

Cal-ITP

Financial inclusion through
mobility payments in
California

December 2022



A day in the life of the unbanked



Meet Jayla



Home El Segundo
Family 2 kids in elementary school
Work Nonprofit admin in Gardena

Check cashing fees 1 - 12%
Money order fees 1.65 - 2.2%

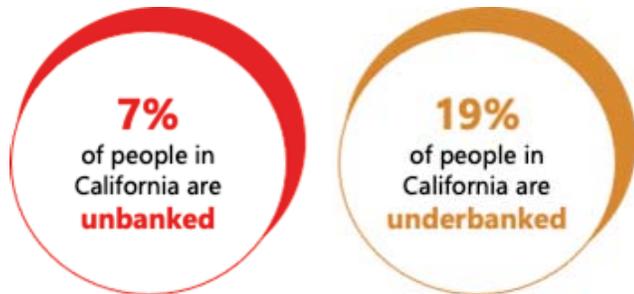
Has to use payday lenders
Must carry cash



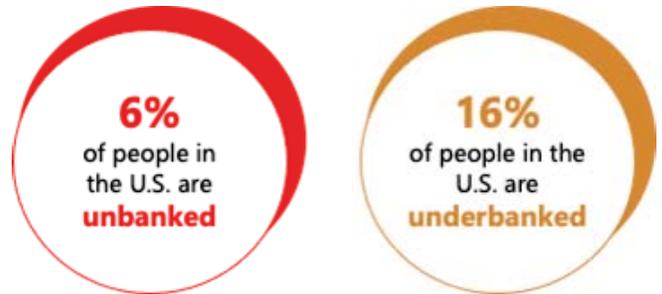
Source: [InCharge](#), [USPS](#)

