



Civis Financial
For the People, of the People

What is Civis Financial?



- Niche financial service provider targeting nontraditional financial service consumers
 - Debit card issuer
 - Electronic payments processor

What is a CivisCard?



- Debit card
- Reloadable stored value card
 - Payroll card (degree of functionality determined by employer)
 - Premium card (enables holder to access full spectrum of Civis Financial's services)



To what market-based challenges does Civis Financial offer solutions?



- Certain market segments in our society, who are either unable or choose not to use the traditional depository financial services system, lack access to the nation's transactional infrastructure.
- These households, sometimes referred to as the "unbanked" or "underbanked" market, have a limited number of high-cost, time-consuming options through which they can currently access electronic- and paper-based payments systems.
- Our product-based solutions provide access to domestic transaction processing systems at a low cost.

To what market-based challenges does Civis Financial offer solutions?



- How do they access the system?
 - Don't have credit cards (many don't even qualify to have a credit rating!)
 - Don't have a transaction account at a depository financial institution (no debit card, no ATM card, no checks).
- What do they do now?
 - Waste time transacting
 - Pay high fees
 - Go without

Transaction:	Traditional	Nontraditional
Get paid	Direct deposit	Check cashing
Get cash	ATM or POS	Check cashing
Pay rent	Check	Money order
Buy groceries	Debit Card	Cash
Pay utility bill	Check in Mail	Cash or money order
Obtain cell phone	Monthly Contract	Prepaid in Cash
EBay Auction; Amazon.com	Credit, Debit or PayPal	Can't participate

How big is the market?



- Federal Reserve Bank estimates that there are 50 million US consumers who are unbanked or underbanked.
- According to Center for Financial Services Innovation, this population spends at least \$10.9 billion on more than 324 million alternative financial service transactions each year.
- Check cashers/currency exchanges processed 180 million checks for 35 million Americans worth a total of \$55 billion in 2005
- Chicagoland currency exchanges cashed 25 million checks worth a total of \$6.7 billion.

How big is the market?



- Major segments
 - Lower income households
 - Geographic areas where there are depository financial institution penetration is low
 - Predominantly minority areas
 - Immigrants
 - Hispanic population
- Segments are highly nuanced
 - Cannot be approached uniformly

What services does the market require?



- Access to transaction services
 - Translating paper funds to electronic funds
 - Electronic bill payment
 - Print personalized checks
 - Purchase at Point of Sale
 - Access to cash via ATMs
 - Opportunity to save

What services does the market require?



- Additional financial services
 - Remit money abroad
 - Build credit history
 - Obtain secured & unsecured credit
 - Auto
 - Home Mortgage
 - Insurance
 - Auto
 - Personal (health, life, property)
 - Transact over time (recurring monthly payments, e.g., health club)

What are the challenges in serving this market?



- Market is defined by commonality of what they lack (access to traditional financial services system) rather than what they share.
 - Can't generalize and reach uniformly
 - Difficult to reach efficiently and effectively
- Current behaviors (check cashing; money orders) are ingrained
 - Difficult to modify existing behaviors
 - Not a “Field of Dreams” situation

How will Civis overcome these challenges?



- Civis will employ multiple distribution channels to reach consumers at the micro-segment level
 - Employers
 - Physical locations
 - Civis-branded
 - Other
 - Entities with whom targeted consumers have an existing business relationship
 - CLECs, Prepaid telecom providers, Insurers, landlords
 - Affinity relationships
 - Faith based

How will Civis overcome these challenges?



- Civis will offer a compelling value proposition
 - Currently, to cash a bi-weekly check of \$850 and pay a small number of bills, an unbanked consumer pays roughly \$20 to \$22, or roughly \$43 per month
 - Civis offers unlimited deposits, bill payment and POS transactions for \$12.95 per month, plus \$1 per ATM transaction.
 - Civis Financial's low overhead costs allow it to share a portion this revenue stream with its distribution partners, lowering acquisition costs.

How will Civis overcome these challenges?



- Civis will provide a significant education component
 - Due to EBT, many consumers understand how electronic funds work, but not how they might benefit from using plastic for their own funds.
 - Civis will educate the consumer as to the optimal manner in which to maximize the value they derive from the CivisCard.
 - Civis has extensive experience developed over its five-year history in how to assist its members
 - Outreach
 - Peer networks
 - Tutorials (online)

Who else is attempting to serve this market?



- Traditional financial institutions
 - Banks (esp. Community Development Inst.)
 - Thrifts
 - Credit Unions
- Current providers
 - Check cashing stores/currency exchanges
 - Payday & title lenders
- Debit card issuers
- Retailers

Why can't the traditional players succeed?



- Expense
 - They are relatively high fixed cost providers due to their expensive retail delivery systems and regulatory cost burden.
- Regulation
 - They have to lend in areas where they take deposits and are subject to the provisions of the Community Reinvestment Act.
- Scale of Operations
 - They make money through economies of scale – applying a similar operating philosophy to every market – however, the revenue potential of this market requires a different approach
- Lack of Niche Focus
 - They serve the mass market primarily through branch (location-based) banking channels which they own, and are challenged to adopt a product-oriented mind set.
- Risk
 - They see little opportunity, adjusted for the risk to their core businesses (especially regulatory risk), for excess returns in this market.

What are Civis Financial's competitive advantages?



- Focus
 - We are highly focused on specific niches within the market rather than trying to serve the entire “unbanked” market.
- Experience
 - We have extensive experience serving the market, and partner with firms of similar focus and experience in dealing with consumers in this target market.
- Flexibility
 - We can approach the consumer through a number of different channels and tailor our offerings to specific niches
- People
 - We have assembled a uniquely qualified team to pursue this opportunity