



# Enterprise Bank Banking the Unbanked

Team: Phuong Le, Duc Doan,  
Nam Phan, Minh Huynh, Ngan Vu

# Table of contents

**01**

**Executive  
Summary**

**02**

**Market  
Research**

**03**

**Go-to-market  
Strategy**

**04**

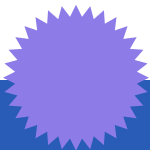
**Road Map in  
3 years**

**05**

**Risk Mitigation**

**06**

**Financial  
Projection**



The background of the slide is a photograph of a multi-story building at night. The building has a textured, light-colored facade and several windows, some of which are illuminated from within. A prominent neon sign in a cursive script is mounted on the building's exterior. The entire image is overlaid with a semi-transparent blue filter. In the bottom right corner of the image area, there is a small, bright yellow starburst graphic.

01

# Executive Summary

# Enterprise Bank Overview

Enterprise Bank is a regional bank:

- Financial products and services (personal and business banking, wealth management, mortgage lending, and insurance)
- Numerous branch locations and ATMs, online and mobile banking platforms.
- 250 bank branches and 540,000 households.



4%

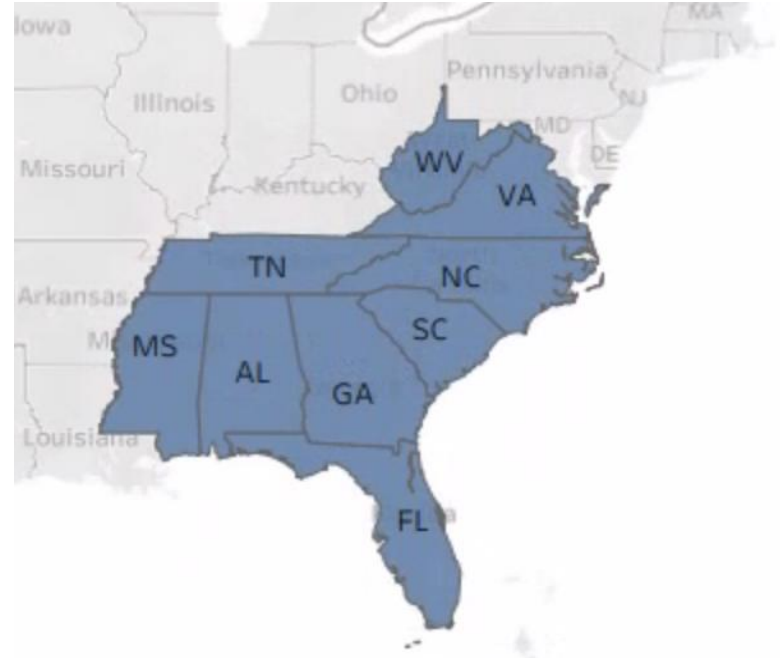
Southeast Region



\$37 Million



1,300,000





## Situation

*“Enterprise Bank has identified a gap in the market and an opportunity to expand its customer base by **targeting the unbanked and underbanked**. There is significant opportunity for Enterprise Bank to tap into this underserved market of consumers who **don't use traditional banking services** and are instead using alternative financial products. Enterprise Bank's goal is to provide these consumers with **accessible and affordable banking options** that will meet their needs.”*



## Pain Points

*Financial Illiteracy*

*Unattractive payment programs*

*Limited presence in certain states*

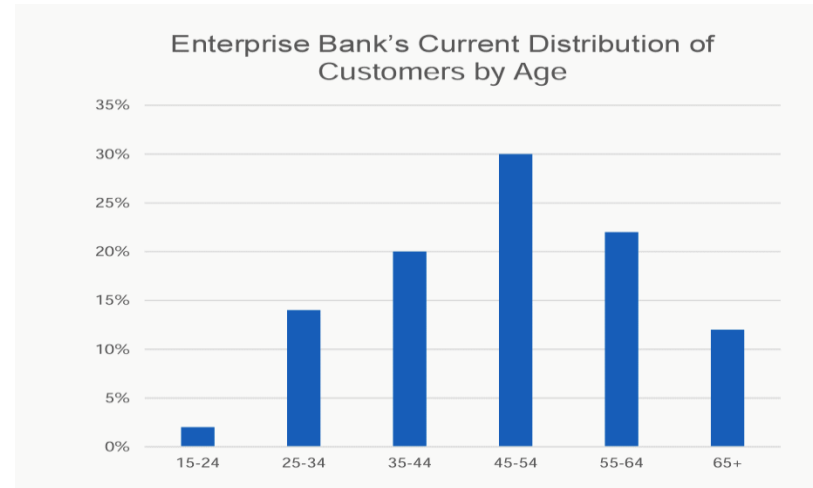


## Solutions

*Develop financial literacy training programs.*

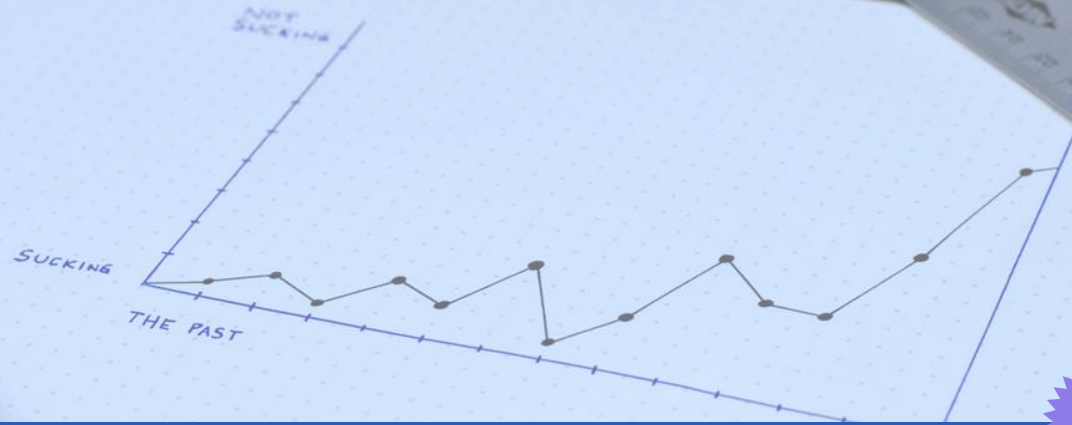
*Propose attractive credit card/loan/saving programs.*

