

# Banks' Efforts to Serve the Unbanked and Underbanked

for

**The Federal Deposit  
Insurance Corporation**

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This Study was conducted by Dove Consulting on behalf of the Federal Deposit Insurance Corporation. The FDIC does not endorse any bank or product. The views expressed in this Study are those of the authors and not necessarily those of the FDIC.

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## Study Summary

### A. Background

This report summarizes and interprets findings from a nationwide survey of FDIC-insured depository institutions about their efforts to serve unbanked and underbanked individuals and families.<sup>1</sup> The survey was conducted by Dove Consulting, a division of Hitachi Consulting, on behalf of the Federal Deposit Insurance Corporation (FDIC).

The FDIC is required by law to conduct ongoing surveys “on efforts by insured depository institutions to bring those individuals and families who have rarely, if ever, held a checking account, a savings account or other type of transaction or check cashing account at an insured depository institution (hereafter in this section referred to as the ‘unbanked’) into the conventional finance system.”<sup>2</sup> This first survey—*Banks’ Efforts to Serve the Unbanked and Underbanked*—had the following three objectives:

1. Identify and quantify the extent to which FDIC-insured institutions outreach, serve, and meet the banking needs of the unbanked and underbanked.
2. Identify challenges affecting the ability of insured institutions to serve the unbanked and underbanked, including but not limited to cultural, language, identification issues, and spatial/location issues.
3. Identify innovative efforts depositories use to serve the unbanked and underbanked, including community storefronts, small dollar loans, basic banking accounts, remittances, and other low-cost products and services used by the unbanked and underbanked.

These objectives were designed to address a number of potential research topics, including the following

- A) “To what extent do insured depository financial institutions promote financial education and financial literacy outreach?
- B) Which financial education efforts appear to be the most effective in bringing ‘unbanked’ individuals and families into the conventional financial system?
- C) What efforts are insured institutions making at converting ‘unbanked’ money order, wire transfer, and international remittance customers into conventional account holders?
- D) What cultural, language, and identification issues as well as transaction costs appear to most prevent ‘unbanked’ individuals from establishing conventional accounts?
- E) What is a fair estimate of the size and worth of the ‘unbanked’ market in the United States?”<sup>3</sup>

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<sup>1</sup> For the purposes of this survey, unbanked individuals and families are those who rarely, if ever, held a checking account, savings account, or other type of transaction or check cashing account at an insured depository institution in the conventional finance system. Underbanked individuals and families are those who have an account with an insured depository institution but also rely on nonbank alternative financial service providers for transaction services or high-cost credit products.

<sup>2</sup> The Federal Deposit Insurance Reform Conforming Amendments Act of 2005 (Pub. L. 109-173).

<sup>3</sup> The FDIC plans to address this question through a separate survey effort to be conducted jointly with the U.S. Bureau of the Census as a Supplement to the Census Bureau’s Current Population Survey in January 2009. The goals of that survey effort are to gather accurate estimates of the number of

## B. Methodology

A nationwide survey of FDIC-insured depository institutions was conducted to collect information about banks' efforts to serve the unbanked and underbanked (a copy of the survey is provided in Appendix A). The survey questionnaire was approved by the Office of Management and Budget (OMB Form # 3064-0158) under the Paperwork Reduction Act (PRA). Survey packages with forms and instructions were mailed in April 2008 to a nationally representative sample of 1,283 banks with retail branch operations. The survey used a stratified design based on bank asset size, or tiers. Tier 1 included the top 25 largest banks; Tier 2 included banks with assets of \$1 billion or more excluding Tier 1 participants; and Tier 3 included banks with assets under \$1 billion. To improve sampling efficiency, the larger banks were sampled at a higher rate than the smaller banks. The sampling rates for the three tiers were 100 percent, 47.5 percent, and 14.4 percent, respectively.

Dove Consulting received 685 completed surveys, which was a response rate of 53.7 percent. Response rates were 96.0 percent for Tier 1 banks, 60.7 percent for Tier 2, and 50.8 percent for Tier 3. Together, the banks that responded to the survey had more than \$8.3 trillion in assets—approximately 70 percent of the total assets for FDIC-insured institutions in the United States—at the time the sample was drawn. Due to the stratified design and high response rate among larger banks, responding banks represented a substantial percentage of retail branch operations and consumer banking services.

In addition to the survey, Dove Consulting conducted in-depth interviews and developed 16 case studies on surveyed banks that offer innovative approaches to serving unbanked and underbanked individuals.

## C. Report Format

This report is organized into 12 chapters that highlight and interpret the survey data.<sup>4</sup> Chapter 2 describes the objectives and methodology. Chapters 3 through 11 provide the results for each of the nine sections of the survey. Specifically, Chapter 3 presents information about participating banks' characteristics and retail bank information; Chapter 4 presents information on banks' education and outreach efforts; Chapters 5 through 7 present information on banks' account opening and onboarding (i.e., account initiation) processes and products offered by banks to non-customers; and Chapters 8 through 11 present results related to the types of low-cost deposit, savings, payment, and credit products offered by banks that are used by the unbanked and underbanked. Chapter 12 contains the case studies.

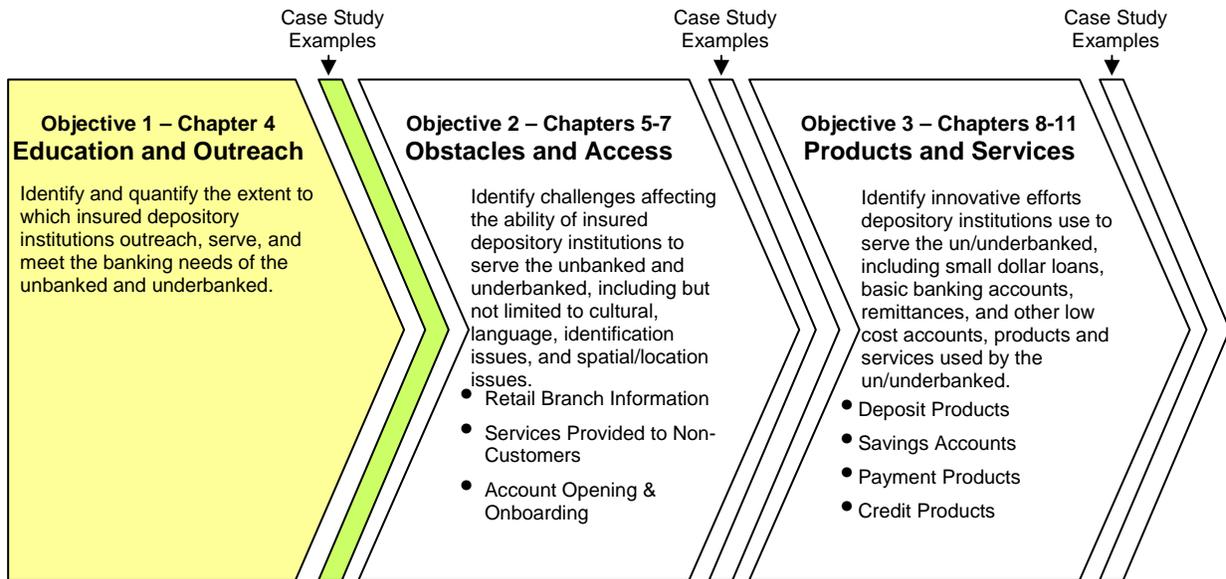
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unbanked and underbanked households in the United States, their demographic characteristics, and reasons why they are unbanked and/or underbanked.

<sup>4</sup> Throughout the report, the percentages provided are weighted by the reciprocals of stratum selection probabilities and response rates to provide representative results for all banks in the sample frame. The sample frame includes banks with retail operations but excludes wholesale, special purpose industrial, and credit card banks. Dove Consulting did not independently verify all survey responses, but did follow-up with banks that provided information to clarify data that appeared to be inconsistent with tier group statistics.

