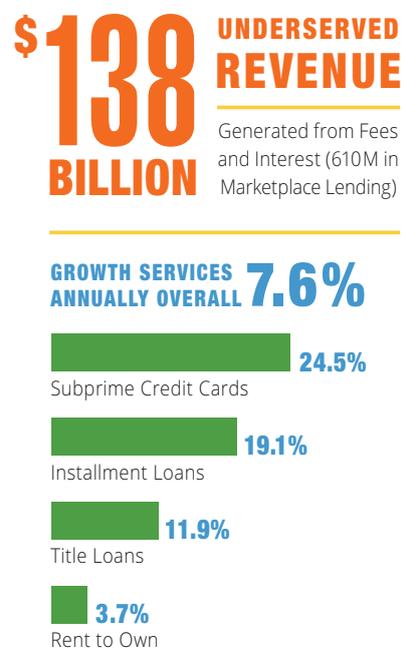
6 2013 National Survey of Unbanked and Underbanked Households, <http://www.fdic.gov/householdsurvey/2013report.pdf>

7 Ibid.

8 Press Release: "CFPB Takes Steps to Improve Checking Account Access," February 3, 2016, <http://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-steps-to-improve-checking-account-access/>

9 "Payday Loan Facts and the CFPB's Impact," The Pew Charitable Trusts, January 14, 2016, <http://www.pewtrusts.org/en/research-and-analysis/fact-sheets/2016/01/payday-loan-facts-and-the-cfpbs-impact>

10 "Out of the Shadows? How Banks and Regulators Can Better Serve the Underbanked," Richard Buczynski and Robert Kennedy, *The RMA Journal*, June 2013, <http://www.ibisworld.com/media/wp-content/uploads/2013/05/Buczynski-Kennedy-RMA-Journal-May-2013.pdf>



**Figure 2:** *The Unbanked/Underbanked market generated \$138 billion in fees in 2014 on a volume of nearly \$1.6 trillion in financial activity, according to the Center for Financial Services Innovation.*

## The Challenge with Account Screening

In its 2011 survey of institutions serving these markets, the FDIC found that roughly a third of banks considered regulatory requirements a major obstacle to serving unbanked and underbanked customers. Forty percent of institutions named identity verification as their leading regulatory obstacle. Other major obstacles included fair lending/compliance risks (cited by 35% of institutions), and Bank Secrecy Act (BSA)/anti-money laundering requirements (cited by 34%).

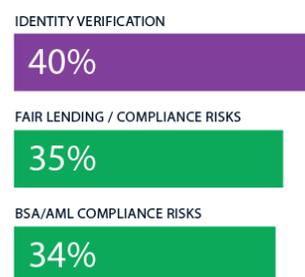
As these numbers show, the work of identifying unbanked applicants and collecting Customer Information Program (CIP)-compliant data on them poses significant operational challenges. Especially in the southern U.S., a large portion of these applicants are recent immigrants. Many move frequently, following seasonal work. Most lack account and address histories that would aid verification. Finding data to verify their identities can be difficult.

This difficulty highlights an often overlooked problem with identity-verification and account-screening services generally. Even for applicants with recent banking histories, the identity-verification and account-screening services that most banks and credit unions depend on find matches only 70-75% of the time. In many institutions, roughly a quarter of DDA account applicants are routinely denied accounts simply because the institutions lack sufficient data to verify the applicants' identities.<sup>11</sup> The match rates for the unbanked and underbanked are typically even lower than this already unacceptably low average. No wonder that so many institutions cited identity verification as a major obstacle.

To seize this sizeable business opportunity represented by the unbanked and underbanked, financial institutions will need to rethink their approach to identity verification, account screening, and compliance with Know Your Customer (KYC) laws and regulations. Of course, any account-screening for the unbanked and underbanked must also support compliance with the Federal Trade Commission (FTC) Red Flags Rule<sup>12</sup> and U.S. Treasury Department's Office of Foreign Assets Control (OFAC) Specially Designated Nationals (SDN) List<sup>13</sup>.

Financial institutions need to be able to screen these applicants and to do so with confidence. Establishing identity is a critical first step to being able to offer a full suite of products to this often overlooked market segment.

