The Challenge

The California Integrated Travel Project (Cal-ITP) is a Caltrans-led statewide initiative to ensure that all people have a contactless open-loop way to pay—whether that’s their bus fare or for groceries. But access to the financial system is not equitable in California.

People who are unbanked or underbanked rely on an alternative to a bank account for meeting their daily financial needs. Federal Deposit Insurance Corporation (FDIC) estimates that their transaction fees average $3,000 in annual costs / person.

The Market Sounding

In late 2020, Cal-ITP did a market sounding of payment issuers and identified industry trends that could begin to address the transit use case:

- Graduated know your customer (KYC) policies that allow people to open an account with a phone number or email address
- Low to no account costs, monthly fees, or minimum balances
- Ability to load paper money onto the account for low fees at thousands of easy-to-access locations nationwide
- Ability to request a physical card in addition to a digital wallet

STATISTICS

10.3 million
California residents are either unbanked (no bank account) or underbanked (not regularly using checks or bank cards)

7%
of California residents were estimated to be unbanked in 2019

19%
of California residents were estimated to be underbanked in 2019

Ready to read more? Reach out to hello@calitp.org to request the full case study.