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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