*Increase presence in rural Southeast areas through partnership*



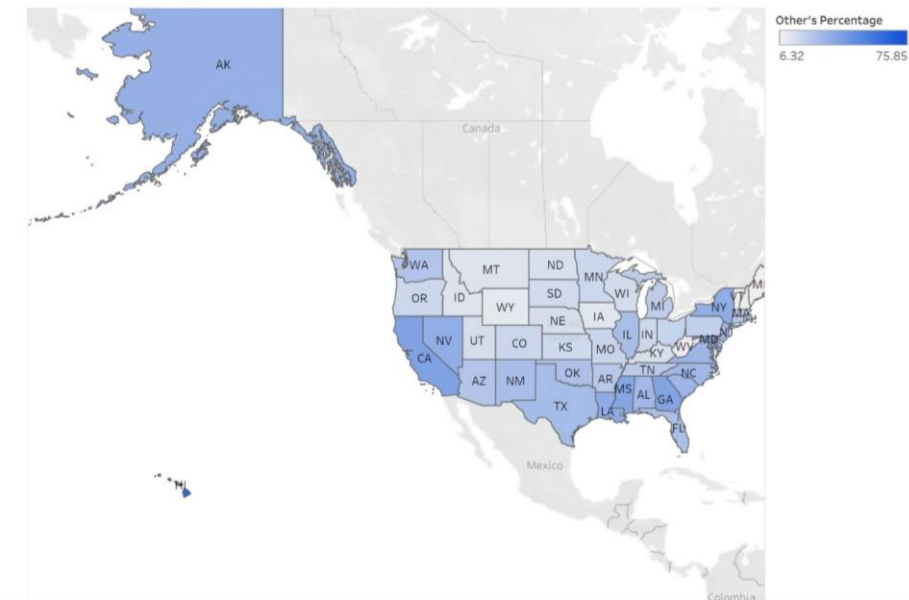
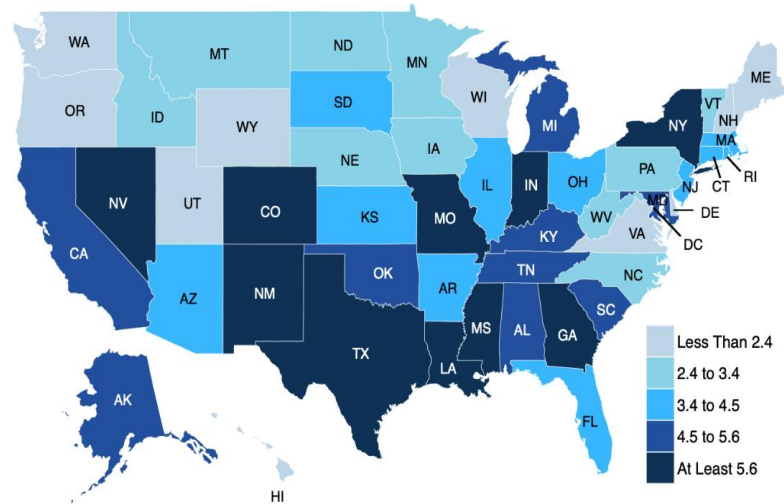


02



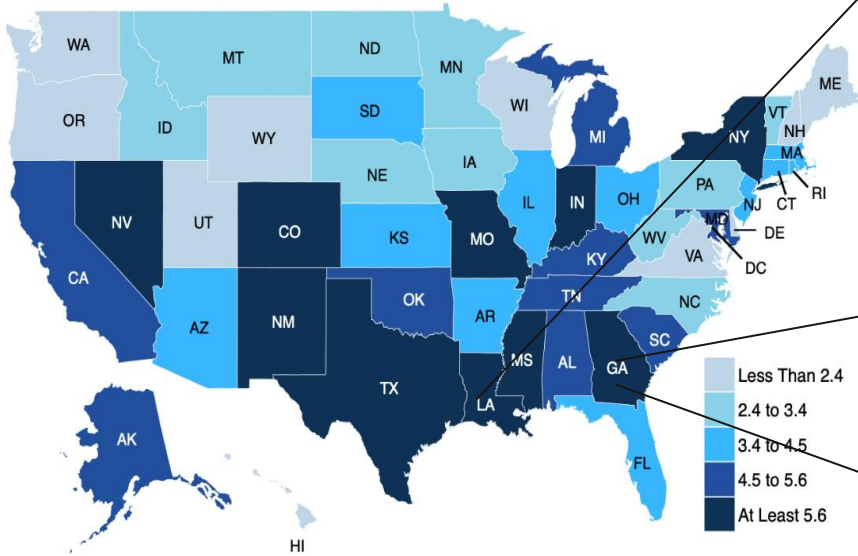
# Market Research

Figure 3.3 Unbanked Rates by State, 2021 (Percent)



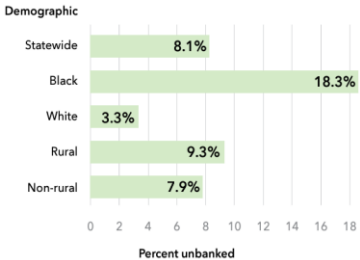
- The unbanked rate, racial/ethnic minorities, lower educational attainment, and younger adults (under 35) in the southeastern U.S. is 8.1%, slightly higher than the national unbanked rate of 5.4%.
- Key demographics of the unbanked in the southeast include lower-income individuals, racial/ethnic minorities, lower educational attainment, and younger adults (under 35 years old).

Figure 3.3 Unbanked Rates by State, 2021 (Percent)



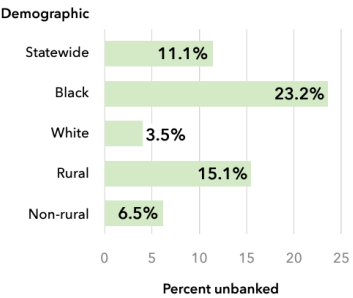
## Louisiana

Unbanked rates, 2021.