### OBSTACLES to SERVING UNBANKED and UNDERBANKED HOUSEHOLDS:



**Figure 3:** Banks report that identity verification remains a major obstacle to serving the unbanked and underbanked.

Even for applicants with recent banking histories, the ID verification and account-screening services that most banks and credit unions depend on find matches only 70-75% of the time.

<sup>11</sup> In some cases, branch staff provisionally open accounts that are later closed when back-office CIP investigators cannot verify applicants' identities.

<sup>12</sup> <https://www.ftc.gov/tips-advice/business-center/privacy-and-security/red-flags-rule>

<sup>13</sup> <https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>

## The Challenge with Mobile Account Opening

Mobile banking is increasingly popular in the U.S. consumer market. Mobile banking apps are used by 53% of smartphone owners,<sup>14</sup> who constitute about 68% of U.S. adults<sup>15</sup>. Mobile banking is especially important for unbanked and underbanked customers.

In its 2013 study of unbanked and underbanked consumers, the FDIC noted just how much these consumers rely on their mobile devices:

- ▶ Relative to fully banked households, underbanked households are more likely to have had access to mobile phones (90.5 percent vs. 86.8 percent) and smartphones (65.5 percent vs. 59.0 percent).
- ▶ Smaller, but still significant, proportions of unbanked households had access to mobile phones (68.1 percent) and smartphones (33.1 percent).
- ▶ Among mobile banking users, underbanked households were considerably more likely than the fully banked to use mobile banking as their main banking method (32.4 percent vs. 21.6 percent).<sup>16</sup>

Clearly, financial institutions interested in unbanked and underbanked markets cannot afford to ignore mobile banking. As the FDIC remarked:

Mobile banking has the potential to help expand economic inclusion. Mobile technologies provide the anytime, anyplace convenience that is highly valued by underserved consumers....

Mobile technologies might also become useful tools for bringing unbanked households into the financial mainstream. While mobile phone ownership is less common among unbanked households than among the underbanked and fully banked, it is still sizable. Innovations such as mobile account opening could play a role in expanding access to banking for the unbanked.

For about 10% of American households, mobile devices provide the sole means of Internet access.<sup>17</sup> Without mobile support, banks and other financial organizations have no means of delivering online services to these households. And without mobile account opening, financial organizations have no way of enabling these households to open accounts remotely.

The conclusion is clear: to serve this market, financial institutions should invest in easy-to-use solutions for mobile banking and mobile account-opening. "Easy-to-use" is an important requirement on mobile devices, since some of these households have limited or no access to desktop computers and traditional online banking services. For them, mobile devices double as

14 *Consumers and Mobile Financial Services*, March 2016, Federal Reserve Bank, <http://www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-201603.pdf>

15 "Device Ownership," Pew Research Center, July 2015. <http://www.pewresearch.org/data-trend/media-and-technology/device-ownership/>

16 *2013 FDIC National Survey of Unbanked and Underbanked Households*, <https://www.fdic.gov/householdsurvey/2013report.pdf>

17 <http://www.pewinternet.org/2015/04/01/us-smartphone-use-in-2015/>

household computers. If a mobile user interface is too cumbersome or slow, users might switch to another institution that offers a more user-friendly and “frictionless” mobile experience.

Until now, most mobile-ready financial organizations have skirted the issue of mobile account opening by providing mobile services to consumers only after they opened their accounts in a branch or storefront. If consumers did not live or work close to a branch or if they felt uneasy about visiting a branch, they never opened an account at all.

So what has kept financial organizations from offering mobile account opening? Two major obstacles:

- ▶ **The risk of fraud**

Without a face-to-face encounter, it can be more difficult to verify that the person applying is really who they say they are. In fact, it can even be difficult to verify that an applicant is really a person at all, as opposed to a bot designed to open as many fraudulent accounts as possible.<sup>18</sup>

- **Poor customer experience**

On mobile devices with small keyboards, it’s difficult to collect all legally required CIP data and other application data without requiring users to engage in lots of difficult typing, creating a time-consuming and possibly error-prone process.