The following sections highlight information from the 12 chapters and are organized by the survey’s three objectives.

## I. Banks’ Efforts with Education and Outreach



***Objective 1:** Identify and quantify the extent to which insured depository institutions outreach, serve, and meet the banking needs of the unbanked and underbanked. (Education and Outreach; Chapter 4)*

By educating unbanked and/or underbanked individuals about bank products and services, insured institutions can begin to establish relationships with these individuals and ease their entry into the mainstream banking system. Chapter 4 examines banks’ perception of whether unbanked and underbanked individuals live in their market area; financial education materials provided to these individuals; financial education and outreach efforts; effectiveness of bank education and outreach programs; activities to bring the unbanked and/or underbanked into the financial mainstream; and challenges in serving or targeting unbanked and/or underbanked customers.

### A. Perceptions of Unbanked and/or Underbanked in Area Served and Educational Efforts

Most banks are aware that unbanked and/or underbanked populations exist and live in their market areas, and the majority of banks provide educational materials and conduct outreach activities to help bring these individuals into the banking mainstream. Specifically, the stratum and response adjusted weighting shows that:

- An estimated 73 percent of banks in the United States recognize that unbanked or underbanked individuals live in their service area. Specifically, all Tier 1 banks, 90 percent of Tier 2 banks, and 71 percent of Tier 3 banks are aware of these populations.
- Sixty-four percent of all banks provide financial education materials.

- Thirty-nine percent of banks provide basic banking educational materials (either literature available in bank branches or content on the bank Web site) aimed at unbanked and/or underbanked individuals.
- More than half (53 percent) of banks teach financial literacy and education sessions that target unbanked and/or underbanked customers. Of the banks that teach these sessions, 85 percent teach basic banking.
- Less than half of banks (37 percent), however, participate in education and outreach with other organizations. Of those that do, the most common places for outreach are high schools and community-based organizations.
- Off-premise educational outreach aimed at the unbanked or underbanked is provided by 58 percent of banks. Among these, more than 75 percent of banks hold outreach sessions at schools.

## **B. Effectiveness of Financial Education Efforts**

Based on the survey results, the most effective education and outreach activities for bringing unbanked individuals into the conventional banking system are formal classroom education, community outreach, and participation with other organizations, particularly employers, to expand employee access to direct deposit. Educational materials aimed at these populations tend to be brochures and pamphlets, which may require non-customers to learn about bank services and products on their own. Case studies suggest that banks that are the most successful in educating non-customers place a high value on their relationships with community organizations and other stakeholders who provide important strategies for reaching unbanked consumers.

The survey results, explained in detail in Chapter 4, show that an estimated 64 percent of banks that provide materials designed to increase bank account ownership among the unbanked and underbanked have not evaluated the effectiveness of their financial education programs.

- However, among banks that provide materials and that have evaluated the results, 86 percent report that the materials have helped them establish relationships with the unbanked.
- Survey results reveal that formal classroom-style financial education sessions are the most effective type of education or outreach program used to bring unbanked and underbanked individuals into the banking mainstream. Participation with other organizations and outreach visits are the second and third most effective methods.

Community outreach efforts also are effective for developing and promoting banking services and products that meet the needs of unbanked and underbanked populations.

- Slightly more than one-third (37 percent) of banks participate in education or outreach with outside organizations. Unfortunately, few banks are able to quantify the success of such programs.
- One challenge in assessing their success is that banks only know if an individual is a customer of *their* bank; they do not have a reliable system for determining whether an individual is unbanked or an underbanked customer of another bank.

Employer programs to expand employees' access to direct deposit and bank accounts might hold special promise for the unbanked because direct deposit provides immediate availability of funds and removes fees associated with check cashing.

Outreach to employers encouraging use of direct deposit for payroll is key for bringing unbanked and underbanked individuals into the conventional financial system.

- Only 38 percent of banks work with corporate and business customers to provide services to their unbanked employees, and, of those, only 14 percent offer payroll cards which can be used to provide payment directly onto a debit card.
- Direct deposit reduces the need for unbanked and underbanked individuals to use alternative service providers, such as check cashers and payday lenders.

In open-ended responses, banks cite the most effective strategies for bringing unbanked individuals and families into the conventional banking system as outreach (27 percent of banks recommended it), offering low-cost products and services (recommended by 21 percent of banks), and offering educational programs and materials (21 percent).

Depository institutions cite the lack of profitability as a significant barrier to serving unbanked and underbanked individuals. However, 77 percent of all banks reported that they have not conducted research on the potential unbanked customers in their Community Reinvestment Act (CRA) assessment areas, suggesting that untapped opportunities to serve this market may exist.

### **C. Case Study Highlights: Education and Outreach**

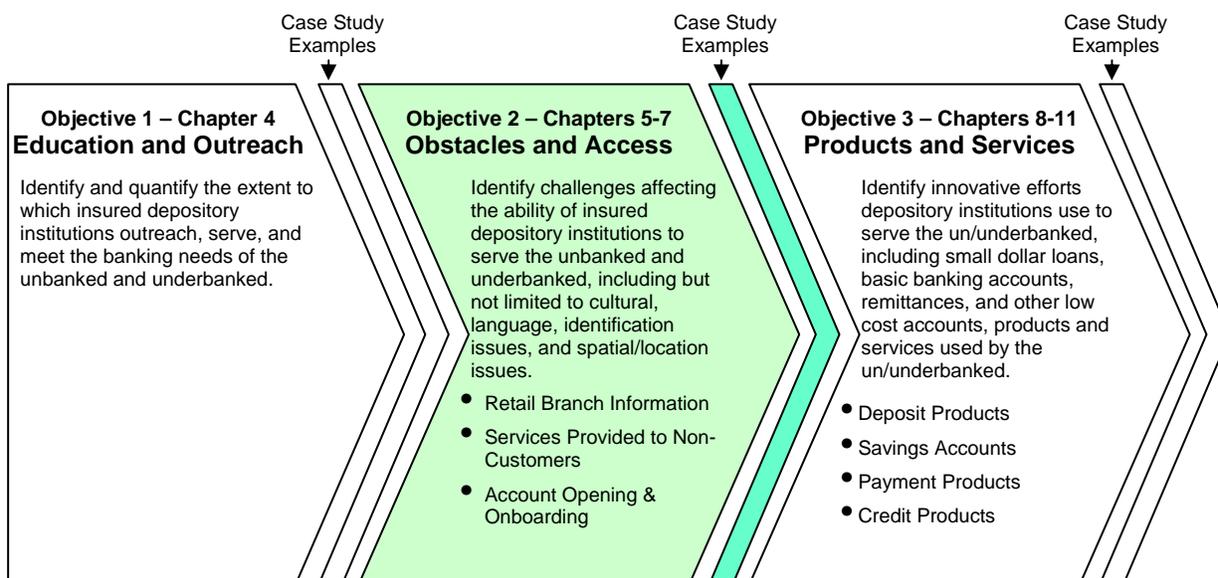
Case studies suggest that banks that are successful in educating non-customers have developed relationships with community organizations and strategies involving important stakeholders within and outside the bank. While the types of initiatives undertaken by the case study banks vary, they exemplify effective approaches that leverage partnerships with third-party organizations, such as employers, schools, nonprofit organizations, and assistance agencies. These programs bring education to the places that unbanked populations frequent and feel most comfortable, increasing the number of individuals reached.

