

Overview of the 2011 FDIC National Survey of Unbanked and Underbanked Households

Boston Alliance for Economic Inclusion
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Yazmin Osaki



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Agenda

- Background
- Banking Status
- Account Ownership
- Use of Alternative Financial Services
- Implications and Conclusions

Background

- Objectives and statutory mandate

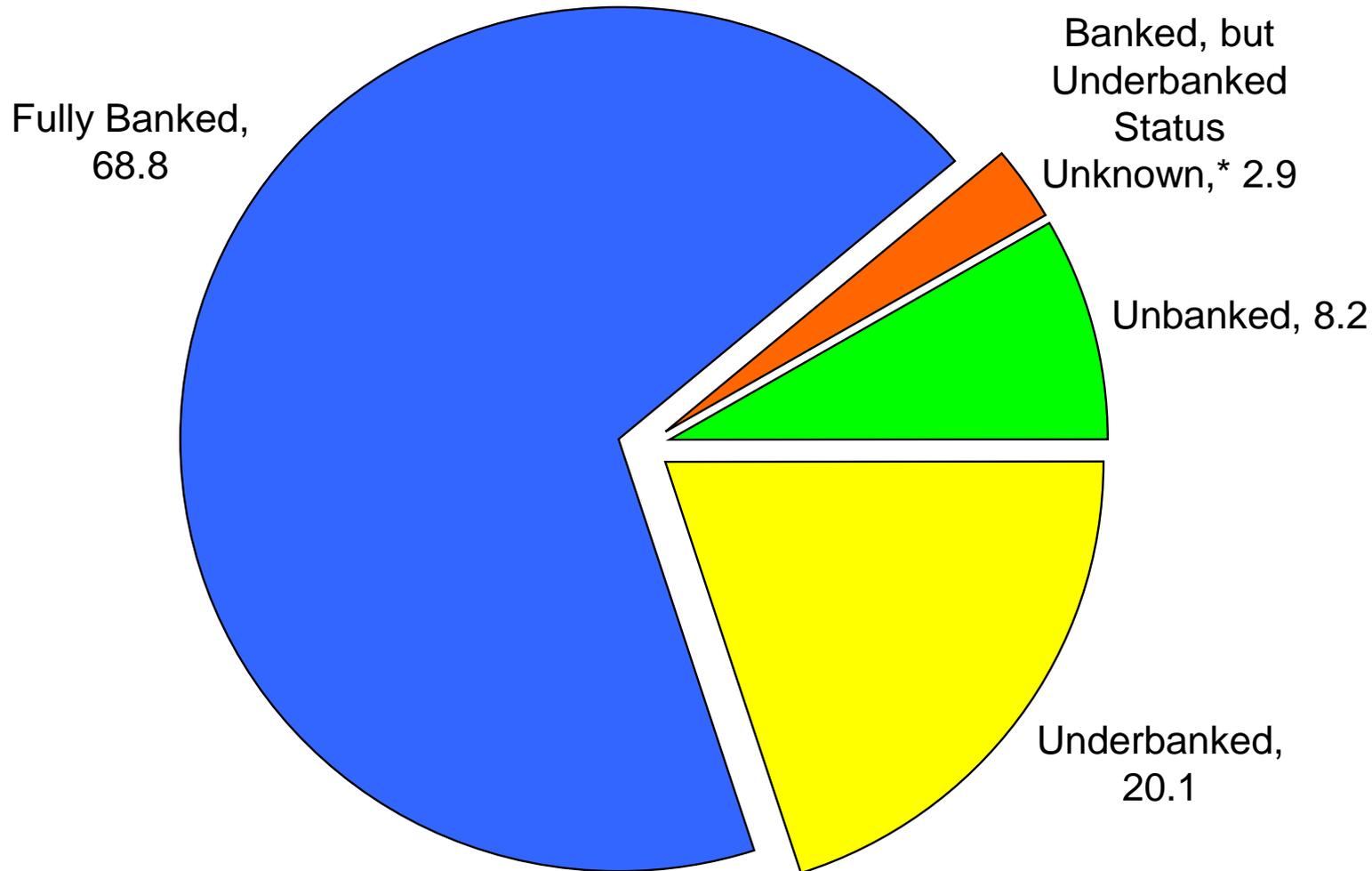
- FDIC household survey
 - Administered in June 2011 as a supplement to the Census CPS to nearly 45,000 households (84% of CPS respondents)
 - Designed to yield estimates of the number of unbanked and underbanked households; their demographic characteristics, and the reasons why they are unbanked and underbanked
 - First survey administered in January 2009 and released in December 2009

- FDIC bank survey
 - Results scheduled to be released in 2012

FDIC Household Survey Highlights



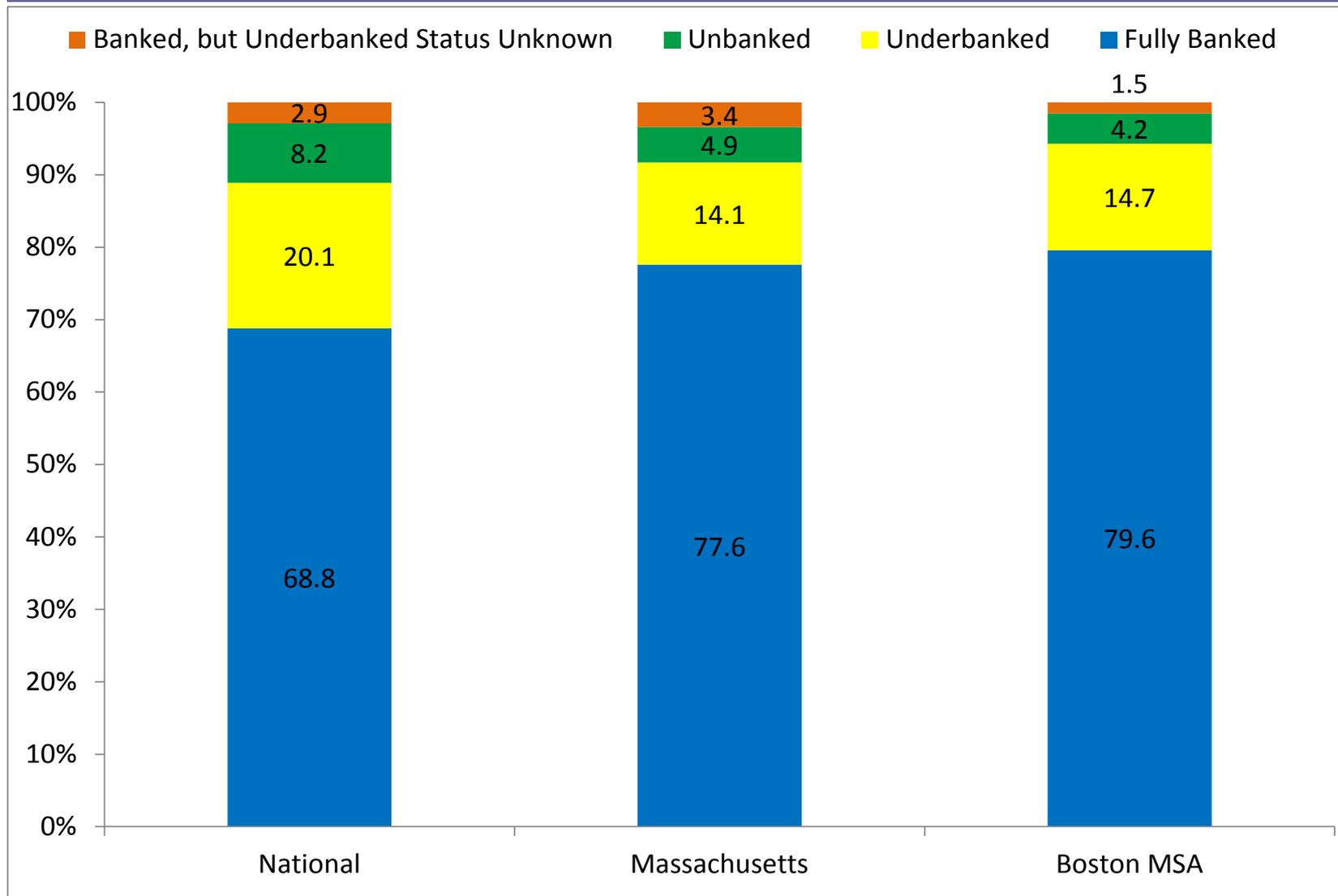
Distribution of Household Banking Status: U.S.



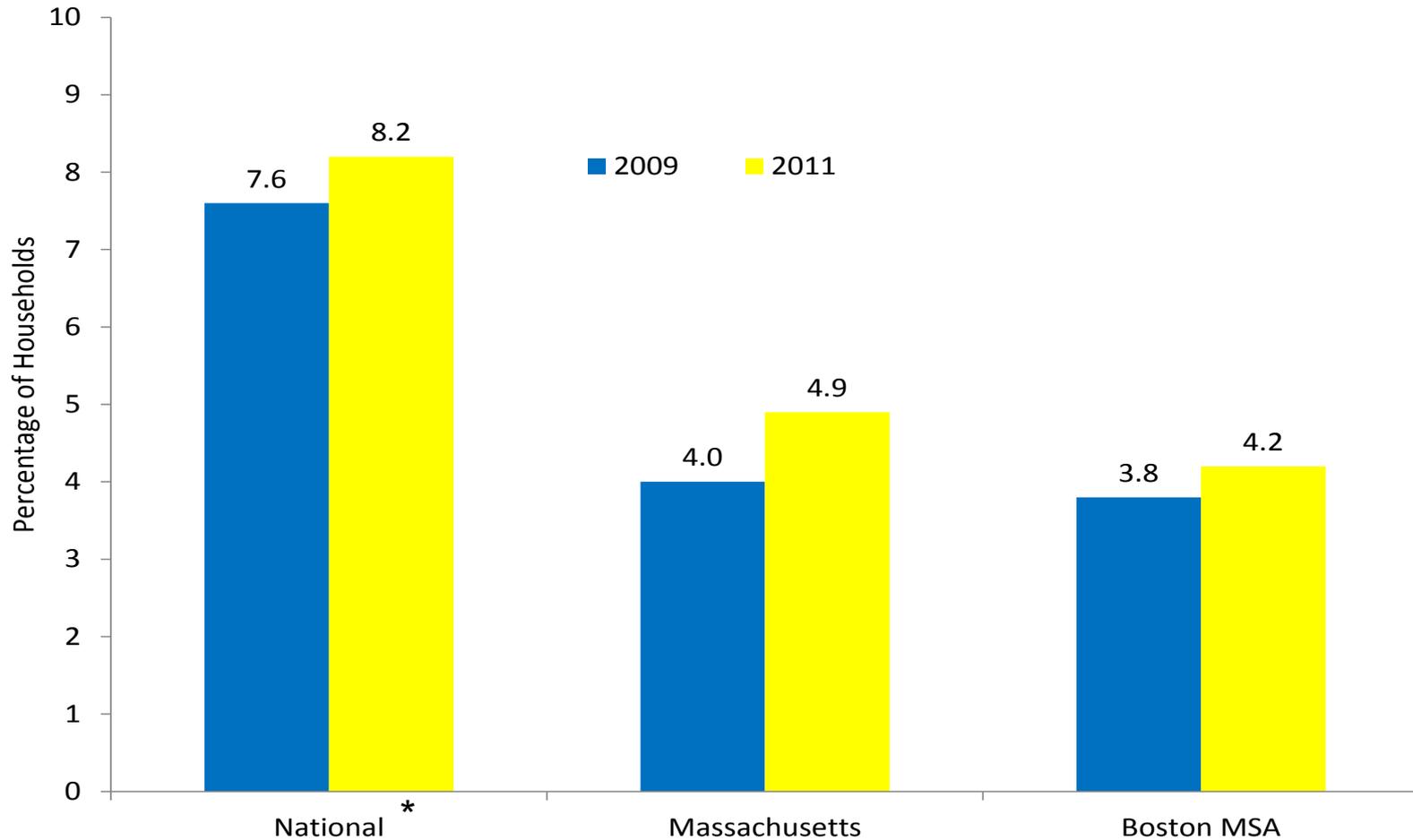
Notes: Percentages are based on 120.4 million U.S. households. Percentages may not sum to 100 because of rounding.

* These households are banked, but there is not enough information to determine if they are underbanked.

Distribution of Household Banking Status



2009-2011 Changes in Unbanked Rates

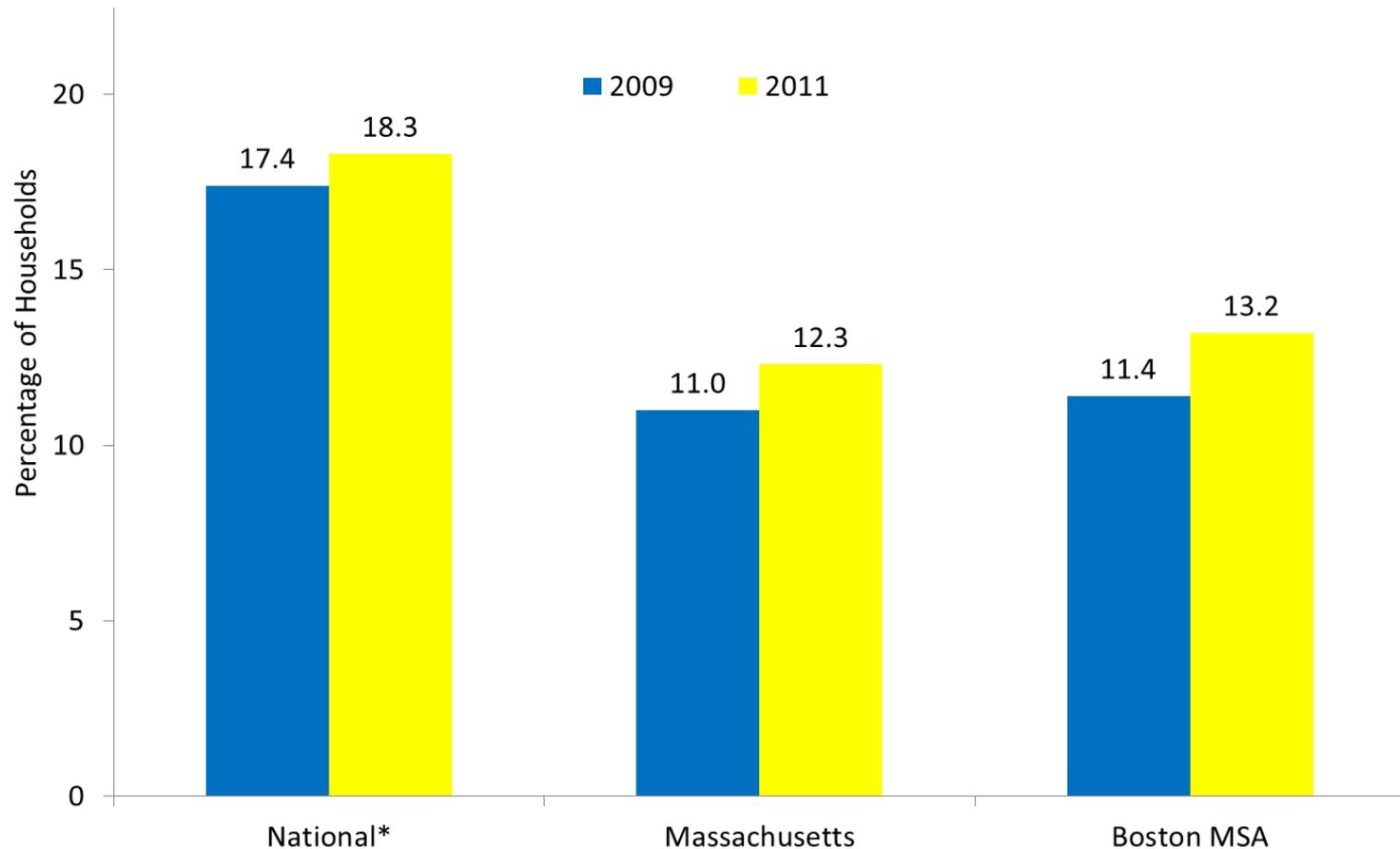


* Statistically significant difference

Revised Underbanked Definition

AFS	Timing of Use	
	2009	2011
Non-Bank Money Orders Non-Bank Check Cashing Payday Lending Pawn Shops Rent-to-Own	Used at least once or twice a year	Used in the last year
RALs	Used in the last 5 years	
Non-Bank Remittances	Not included	

2009-2011 Changes in AFS Use Among Banked Households



* Statistically significant difference

Note: For comparability purposes, the estimates include households that have an account, but used non-bank check cashing, non-bank money orders, payday loans, rent-to-own, and pawn shops in the last year. The estimates exclude non-bank remittances and refund anticipation loans because the 2009 survey did not ask about non-bank remittances and asked about the use of refund anticipation loans in the last five years as opposed to the last year.