To open a DDA account and comply with the USA Patriot Act, applicants must present a non-expired government-issued photo identity document (ID). Authenticating IDs such as driver’s licenses can be difficult even in a branch, let alone over the Internet. For online services, many financial organizations lack a viable solution for reliably authenticating IDs submitted as smartphone or tablet photos.

Fake identity documents are readily available online. They can be purchased for as little as \$50, and many of them are highly accurate forgeries. A recent study found that about 20% of U.S. college students had purchased fake IDs in their first two years of college.<sup>19</sup> Roughly one third of identity theft cases involve fake documents, according to the Government Accountability Office.<sup>20</sup> Financial institutions need to be able to detect these fakes in real time so that fraud operators do not have time to open and abuse DDA accounts.

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18 A bot is a software application that runs automated tasks over the Internet. Hackers use bots to guess passwords, register domain names, and open accounts.

19 The percentage of students using fake IDs rose from 12.5% of entering freshman to 32.5% of students enrolled in their fourth semester. <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2711502/>

20 “The Center for Identity Management and Information Protection analyzed 517 identity theft cases investigated by the U.S. Secret Service between 2000 and 2006, and found that counterfeit drivers’ licenses were used in 35 percent of these cases.” *Driver’s License Security: Federal Leadership Needed to Address Remaining Vulnerabilities*, September 2012. United States Government Accountability Office. <http://www.gao.gov/assets/650/648689.pdf>.

## Overcoming the Challenges of Serving Unbanked and Underbanked Consumers

Fortunately, new highly accurate identity verification and risk assessment services are now available for financial institutions. These new services deliver much higher match rates than traditional account-screening services. Equally important, they give financial institutions immediate insight into an applicant's likely behavior with non-credit products and services, and they provide data that can be used to overcome the long-standing challenges with mobile account opening.

DSi (Dragnet Solutions®, Inc.) is a provider of account-screening solutions to financial institutions. DSi has developed proprietary data-discovery and data-cleansing services that give banks and credit unions clean, accurate data about applicants at the time of account opening. With higher quality, more current data available for nearly all account applicants, institutions can open more accounts, eliminate confusion and errors in the account opening process, streamline operations, and grow profits.

To help institutions identify applicants while screening for product segmentation and possible fraud, DSi provides two real-time Web services: Accelerated Insight<sup>SM</sup> and Mobile Intercept<sup>SM</sup>.

### DSi Accelerated Insight

DSi Accelerated Insight is a real-time identity verification and account-screening service that helps institutions confidently say yes to more qualified applicants, including those with limited financial histories. Built on DSi's proprietary discovery engine, Accelerated Insight analyzes public records in real time to instantly verify the KYC identity information that applicants provide when applying for a DDA account.

This verification includes automatically updating address information. If an applicant supplies a previous address, Accelerated Insight returns the most current address on record. In live deployments and data pilots, Accelerated Insight ends up correcting address information for 30-50% of applicants. Correct addresses are important for reducing customer churn and ensuring that financial organizations can reliably deliver printed materials to customers.

In addition to verifying and correcting identity information, Accelerated Insight returns other insights for account screening:

#### ► The DSi Segmentation Score

Accelerated Insight returns a non-FCRA segmentation score that provides real-time guidance about what type of an account to open for a particular applicant, when to cross-sell, and which applicants are most likely to be long-term, profitable customers.

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New account-screening services deliver much higher match rates than traditional services, and they give institutions immediate insight into an applicant's likely behavior with non-credit products and services.

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### ▶ The First Data Confidence Score

Accelerated Insight optionally also returns the First Data Confidence Score, a service that allows institutions to use multiple forms of identification to screen applicants and provides access to hard-to-locate information on sub-prime, underbanked, and no-credit-score consumers. The First Data Confidence Score leverages TeleCheck®, the nation's most complete database of check writer information, which provides affordable, real-time information based on checking account history at TeleCheck merchants and financial institutions nationwide. The information includes extensive financial data that identifies applicants with a history of account abuse and poor maintenance, charge-offs, and fraudulent checks.