Jayla isn't alone

About **1 in 4 people** (10.3 million) in **California** are not fully banked

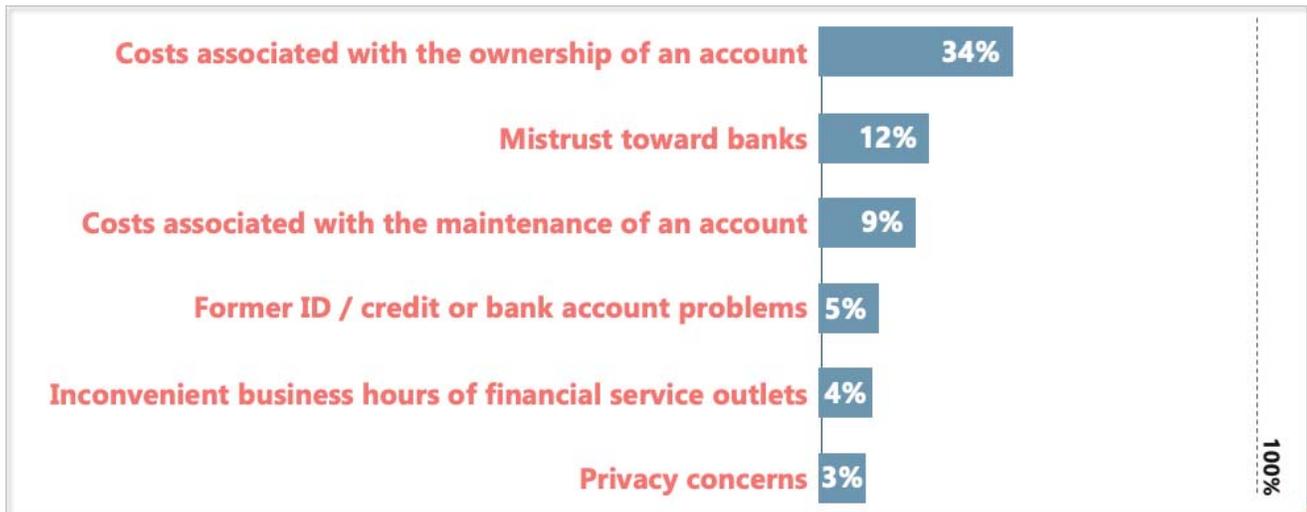


63 million U.S. residents are not fully banked



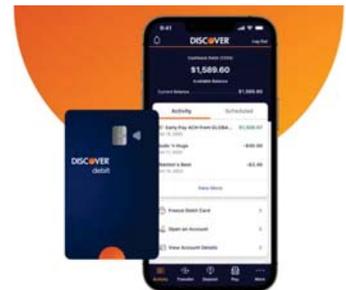
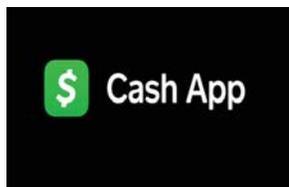
[WorldBank](#) definition for under- and un-banked

Why people stay underbanked



Source: [EconomicInclusion.Gov](https://www.economicinclusion.gov), US data. Note: % values represent the share of respondents choosing the answer as their main reason for being un-/underbanked

But times have changed



With incentives, Jayla could become banked



Transit is the incentive

Financial inclusion is equity

It improves credit scores, advances financial literacy, and enables digital payments
All of this leads to:



affordable, improved
quality of life



easier access to
job & housing



dignity & respect



Mobility can be a financial inclusion pathway

Transportation makes opportunities for millions of people to establish a footprint in the global financial ecosystem organized around debit and credit cards and mobile wallets—through the benefits they receive and the regular purchase of transit.



Transit riders and the underbanked



Average transit user

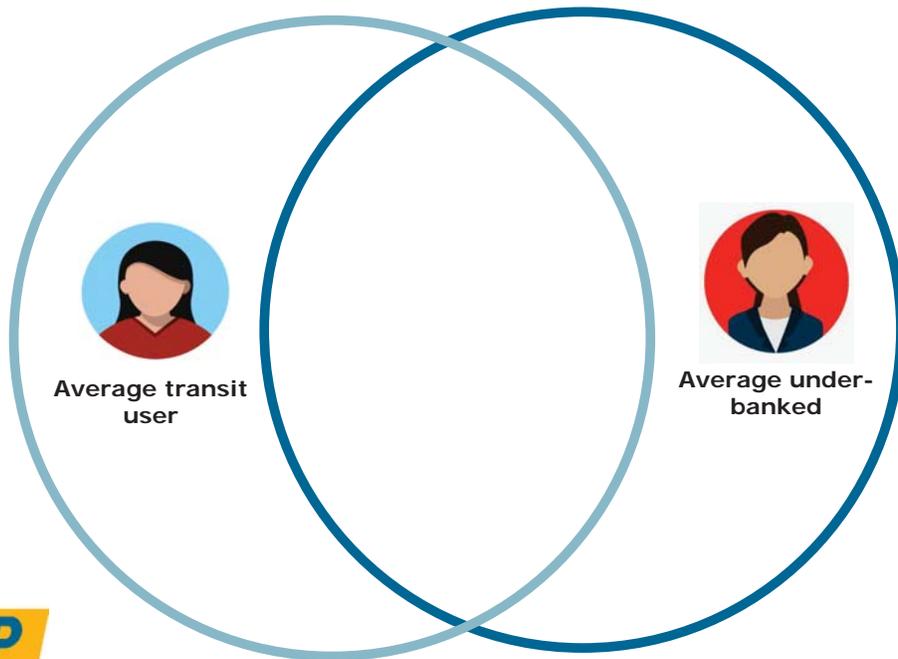


Average underbanked

Race	White	48% in metro areas 53% elsewhere	White	60% of underbanked 59% of unbanked
	Hispanic	25% in metro areas 17% elsewhere	Hispanic	22% of underbanked 19% of unbanked
Income	Low Income <\$50,000/yr	44% in metro areas 69% elsewhere	Low Income <\$50,000/yr	56% of underbanked 78% of unbanked