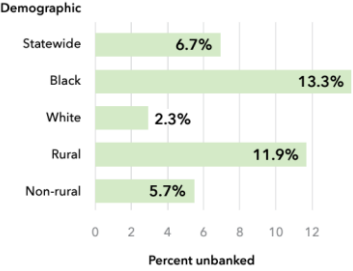
## Mississippi

Unbanked rates, 2021.



## Georgia

Unbanked rates, 2021.





Southeastern	Serves customers in	Has locations in	Unbanked rate (2021)
Florida – FL	✓	✓	3.7
Georgia – GA	✓	✓	6.7
North Carolina – NC	✓	✓	3.3
South Carolina – SC	✓	✓	5.5
Alabama – MS	✓	✓	4.7
Mississippi – MS	✓	✓	11.1
Virginia – VA	✓	✓	1.8
West Virginia - WV	✓		3.0
Tennessee – TN	✓		5.0
Louisiana – LA			8.1
Arkansas - AR			3.4
Kentucky - KY			5.2

Commentary

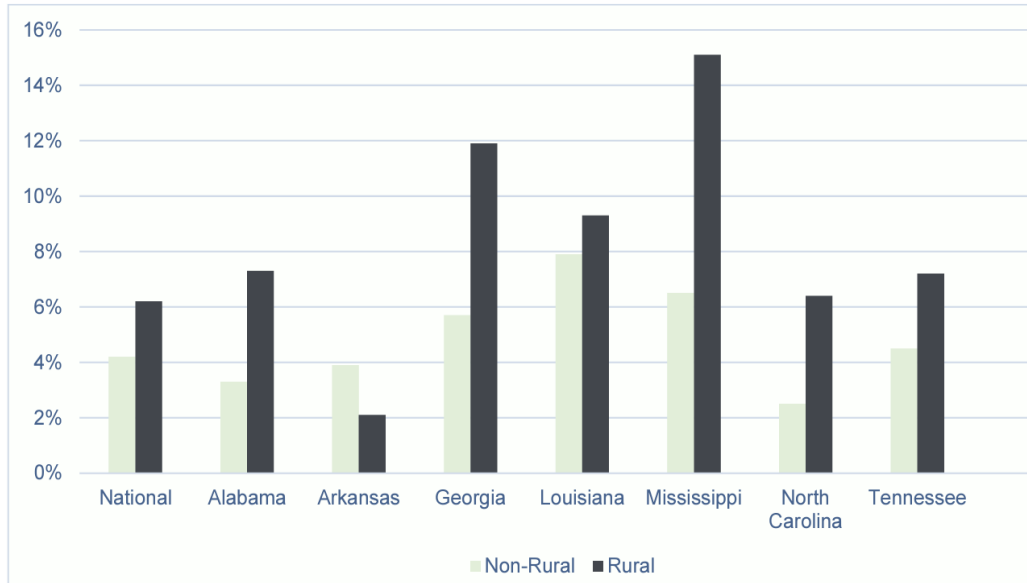
Although having been serving customers from 9 states across the Southeastern United States, Enterprise Bank only operates a physical presence in 6 of them.

Among those, **Georgia**, **Mississippi**, and **Louisiana** remain the states with the highest unbanked rates.

**Mississippi**, with the highest unbanked rates, remains Enterprise Bank’s potential target customer.

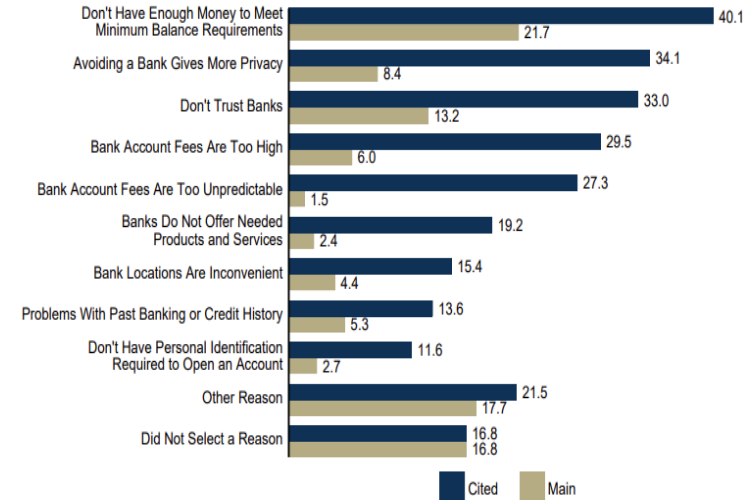
# Unbanked Population Distribution

- Southeast region has lower presence of branches in the area (3.6 branches per 10,000) than that of national (5 per 10,000).
- Highest unbanked rates are in rural areas, community of color, and under-representatives & low-income.
- Mississippi and Georgia (in 2021) led the states within the region with the highest unbanked rates.



## Barriers to Banking

Figure 3.5 Unbanked Households' Reasons for Not Having a Bank Account, 2021 (Percent)

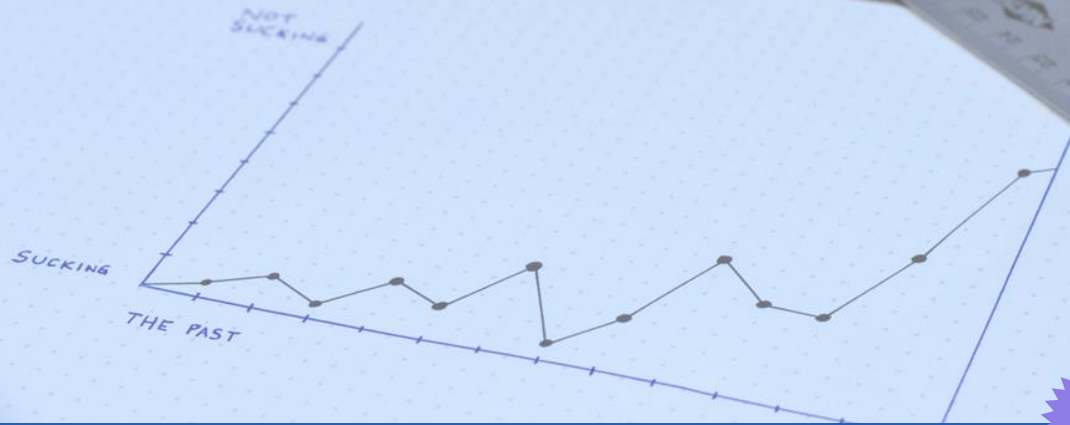


Criteria	Bank of America	Chase	Wells Fargo	Truist
Minimum Balance	\$100-\$1,500	\$0-\$1,500	\$0-\$1,500	\$0-\$100
Monthly Fees	\$4.95-\$12	\$0-\$12	\$0-\$10	\$0-\$7
Accessibility	Extensive branch network and digital/mobile options	Extensive branch network and digital/mobile options	Extensive branch network and digital/mobile options	Extensive branch network and digital/mobile options
Products for Unbanked/Underbanked	Limited offers	Limited offers	Limited offers	Limited offers
Trust & Reputation	National bank, faced criticism and legal issues	National brand, faced criticism and legal issues	National brand, faced criticism and legal issues	Regional brand, strong reputation