### ▶ First Data Account Validation Score

Accelerated Insight also optionally includes an account-verification indicator from First Data that verifies the existence and status of a funding account. This verification has proven to be highly valuable to organizations making lending decisions.

### ▶ OFAC Response

Finally, to help with OFAC compliance, Accelerated Insight compares applicant names to names on the OFAC SDN List and raises an alert upon discovering a match.

Banks and credit unions can use DSi Segmentation Score and the First Data Confidence Score to complement the identity verification provided by Accelerated Insight with real-time guidance for product selection.

Product selection can be tailored specifically to help financially underserved consumers. The CFPB is urging banks to offer consumers not just a single type of DDA account but rather a range of products, including low-risk products such as "Second Chance" DDA accounts that do not provide support for overdrafts.<sup>21</sup> For their features, these lower-risk products could draw on the Bank On National Account Standards. Bank On is a national initiative that builds on dozens of community coalitions in cities across the country to help improve the financial stability of unbanked and underbanked individuals and families. The Bank On National Account Standards include features such as:

- ▶ Minimum opening deposit requirements of \$25 or less
- ▶ Free and unrestricted branch access, telephone banking, and use of in-network ATMs
- ▶ Free deposits, electronic bill pay, banking alerts, monthly statements, and check cashing for checks issued by the institution
- ▶ Free savings accounts and account transfers

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The CFPB is urging banks and credit unions to offer a range of products to consumers, including lower-risk products.

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<sup>21</sup> A copy of the CFPB's letter to the 25 largest banks in the U.S. is available here: [http://files.consumerfinance.gov/f/201602\\_cfpb\\_letter-to-banks-on-lower-risk-accounts.pdf](http://files.consumerfinance.gov/f/201602_cfpb_letter-to-banks-on-lower-risk-accounts.pdf)

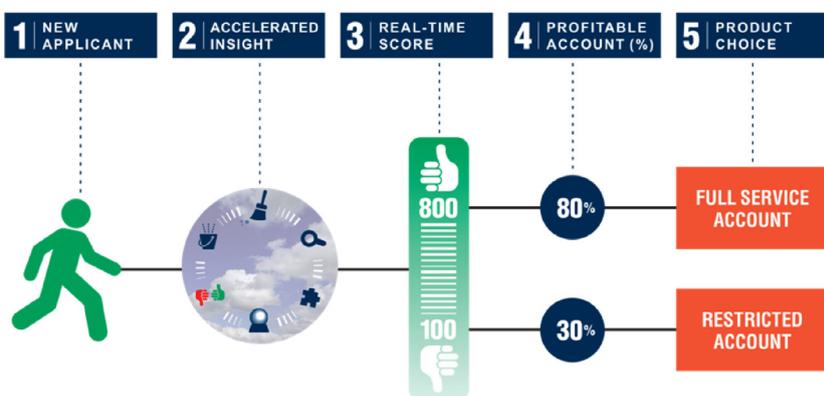
- ▶ Immediate funds availability for known customers cashing government, payroll, or same-bank checks<sup>22</sup>

Recommending a lower-risk product for specific consumers can benefit both institutions and consumers:

- ▶ The institution benefits because a new customer is less likely to charge off because of overdrafts or other unfortunate outcomes. Over time, the customer may upgrade to a traditional DDA account and use other products from the institution, such as credit cards and car loans.
- ▶ The consumer benefits because they have access to an affordable product for managing finances, and the fees from this product are unlikely to spiral out of control.

Using the scores provided by Accelerated Insight, financial institutions can decide at account-opening which type of product is most appropriate for an applicant.

The diagram below shows how Accelerated Insight's real-time data-driven insights enable banks and credit unions to accept more customers and present them with appropriate products.



**Figure 4:** *Accelerated Insight acquires data from public records, then cleans and analyzes this data along with data supplied by applicants to verify identities. The service also offers financial organizations data-driven insights about potential account profitability and risk.*

<sup>22</sup> <http://www.joinbankon.org/wp-content/uploads/Bank-On-National-Account-Standards-2015-2016-Final.pdf>

## DSi Mobile Intercept

DSi Mobile Intercept is a secure Web service that reads ID imagery uploaded from mobile devices, authenticates the submitted IDs, and provides ID data and imagery for use in form completion, cross-selling, compliance, and fraud detection.<sup>23</sup> Using proprietary technology and advanced machine-learning techniques, the service fully authenticates an ID in less than 10 seconds.