<b>Institution</b>	<b>Target Population</b>	<b>Initiative</b>
Amalgamated Bank (New York, NY)	Union workers, primarily immigrant and low income	Created educational curriculum specific to needs of target market; partners with union and local government agencies to deliver outreach and products
Citibank, NA (New York, NY)	Low-income, urban individuals in their area	Leverages United Way case management and outreach expertise in area to market, educate, and open entry-level accounts for clients
The Commerce Bank of Washington (Seattle, WA)	Homeless population, mentally ill individuals	Automated check cashing processes and improved access to banking services for unbankable individuals by providing back-office systems and support to The Compass Center, a nonprofit assistance agency
Fort Morgan State Bank (Fort Morgan, CO)	Employees of food processing company in Colorado	Established branch at plant facility, introduced services during new employee orientation and opened accounts to encourage direct deposit of paychecks
International Bank of Commerce (Laredo, TX)	Elementary school students in predominantly Mexican immigrant communities in their areas	Partners with elementary schools to create student-run “micro-communities,” simulated societies in which students earn wages in mock currency, conduct banking transactions, and learn to manage finances
Mitchell Bank (Milwaukee, WI)	High school students in large Mexican and Central American immigrant communities in their areas	Partners with a local high school to establish full-service branch on campus to open accounts for students, provide financial literacy education, and build trust and awareness in wider community
Monroe Bank and Trust (Monroe, MI)	Low- to moderate-income individuals in the bank’s county, many of whom are affected by rising unemployment	Established education program, an off-shoot of its existing volunteer organization, to provide educational outreach in its markets by bringing seminars and programs to faith-based organizations, service agencies, and high schools

**Common Lessons Learned**

- Financial education is the primary vehicle for serving the unbanked and underbanked populations and is essential to help them make informed decisions.
- Employers and community organizations can provide important insights to banks seeking to assess and understand the needs of the unbanked market.
- Partnerships with third-party organizations that leverage core competencies can supplement and complement bank initiatives to provide outreach and serve the community.
- Building strong relationships with trusted community organizations presents valuable opportunities for banks to establish their presence and increase awareness in their service areas, which are particularly important when working with unbanked populations.
- Developing and executing a successful strategy requires innovative approaches that involve stakeholders both within and outside of the bank.

## II. Banks' Efforts to Address Obstacles and Access



***Objective 2:** Identify challenges affecting the ability of insured depository institutions to serve the unbanked and underbanked, including but not limited to cultural, language, identification issues, and spatial/location issues. (Obstacles and Access; Chapters 5-7)*

For unbanked and underbanked individuals to enter the banking mainstream, insured institutions must make retail branches more accessible, offer appropriate products and services to meet customer needs, and ensure that the procedures for opening an account are straightforward. Chapters 5, 6, and 7 of this report examine banks' efforts to address these challenges. Survey results show that banks have modified their retail branch operations in a variety of ways that may increase access for unbanked and/or underbanked individuals.

### A. Retail Branch Information (Chapter 5)

#### i. Modifications

Banks' efforts to make retail branches more accessible to unbanked and underbanked individuals include extending branch hours, employing staff that can speak foreign languages, and changing operations to make them more welcoming. These efforts provide unbanked and underbanked consumers more opportunities to take advantage of bank services.

- Based on survey results, an estimated 59% of banks have extended their retail branch hours, with the most common hours being later than 5:00 p.m. on weekdays for all types of branches. Some of the banks that extended their hours now operate until 1:00 p.m. on Saturday and/or offer Sunday hours.
- More than half (52 percent) of banks now have staff that can speak a language other than English. Almost half (47 percent) of banks have branch staff that can speak Spanish, while 4 percent have staff that speak Chinese, 3 percent have staff that speak Vietnamese, 2 percent have staff that speak Korean, and 2 percent have staff that speak Tagalog.

- Sixty-four percent of banks have modified their retail operations over the past five years to make it easier, more welcoming, or more convenient for unbanked and/or underbanked consumers to take advantage of banking services.
- The most common way that banks have modified their operations is by offering Internet or mobile banking, which is now available at 73 percent of banks. Mobile banking includes both mobile branches that go to customers' work or residential locations, and technology such as mobile telephones and personal digital assistant (PDA) devices.

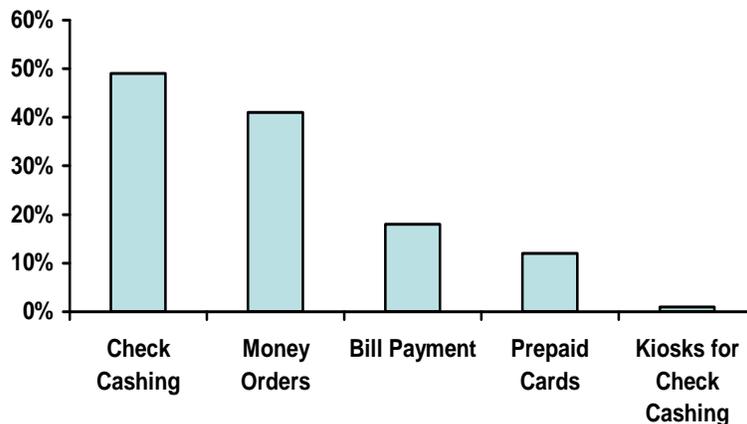
**ii. Strategies**

Banks can and do provide important financial services to unbanked and/or underbanked individuals; however, many banks may hesitate to offer products and transaction services to individuals who do not hold conventional deposit-based transaction accounts because of the perceived challenges and risks. For example, while check cashing presents opportunities for banks to better serve unbanked and/or underbanked individuals, many responding banks reported that cashing checks for non-customers presents risks and that regulatory requirements impede serving some potential customers due to identification issues. Consequently, less than one-third of banks will cash payroll checks drawn on another bank for non-customers. Banks also appear to limit money orders and other important bill payment products for non-customers.

- Identification issues can present challenges for unbanked and underbanked consumers who want to open an account.
  - Banks generally require government-issued forms of identification to open a new account. State-issued drivers' licenses (99 percent) and passports (92 percent) are the most commonly accepted forms of identification.
  - Matricula Consular cards are accepted by less than one-third of banks (27 percent).
- In addition, unbanked and/or underbanked individuals with blemished credit histories likely face additional challenges to account opening because of widespread use of risk management screening tools, such as the ChexSystems and third-party credit score databases.

For all banks, the most common branch strategies to serve unbanked and/or underbanked individuals are check cashing, with 49 percent of all banks offering this service, followed by offering money orders (41 percent), and bill payment services (18 percent).

**ES Figure 1. Indicate efforts your bank makes as part of its branch strategy to serve un/under banked in your market areas.**



## B. Services Provided to Non-Customers (Chapter 6)

### i. Check Cashing

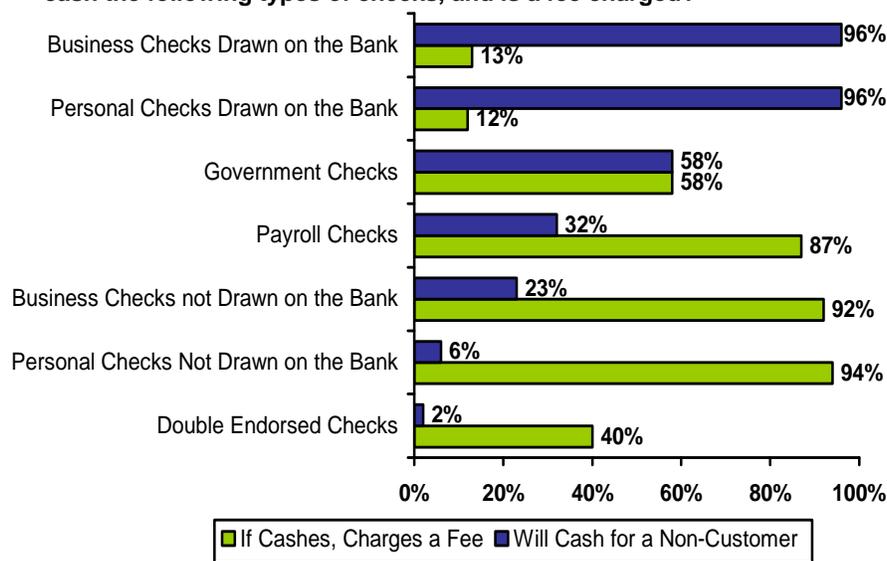
Insured institutions appear to believe that they have a limited ability to serve unbanked consumers who would like money orders, wire transfers, and international remittances because of compliance concerns under the Patriot Act, Anti-Money Laundering (AML) guidelines, and Bank Secrecy Act (BSA) regulations. Although the survey did not specifically ask about these policies, banks commented that they had concerns about AML, BSA, and other federal regulations. Banks also are reluctant to cash checks for non-customers for reasons related to regulatory compliance, identification, and loss prevention (fraud) concerns.

