

## WAL-MART N'EST PAS UNE BANQUE

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### Synopsis

Wal-Mart was becoming a key provider of financial services to millions of US low-income consumers at the fringes of the traditional banking industry. It offered check cashing, bill payment, money transfers, credit cards, prepaid cards, small-business loans and an innovative checking account. Although Wal-Mart offered all these products, the firm was not a bank in the US. In fact, regulators rejected several attempts to acquire a US depository institution charter. Nevertheless, through strategic partnerships the retailer made significant inroads into the U.S. financial services sector. In contrast, Mexican and Canadian regulators allowed Wal-Mart to become a chartered banking institution and offer traditional financial products through a network of banking branches and Wal-Mart retail centers. The case asks students to analyze Wal-Mart's strategy to offer financial services and assess its impact on consumers and competitors.

### Learning Outcomes

In completing this assignment, students should be able to:

1. Describe and evaluate a retailer's strategy for offering financial services.
2. Evaluate and assess the unbanked and under-banked phenomenon among U.S. consumers as an opportunity for a retailer.
3. Evaluate and assess the impact of a retailer's offering of financial products on important stakeholders.
4. Evaluate and assess the reasons for a retailer's failure to own a chartered depository institution.
5. Evaluate a retailer's decision to create the assorted financial services with specific vendors as opposed to contracting with a national bank to establish branches in the retailer's stores.
6. Compare and evaluate the strategies used by a retailer to offer financial services in the US vs. Mexico.

### Application

This case is appropriate for undergraduate courses in financial institutions, international finance and strategy.

### Key Words

Retail, strategy, financial services, banking

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