

Walmart MoneyCard Prize Savings: One Year Anniversary Brief

Innovative financial products can help financially vulnerable people save money. Walmart's MoneyCard Prize Savings program, designed in partnership with Green Dot Bank and Commonwealth, is demonstrating that case. Prize Savings uses the chance to win cash prizes to make saving fun and to engage people in a large-scale, sustainable way. A year after the launch of Prize Savings, this new feature is clearly having an impact. Since officially launching Prize Savings in August 2016, Walmart MoneyCard Vault usage is up more than 274 percent; users are, on average, saving 35 percent more; and more than 7,000 customers have won cash prizes. MoneyCard customers are utilizing a new tool to manage their financial lives and Walmart and Green Dot are better serving their customers' needs. This brief highlights the impact of the first year of Prize Savings.

Background

In late 2014, Commonwealth co-convened a group of prepaid industry stakeholders to better understand the shared challenges and opportunities for savings innovation and to explore examples of successful engagement strategies. Commonwealth presented past work on prize-linked savings, in which people earn chances to win cash prizes by saving, as an approach that can drive engagement by incorporating fun and excitement.¹ Several participants left the convening intrigued about the possibilities of prize-linked savings for their own offerings, including executives from Walmart's financial services division and Green Dot Bank.

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The Walmart MoneyCard is issued by Green Dot, and the two companies identified the product as a promising one to use to test prize-linked savings. The MoneyCard is a reloadable prepaid debit card. Prepaid cards—prevalent among unbanked and underbanked people who may not want or be able to access traditional financial institution services—operate by allowing cardholders to load funds onto debit cards that can be used to make purchases. Some prepaid cards also have a savings feature or “pocket,” in which users can set aside funds that are not immediately available for swiped transactions but can be freely and easily moved between spending and saving functions. The MoneyCard already had a savings feature called the Vault, but it was underutilized. Walmart and Green Dot believed that a prize feature could drive excitement and use, while helping their customers become more financially secure as a result.

Walmart, Green Dot, and Commonwealth set out to design and implement a prize-linked savings feature for the MoneyCard. After nearly two years of user-centered design and planning, including extensive research with customers about their preferences for features, prizes, branding, and communication, Prize Savings launched in August 2016. With the needs and habits of MoneyCard users in mind, it is designed to provide many opportunities to win, even for cardholders who are only able to save small amounts. Each dollar saved in a cardholder's Vault earns an entry into monthly drawings for one of 499 prizes of \$25 or one \$1,000 grand prize. Every Vault user is automatically entered to participate, and customers can learn about Prize Savings through the MoneyCard app or online.



Impact

In its first year, Walmart's Prize Savings has helped people save up money in the Vault by making the experience of saving easy, fun, and engaging. The customer participation in Prize Savings demonstrates that prizes can help people feel more motivated to save money and become more engaged in their overall financial well-being.

1. https://buildcommonwealth.org/publications/history_prize_linked_savings



Prize Savings on the Walmart MoneyCard is helping people save more

The Vault is designed to be highly liquid. The automatic integration of the Vault within the Walmart MoneyCard app and online makes saving easy, thereby helping customers manage and plan their spending and create a small savings buffer for upcoming expenses.² Since the launch of Prize Savings, hundreds of thousands of MoneyCard customers have participated. In addition to driving engagement with the Vault, Prize Savings is also having an impact on cardholders' savings behavior:

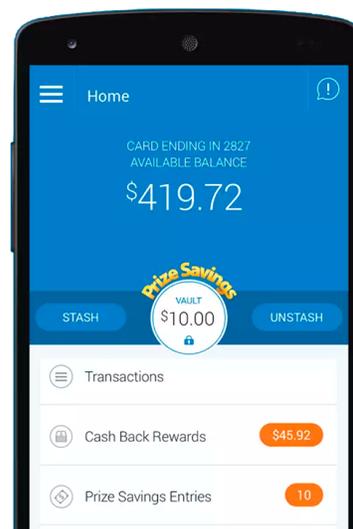
- Customers are setting aside money into the Vault more frequently than a year ago.
- MoneyCard savers are also saving more money on average than they were a year ago.
- The average customer Vault balance has continued to grow.
- Direct Deposit activity is up significantly on the MoneyCard portfolio since the start of the Prize Savings program, indicating that the presence of a free savings account as part of the product may be encouraging more committed and long-term use of the MoneyCard.

All told, customers have moved over \$600 million into the Vault since the start of Prize Savings. Walmart and Green Dot have awarded over \$188,650 in prizes to 7,000 lucky winners across the country.

The excitement of winning makes a difference

The power of Prize Savings is in the thrill of a chance to win. Winners benefit from the cash prize itself, which is deposited into their MoneyCard account to grow their savings. They also become more engaged with saving, using the Vault more after they win. In addition, winners and the stories they tell about their own experiences can drive more excitement and more saving by other cardholders.

Winners of the monthly \$1,000 grand prizes have used the funds to meet their needs in diverse ways. Some have chosen to put all their winnings back into the Vault. Emma, a grand prize winner who started using the MoneyCard to help her recover from a series of financial challenges, decided to save all the prize money to give herself a "savings cushion." Others divided their prize between spending and saving, like Dawn, who gave her two sons each \$50, took them out to dinner, bought herself new tennis shoes, and saved the rest for a rainy day. Still others took advantage of the opportunity to do things they would not have otherwise been able to, like the father who struggles to make ends meet but who was able to use his winnings to buy Christmas presents for his family.



Prize Savings is generating positive attention

Prize Savings has been recognized with several industry awards, including Best Prepaid Innovation at the PYMNTS 2017 Innovator Awards, the Best Prepaid Incentive Program Award at the 2017 Pay Awards, and the 2017 American Bankers Association Economic Inclusion Award. It was also featured prominently in *The Atlantic*.³

Conclusion

Innovative saving products like Prize Savings on the Walmart MoneyCard offer new ways to sustainably serve unbanked and underbanked people while helping them build financial security. Prize Savings has demonstrated a clear impact in its first year by making savings exciting and achievable at a large scale. Walmart, Green Dot, and Commonwealth look forward to continued innovation, growth, and positive impact in the lives of MoneyCard customers who now have an easy and fun way to save—and win—for the future.

2. *The MoneyCard and Vault provide an example of an integrated financial product, in which different financial functions—in this case, spending and saving—are seamlessly combined. Integrated products can better align with how consumers live their financial lives and hold promise for serving the needs of the financially vulnerable. See "Building Financial Security Through Integrated Financial Solutions." Commonwealth, 2016. <https://buildcommonwealth.org/publications/building-financial-security-through-integrated-financial-solutions>*
3. <https://www.theatlantic.com/magazine/archive/2017/05/how-to-trick-people-into-saving-money/521421/>