- In an open-ended question, 75 percent of responding banks reported concerns about offering check cashing transactions to non-customers because of the amount of money they would stand to lose if fraud were to occur. For example, the lack of valid identification makes it difficult to serve non-customers.
- Forty percent of banks perceive regulatory impediments that limit their ability to provide products and services to unbanked and/or underbanked individuals.

Banks do not know if an individual is unbanked or not, so they tend to view individuals as either customers or non-customers.

- Nearly all banks cash business checks (96 percent) and personal checks (96 percent) drawn on their bank for non-customers.
- Slightly more than half (58 percent) of banks will cash government checks for non-customers. Of the banks that cash government checks, 58 percent charge a fee.
- Most banks will not cash checks drawn on another bank for non-customers. Thirty-two percent of banks cash payroll checks not drawn on their bank for non-customers, and 23 percent cash business checks not drawn on their bank. Of the banks that cash payroll or business checks that are drawn on another bank for non-customers, more than 90 percent charge a fee.

**ES Figure 2. If an individual does not have an account relationship with the bank, will the bank typically cash the following types of checks, and is a fee charged?**



### ii. Identification for Check Cashing

For check cashing, banks rely primarily on government-issued forms of identification, such as drivers' licenses and passports. Non-government identification is accepted less often, and non-customers are commonly required to present a secondary form of identification.

- The most commonly accepted form of primary identification for check cashing is a driver's license, with 99 percent of banks accepting licenses, followed by passports, state identification, and military identification. An Individual Tax Identification Number (ITIN) is the least commonly accepted form of identification; 83 percent of banks will not accept an ITIN as identification to cash a check.
- Housing leases and Matrícula Consular cards are accepted by less than 43 percent of banks as a secondary form of identification.

**ES Figure 3. What forms of consumer identification or validation does the bank rely on for individuals who do not have an account relationship to cash a check?**

Identification Forms	Primary: Sufficient alone by itself	Secondary: Insufficient alone but acceptable with another secondary ID	Not Accepted as ID for check cashing
Driver's license	91.1%	8.3%	0.6%
State-issued photo ID	85.3%	13.1%	1.5%
Social Security number	82.3%	14.2%	3.4%
Passport (US. or foreign)	76.3%	20.2%	3.5%
Employer letters/pay stub	23.0%	50.6%	26.4%
Military ID	31.5%	40.5%	27.9%
Student/school ID card	23.3%	19.4%	57.4%
Matrícula Consular	3.0%	42.4%	54.5%
Housing lease	1.7%	30.2%	68.0%
Other:	0.5%	28.4%	71.0%
Utility bills/payments	2.1%	23.3%	74.6%
Individual Taxpayer Identification Number (ITIN)	0.9%	16.0%	83.2%

### **iii. Products**

Besides check cashing services, banks offer a limited number of products to non-customers, often charging them higher fees than customers. Products that are least often offered to non-customers are those that allow funds to be transferred internationally, specifically foreign currency exchange, international remittances, and automated clearinghouse (ACH) transfers. Not offering these kinds of products could make it more difficult for unbanked and/or underbanked individuals, many of whom are immigrants, to send money to family and friends in different countries.

- Only 37 percent of banks offer bank checks and money orders for non-customers.
- Banks generally do not offer international remittances to non-customers. Only 6 percent of banks report that they offer international remittance services to non-customers.
- Thirty-two percent of banks are concerned about offering remittances to non-customers due to regulatory considerations.

Teller training seems to be a simple and effective strategy for reaching out to unbanked and/or underbanked consumers. Sixty-nine percent of banks provide teller and customer service training that includes strategies for reaching out to unbanked and/or underbanked consumers.

### **C. Account Opening & Onboarding Process (Chapter 7)**

Survey information indicates that unbanked populations face significant barriers when they try to open mainstream bank accounts. As with check cashing, banks generally require government-issued identification, and they also screen potential customers using ChexSystems or other risk management screening tools. Few banks offer products or are willing to open accounts for individuals who have a past of mismanaging accounts.

- Ninety-six percent of banks use Office of Foreign Asset Control (OFAC) lists for new account screening and risk management.
- Eighty-seven percent of banks require a third-party screen before they will open checking accounts, and 81 percent of banks require third-party screens to open savings accounts.
  - The ChexSystems/Qualifile service is used by 77 percent of banks.
    - At nearly half (49 percent) of banks, branch managers are required to decide whether to override an account application when an applicant screening returns a negative hit.
    - Twenty-five percent of banks will reject the account application automatically if there is negative information in the ChexSystems records.
    - Based on the survey results, the top reasons that banks decline new account applications are negative screening information for a prior account (62 percent), insufficient identification information (39 percent) and a low credit score/rating (37 percent).
  - A considerable obstacle for unbanked individuals who want to open an account appears to be negative information in ChexSystems or another screening database. (Most individuals appear in the ChexSystems database because of prior account mismanagement rather than attempted check fraud).
- Credit bureau reports are used by 33 percent of banks for new customer deposit account opening.
- Only one-quarter (25 percent) of all banks have at least one entry-level deposit account designed for individuals ineligible for conventional accounts.

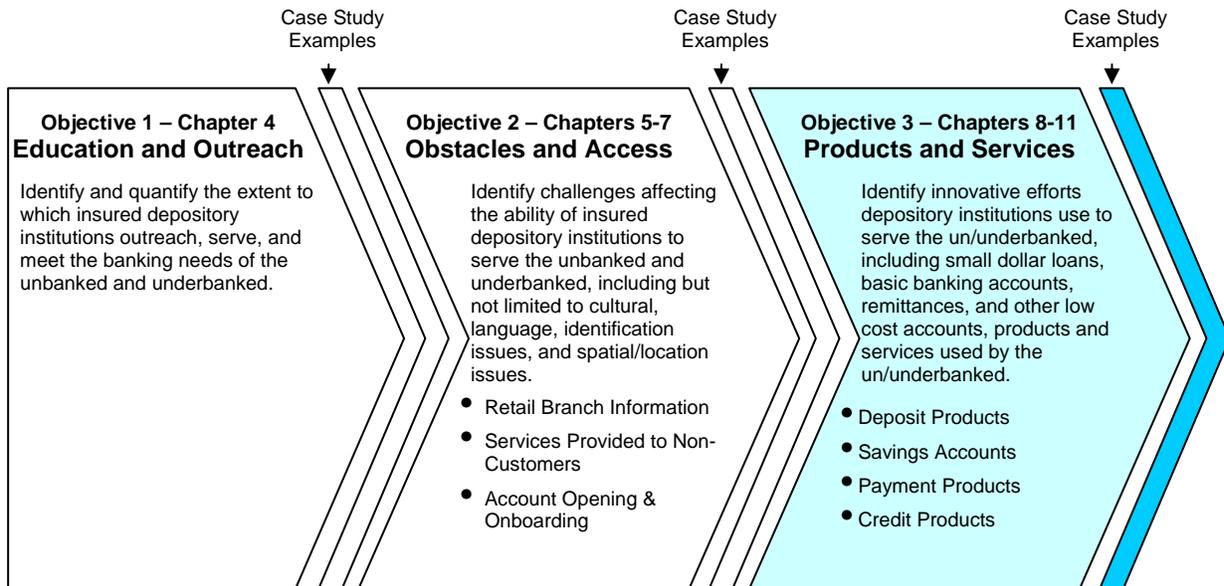
The greatest challenges banks face in serving unbanked and/or underbanked individuals are profitability issues and perceived regulatory barriers, closely followed by fraud.