Importantly, Mobile Intercept provides more thorough fraud detection analysis than is available through other card reading services, which perform only rudimentary checks for clumsy errors on behalf of fraud operators. Mobile Intercept detects even subtle indications of fraud. Through machine learning, the service becomes increasingly effective over time.

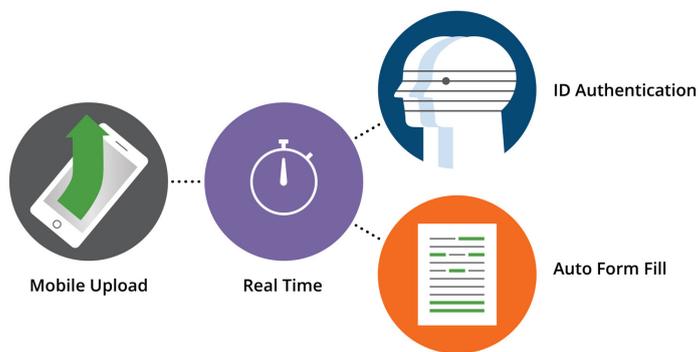
In addition, Mobile Intercept reads card data and uses that data to auto-populate form fields in account applications. Auto-form-fill dramatically reduces the typing required of applicants, streamlining the account application process and helping to reduce the high abandonment rates—averaging nearly 50%, according to a 2011 Javelin study<sup>24</sup>—that have undermined many earlier mobile account opening initiatives.

Mobile Intercept helps reduce the risk of accepting applications from unbanked and underbanked applicants and supports compliance with the USA Patriot Act and the Red Flags Rule.

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Mobile Intercept is a secure Web service that reads ID imagery uploaded from mobile devices, authenticates the submitted IDs, and records ID data and imagery for use in form completion, cross-selling, compliance, and fraud detection.

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**Figure 5:** *Mobile Intercept scans identity documents such as driver's licenses, cleans their data, validates the authenticity of the document, identifies patterns such as facial recognition characteristics, compares data to that in a watch list for fraud operators, and reports results. Document data is archived in compliance with federal regulations.*

<sup>23</sup> DSi also offers an in-branch version of this service. Contact DSi for details.

<sup>24</sup> <http://thefinancialbrand.com/20225/javelin-online-account-opening-research-study/>

## Combining Accelerated Insight and Mobile Intercept

When integrated with DSi Accelerated Insight, Mobile Intercept becomes part of a complete solution for real-time mobile account opening, comprising ID authentication, identity verification, CIP compliance, and product segmentation and guidance. This integration eliminates the greatest obstacles that institutions are facing in supporting mobile account opening and broadening financial inclusion.

Mobile Intercept + Accelerated Insight =  
A Complete Solution for Mobile Account Screening

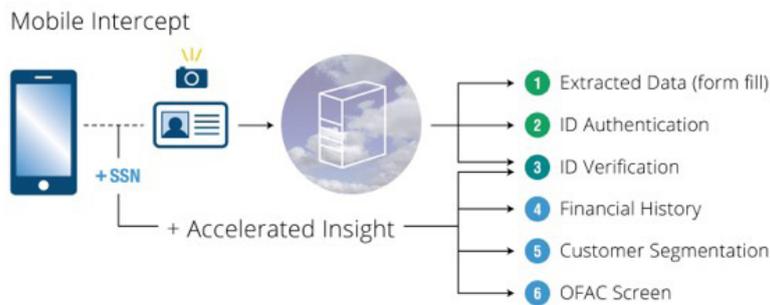


Figure 5: With the addition of a Tax Identification Number (TIN) such as an SSN entered in an account application form, a mobile account opening app can submit data to both Mobile Intercept and Accelerated Insight, creating a comprehensive, real-time solution for mobile account opening.