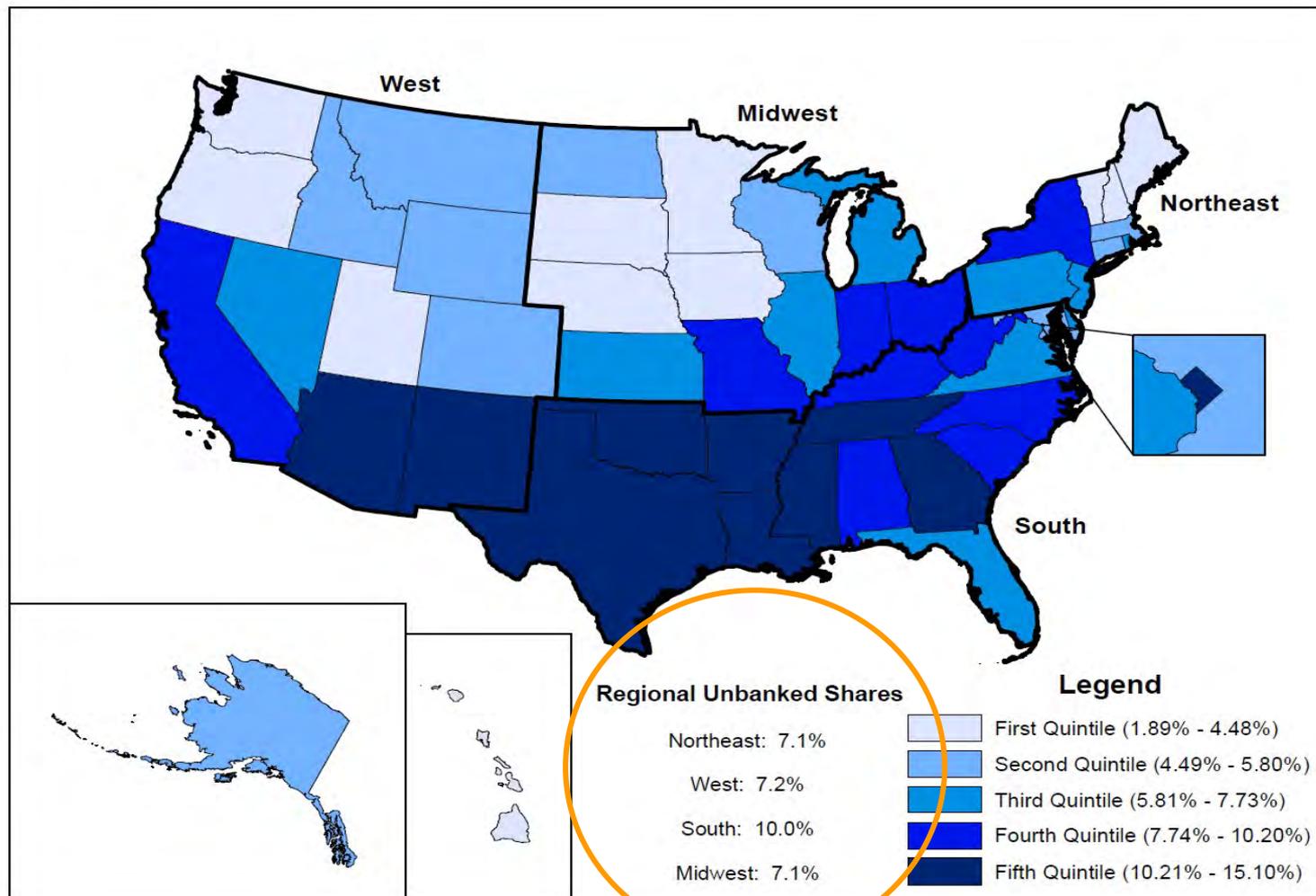
Unbanked and Underbanked Rates by Demographic Groups



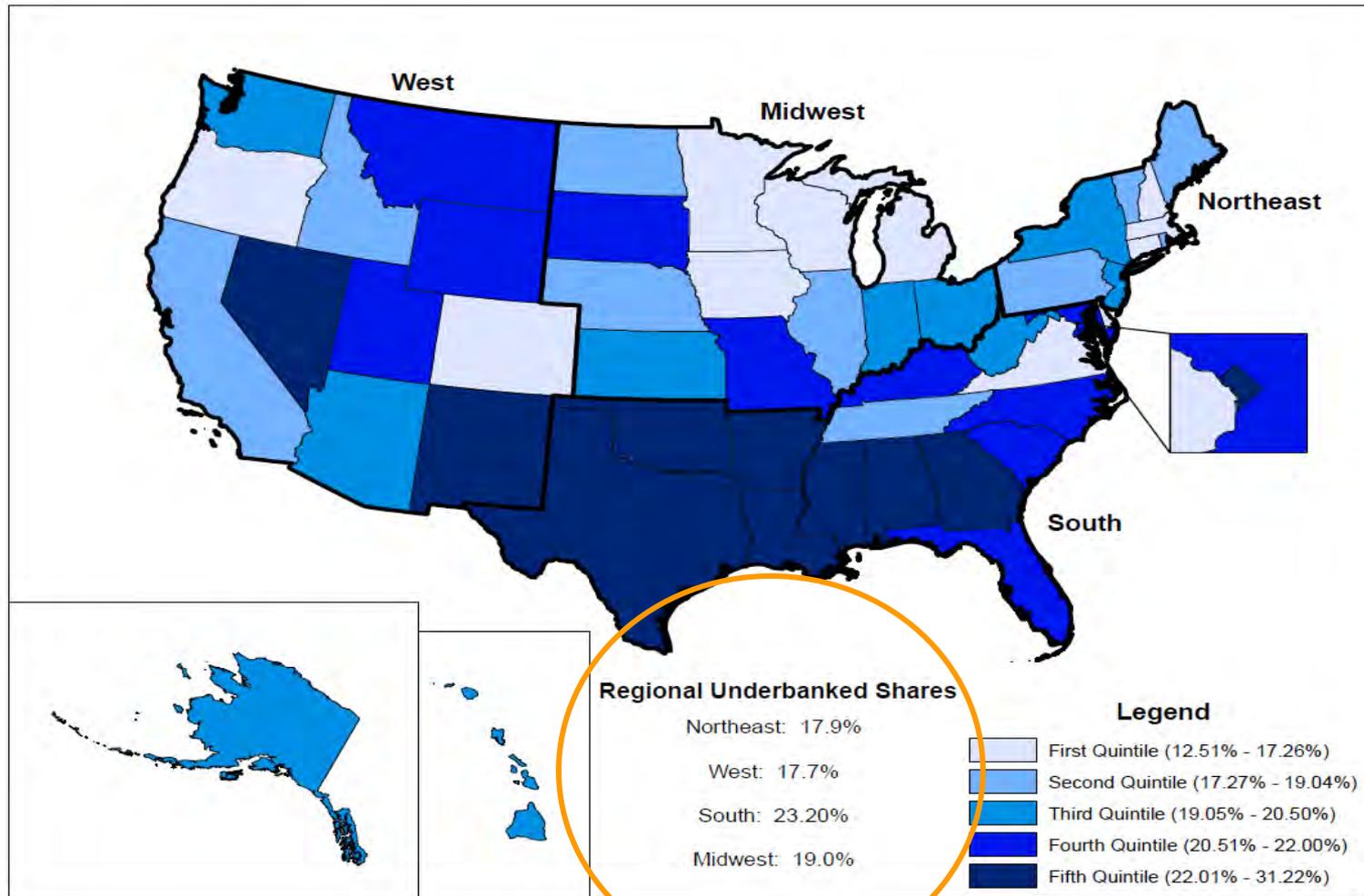
Banking Status of Select Groups

Select Demographic Groups	Percent Unbanked	Percent Underbanked	Percent Fully Banked
All households	8.2	20.1	68.3
Blacks	21.4	33.9	41.6
Hispanics	20.1	28.6	48.7
Foreign-born noncitizens	22.2	28.9	45.8
Unemployed householder	22.5	28.0	47.5
Income below \$15,000	28.2	21.6	47.6
Unmarried female family households	19.1	29.5	48.4
Under age 24 householder	17.4	31.0	49.7

Unbanked Households by Region and State



Underbanked Households by Region and State



Household Demographic Composition by Banking Status

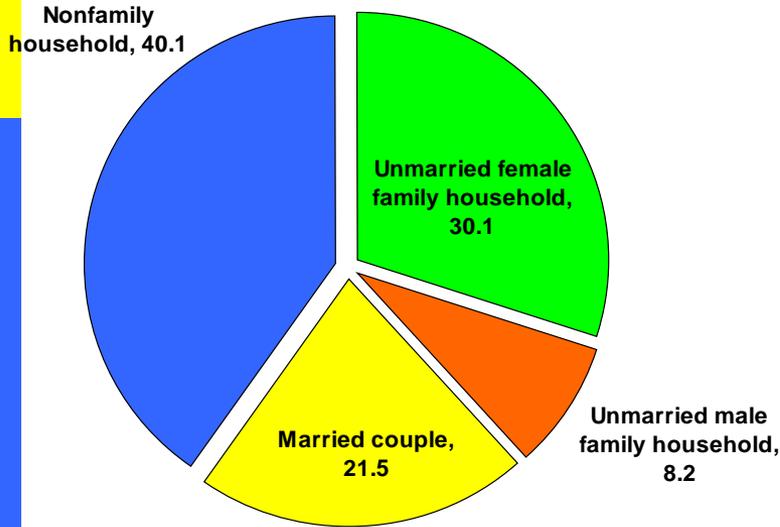


Household Composition by Banking Status

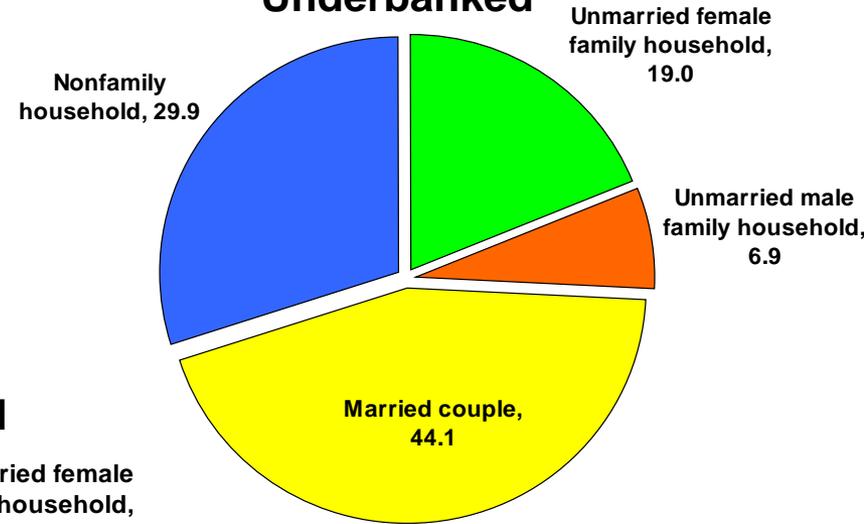
- There are stark differences between the unbanked and banked
- Along some dimensions, the underbanked seem to be a blend of the unbanked and fully-banked populations: race, age, family type
- Along other dimensions, the underbanked seem much more similar to the fully-banked: employment and income

