



Cal-ITP and Cash App

CASE STUDY

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

Demonstration



Using the Cal-ITP Approach

Monterey-Salinas Transit (MST) and **Sacramento Regional Transit District (SacRT)** launched contactless payment acceptance demonstration projects in Summer 2021, allowing transit customers a new way to pay for their ride.

For people who want a contactless bank card option, the agency directed customers to open a Cash App account and receive a Visa debit card (known as a Cash App Card).

Right: Tapping to pay on SacRT using the Cash App Card.



The Cash App

The Cash App is a way to make transactions without a bank account or prior credit history. When a user downloads the Cash App and requests a debit card, they are identified through their email address, phone number, and state-issued identification with no minimum balance requirements. (Read more about the Cash App and California Transit [here](#).) And while they wait for the physical Cash App Card to arrive, Cash App users can load the digital version of that card into their mobile wallet right away and begin to tap to pay.

The Cash App Card

The Cash App Card can be used **anywhere Visa is accepted**, including on transit, online, and in stores.

To **add money** to a Cash App account, customers have the choice of peer-to-peer funding, linking to an outside bank account, adding direct deposit of their paycheck, or loading paper money.



In conjunction with transit open-loop launches, Cash App piloted **Paper Money Deposits**, a key feature for the un/underbanked community that enables customers to load cash onto their Cash App Card at participating retailers, such as **Walmart, Walgreens, and 7-Eleven**. This feature is available to customers for a \$1 fee per load of up to \$500. This \$1 transaction fee is approximately 1/4 of the cost of most other retail load options offered today. Funds on the card can be used anywhere Visa is accepted.



"Boost" Credit

For Cal-ITP's contactless payment demonstrations with Monterey-Salinas Transit (MST) and Sacramento Regional Transit District (SacRT), Cash App and Visa offered customers who use their Cash App Card on transit a "Boost" in the form of a credit back to their Cash App account. MST riders received **\$1 back**, and SacRT riders received **50% off their ride**.

Monitoring Results

Marketing campaign

2,000 customers per week are ordering a physical Cash App Card in the Monterey-Salinas and Sacramento regions.

30% of Cash App Cards tapped at MST and SacRT are new Cash App users, using their cards for the first time after the launch (May 2021 on MST, September 2021 on SacRT).



Cash Boost and \$1 cash load network

While the Cash Boost is very popular on other transit systems (accounting for up to 37% of Cash App rides), riders at MST and SacRT had not utilized it due to lack of awareness.

Riders likely took advantage of the cash load network: Cash deposits in the Monterey and Sacramento regions across all users averaged \$25,000 in daily deposits.

Note: Paper money reloads were tested in the Sacramento and Monterey-Salinas markets and based on success in these and a few other test markets, they are now nationwide.

Meeting the needs of unbanked riders

- Cash App users who have used paper money deposit (loaded cash into their wallets) are 2 times more likely to not have a debit card or bank account linked to their Cash App account, which suggests they are less likely to have a bank account outside of Cash App.
- The average monthly spend of these new transit-tapped Cash App Cards is 16% higher than the overall Cash App average monthly spend. This suggests that the Cash App Card is these users' primary card payment option.
- Riders are using Cash App Cards to make everyday purchases in addition to transit; 92% of the spend on transit-tapped cards come from categories other than transit.