## Optimizing an Account Acquisition Strategy for Underserved Consumers

The comprehensive identity verification, ID authentication, and account guidance returned by DSi Accelerated Insight and DSi Mobile Intercept create new business opportunities for banks and credit unions. It's not simply that institutions can open more accounts that will turn out to be profitable. Institutions also now have the opportunity to broaden their product offerings to meet the diverse needs of their communities, and to better align product offerings to specific applicants and customers based on their needs, capabilities, and financial histories. This combination of product development and operational optimization promises to grow revenues and reduce risks.

In its 2011 survey, the FDIC offered specific guidelines and recommendations for institutions interested in serving unbanked and underbanked households.<sup>25</sup> By applying new data analytics to these guidelines and recommendations, institutions can pursue a lucrative account-acquisition strategy for unbanked and underbanked communities. The account-acquisition strategy comprises these steps:

1. Implement identity-verification and account-screening services that deliver high match rates for the unbanked and underbanked.
2. Take advantage of more comprehensive account screening to develop new "second chance" product offerings for riskier applicants, enabling institutions to enroll these applicants as customers while minimizing the chances of overdraft fees and charge-offs.
  - a. The FDIC has developed guidelines for "basic, low-cost checking and savings deposit accounts" for underbanked customers. Like the lower-risk accounts recommended by the CFPB, these card-based accounts would not allow overdraft and NSF fees, substantially reducing the chances of the accounts charging off. In its 2011 survey, the FDIC found that less than 1% of banks were offering such a product to applicants. Introducing a new low-risk, card-based account and similar accounts remains an untapped strategy for most institutions.
  - b. Provide a migration path for customers who prove that they have merited their "second chance." Review account performance at regular intervals. After a sufficient amount of time has passed, offer the best "second chance" customers the opportunity to upgrade to traditional DDA accounts.

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<sup>25</sup> For details, see "Opportunities for Banks" in *2011 FDIC Survey of Banks' Efforts to Serve the Unbanked and Underbanked*

3. Consider introducing other financial services, such as check-cashing, money orders, and small dollar loans, which are commonly used by underbanked customers today. Rather than shunning these types of products, banks and credit unions should embrace them, optimize them, and offer them to customers who are now giving their business to AFS vendors. Over time, users of these non-traditional products may become profitable, fully banked customers.

### Conclusion

Banks and credit unions have the opportunity to catalyze their revenue growth while serving customers looking for new ways to manage their finances. To seize this opportunity, institutions must recognize that account screening is not just a perfunctory service that enables a branch to comply with government regulations. Rather, it's a strategic analytical capability essential for growing accounts, cross-selling effectively, and reducing risks.

By switching to faster, more accurate, and more comprehensive account screening services and supporting mobile account opening, institutions can:

- ▶ Confidently open accounts for unbanked and underbanked applicants.
- ▶ Streamline account-creation and reduce errors.
- ▶ Accelerate cross-selling of additional services such as debit cards and small-dollar loans.
- ▶ Make it easier for unbanked and underbanked consumers to open accounts anywhere, anytime.
- ▶ Support compliance with the USA Patriot Act, the FTC Red Flags Rule, and OFAC.

For more information about DSI's solutions for account screening and mobile account opening, please visit [www.dragnetsolutions.com](http://www.dragnetsolutions.com) or call +1 (415) 842-7700 ext. 1.

DSi (Dragnet Solutions, Inc.) is a leading provider of data-driven insight services that enable financial organizations to reach new markets, open new channels, and grow profits by saying “yes” to more underserved applicants. DSI Accelerated Insight is a real-time account screening service that helps organizations confidently say yes to more qualified applicants, including those with limited financial histories. Built on DSI’s proprietary discovery system, Accelerated Insight provides a fast, web-based interface that enables financial organizations to better differentiate customers, grow revenues, prevent fraud, and comply with KYC/CIP, Red Flags, and OFAC. DSI Mobile Intercept is a real-time document authentication service that enables financial organizations to authenticate identity documents in real time and to use extracted data for form fill, streamlining account opening, reducing errors, and improving customer experiences.

**For more information, please:**

- ▶ **Call (415) 842-7700 ext. 1**
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