The overlap is substantial



Sources: [U.S. Census](#), [Morning Consult](#)

Mobility can be a ride out of poverty

Low-income customers spend the bulk of their [income](#) on transportation, so mobility can change their lives, giving them



community
access



daily
travel



options to
build credit



Transportation creates financial inclusion by making people comfortable with digital payments

Financial inclusion via mobility payments



How Cal-ITP Works



15



Payment acceptance Monterey-Salinas Transit fare collection system

First open-loop contactless fare collection demo in CA

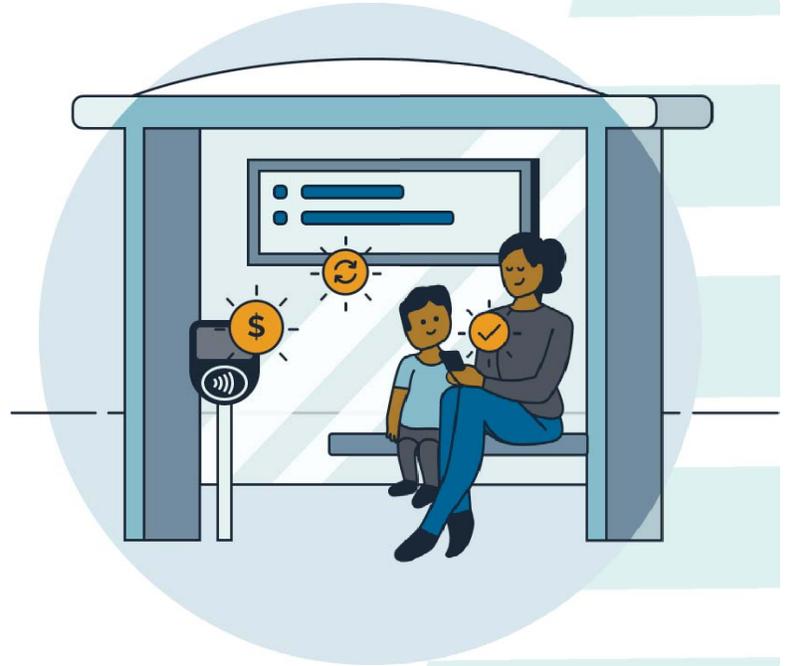
- Tap bank cards or digital wallets to pay
- Riders can sign up for the Cash App Card and receive Boosts (money back)
- Older adults use [Cal-ITP Benefits](#) to receive their discount upon payment
- GTFS data accessed through trip planners



What is Cal-ITP?

California Integrated Travel Project (**Cal-ITP**) is a statewide initiative to unify travel with:

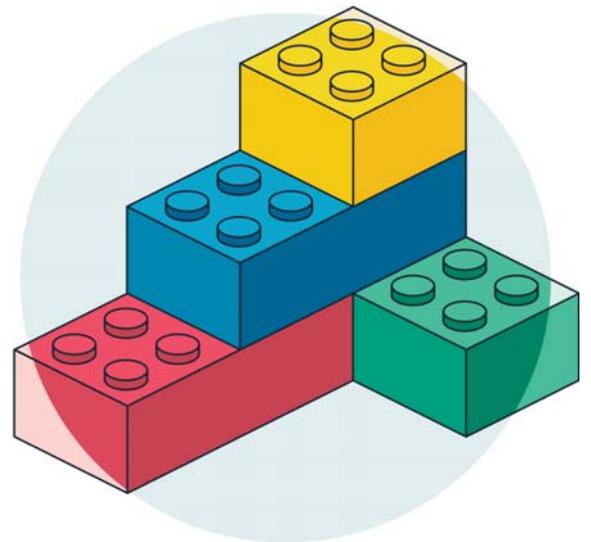
- open payments
- real-time data standards
- automated verification of eligibility for discounts and benefits
- ubiquitous open payment products



17

Focus on an interoperable ecosystem

In a state as large and diverse as California, **payment systems** and **mobility data technologies** need to be **interoperable** across systems large and small, regardless of mode.