Household Type Distribution by Banking Status

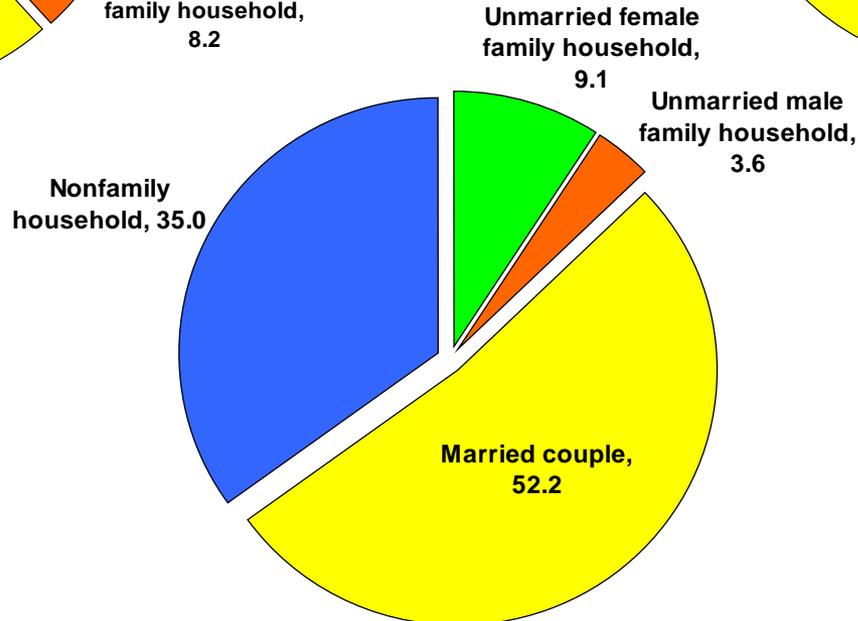
Unbanked



Underbanked

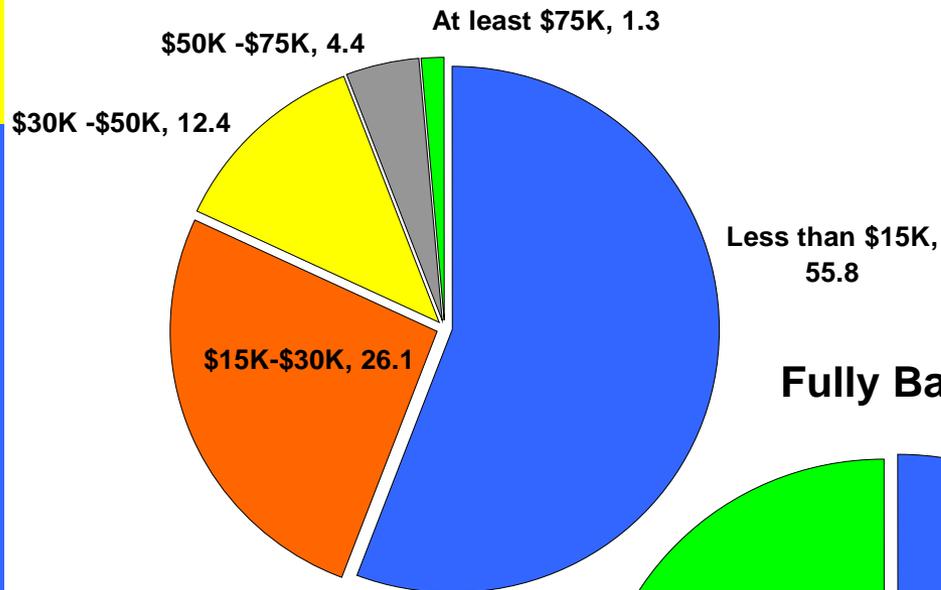


Fully Banked

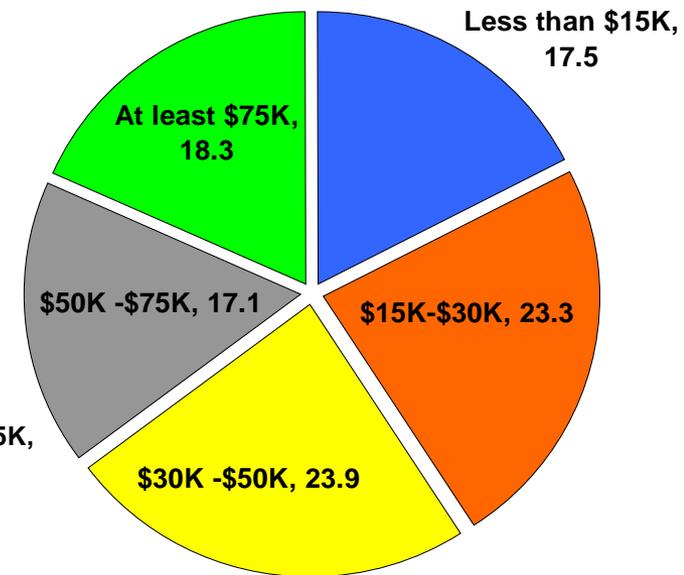


Income Distribution by Banking Status

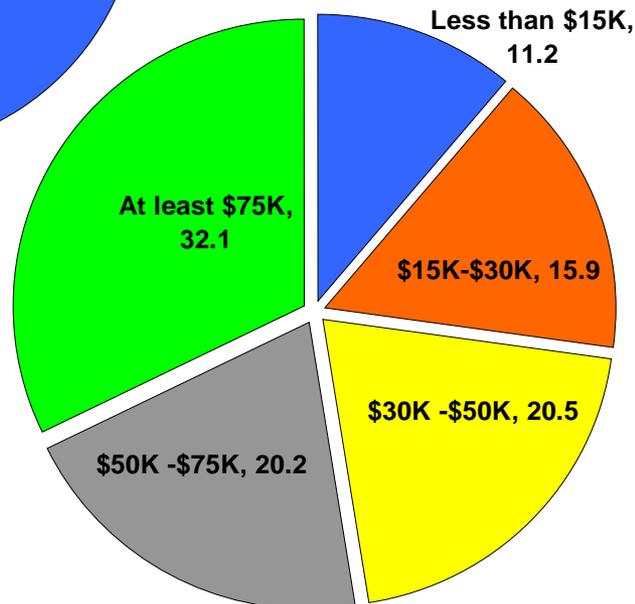
Unbanked



Underbanked

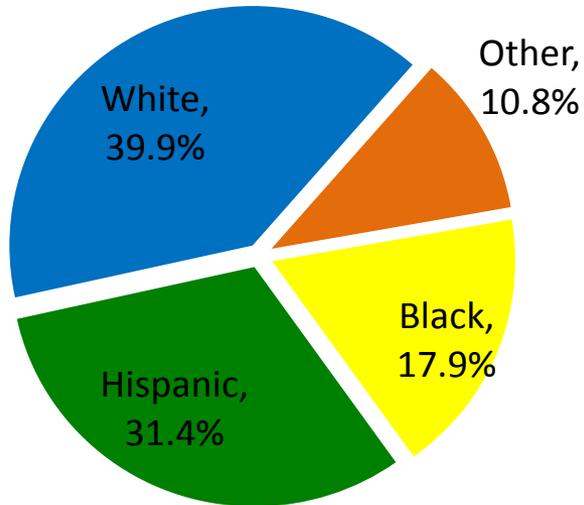


Fully Banked

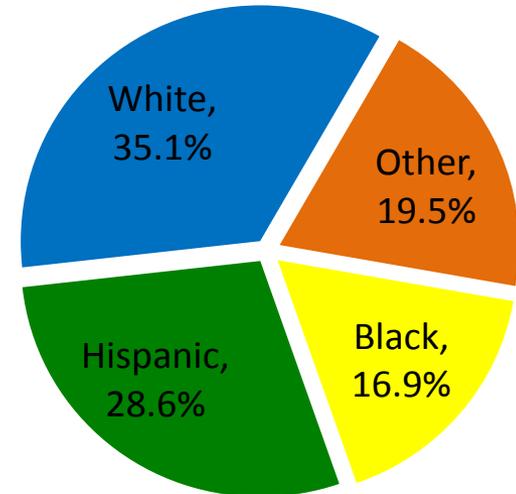


Racial Distribution of Unbanked: U.S., MA, Boston

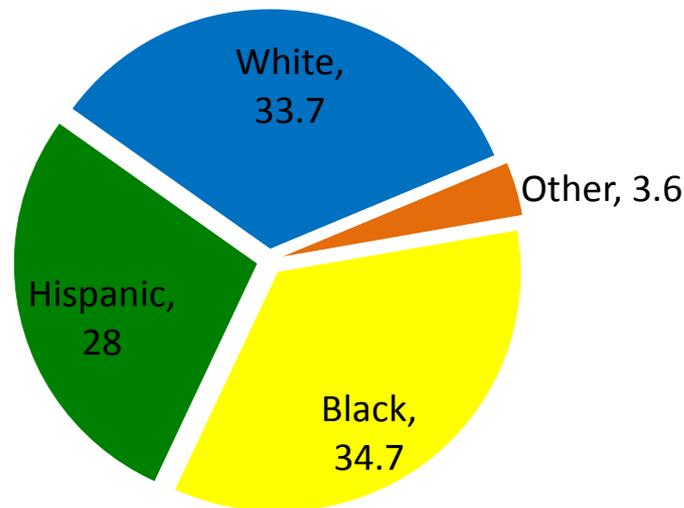
Massachusetts



Boston MSA

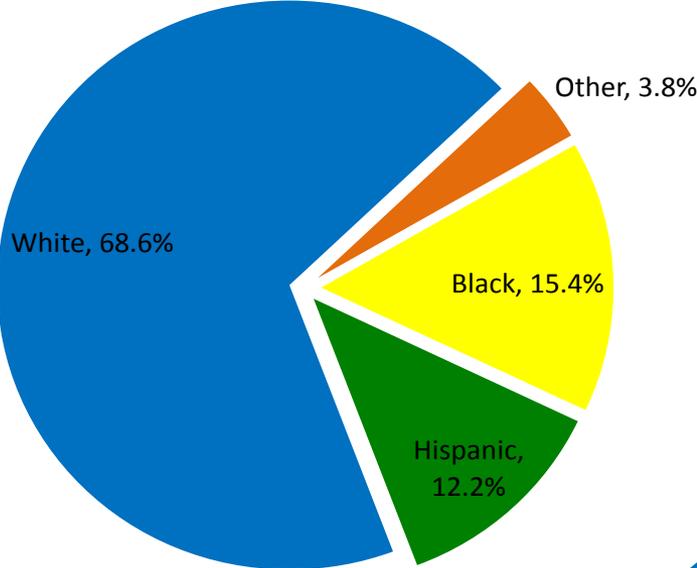


National

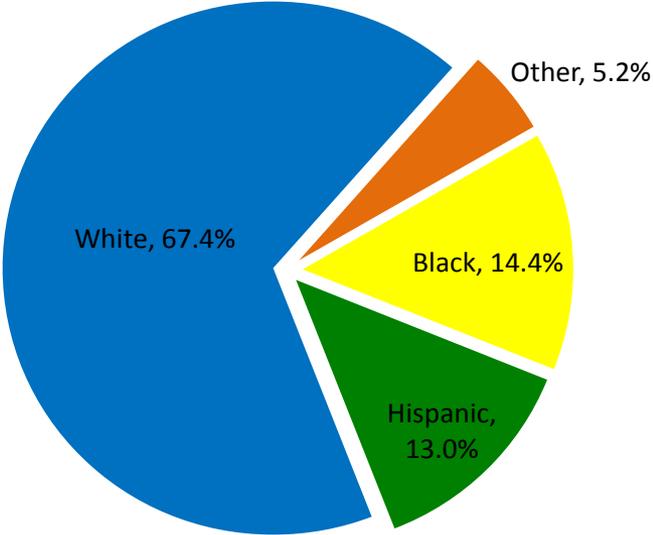


Racial Distribution of Underbanked: US, MA, Boston

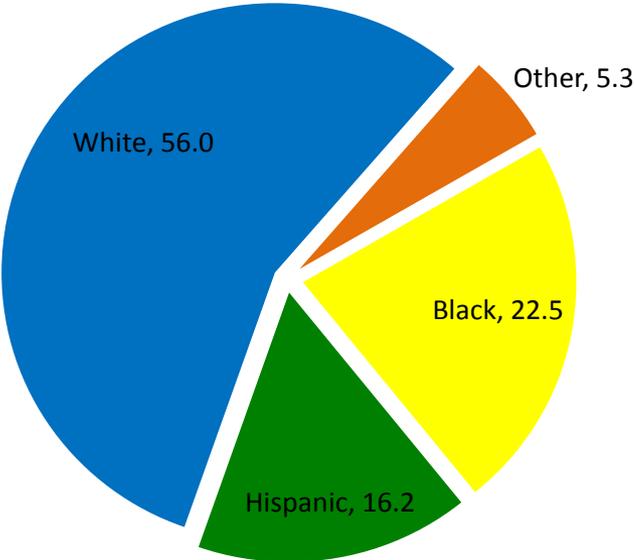
Massachusetts



Boston MSA

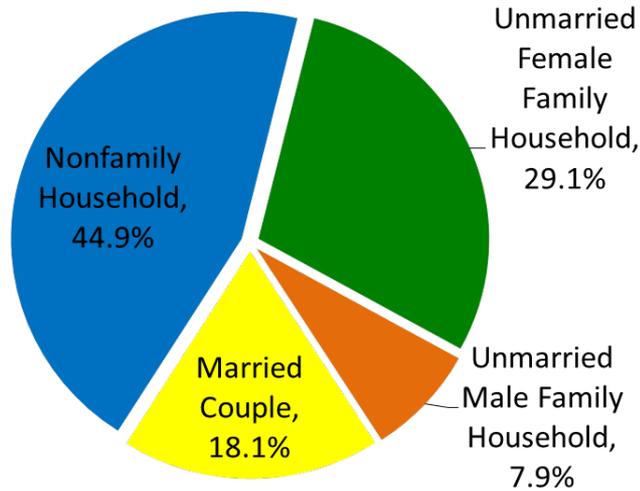


National

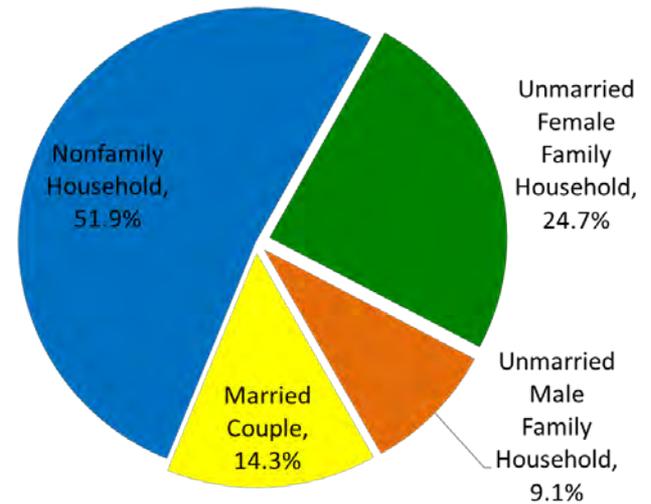


HH Type Distribution of Unbanked: U.S., MA, Boston