## D. Case Study Highlights: Obstacles and Access

Unbanked and/or underbanked individuals often face obstacles that deter them from developing banking relationships with financial institutions. The case studies below highlight a number of successful ways that banks address the challenges of serving unbanked and/or underbanked individuals, including recognizing changes in customer demographics and addressing these changes in their business practices, offering banking services in a more casual setting or a more convenient location, providing easier access to bank products, and enlisting bank employees to play a role in welcoming unbanked individuals.

Institution	Target Population	Initiative
Bangor Savings Bank (Bangor, ME)	Low- to moderate-income individuals in primarily rural areas	Mitigates geographic barriers and improves accessibility of banking services by offering extended service hours, account access via Web and telephone, and full refunds on surcharges incurred when using any bank's ATM
Citizens Union Bank of Shelbyville (Shelbyville, KY)	Hispanic community in Kentucky MSAs	Opened Hispanic-focused branch, <i>Nuestro Banco</i> , which accommodates customers by employing bilingual staff, operating during non-traditional hours, and adopting a more casual and culturally-sensitive environment
Ridgewood Savings Bank (Ridgewood, NY)	Diverse immigrant and retiree populations in Queens and Bronx boroughs of New York City	Hires bilingual staff, publishes bilingual marketing materials, and advertises in local ethnic newspapers according to demographics of each branch's market area; provides full range of banking services in mobile branch that regularly visits elderly communities and other locations with limited access to branches
Second Federal Savings (Chicago, IL)	Mexican immigrant and Mexican-American population in Chicago's South Side	Helps undocumented individuals obtain identification required to open accounts by sponsoring visits by the Mexican Consulate to issue Matrícula Consular cards at the bank and by becoming an Individual Taxpayer Identification Number (ITIN) acceptance agent
<p><b>Common Lessons Learned</b></p> <ul style="list-style-type: none"> <li>■ Banks must recognize changes in customer demographics. They must also assess obstacles in their market area and address them accordingly.</li> <li>■ Offering banking services in a less formal setting or more convenient location can help the unbanked and underbanked feel more comfortable with financial institutions.</li> <li>■ Providing greater and more varied means of access (e.g. extended hours, web/phone access) also encourages unbanked and underbanked individuals to become customers.</li> <li>■ Bank employees play an important role in welcoming unbanked customers and making them feel at ease by assuaging misperceptions about banks, showing sensitivity to their needs, and communicating in their native languages.</li> </ul>		

### III. Banks' Efforts to Provide Products and Services



**Objective 3:** Identify innovative efforts depository institutions use to serve unbanked and/or underbanked customers, including small dollar loans, basic banking accounts, remittances, and other low cost accounts, products, and services used by these groups (Products and Services; Chapters 8-11)

Successful efforts to bring unbanked and/or underbanked individuals into the mainstream banking system include accounts and products that are carefully developed to address the needs of these individuals. Chapters 8 through 11 of the survey examine bank policies and products offered for deposit, savings, payment, and credit products and services, and particularly innovative products and services that unbanked and/or underbanked customers can understand and manage to avoid fees and account closures.

Survey results show that while most banks offer basic deposit, savings, and transaction accounts to qualified customers, significant opportunities exist for banks to expand their products and services to unbanked and/or underbanked individuals. For example, few banks offer entry-level transaction accounts designed to help build credit, “second chance” accounts designed to retain and attract customers who may have blemished credit, workplace-based programs, individual development accounts (IDAs), Internal Revenue Service (IRS) Voluntary Income Tax Assistance (VITA) programs, rapid access to deposited funds, and affordable small dollar loans.

## A. Deposit Products (Chapter 8)

Deposit accounts are the foundation on which banks offer other products and services to unbanked and/or underbanked individuals. With a simple checking account, previously unbanked consumers are able to make payments more easily and cash checks more affordably. Deposit accounts help individuals become familiar with additional banking products and services. Low fees and low to no minimum balance requirements, along with appropriate education, can help attract and sustain unbanked and/or underbanked individuals as customers.

- Nearly two-thirds (62 percent) of banks do not require a minimum balance for their most basic checking account. An additional 8 percent of banks will waive the minimum balance if customers use direct deposit.
  - The median (and mode) minimum balance for accounts with direct deposit is \$100.00, which is the same for accounts that do not have direct deposit, for all banks.
- Ninety percent of banks offer free check writing for their most basic transaction account.
  - Online bill payment is the most common bank product with a fee (22 percent); however, the majority of banks (65 percent) include online bill payment at no cost on their most basic checking account.
    - When a fee is charged, it typically is under \$5.00 per month and about \$0.35 per transaction (median).
    - Fourteen percent of banks do not offer online bill payment.

Virtually all banks (99 percent) charge NSF fees on their most basic transaction account. Only five banks responded that they do not charge an NSF fee.

- NSF fees range from \$8.00 to \$38.00, with a median of \$25.00. The lowest fees are found at banks in Tier 3.
- 59 percent of banks that charge insufficient funds (NSF) fees will waive the fee under certain circumstances.

## B. Savings Accounts (Chapter 9)

Most banks offer basic savings accounts but do not offer savings account products, such as IDAs and IRS VITA occasion-based accounts, that specifically target unbanked and/or underbanked individuals. Banks attempt to promote savings products at schools to reach potential customers at a young age but often face difficulty in targeting unbanked and/or underbanked consumers.

- The majority of banks offer basic savings accounts (97 percent) and money market deposit accounts (MMA) (70 percent). A much smaller percentage (8 percent) offer IDAs.
- The average interest rate for a savings account is 0.80 percent; for an MMA, the average interest rate is 1.07 percent.

Less than one-quarter (22 percent) of banks partner with other organizations to promote the use of saving account products. However, these banks indicate that partnering provides a number of benefits. Some banks partner with schools to build relationships with potential customers at a young age, while others try to bring in more business by partnering with local businesses and making presentations to employees. By partnering with a trusted source, such as an employer, banks work to improve their accessibility among unbanked and/or underbanked employees.

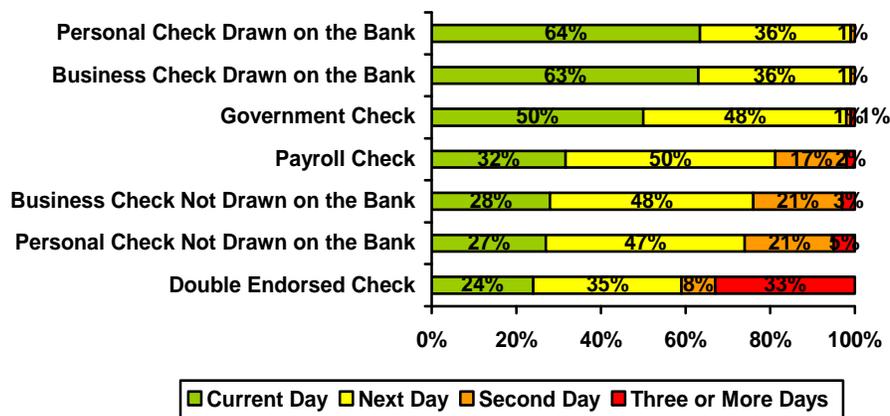
- Of the 194 banks that reported partnering with organizations to promote savings products, 176 described the organizations with which they partner. Of these, two-thirds partner with educational institutions, ranging from elementary schools to colleges. They report using a number of programs, including the American Bankers Association’s Teach Children to Save Day, Junior Achievement, Saving Makes Cents, FDIC Money Smart, and Bank at School programs.
- The second most common type of partner reported in the sample was local employers.