Criteria	First Citizens Bank	Discover	Capital One	Chime
Minimum Balance	\$0-\$100	No minimum balance	No minimum balance	No minimum balance
Monthly Fees	\$0-\$5	No monthly fees	No monthly fees	No monthly fees
Accessibility	Extensive branch network and digital/mobile options	Digital and mobile-first, no physical branches	Digital and mobile-first, no physical branches	Mobile-first, no physical branches
Products for Unbanked/Underbanked	Limited offers	Secured credit cards, digital banking	Secured credit cards, digital banking	Checking, savings, secured credit cards
Trust & Reputation	Regional brand, positive customer feedback	National brand, high customer satisfaction ratings	National brand, high marks for customer satisfaction	New digital-first brand, high marks for customer satisfaction

Criteria	Enterprise Bank	Arvest Bank	First Horizon Bank	South State Bank
Minimum Balance	No minimum balance	\$100 - \$500	\$0 - \$1500	\$0 - \$1000
Monthly Fees	No monthly fees	\$0 - \$18	\$0 - \$25	\$5 - \$15
Accessibility	Extensive digital & mobile features, limited branch network	Branches, ATMs, Mobile & Online Banking	Branches, ATMs, Mobile & Online Banking	Branches, ATMs, Mobile & Online Banking
Products for Unbanked/Underbanked	Checking, savings, secured credit cards, financial education	Checking, saving, credit card, financial education	Checking, savings, prepaid credit card	Checking, savings, prepaid credit card
Trust & Reputation	Strong community focus, regional presence	Regional brand, strong presence	Regional brand, strong online presence	Regional brand, strong customer services, strong presence

03



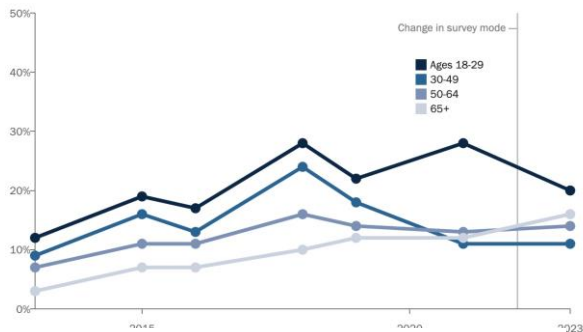
# Go-to-market Strategy



# Identifying Target Customer & Case Study: Mississippi Runway

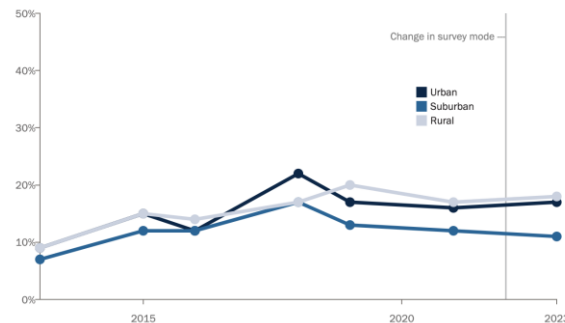
## Smartphone dependency by age

% of U.S. adults who are smartphone dependent, by age



## Smartphone dependency by community type

% of U.S. adults who are smartphone dependent, by community type



## Key Takeaway

Aging Distribution:

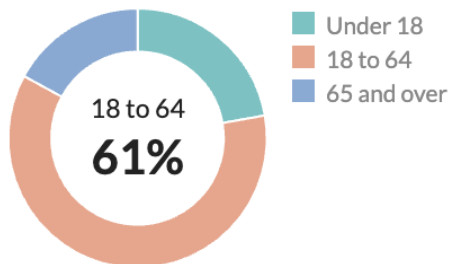
- 53% 45+ years old
- 36% < 44 years old

Dependency on smartphone by age ~ by community type

## Target Customer

Rural area residents or millennials group

## Population by age category



## TOP CITIES AND TOWNS IN MISSISSIPPI

<b>HA HATTIESBURG</b> 18 Banks - 40 Offices	<b>SO SOUTHAVEN</b> 17 Banks - 23 Offices	<b>OX OXFORD</b> 16 Banks - 27 Offices	<b>RI RIDGELAND</b> 16 Banks - 24 Offices
<b>FL FLOWOOD</b> 15 Banks - 21 Offices	<b>MA MADISON</b> 14 Banks - 20 Offices	<b>TU TUPELO</b> 12 Banks - 33 Offices	<b>OL OLIVE BRANCH</b> 12 Banks - 17 Offices
<b>JA JACKSON</b> 12 Banks - 45 Offices	<b>ST STARKVILLE</b> 11 Banks - 15 Offices	<b>OC OCEAN SPRINGS</b> 11 Banks - 13 Offices	<b>HE HERNANDO</b> 10 Banks - 13 Offices

## Mississippi Case Study



Jackson City, MS

- Jackson City, MS: Highest Unbanked rate (17.2%)
- Limited access to bank branch:
- Old population, having little financial literacy and mobile banking

## E.2 Types of Transactions Conducted Using Nonbank Money Orders by Bank Account Ownership and Household Characteristics, 2021

Households That Used Nonbank Money Orders in the Past 12 Months, Row Percent

Characteristics	Number of Households (1000s)	Percent of Households	Pay Bills	Send Money	Make Purchases	Some Other Use
All	12,881	100.0	72.1	13.7	8.3	11.8
<b>Bank Account Ownership</b>						
Unbanked	1,910	100.0	91.7	10.0	2.2	4.5
Banked	10,971	100.0	68.6	14.4	9.4	13.0
<b>Family Income</b>						