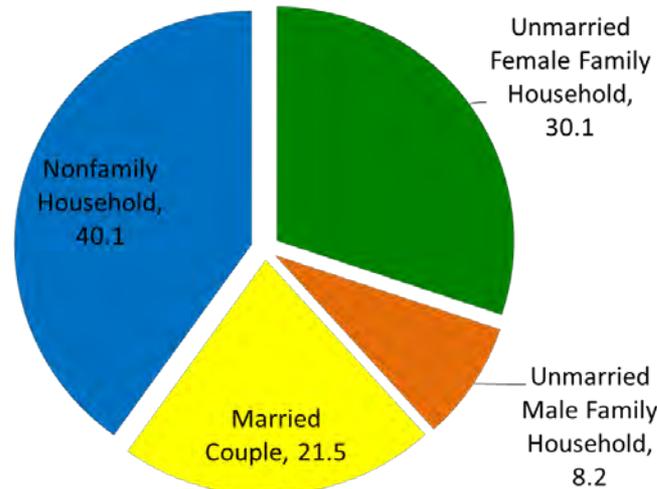
Massachusetts



Boston MSA

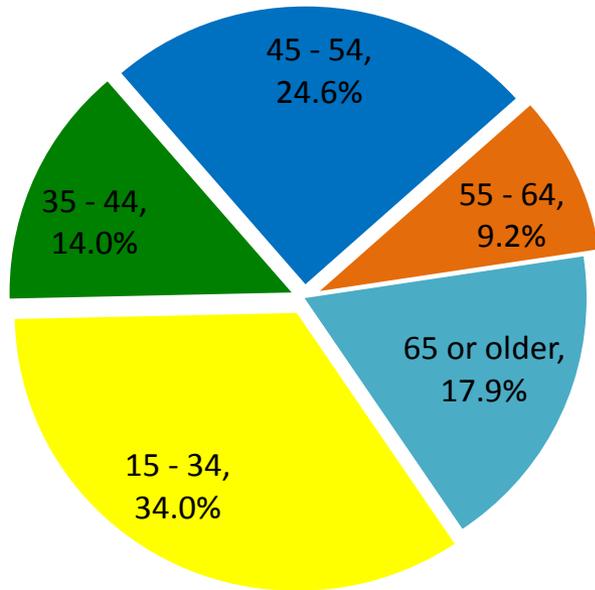


National

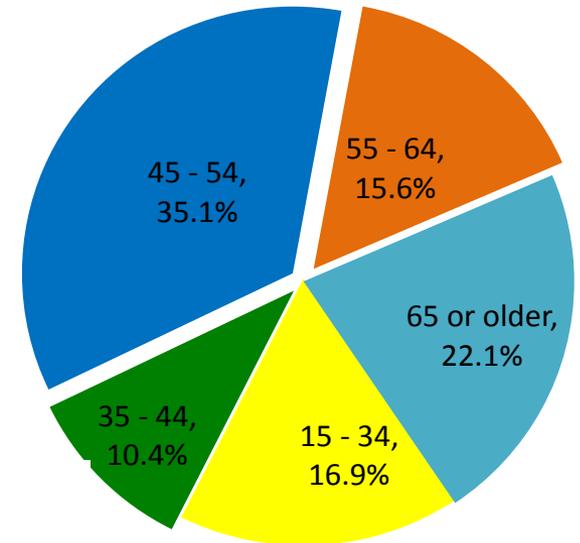


Age Distribution of Unbanked: U.S., MA, Boston

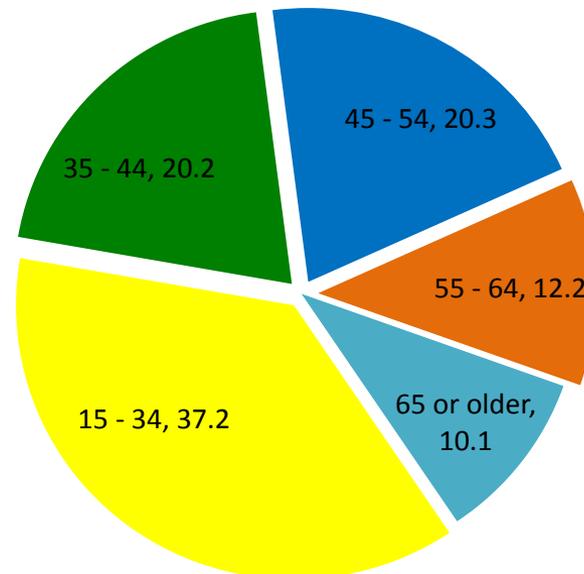
Massachusetts



Boston MSA



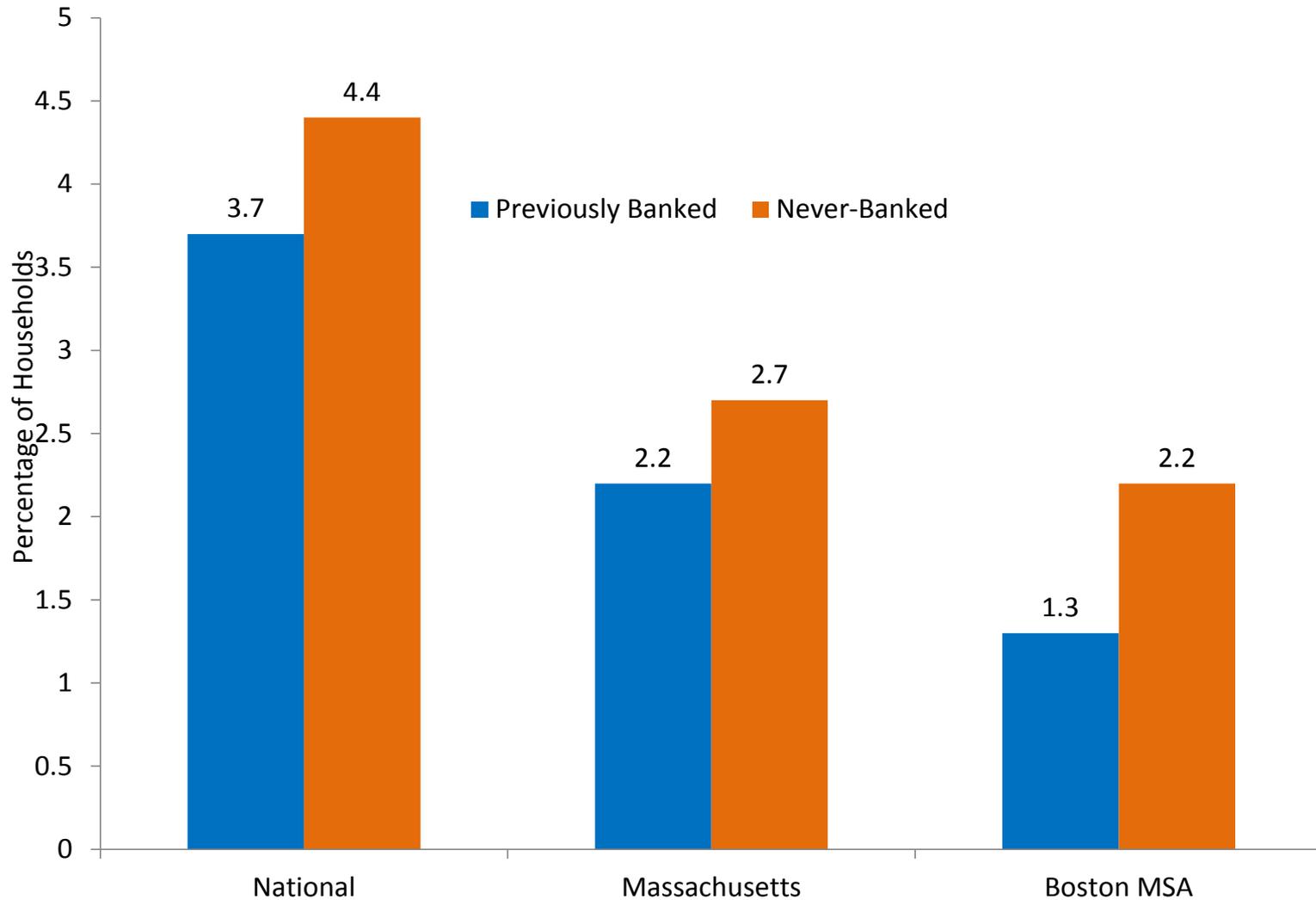
National



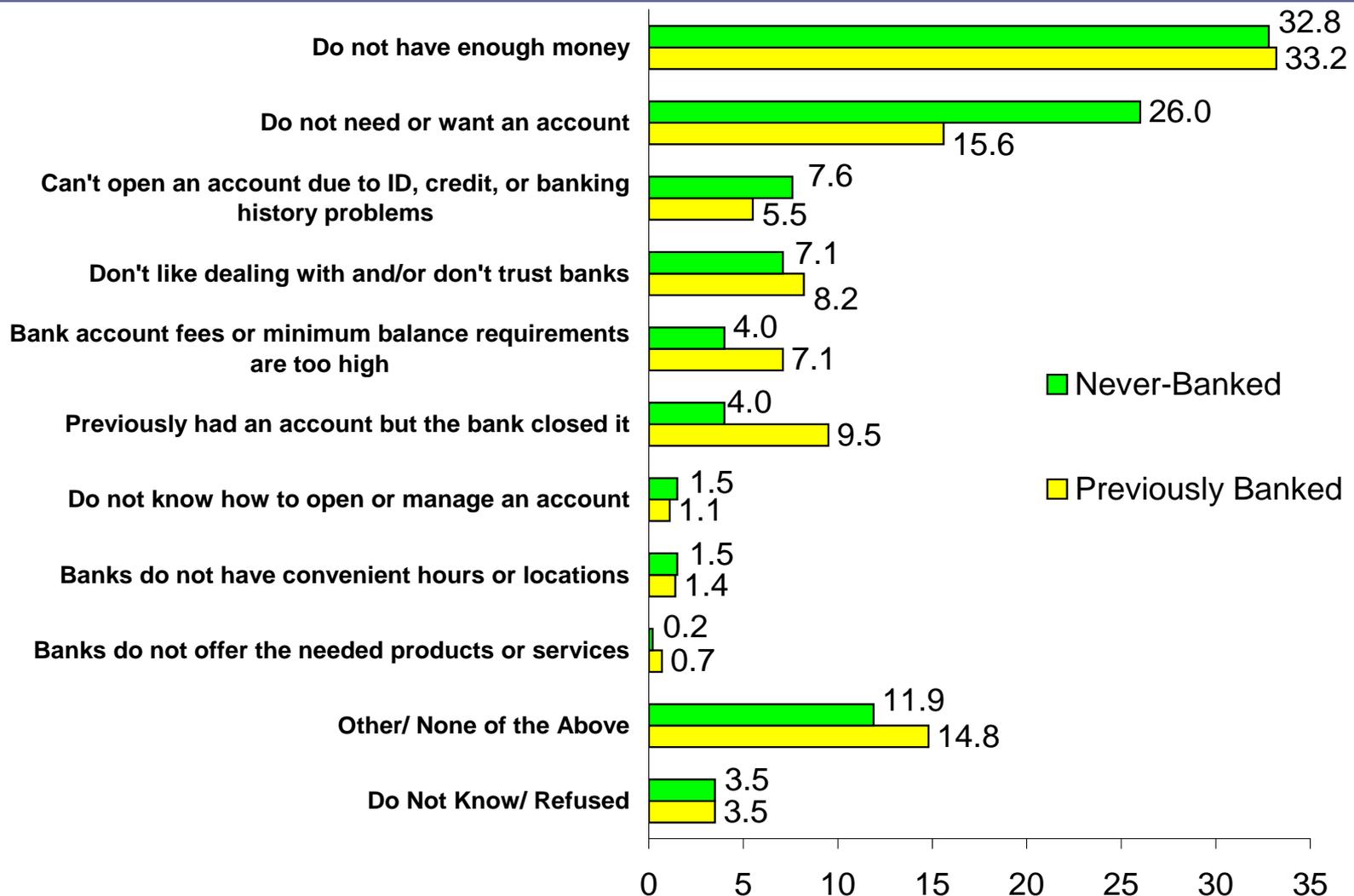
Unbanked Households



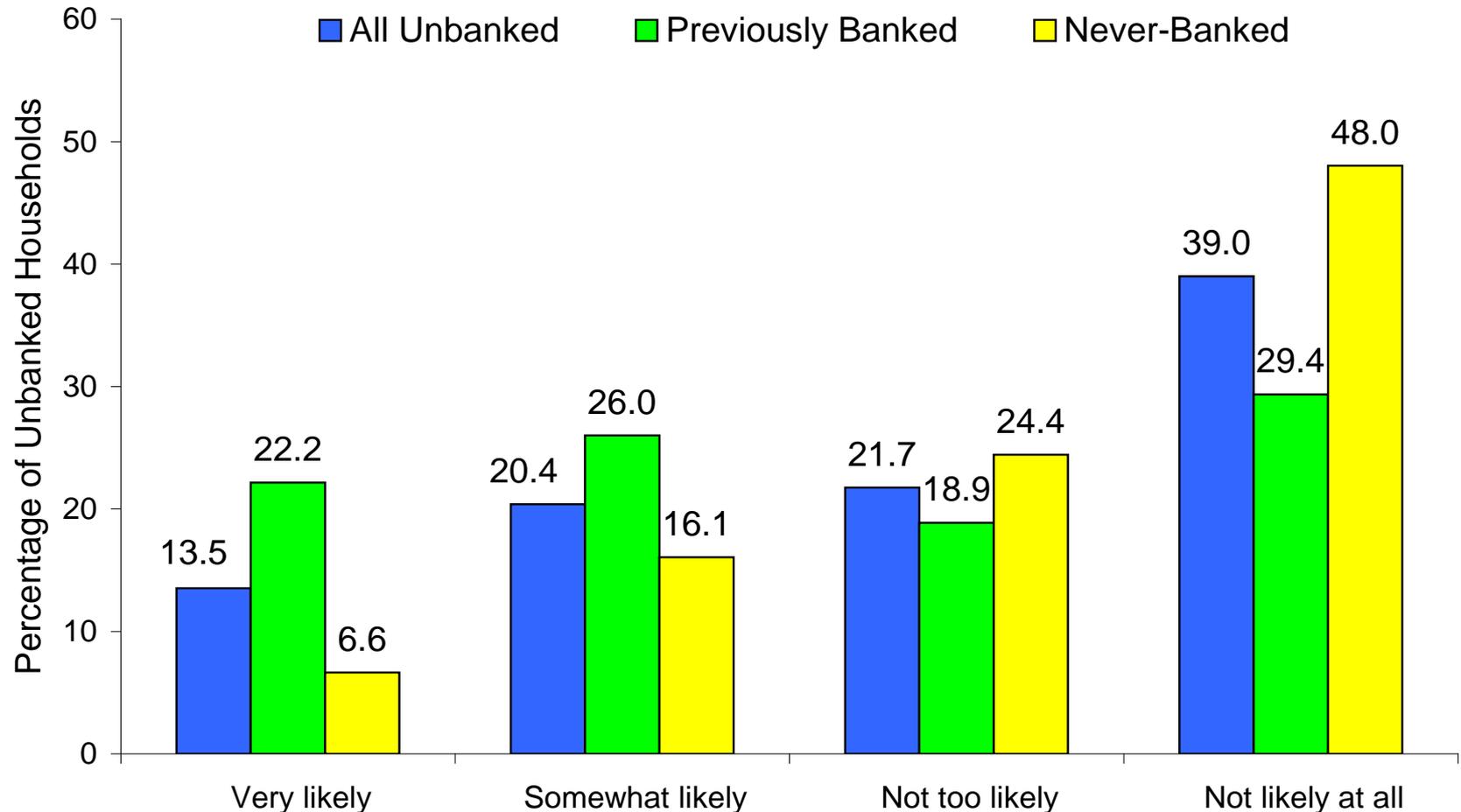
Previous Banking Status



Main Reason Households are Unbanked

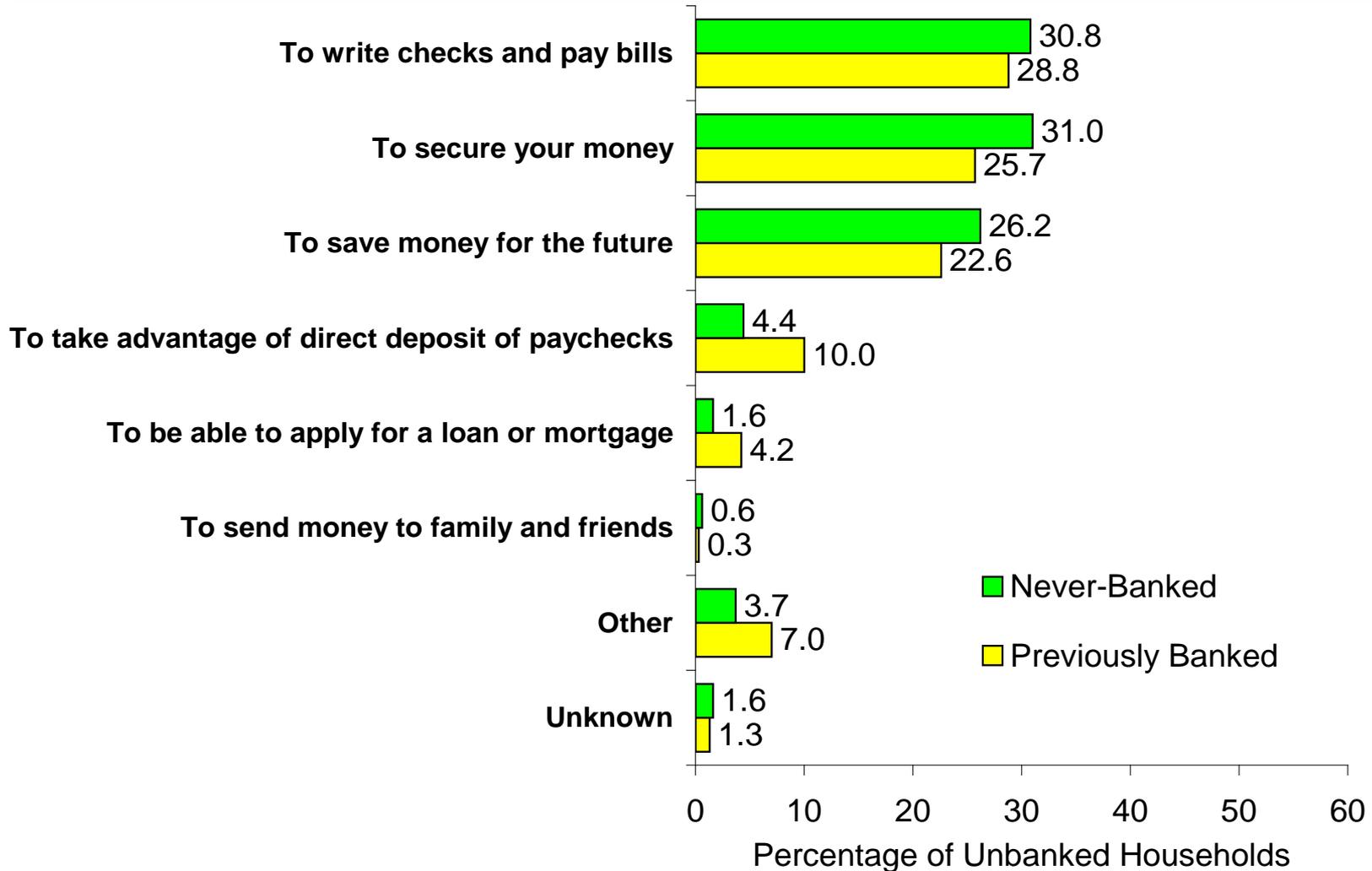


Unbanked Households' Likelihood of Opening Account



Note: Percentages are based on 9.9 million unbanked households

Unbanked Households' Reasons for Wanting to Open an Account

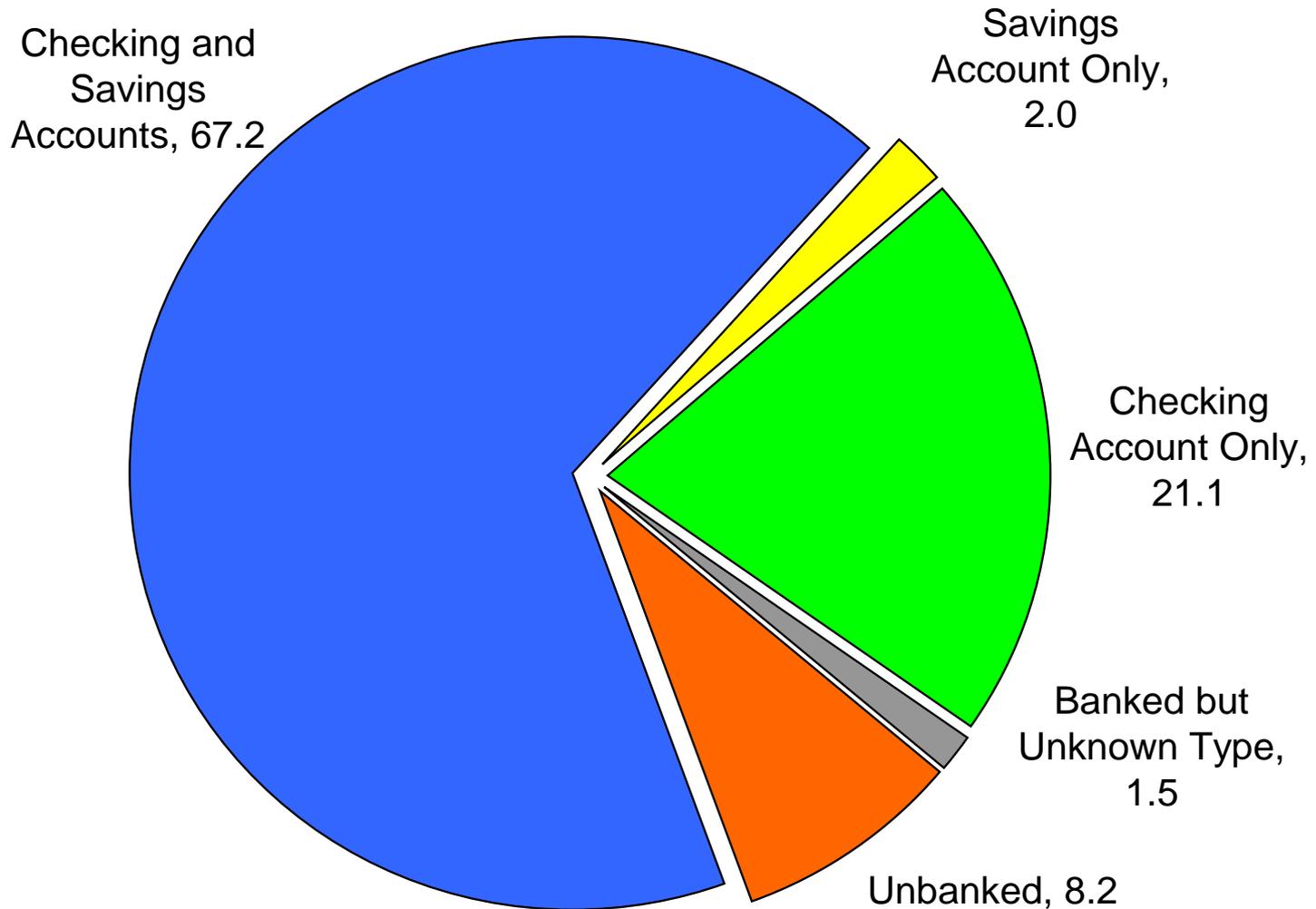


Note: Percentages are based on 5.3 million never-banked and 4.4 million previously-banked households.