18

Demonstrations

Show what you mean



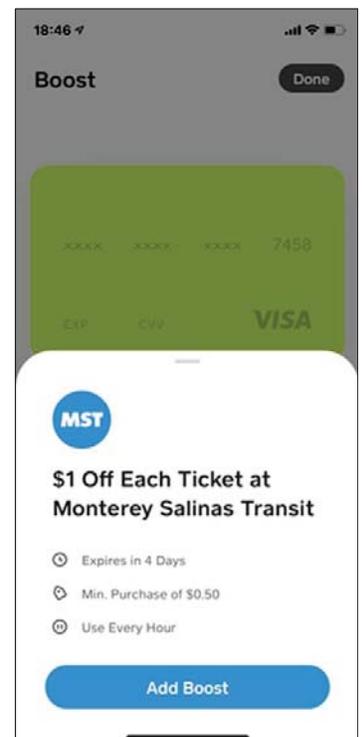
19



Payment issuance

Cash App for digital transit payments

- Square offers the Cash App Card for customers without a debit or credit card
- Paper Money Deposits lets customers load cash at participating retailers. \$1 fee per load of up to \$500
- 30% of Cash App Cards tapped at MST are new users.
- **Low-cost financial products support access to transit services, and vice versa.**





Rewards

Valley CAN EV-Charging

Open-loop contactless card pays for public charging

- First 200 participants qualify for \$1,000 EV public charging credit

Contactless bank cards are

- **Customer-friendly** for low-income and previously under and unbanked customers
- **Effective for governments** to administer
- **Interoperable** across public EV charging providers and across modes



Where are we going next?

Payment by bank card in all modes (EVs, roads and micromobility)



... through supporting transportation agencies in using State Purchasing Schedules for cEMV payment acceptance

Demonstrate and scale digital payment accounts on the market



... through collaboration with issuing banks, fintech companies, and payments networks

Introduce loyalty programs & rewards for sustainable travel



... through collaboration with issuing banks, fintech companies, payments networks and other state agencies



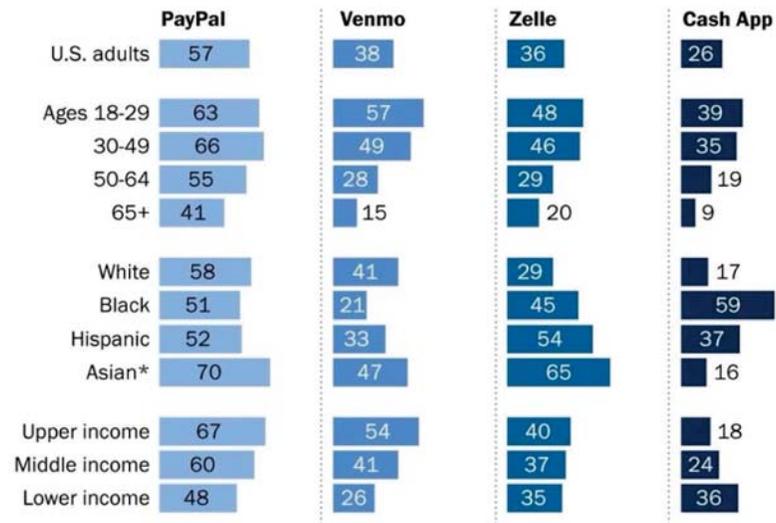


hello@calitp.org

Diversity in Payments

Which payment platforms are Americans using?

% of U.S. adults who say they ever use the following



*Estimates for Asian adults are representative of English speakers only.

Note: Family income tiers are based on adjusted 2020 earnings.

White, Black and Asian adults include those who report being only one race and are not Hispanic. Hispanic adults are of any race.

Those who did not give an answer are not shown.

Source: Survey of U.S. adults conducted July 5-17, 2022.

Pew Research Center 