## E.6 Types of Transactions Conducted Using Nonbank Money Transfer Services by Bank Account Ownership and Household Characteristics, 2021

Households That Used Nonbank Money Transfer Services in the Past 12 Months, Row Percent

Characteristics	Number of Households (1000s)	Percent of Households	Pay Bills	Send or Receive Money in the United States	Send or Receive International Remittances	Some Other Use
All	9,247	100.0	25.4	36.9	39.6	5.5
<b>Bank Account Ownership</b>						
Unbanked	916	100.0	47.8	36.2	30.1	1.3
Banked	8,331	100.0	22.9	37.0	40.6	6.0

## D.5 Types of Transactions Conducted Using Nonbank Online Payment Services by Bank Account Ownership and Household Characteristics, 2021

Households Currently Using Nonbank Online Payment Services, Row Percent

Characteristics	Number of Households (1000s)	Percent of Households	Pay Bills	Receive Income	Save or Keep Money Safe	Send or Receive Money	Make Purchases in Person	Make Purchases Online	Some Other Use	None Selected
All	61,518	100.0	27.8	19.0	22.4	58.2	30.4	63.9	1.8	9.3
<b>Bank Account Ownership</b>										
Unbanked	1,071	100.0	64.0	40.8	32.4	62.6	56.9	66.2	1.9	8.7
Banked	60,447	100.0	27.2	18.7	22.2	58.1	30.0	63.8	1.8	9.3

## Commentary

Unbanked people still use nonbanks services as a alternatives for a bank account for: paying bills, sending and receiving money, and making purchases online.

Focusing on improve products to satisfy their daily needs will be a highly effective solution to attract new first-time, unbanked users.

# Collaborate with College to increase presence among Students



Offering Financial Education Programs for College Students to Address Customer's Concern



Enhance Financial Literacy & Benefits of Having Bank Accounts



No Minimum Balance Requirement

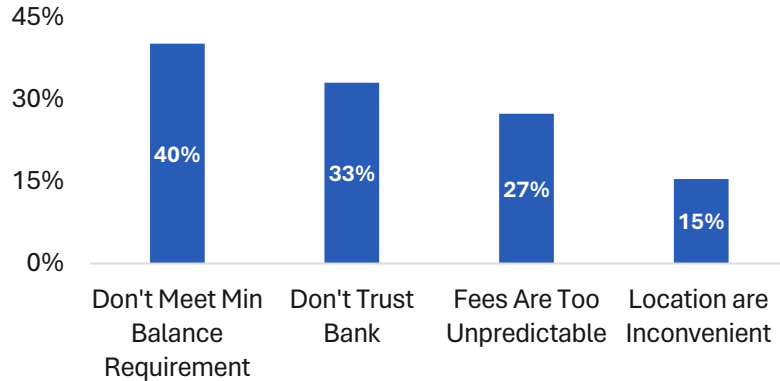


Building Trust Through School Reputation



Transparent Procedures & Stable Fees Structure

## Major Reasons for Not Having Bank Account



## DESIRED OUTCOMES

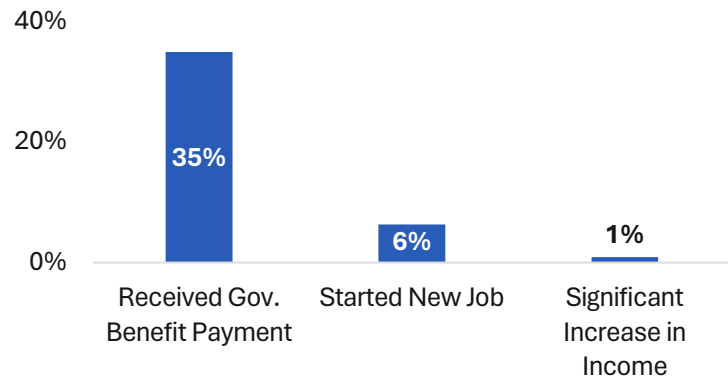
### Year 1: Capture 75% of this rural region

- 31% rural universities in South Carolina
- 72% rural universities in Mississippi
- 41% rural universities in Georgia

### Year 2 - 3: Capture 30% of other colleges in Southeastern region

# Partnership with Small & Middle Business for Payroll Services

## Economic Event Contributed to Account Opening



### Commentary

- Strong incentive to use bank accounts regarding their income.
- 51.7% unbanked households that last had an account in the past 12 months were very or somewhat interested in having an account (retention)

### Target Customer

- Millennials group in the job market
- Target Age: 25-64

## Salary Account opened for Employees

### Salary Account

- Received monthly salary automatically
- Opened by employer
- Zero balance requirement
- Can be converted to saving accounts

### Employer Benefits

- Received a credit fund for salary payments  
→ Has more Free Cash Flow for other operating activities.

### Employee Benefits

- Seamless process of opening salary account  
→ More convenient & accessible to bank services
- Received salary on-time

## DESIRED OUTCOMES

Having a salary account is a great start for unbanked customers to access and build trust in banking services

### Year 1: Capture 75% of rural businesses

- 34% rural businesses in South Carolina
- 65% rural universities in Mississippi
- 40% rural universities in Georgia

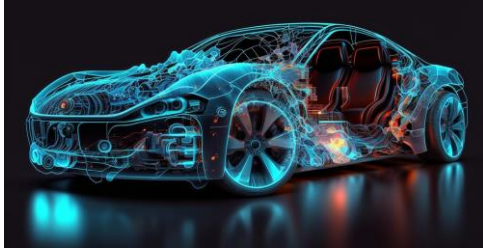
### Year 2 - 3: Capture 25% of other small businesses in Southeastern region

# Partnership with Local Business for Loans Services

## Loans Services for Local Businesses tailor to their needs for top industries in GA, MS, SC

### Georgia

- Advanced manufacturing
- Automotive
- Aerospace
- Food processing



### Mississippi

- Government
- Trade, transportation and utilities
- Education and health services
- Manufacturing