Types of Bank Accounts Owned by US Households

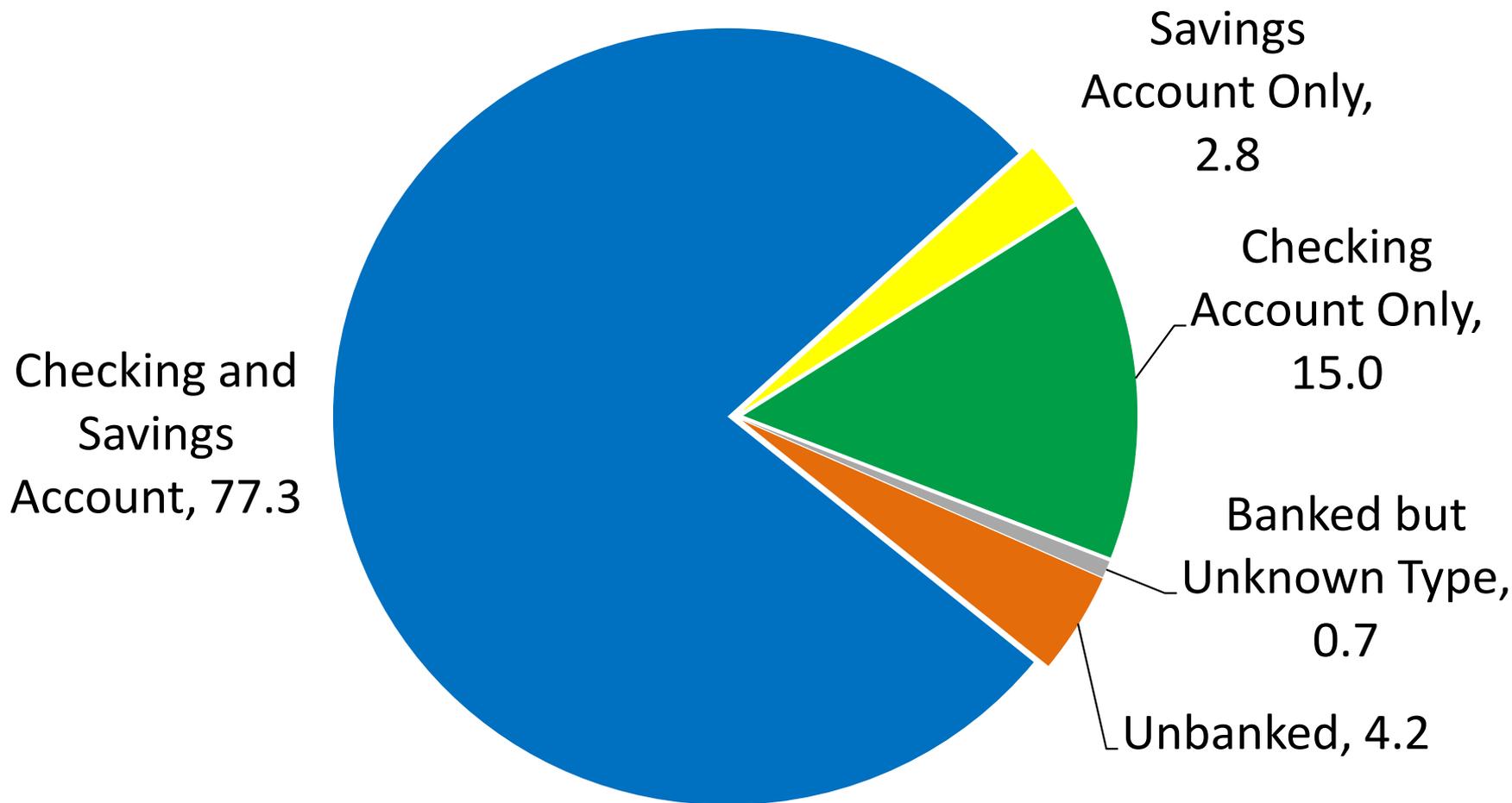


Account Ownership: U.S.

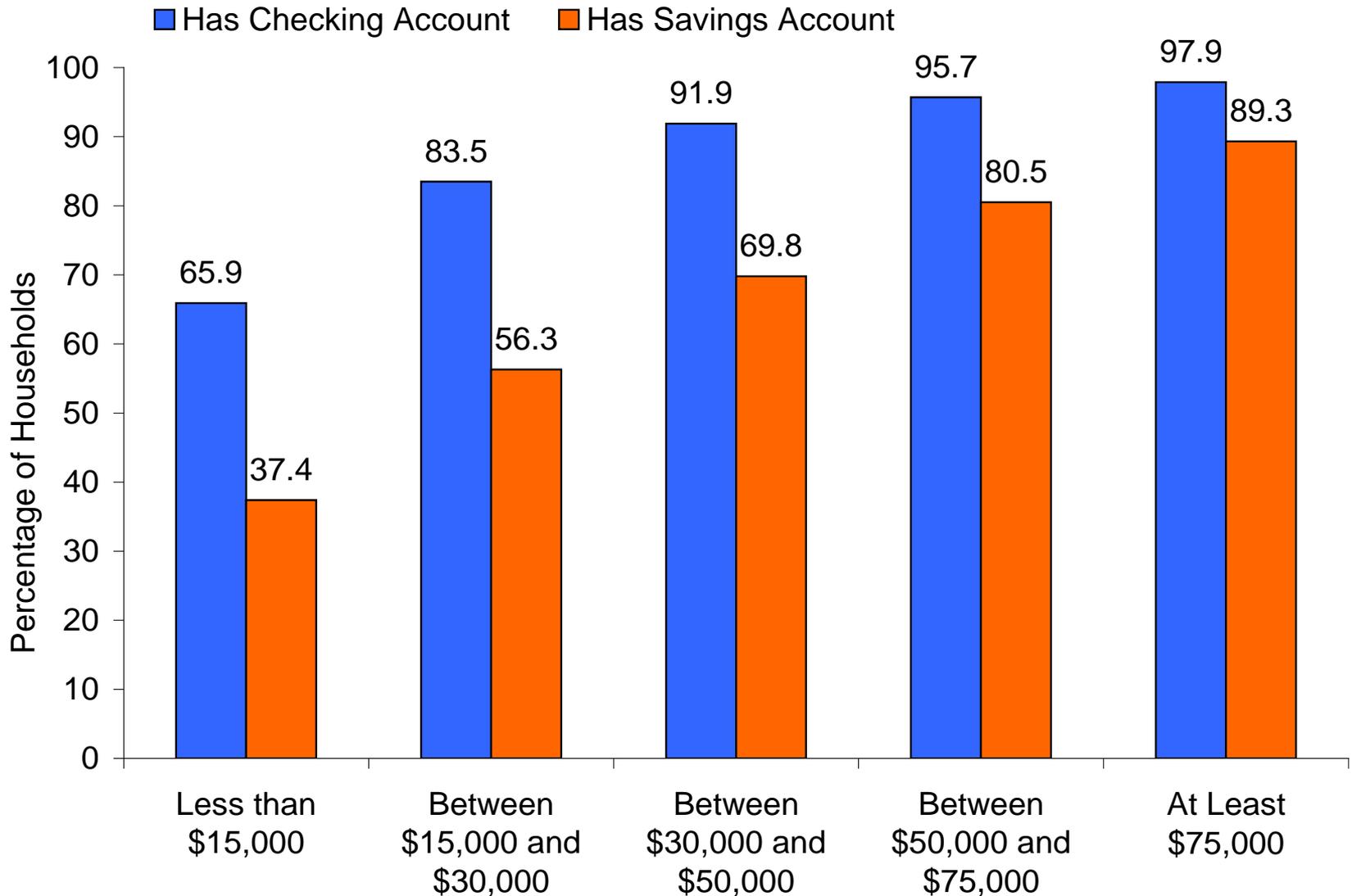


Notes: Percentages are based on 120.4 million U.S. households. Percentages may not sum to 100 because of rounding.

Account Ownership – Boston MSA



Account Ownership by Income



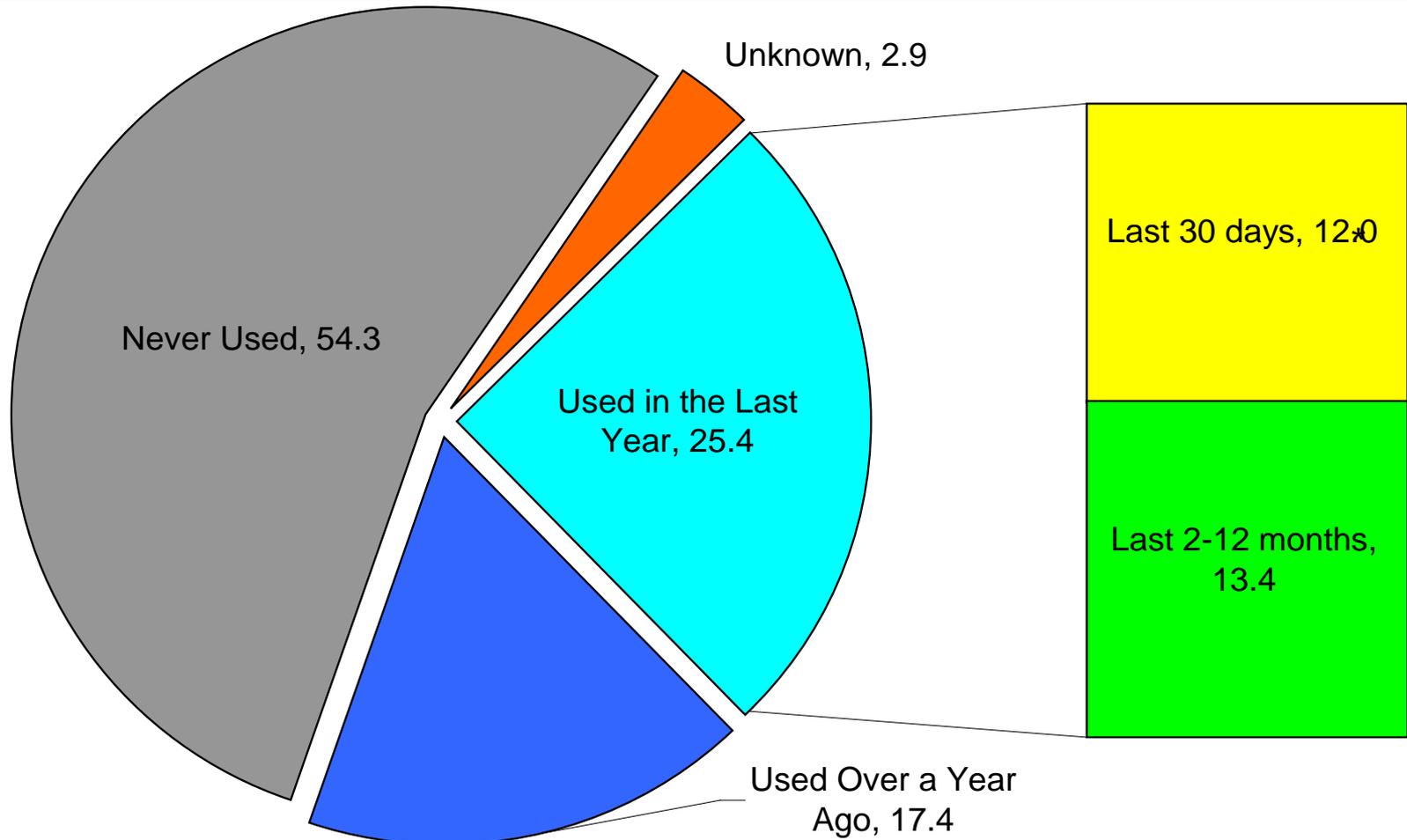
Use of Alternative Financial Services



AFS Considered in the Survey

- Households were asked if they had ever used the following AFS and if so, whether they were used in the last year. For some AFS households were whether they had been used in the last 30 days
 - Transaction AFS:
 - Non-bank money orders
 - Non-bank check-cashing services
 - Non-bank remittances
 - Credit AFS:
 - Payday lending
 - Pawn shops
 - Refund anticipation loans (RALs)
 - Rent-to-own agreements

