



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

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