### South Carolina

- Aerospace
- Automotive
- Manufacturing
- Technology



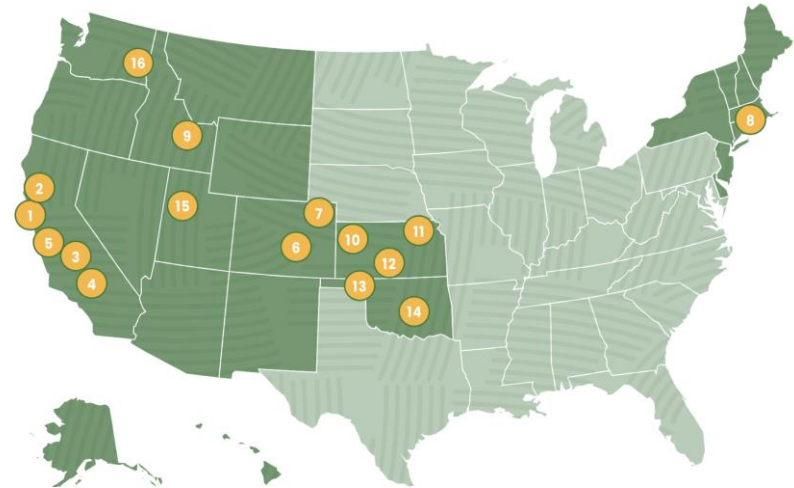
# Case Study Proof – CoBank



## Initiatives - Farm Credit System Program

- CoBank and the other three regional wholesale banks then **fund** the individual Farm Credit associations who support farmers, ranchers and rural home-buyers.
- CoBank **makes loans** directly to farmer-owned cooperatives, rural infrastructure providers, and other agribusinesses.
- CoBank serves as a **wholesale provider of financing** to Farm Credit associations that, in turn, deliver credit to approximately 77,000 farmers and ranchers in 23 states.

## Results

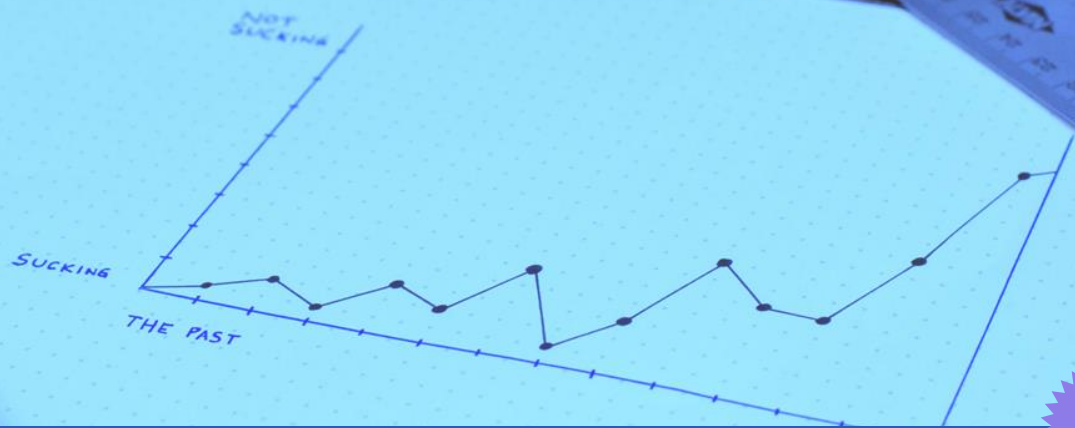




# Product Analysis for Unbanked

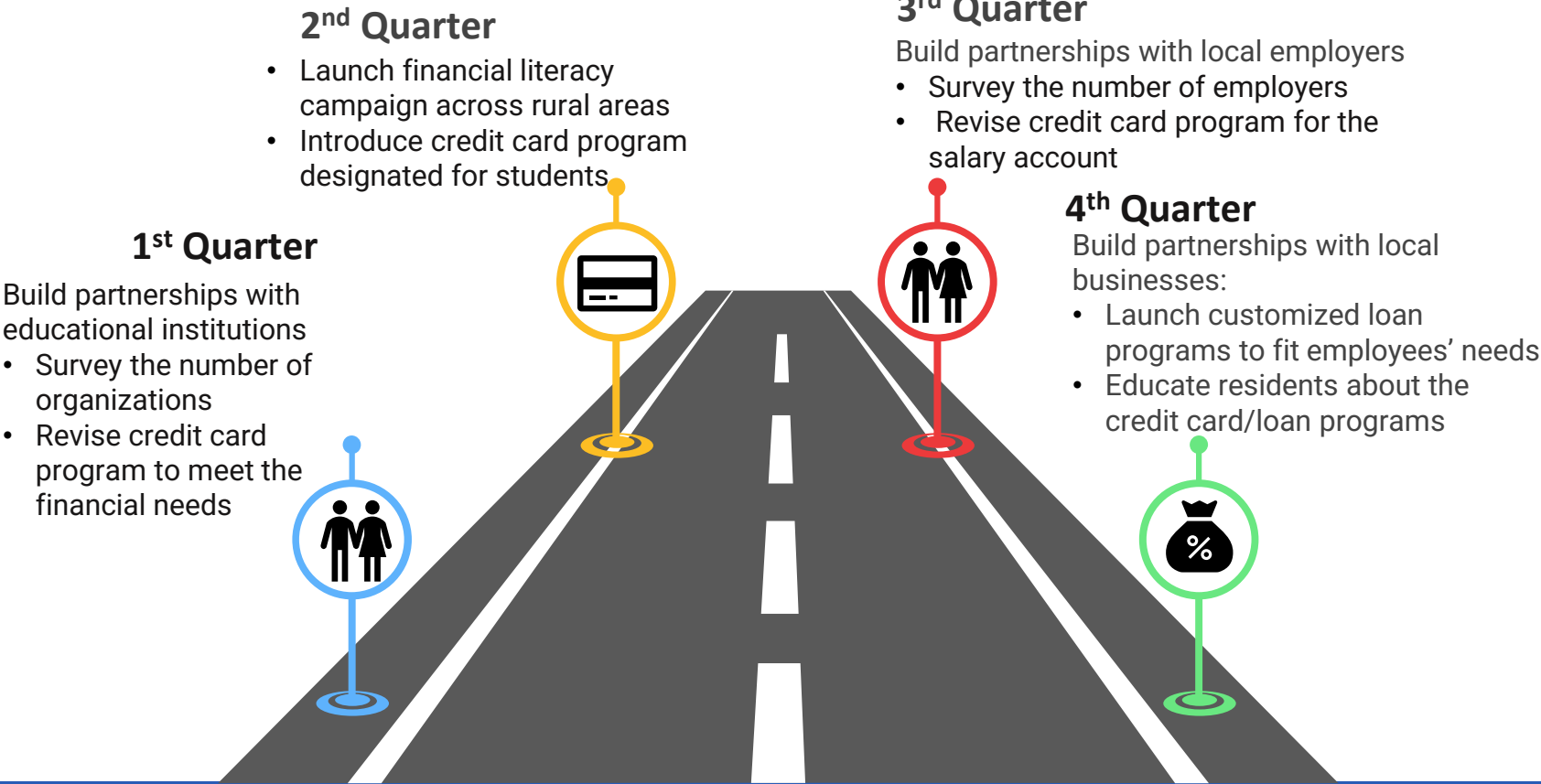
Criteria	Enterprise Bank	Other Regional Banks	Nonbanks	Fintech
Rewards	Better rewards	Standard reward offers	Very competitive rewards programs	Almost no rewards
Physical Accessibility	Easily accessed ATMs, assistants in schools and companies	Extensive branch and ATM network across its service area	Generally do not have a physical accessibility	Branch-like locations, ATM partnership
Security	Secured by government, schools, companies, and other clear regulatory compliance	Good in regulatory compliance	Not good, customer may have to rely on third party	Various vulnerabilities (51% attack, smart contract vulnerabilities, malware attack)
Personalized Service	Offer customized banking services tailored to schools, businesses, or regions.	Limited personalized service	Focus on providing a streamlined	Good, using technology (AI, ML, and data analytics)
Customer Service	Assistant in local business/school; branch and online services	Good, may not have 24/7 support or self-service figure	Digital channels	Self-service, chatbots, virtual assistant