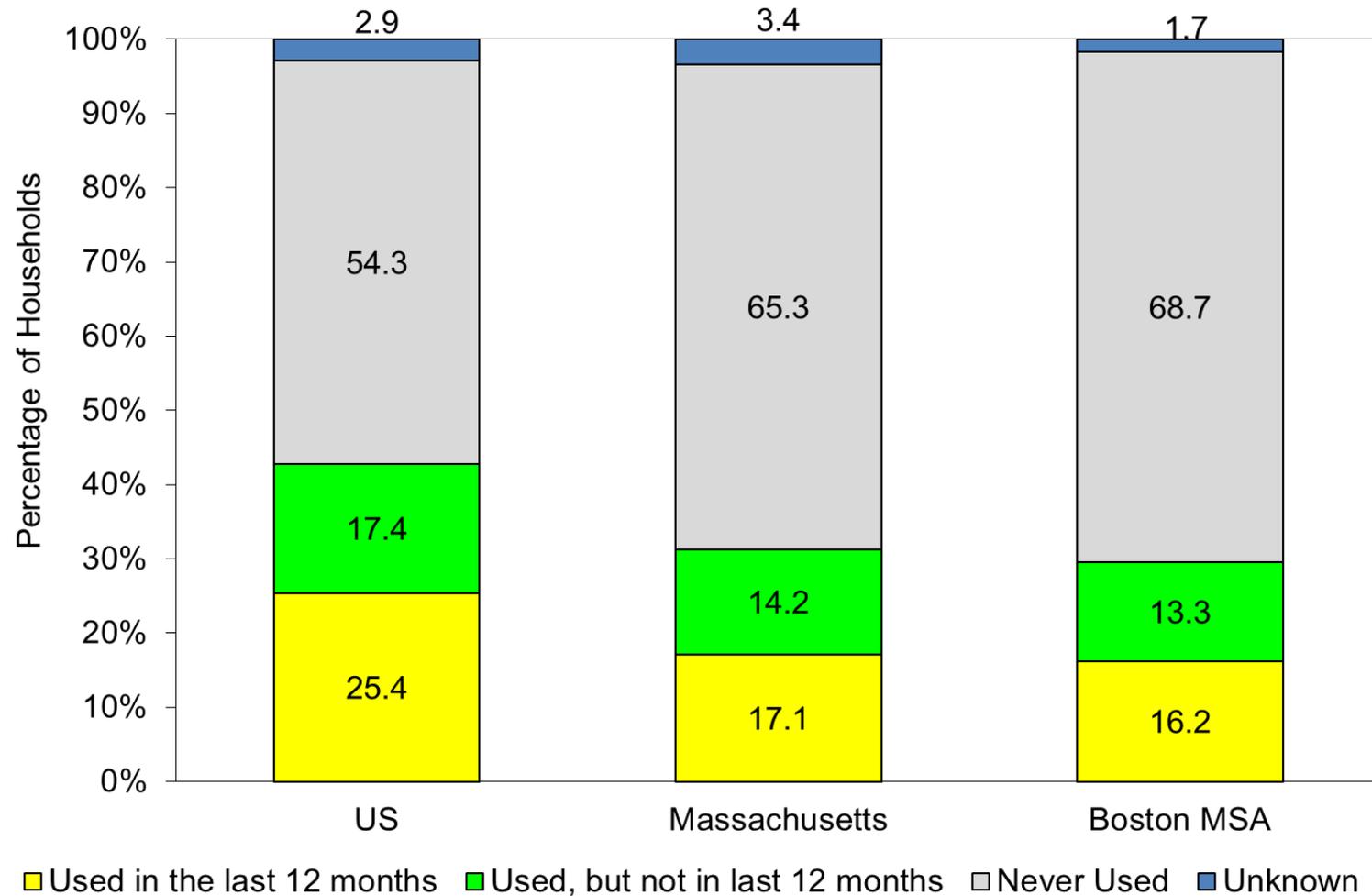
Timing of AFS Use



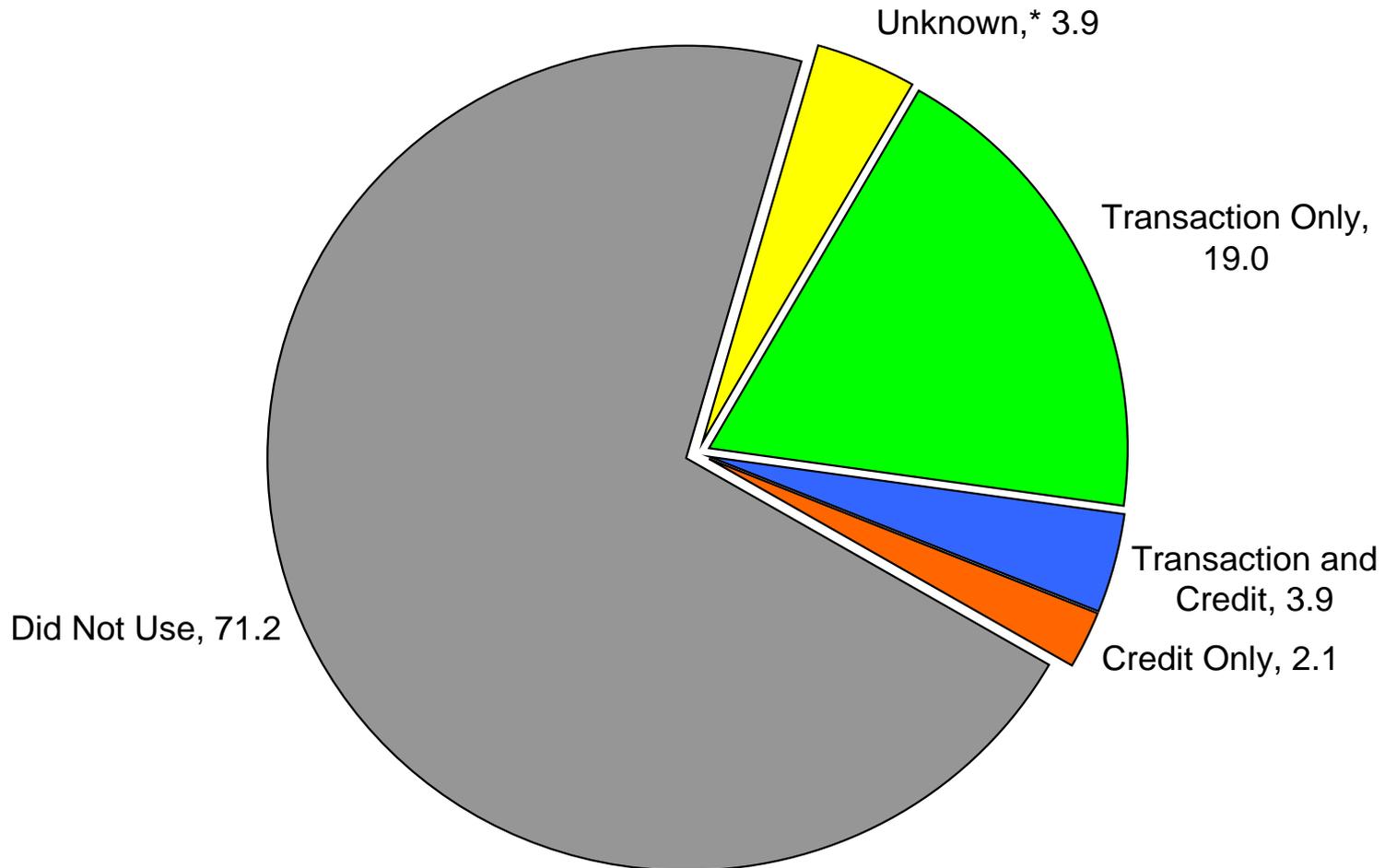
Notes: Percentages are based on 120.4 million U.S. households. Percentages may not sum to 100 because of rounding.

*The AFS included in this measure are non-bank money orders, non-bank check cashing, non-bank remittances, payday loans, and pawn shops. Households were not asked whether they used rent-to-own agreements or RALs in the last 30 days.

Timing of AFS Use



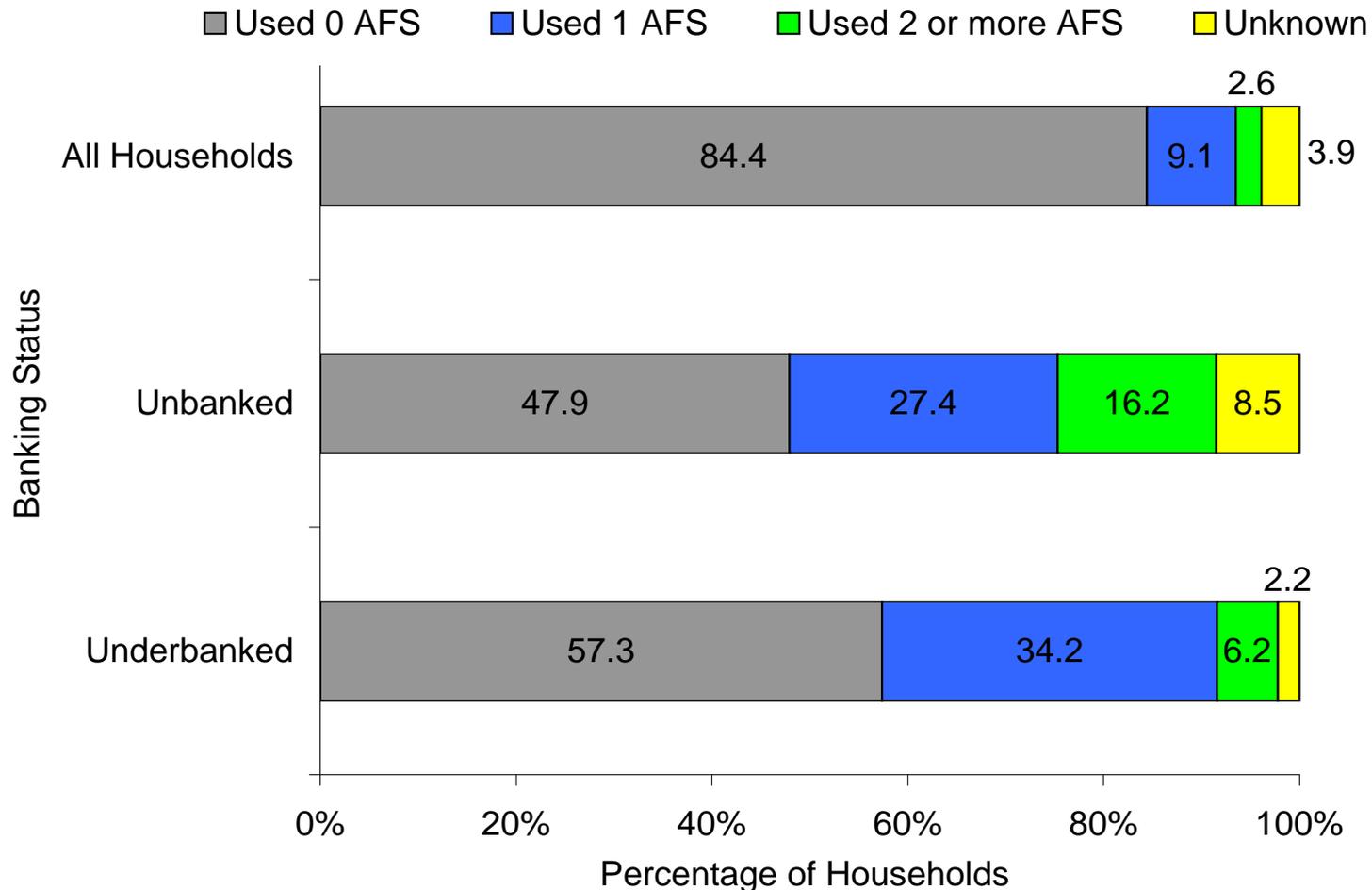
Households' Use of Transaction and Credit AFS in the Last Year



Notes: Percentages are based on 120.4 million households. Percentages may not sum to 100 because of rounding.

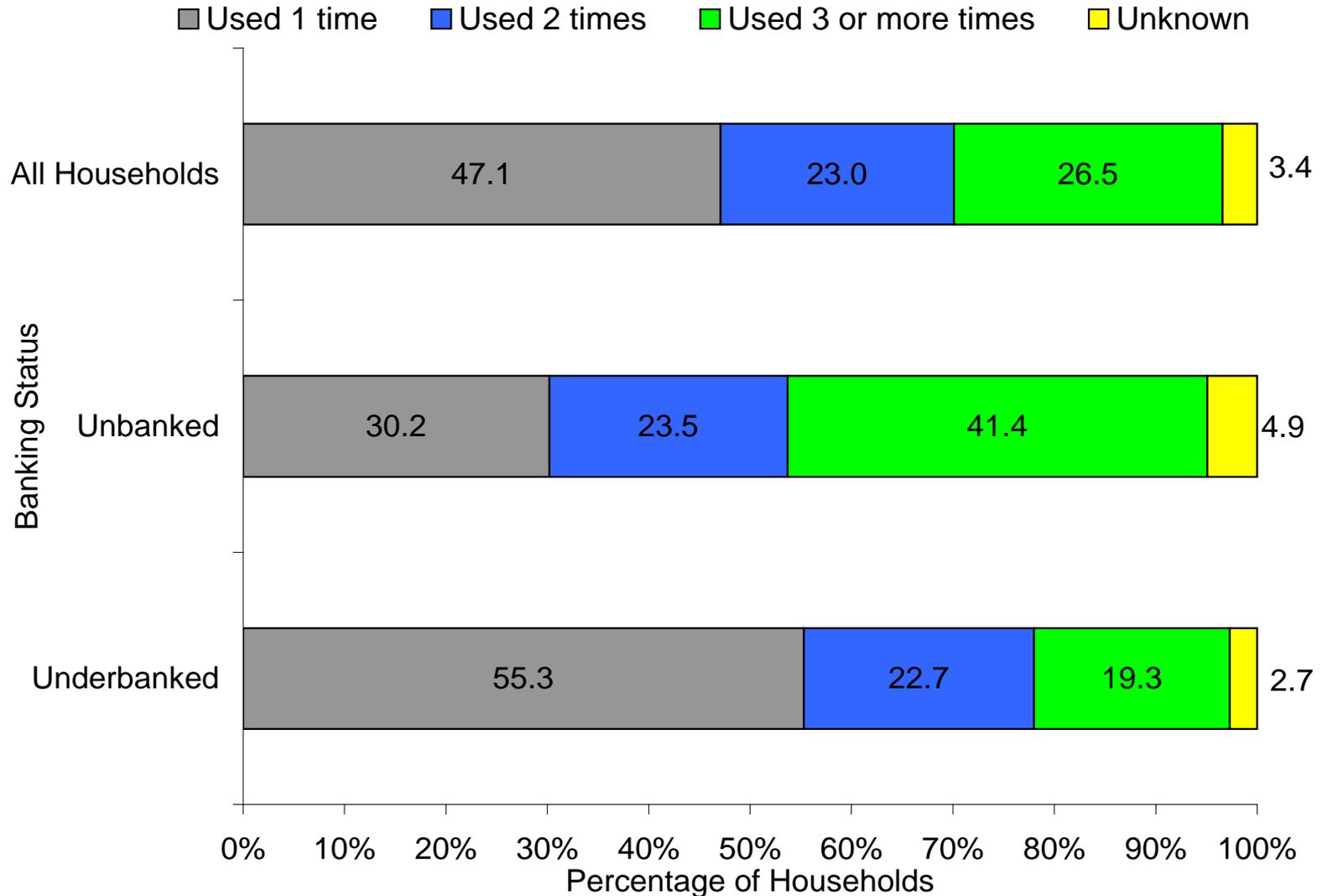
* "Unknown" includes: households where transaction products are used, but credit product use is unknown; households where credit products are used but transaction product use is unknown and households where there is no indication of any AFS use but some responses are missing.