### C. Payment Products (Chapter 10)

An important issue for unbanked and/or underbanked individuals is the speed at which they can access their deposited funds. Although funds availability policies are more favorable for established customers, banks generally do not make funds available immediately for checks that are not drawn on their own institution. This reduces the attractiveness of bank deposit products to unbanked and/or underbanked individuals since they can obtain immediate access to their funds at alternative financial institutions, such as check cashers and payday lenders.

- Banks tend to provide funds the most quickly for “on-us” checks, or checks drawn on the bank itself. Sixty-three percent of banks have same-day availability for on-us business checks deposited by established customers, and another 36 percent have next-day availability.
- Checks drawn on other local (in-state) banks tend to have next-business-day availability for established customers. For example, only 32 percent have same-business-day availability for in-state payroll checks, while 50 percent of banks have next-day availability and about 17 percent have second-day availability.

**ES Figure 4. How soon are funds ordinarily available for an established customer who presents the following items?**



## D. Credit Products (Chapter 11)

Banks offer several types of credit products that are targeted to unbanked and/or underbanked individuals, such as tax refund anticipation loans, secured credit cards, and advances on funds that are due to arrive, though these offerings are limited.

- Nearly all (97 percent) banks can originate an unsecured personal loan in less than 48 hours.
  - Eighty percent of banks are able to originate an unsecured loan in less than 24 hours, and more than 24 percent can do so in less than 30 minutes.
- Sixty-nine percent of banks offer closed-end unsecured personal loans for amounts up to \$5,000.
- Thirty-six percent of banks offer consumer credit cards issued by the bank or a third party.
  - Among banks that offer credit cards, only 25 percent offer secured credit cards to customers who do not qualify for a traditional credit card.
  - Of the banks that offer a secured credit card, more than 96 percent allow cardholders to “graduate” to a traditional credit card.
- Less than 6 percent of banks provide an advance on funds that are due to arrive by direct deposit or check.
- Relatively few banks offer tax refund anticipation loans.

## E. Case Studies Highlights: Products

Banks offer targeted products to unbanked and underbanked customers as a way to transition them into the economic mainstream, particularly when individuals do not qualify for standard accounts. The case studies below highlight some of the ways that banks successfully attract and serve unbanked and/or underbanked customers with targeted, innovative entry-level accounts and “stepping stone” services. These products help to establish banking relationships and are often accompanied by a focus on education and encouragement of sound financial management practices.

Institution	Target Population	Products
Artisans’ Bank (Wilmington, DE)	Low- to moderate-income individuals in their area with poor credit history or past experience with financial mismanagement	<ul style="list-style-type: none"> <li>▪ Credit Builder Program provides a 12-month loan while customers place proceeds in deposit account held as collateral and replay loan from cash flow.</li> <li>▪ Delawareans Save IDA helps customers set and achieve monthly savings goals over three-year period and provide up to a 3:1 match if savings targets are met.</li> </ul>
Bancorp South (Tupelo, MS)	African-American and Hispanic-American communities of urban and rural markets in the South	<ul style="list-style-type: none"> <li>▪ Second Chance Checking restricts access (check writing and debit cards) for customers ineligible for standard checking product.</li> <li>▪ Smart Saver IDA combines a mortgage and a savings product with eight hours of financial education to provide resources toward purchase of home.</li> </ul>
Carver State Bank (Savannah, GA)	Multi-cultural community in Savannah, including African Americans, Hispanics, Iranians, and Chinese	<ul style="list-style-type: none"> <li>▪ Small Business IDA provides 4:1 match to local entrepreneurs and requires applicants to take classes and develop business plan to qualify.</li> <li>▪ Credit Rebuilder Loan pairs loan of \$1,000 to \$10,000 with CD; approval based on debt to income ratio rather than credit history.</li> </ul>
Central Bank of Kansas City (Kansas City, MO)	Diverse immigrant and minority population, including African Americans, Vietnamese, Sudanese, and Mexicans	<ul style="list-style-type: none"> <li>▪ Payroll Cards allow low- to moderate-income employees to receive income without needing to cash checks or access to direct deposit while preventing them from overdrawing on account and incurring NSF or merchant fees.</li> </ul>
KeyBank (Cleveland, OH)	Low- to moderate-income populations, including African Americans, Hispanic Americans, working poor, and urban residents	<ul style="list-style-type: none"> <li>▪ Low-cost (1.5% up to \$22.50) check cashing services for non-depository clients bring unbanked into branches and create opportunities to transition them to deposit accounts; biometric technology verifies customer identity, lowering cost and increasing efficiency.</li> </ul>
<b>Common Lessons Learned</b>		
<ul style="list-style-type: none"> <li>▪ Entry-level products provide valuable opportunities for unbanked individuals to re-establish credit-worthiness and re-enter the economic mainstream while increasing control and reducing risk to banks.</li> <li>▪ Rather than closing accounts due to mismanagement, second chance accounts help banks retain existing customers.</li> <li>▪ Certain banking products can be advantageous to unbanked individuals and can provide more benefits than those offered by alternative service providers.</li> <li>▪ Banks can better serve unbanked and underbanked consumers by developing debit card-based accounts and prepaid cards to meet their needs.</li> </ul>		

## Terms & Definitions

Term	Definition
Bank	An FDIC-insured financial institution (bank or thrift)
Bank Footprint	Census tracts in the bank's current CRA evaluation area
BSA/AML	The Bank Secrecy Act of 1970 requires U.S. financial institutions to assist U.S. government agencies to detect and prevent money laundering. Specifically, the Act requires financial institutions to keep records of cash purchases of negotiable instruments of \$3,000 or more and to report suspicious activity that might signify money laundering, tax evasion, or other criminal activities. The BSA is sometimes referred to as "anti-money laundering" law (AML) or jointly as "BSA/AML." Several anti-money laundering acts, including provisions in Title III of the USA Patriot Act, have been enacted to amend the BSA..
Conventional Checking Account	Checking, NOW, DDA, MMDA
Debit Card	Card linked to a transaction account
Earned Income Tax Credit (EITC)	A refundable federal income tax credit for low-income working individuals and families. To qualify, taxpayers must meet certain requirements and file a tax return.
Established Customer	An individual who has had a deposit account for more than 30 days
Full-Service (Brick and Mortar) Offices	SOD office service type code 11 (not reported in the Branch Office Survey (OTS-supervised institutions); see <a href="http://fdic.gov/sod/pdf/SOD_2007_Instructions.pdf">fdic.gov/sod/pdf/SOD_2007_Instructions.pdf</a> )
Full-Service Retail (In store) Offices	SOD office service type code 12 (not reported in the Branch Office Survey (OTS-supervised institutions); see <a href="http://fdic.gov/sod/pdf/SOD_2007_Instructions.pdf">fdic.gov/sod/pdf/SOD_2007_Instructions.pdf</a> )
Individual Development Account (IDA)	Matched savings accounts that enable low-income individuals to save, build assets, and enter the financial mainstream. IDAs reward monthly savings of individuals who are building toward purchasing an asset (most commonly their first home), paying for post-secondary education, or starting a small business.