04



# Road Map ( 3 years)

# Micro-Targeting Rural Areas – Mississippi/Georgia/South Carolina



1<sup>st</sup> Year

## Campaigns over other states

### 2<sup>nd</sup> Quarter

- Launch a financial literacy campaign across rural areas
- Introduce a credit card program designated for students

### 3<sup>rd</sup> Quarter

Build partnerships with local employers

- Survey the number of employers
- Revise credit card program for the salary account

### 1<sup>st</sup> Quarter

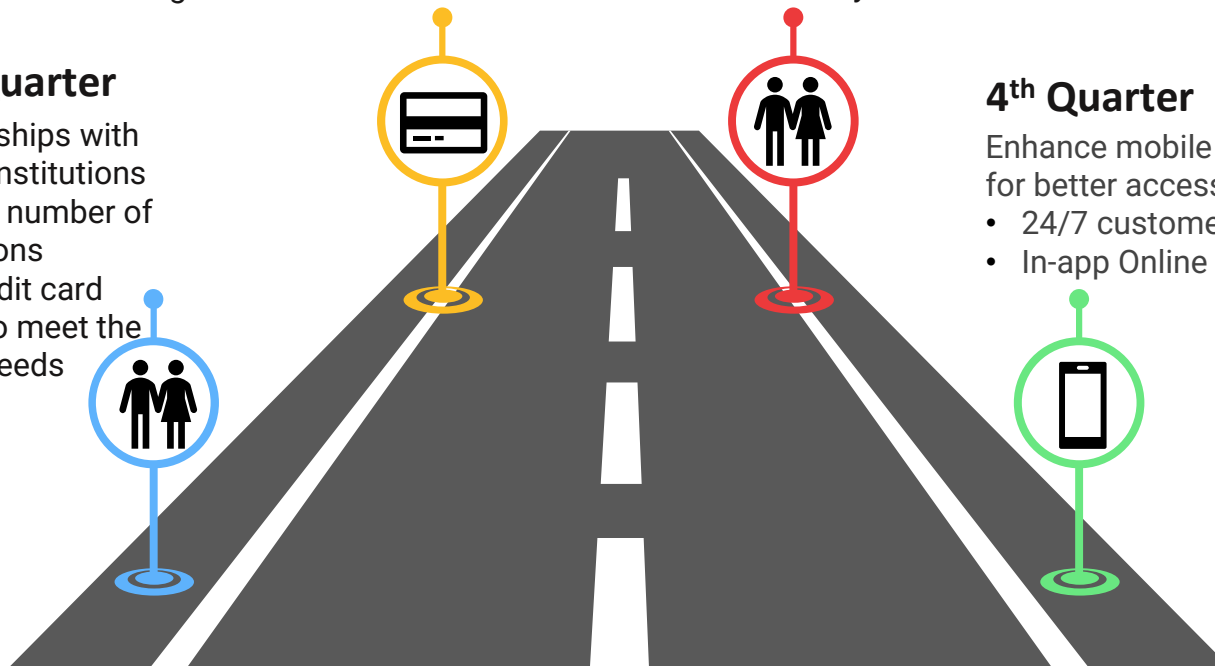
Build partnerships with educational institutions

- Survey the number of organizations
- Revise credit card program to meet the financial needs