Number of AFS Used in the Last 30 Days



Notes: The AFS included in this measure are non-bank money orders, non-bank check cashing, non-bank remittances, payday loans, and pawn shops. Households were not asked whether they used rent-to-own, or RALs in the last 30 days.

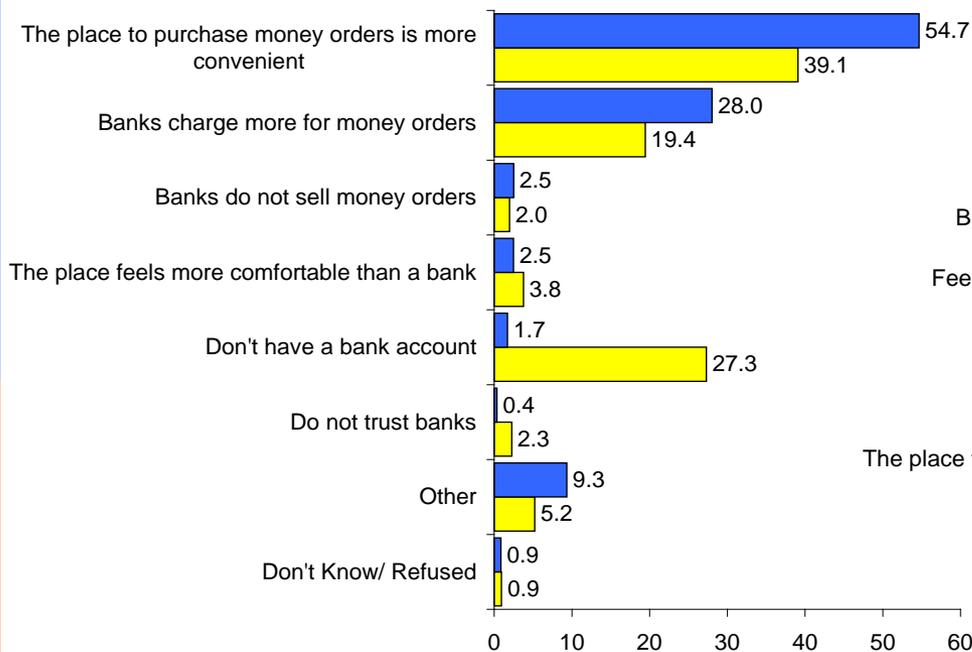
Number of Times Transaction AFS Used in the Last 30 Days



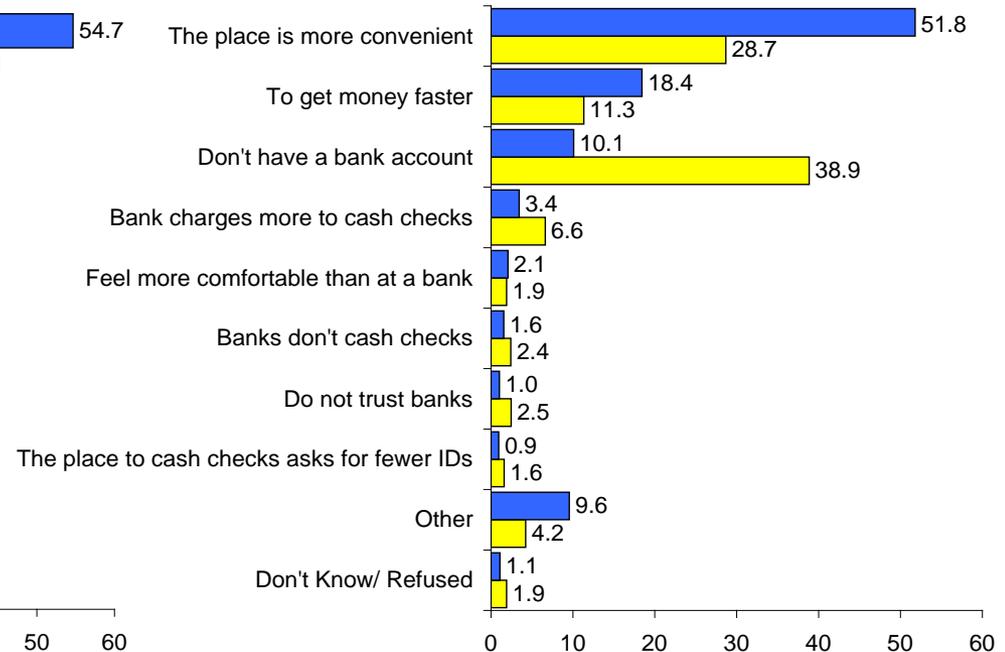
Reasons Households Use AFS – Transaction Products

■ Unbanked
 ■ Underbanked

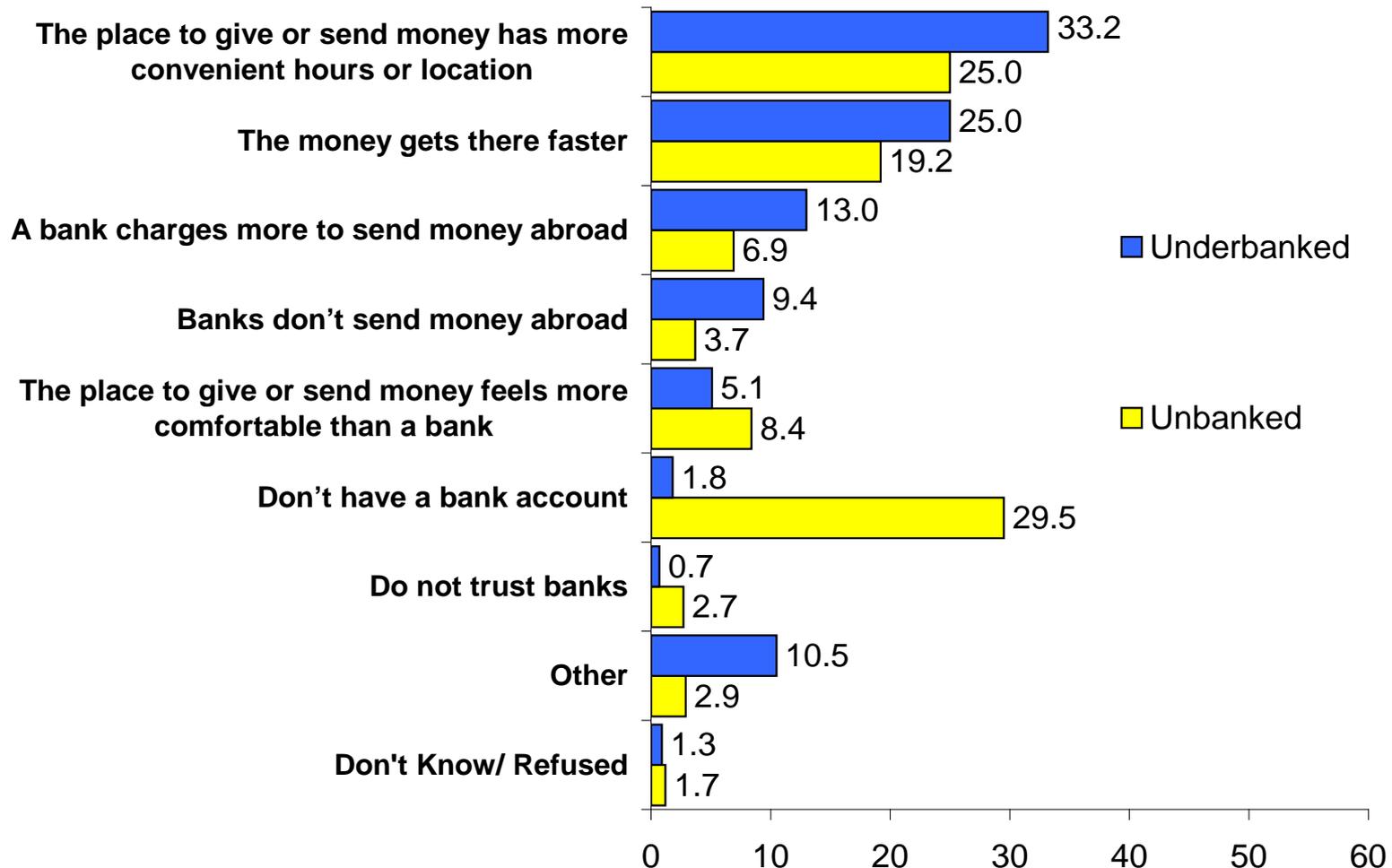
Non-bank Money Orders



Non-bank Check Cashing



Reasons Households Use Non-bank Remittances



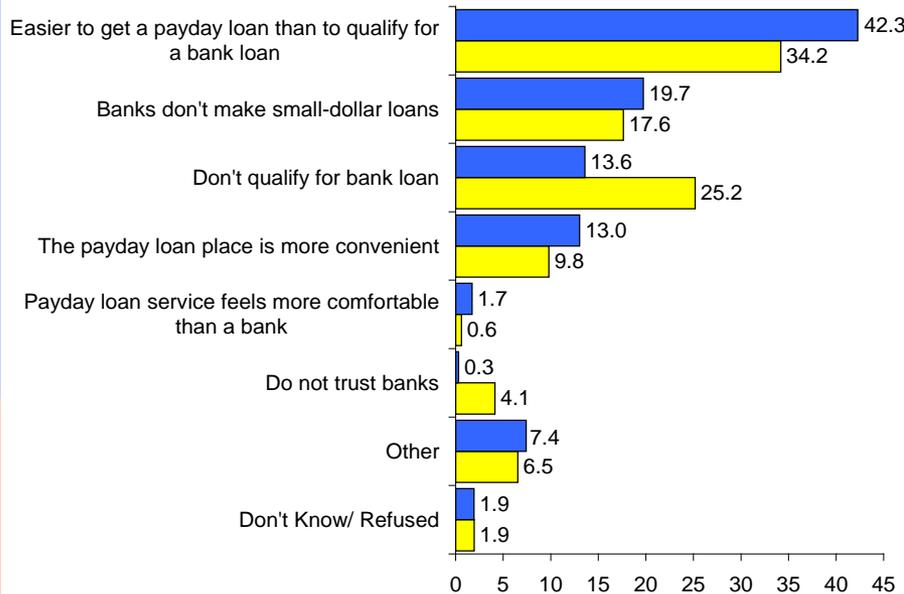
Notes: Percentages based on 1.2 million unbanked households and 4.4 million underbanked households that have ever used non-bank remittances. Percentages may not sum to 100 because of rounding.