Individual Taxpayer Identification Number (ITIN)	A tax processing number issued by the Internal Revenue Service to individuals who are required to have a U.S. taxpayer identification number but who do not have and are not eligible to obtain a Social Security Number (SSN) from the Social Security Administration (SSA). ITINs are issued regardless of immigration status because both resident and nonresident aliens may have U.S. tax return and payment responsibilities under the Internal Revenue Code.
Limited Service Offices	SOD office service type codes 22, 23, and 29 (not reported in the Branch Office Survey (OTS-supervised institutions); see <a href="http://fdic.gov/sod/pdf/SOD_2007_Instructions.pdf">fdic.gov/sod/pdf/SOD_2007_Instructions.pdf</a> )
Low and Moderate Income (LMI)	Low income: Income equal to or less than 50 percent of the median income of the local metropolitan area (MSA) or appropriately defined rural area Moderate income: Income from 50 percent to 80 percent of the median income of the local metropolitan area (MSA) or appropriately defined rural area
Matrícula Consular	A photo identification card issued to Mexican citizens by the Mexican Government to prove that the bearer is of Mexican nationality and is living outside of Mexico. Local offices of the Consulate General of Mexico facilitate this service in the United States.
Non-Customer	An individual who does not have a deposit account or credit relationship with your bank
Number of Deposit Branches	As of June 30, 2007, as reported in the Summary of Deposits (SOD) submitted to the FDIC or in the Branch Office Survey (reported to the OTS by OTS-supervised institutions)
OFAC List	The Office of Foreign Asset Control (OFAC), part of the U.S. Department of the Treasury, administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations, and individuals. OFAC manages and maintains lists of individuals and organizations that U.S. individuals and business are prohibited from doing business with and from whom they should not accept funds.
Other offices reported on the Summary of Deposits	SOD office service type codes 13, 21, and 30 (not reported in the Branch Office Survey (OTS-supervised institutions); see <a href="http://fdic.gov/sod/pdf/SOD_2007_Instructions.pdf">fdic.gov/sod/pdf/SOD_2007_Instructions.pdf</a> )
Patriot Act	The Patriot Act was signed into law on October 25, 2001. Title III of the Act requires banks to establish a Customer Identification Program.

Prepaid Debit Card	Not linked to a transaction account. Money can be loaded onto the card and payments made through networks like Visa, MasterCard. Excludes closed-loop retailer gift cards
Savings Account	Statement savings, Passbook, Certificates of Deposit, etc.
SOD	Summary of Deposits reports
Unbanked	Individuals or families who do not have an account with a depository institution (a commercial bank, savings institution or credit union) or a transaction account with a money market mutual fund or brokerage firm
Underbanked	Individuals or families who have a deposit account but also rely on alternative non-bank financial service providers (such as check cashing firms or payday lenders) for transaction or credit services
Volunteer Income Tax Assistance Program (VITA)	Offers free tax help to low- to moderate-income individuals who cannot prepare their own tax returns. Certified volunteers sponsored by various organizations receive training to help prepare basic tax returns in communities across the country.

## Study Objectives and Methodology

### Study Objectives

The purpose of this study was to conduct a nationwide survey of FDIC-insured depository institutions to assess their efforts to serve unbanked and underbanked individuals and families. Section 7 of the Federal Deposit Insurance Reform Conforming Amendments Act of 2005 (“Reform Act”) (Pub. L. 109-173) requires the FDIC to conduct ongoing surveys “on efforts by insured depository institutions to bring those individuals and families who have rarely, if ever, held a checking account, a savings account or other type of transaction or check cashing account at an insured depository institution into the conventional finance system.”

The Reform Act further requires that the FDIC consider the following factors in conducting the survey: (1) the extent to which insured depository institutions promote financial education and financial literacy outreach; (2) the financial education efforts that appear to be the most effective in bringing unbanked individuals and families into the conventional finance system; (3) the efforts of insured institutions to convert unbanked money order, wire transfer, and international remittance customers into conventional account holders; (4) the cultural, language and identification issues as well as transactions costs that appear to most prevent unbanked individuals from establishing accounts; and (5) an estimate of the size and worth of the unbanked market in the United States.<sup>5</sup>

The FDIC retained Dove Consulting in 2007 to design and administer its initial survey effort related to the ongoing statutory requirement. The FDIC identified three broad objectives to address the specific requirements of the statutory mandate:

- Identify and quantify the extent to which insured depositories outreach, serve, and meet the banking needs of the unbanked and underbanked.
- Identify challenges affecting the ability of insured depository institutions to serve the unbanked and underbanked, including but not limited to cultural, language, identification issues, and spatial/location issues.
- Identify innovative efforts depositories use to serve the unbanked and underbanked, including community storefronts, small dollar loans, basic banking accounts, remittances, and other low-cost checking accounts, products and services used by the unbanked and underbanked.

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<sup>5</sup> To address this last question, the FDIC is exploring the feasibility of conducting, along with the U.S. Bureau of the Census, the first national household survey to collect data on the numbers and demographic characteristics of unbanked and underbanked households, as well as the barriers they perceive when deciding how and where to conduct financial transactions.

## Survey Design

The survey effort designed by Dove Consulting consisted of a mail-in survey questionnaire administered to a sample of FDIC-insured institutions and a limited number of detailed case studies of surveyed banks identified as employing innovative ways of serving unbanked and/or underbanked consumers. The survey instrument included questions that focused on banks' financial education and outreach strategies; deposit, payment, and credit products offered to entry-level consumers; and other related topics (the survey instrument is included in Appendix A). The survey instrument was also designed to identify challenges insured institutions may face serving unbanked and underbanked customers.

A draft survey instrument was developed by Dove Consulting with input from the FDIC. Dove Consulting formally pilot-tested the survey instrument with nine FDIC-insured institutions in late 2007 to gather feedback about the questions and the process for gathering the data. The questionnaire was revised as necessary based on feedback from the pilot test. It was submitted by the FDIC to the Office of Management and Budget (OMB) on January 4, 2008, for approval under the Paperwork Reduction Act. The survey instrument was subsequently revised to address comments received during the OMB public comment period, and approval to administer the survey was granted to the FDIC by OMB on March 28, 2008 (OMB Form # 3064-0158).

Prior to survey administration, extensive efforts were made by the FDIC to build awareness of the study effort among the industry, to encourage banks to participate in the study, and to explain the value of participating in the research effort to their organization's staff. These efforts included communications with industry groups and publication of the study objectives and design on the FDIC website.

Guaranteeing the confidentiality of individual bank survey responses from the public and bank regulators was important to the banks as well as the FDIC. Under the terms of the FDIC's contract with Dove Consulting, no individual survey responses were returned to the FDIC or other bank agencies. The FDIC and other bank regulators therefore do not have access to individual survey responses and are not able to link any responses to individual banks. Dove Consulting collected all survey responses, certified that it had destroyed all individual bank identifying data or records, and delivered only aggregated survey results to the FDIC.

## Case Study Design

A limited number of case studies were developed to provide information about specific strategies that some financial institutions have implemented to expand their customer base and serve underbanked consumers. Case study banks were selected on the basis of a variety of different types of information, including industry research and bank survey questionnaire responses. The final selection of banks reflects a variety of strategies to serve the unbanked as well as types of FDIC-insured institutions.

The banks chosen for case studies were selected in a two-stage process. The first set of potential case study banks were identified by the FDIC based on industry research prior to survey administration. These banks were reviewed against certain "good standing" criteria which included regulatory ratings of 1 or 2 for compliance, Community Reinvestment Act, and composite safety and soundness.

The second set of potential case study banks was identified by Dove Consulting based on Dove Consulting's confidential review of banks' survey responses. Banks that revealed innovative and successful strategies to converting unbanked and underbanked individuals into the conventional banking mainstream in their survey responses and that met the FDIC good standing criteria were added to the potential case study bank list.

Potential case study banks were invited to voluntarily participate as case study banks by Dove Consulting. Dove Consulting contacted each potential bank by mail, seeking to obtain agreement to participate from a senior manager in each targeted organization. Banks that consented to be case study candidates were asked to complete the survey questionnaire and were interviewed at least once by Dove Consulting. Draft case studies were submitted to participating banks for their approval and consent.