### 4<sup>th</sup> Quarter

Enhance mobile banking features for better accessibility

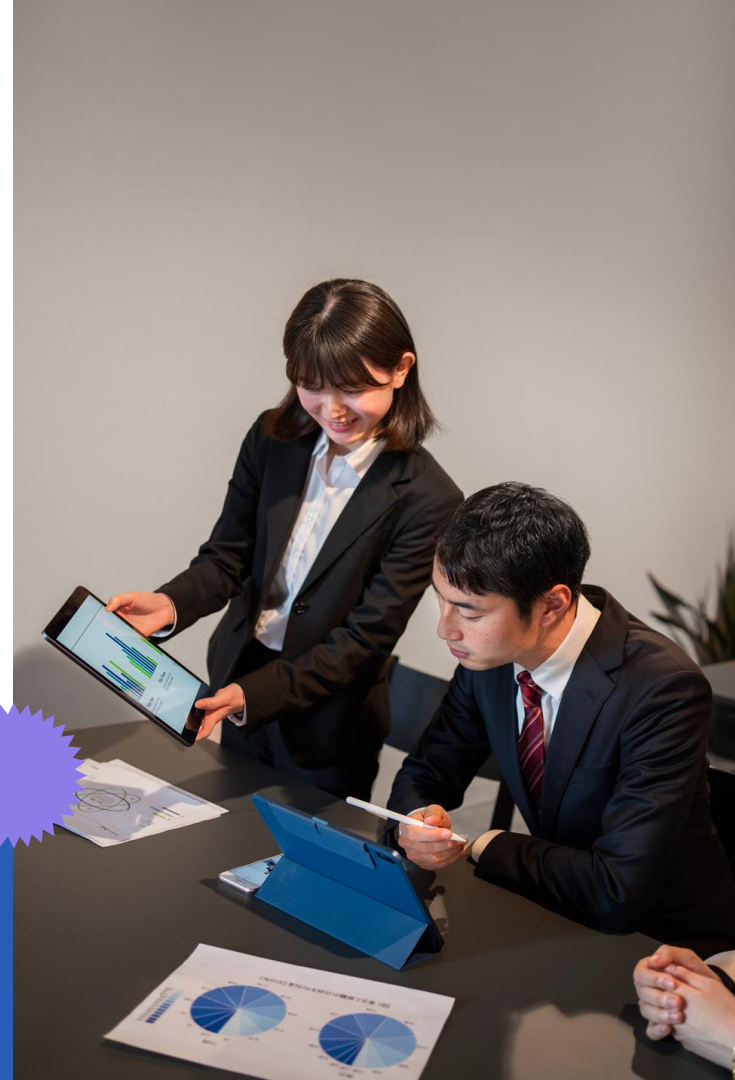
- 24/7 customer services
- In-app Online financial education



2<sup>nd</sup> and 3<sup>rd</sup> Year

05

# Risk Mitigation Strategy



# Regulatory and Compliance Challenges

1. **Know Your Customer (KYC) and Anti-Money Laundering (AML) Requirements:** Lack formal identification documents.
2. **Costumer Protection Regulation:** protect consumers, especially vulnerable populations, from predatory lending practices, unfair fees, and other abusive behaviors.
3. **Reporting and Compliance Obligations:** additional reporting requirements.
4. **Licensing and Regulatory Approvals:** specific licenses or regulatory approvals to operate in certain markets or offer certain products to the unbanked.
5. **Technology and Infrastructure Requirements:** investments in alternative delivery channels, such as mobile banking, agent banking, or partnerships with other providers.

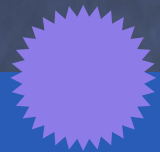
## Solutions

- **Engage with regulators** early to **understand** the **applicable laws and regulations** and collaborate on developing appropriate frameworks.
- Implement robust KYC and AML processes that **leverage alternative forms of identification** and verification.
- Design **customer-centric products and services** prioritizing **transparency, fairness, and customer protection**.
- **Invest in technology and infrastructure** that meets regulatory standards while enhancing access and inclusivity.



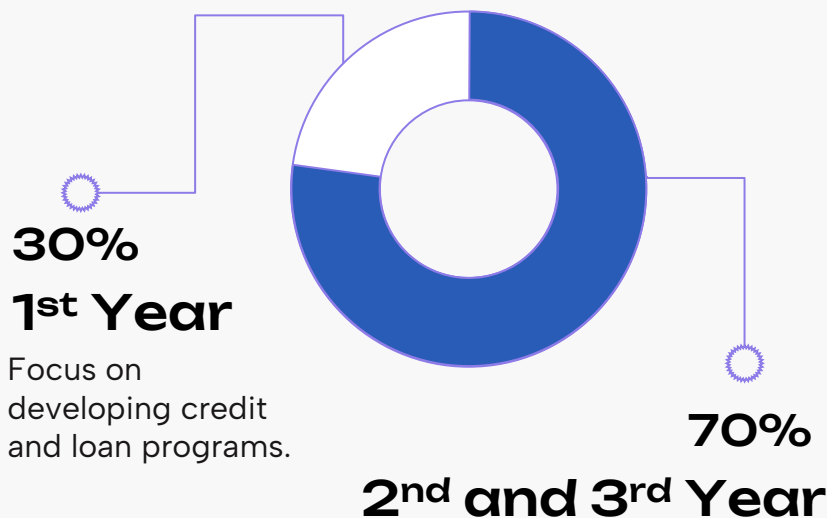


06



# Financial Projection

# Financial Model



## Cost Breakdown

	Year 1	Year 2	Year 3
<b>Revenue Breakdown</b>			
Credit Card Issuance	\$500,000	\$600,000	\$750,000
% Growth Y/Y	na	20%	25%
Customized Loan Programs	\$400,000	\$440,000	\$506,000
% Growth Y/Y	na	10%	15%
<b>Detailed Expenses Breakdown</b>			
<b>SG&amp;A</b>			
Partnerships/Outreach	\$250,000	\$350,000	\$400,000
% of capital allocated	17%	23%	27%
Marketing Expenses	\$400,000	\$600,000	\$500,000
% of capital allocated	27%	40%	33%
Financial Literacy Campaign	\$150,000	\$200,000	\$150,000
% of capital allocated	10%	13%	10%
Customized Loan Programs	\$350,000	\$400,000	\$250,000
% of capital allocated	23%	27%	17%
<b>R&amp;D</b>			
Mobile Banking Enhancement	\$350,000	\$450,000	\$200,000
% of capital allocated	23%	23%	13%
<b>Total</b>	<b>\$1,500,000</b>	<b>\$2,000,000</b>	<b>\$1,500,000</b>

Return on Investment (ROI)

64%

# Cost Breakdown (Cntd')

Category	Description
Partnership – 20%	Partner with educational institutions and companies to issue highly customized credit card solutions.
Marketing Expenses – 20%	Increase visibility at states in the Southeast area.
Financial Literacy Program – 10%	Offer literacy programs for students and new users – those who are unfamiliar with using online banking platform.
Loan Program – 20%	Partner with local businesses in top industries in Georgia, Mississippi, and South Carolina to give loans with low APR.
App R&D – 20%	Develop app interface, ensuring a smooth customer experience. Attract customers from other banks.



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