Reasons Households Use AFS – Credit Products

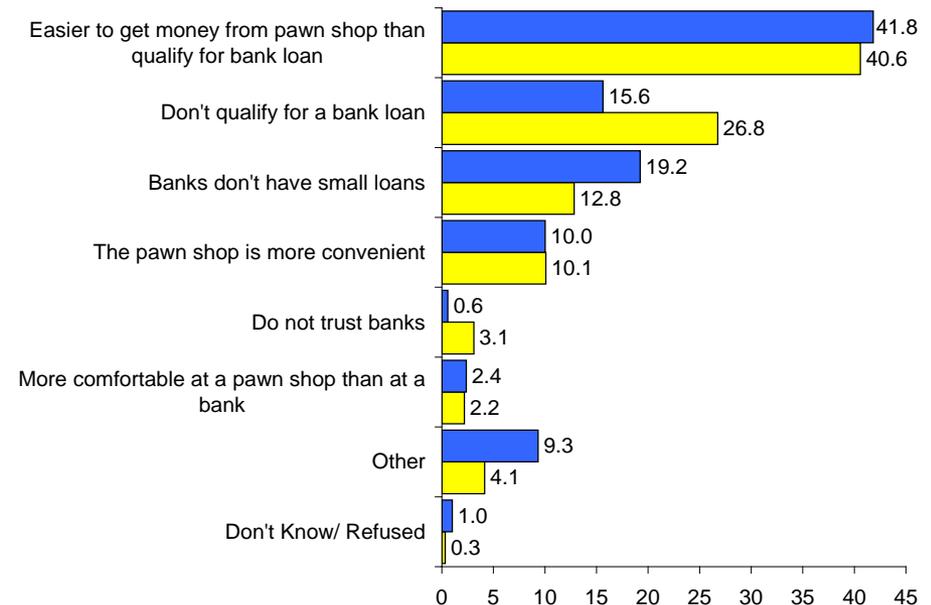
Unbanked

Underbanked

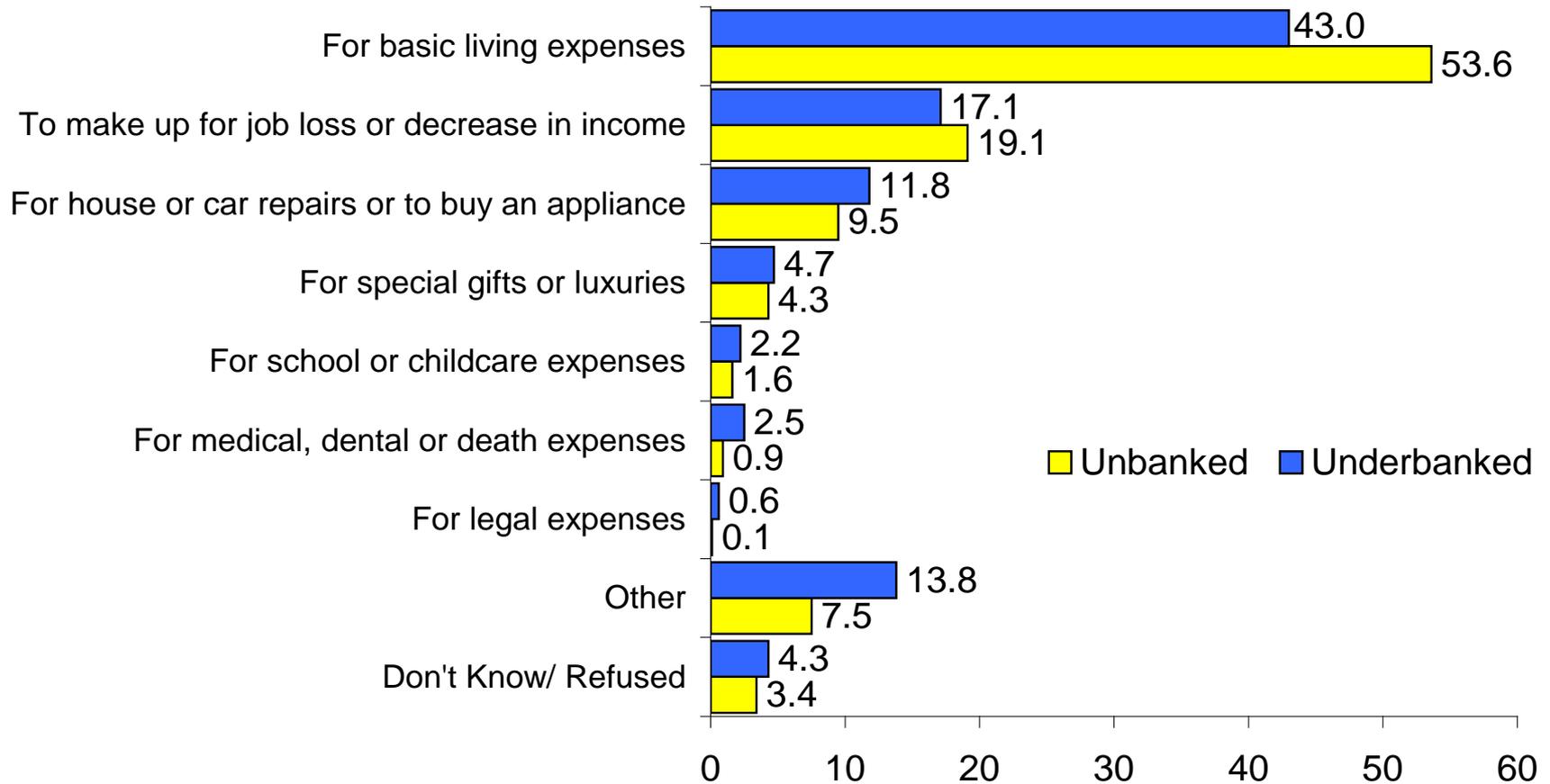
Payday Lenders



Pawn Shops

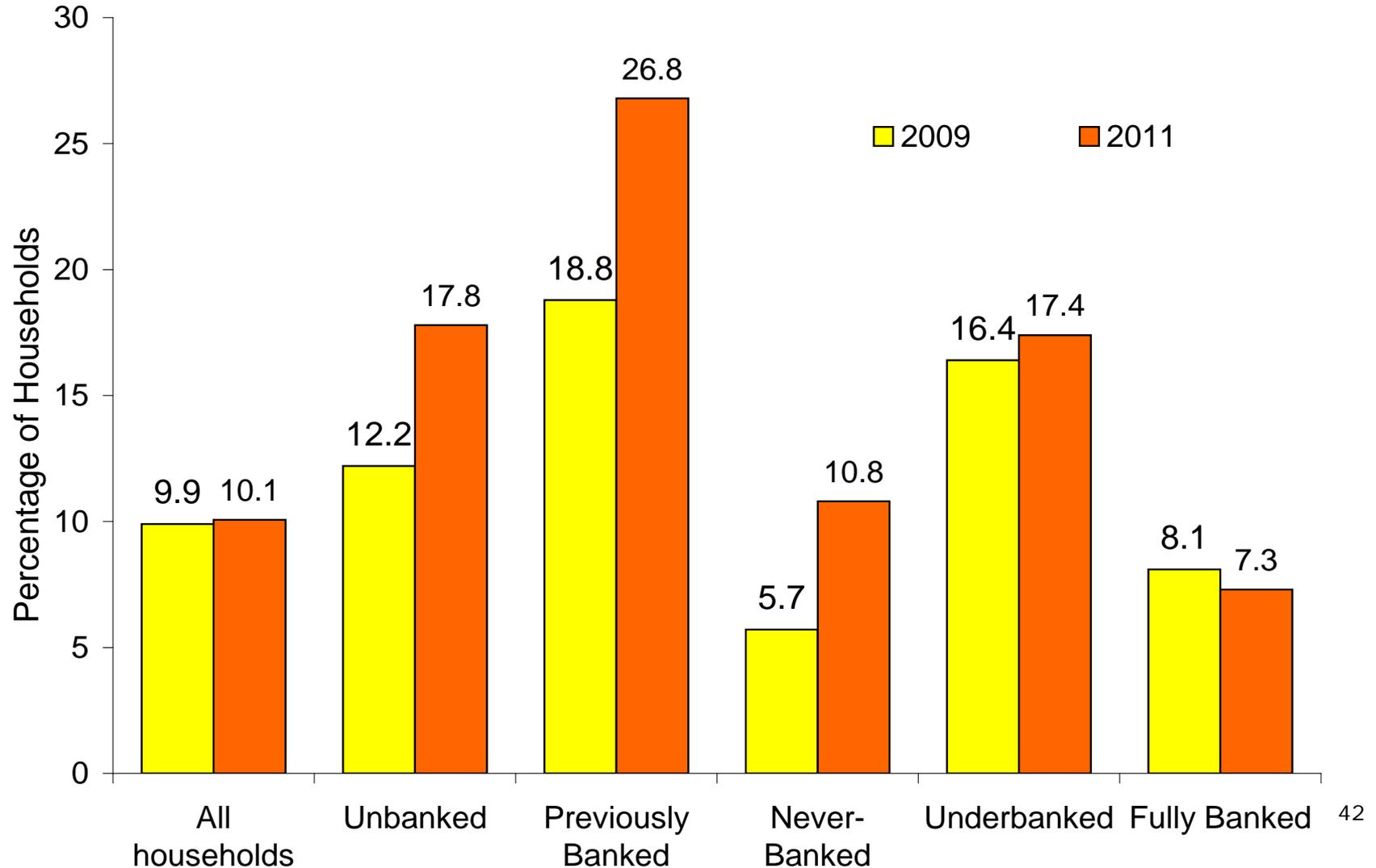


Reasons Households Need AFS Credit Funds

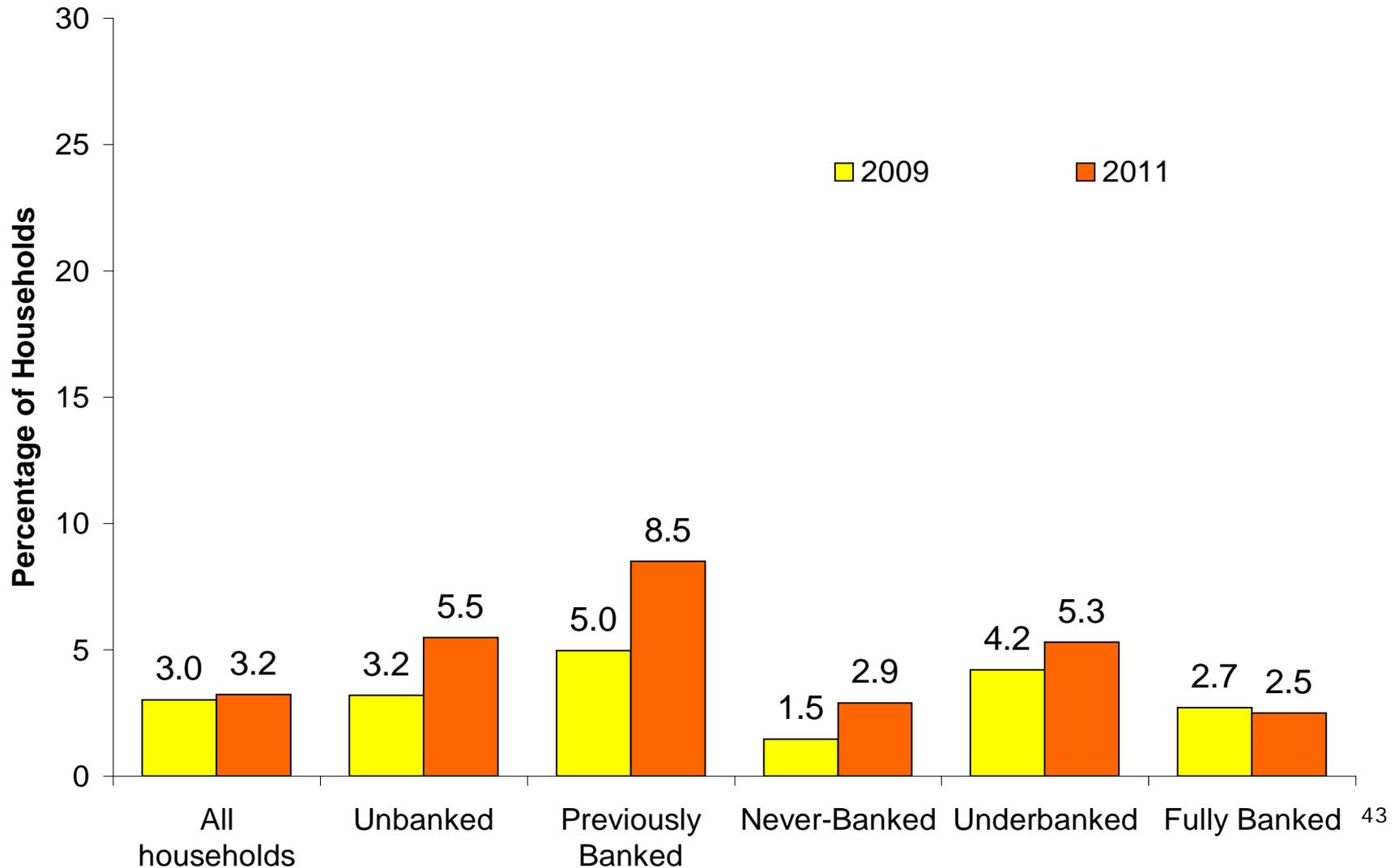


Notes: Percentages based on 1.6 million unbanked households and 5.6 million underbanked households that have ever used credit AFS. Percentages may not sum to 100 because of rounding.

Household Use of Prepaid Debit Cards



Household Use of Payroll Cards



Implications

A horizontal bar consisting of three colored segments: a yellow segment on the left, a blue segment in the middle, and an orange segment on the right. The word "Implications" is centered above the blue segment.

Implication 1

- **Understanding segments better might increase the efficacy of economic inclusion strategies**
 - E.g., unbanked Hispanic households use AFS more actively than any other racial ethnic group (52% used AFS in the last 30 days), but 30% use no AFS

Implication 2

- **Having a bank account does not guarantee long term participation in the banking system**
 - Half of all unbanked households had an account previously
 - Nearly half (48.2 percent) of these report they are likely to open another
 - Almost one-quarter of fully banked households used AFS in the past

Implication 3

- **Experience with banks appears to have more positive perceptions of having an account and rely less on AFS**
- E.g., unbanked households that previously had an account are more likely to see value in being in the banking system:
 - More likely to open an account
 - Less likely to say “I don’t want or need an account”

Implication 4

- **Banks might need to more clearly demonstrate the value of an account to AFS users**
 - AFS users perceived non-bank services to be more convenient, faster, less expensive, or to present lower barriers to qualification
 - E.g., mobile technologies that allow remote deposit capture might alter check cashing equation

Summary Findings

- Opportunity to increase banking engagement
 - 8.2 percent of households are unbanked (0.6 percentage point increase from 2009)
 - 20.1 percent are underbanked

- Opportunity to increase savings account ownership
 - 29.3 percent of households do not have a savings account (10.3 percent do not have a checking account)

- A sizeable portion of households use AFS
 - One quarter of households have used AFS in the last year (10 percent have used 2 or more AFS)
 - 12 percent have used AFS in the last 30 days (40 percent of unbanked and underbanked)

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- NATION
- REGION
- STATE
- MSA

About the 2011 FDIC National Survey of Unbanked and Underbanked Households

To assess the inclusiveness of the banking system, and in partial fulfillment of a statutory responsibility, the FDIC conducts biennial surveys of households to estimate the proportion of households that do not fully participate in the banking system. The second FDIC National Survey of Unbanked and Underbanked Households presents new data and insights on the size of unbanked and underbanked markets at the national, regional, state, and large metropolitan statistical area (MSA) levels.

RESEARCH

The FDIC provides research, data, and additional resources for consumers, banks, policymakers, and others regarding issues related to consumer protection, underserved populations, and the use of alternative financial services.

[Learn More →](#)

WHAT'S NEW

The FDIC regularly provides news and updates on efforts related to bringing all Americans into the financial mainstream.

[Learn More →](#)

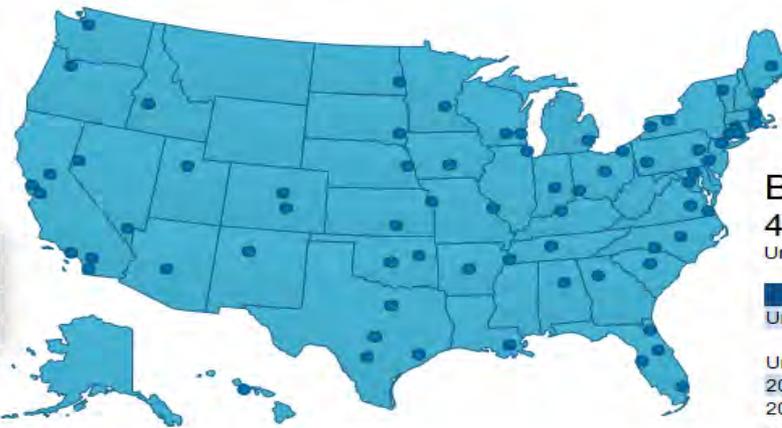
INSIDE THE REPORT

Review the complete findings in detail by downloading the 2011 FDIC National Survey of Unbanked and Underbanked Households.

[View Report →](#)

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About the 2011 FDIC National Survey of Unbanked and Underbanked Households

BOSTON-CAMBRIDGE-QUINCY, MA-NH

4.2% 14.7% 18.9%
Unbanked Underbanked Total

	2009	2011	Change
Unbanked	3.8%	4.2%	0.4% (NS)

Underbanked	2009	2011	Change
2009	11.7%	—	—
2011	—	14.7%	—

NS: Not statistically significant change
S: Statistically significant change

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[VIEW REPORT →](#)

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Home / Economicinclusion / Place Data



2011 Survey Results for Boston-Cambridge-Quincy, MA-NH

[BACK TO SURVEYS RESULTS](#)

[COMPARE](#)

- MSA Banking Status Results
- MSA Account Ownership Results

Results may not be shown for all groups. Data is suppressed when there are insufficient observations to make an accurate estimate.

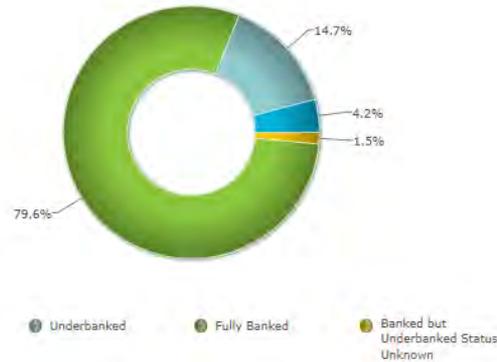
4.2% of households in Boston-Cambridge-Quincy, MA-NH are unbanked.

14.7% of households are underbanked.

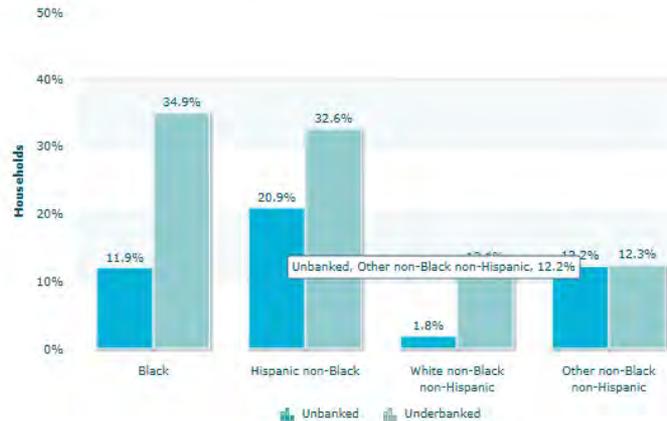
79.6% of households are fully banked.

77.3% of households have both checking and savings accounts; 2.8% have only a savings account; 15.0% have only a checking account.

Banking Status



Unbanked and Underbanked by Race



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Home / Place Compare

2011 Survey Results for California & Texas

2011 Survey 2009 Survey

SELECT AREA

State

CHANGE STATE

Texas

UPDATE

SELECT AREA

State

CHANGE STATE

California

UPDATE

Texas

12.8% of households in Texas are unbanked.

27.2% of households are underbanked.

58.1% of households are fully banked.

60.5% of households have both checking and savings accounts; 2.2% have only a savings account; 23.3% have only a checking account.

California

7.8% of households in California are unbanked.

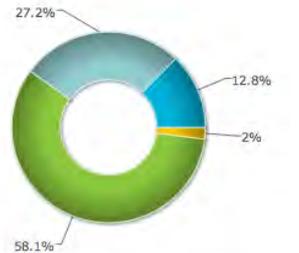
18% of households are underbanked.

70.9% of households are fully banked.

70.5% of households have both checking and savings accounts; 1.5% have only a savings account; 18.8% have only a checking account.

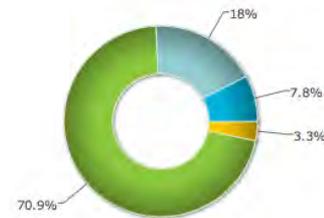
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Banking Status



Unbanked Underbanked Fully Banked
Banked but Underbanked Status Unknown

Banking Status



Unbanked Underbanked Fully Banked
Banked but Underbanked Status Unknown

Thank you



Contacts

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