## **Population, Sample Frame, and Sample Design**

### ***Population of Interest***

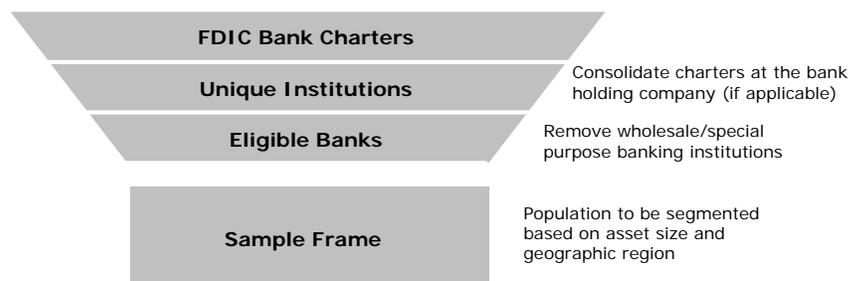
For the purposes of this study, the population was all federally insured banks and thrifts operating in the United States during the first quarter of the year 2007. Wholesale banks and special purpose banks that do not operate retail branches are not relevant for this study, and were excluded from the survey sample based on specialty charter and branch characteristics (i.e., assets per branch indicative of a money-center bank.)

### ***Sample Frame***

The sample frame for the study was carefully considered to allow for collection of a statistically useful number of responses so that differences among potential geographic and financial institution size stratification schemes could be examined.

For this study, the sample frame was bank holding companies (or "unique institutions" in the FDIC database if they do not have a bank holding company). The sample frame included FDIC-insured financial institutions that operate retail bank offices. Screening criteria were used to determine the sample frame of U.S. banks with retail operations. (In subsequent discussions of the sampling frame, the sampling units are referred to as banks). Additionally, some banks were excluded from the study due to FDIC concerns of overburdening the institutions due to other concurrent FDIC studies.

**OM Figure 1. Sample Frame by Number of Banks**



The sample frame included 7,487 banks as shown in the table below by asset-size groupings.

**OM Figure 2. Sample Frame by Number of Banks**

	# of Bank Charters	# of Banks
<b>Tier 1</b> Top 25 banks by assets	91	25
<b>Tier 2</b> Banks with \$1 Billion or more in assets outside the Top 25	1,115	564
<b>Tier 3</b> Banks with less than \$1 Billion in assets	7,435	6,898
<b>Sample Frame</b>	<b>8,641</b>	<b>7,487</b>
<i>Ineligible*</i>	9	5
Total	8,650	7,492

\*Tier 1 excluded wholesale and special purpose banks.

**Sample Size and Sample Allocation to Size Groups**

The target number of completed questionnaires was 865, based on Dove Consulting’s goal of achieving a balance between cost and the anticipated need for computing valid survey estimates for banks by tiers (asset-size groups) and geographic areas (U.S. Census Bureau Divisions). This target sample size was based on full participation from the top 25 banks (Tier 1), along with approximately 20 Tier 2 banks per Census Division and more than 60 Tier 3 banks per Census Division. The allocation of the target number of completed questionnaires to the three asset-size strata, and the corresponding sampling rates (percentage of banks covered), are shown in Figure 3.

**OM Figure 3. Sample Frame – Planned Stratum Goals and Coverage**

Strata	# of Unique Banks	Survey Goal (Completes)	Percentage of Banks Covered
<b>Tier 1 (Certainty)</b> Top 25 banks by assets	25	25	<b>100.0%</b>
<b>Tier 2 (Mid-Sized)</b> Banks with more than \$1 billion in assets outside the Top 25	564	180	<b>31.9%</b>
<b>Tier 3 (Under \$1 Billion)</b> Banks with less than \$1 billion in assets	6,898	660	<b>9.6%</b>
<b>Total</b>	<b>7,487</b>	<b>865</b>	<b>11.6%</b>

Note that the sample allocation to size groups included an oversampling of larger banks. This improved sampling efficiency because of the disproportionate influence of the largest banks on availability of retail banking services. As shown in the above table, the target sampling rate was 100 percent for Tier 1 banks, 32 percent for Tier 2 banks, and 10 percent for Tier 3 banks.

Based on these target numbers of completed interviews and the response rate goals (100 percent for Tier 1 and a two-thirds response rate goal for Tiers 2 and 3), a stratified random sample of 1,264 banks was selected from Tiers 2 and 3, less two that were excluded due to the burden of another FDIC study. Including the 25 banks in the Tier 1 group, the total sample size was 1,287 banks (25 + 1,264 – 2).

### ***Stratified Sample Design***

The sample of 1,287 banks was selected as a stratified random sample from the sample frame of 7,487 banks. The primary strata were defined by the three bank size groups: top 25 (certainties, Tier 1), banks with total assets of \$1 billion or more (Tier 2), and banks with less than \$1 billion in assets (Tier 3). Based on the target numbers of completed questionnaires by size groups and the response rate goals, the 1,287 sample banks were allocated to the three size groups as follows: 25 to Tier 1, 268 to Tier 2, and 994 to Tier 3. The corresponding sampling rates were 100 percent for Tier 1, 47.5 percent for Tier 2, and 14.4 percent for Tier 3.

The next level of stratification was the nine Census Divisions. Within Tiers 2 and 3, the sample was allocated proportionally to the nine Census Divisions. Therefore, within each tier, the selection probability of banks across Census Divisions was constant (except for minor variations due to the need to round off sample sizes to integers). The sample allocation to strata is shown in Figure 4.

**OM Figure 4. Sample Stratification by Tier and Census Division**

	Tier 1	Tier 2	Tier 3
New England	1	14	49
Middle Atlantic	6	39	66
South Atlantic	4	42	129
East South Central	2	16	91
West South Central	0	29	157
East North Central	8	44	202
West North Central	1	26	187
Mountain	1	17	58
Pacific	2	41	55
<b>Total</b>	<b>25</b>	<b>268</b>	<b>994</b>

The states in each of the nine Census Divisions are:

**OM Figure 5. Listing of States by Census Division**

New England:	Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island
Middle Atlantic:	New Jersey, New York, Pennsylvania
South Atlantic:	Maryland; Washington, D.C.; Delaware; West Virginia; Virginia; North Carolina; South Carolina; Georgia; Florida
East South Central:	Kentucky, Tennessee, Alabama, Mississippi
West South Central:	Oklahoma, Arkansas, Texas, Louisiana
East North Central:	Wisconsin, Michigan, Ohio, Indiana, Illinois
West North Central:	North Dakota, South Dakota, Nebraska, Kansas, Missouri, Iowa, Minnesota
Mountain:	Idaho, Montana, Wyoming, Colorado, Utah, Nevada, Arizona, New Mexico
Pacific:	Washington, Oregon, California, Alaska, Hawaii, Guam

## **Data Collection**

A survey package was mailed to each sample bank on April 12, 2008. The packages included a personalized cover letter, instructions, the survey form, and a Business Reply Envelope for returning the survey (see Appendix A for the survey form and sample invitation letter). The survey package also included instructions about how to submit the completed questionnaires electronically. These instructions included information on how to download the MS-Word version of the survey from the FDIC Web site or via email.

Data collection was performed at the highest organizational level of the bank within the United States. Specifically, the sampling unit was at the bank holding company level, as reflective of legacy arrangements. The respondent sought was the bank officer responsible for retail bank operations. For U.S. owned holding companies, Dove Consulting treated each of the top 25 holding companies as a single unit and asked the bank leadership to specify contacts for the study.

It was necessary to collect multiple responses from some banks if they had different or legacy procedures at retail banks within their bank holding company. Specifically, Dove Consulting requested the largest banks to complete separate surveys if their policies differed by charter. For the one bank that submitted multiple survey forms, the mean of its item responses were incorporated in the dataset.

Extensive follow-up by telephone, email, and mail was conducted by Dove Consulting and the FDIC to encourage strong bank participation and resolve questions. In this regard, Dove Consulting placed over 2,000 follow-up telephone calls.

Once the survey data were collected and entered into a database, Dove Consulting examined the data for consistency.

## **Survey Response**

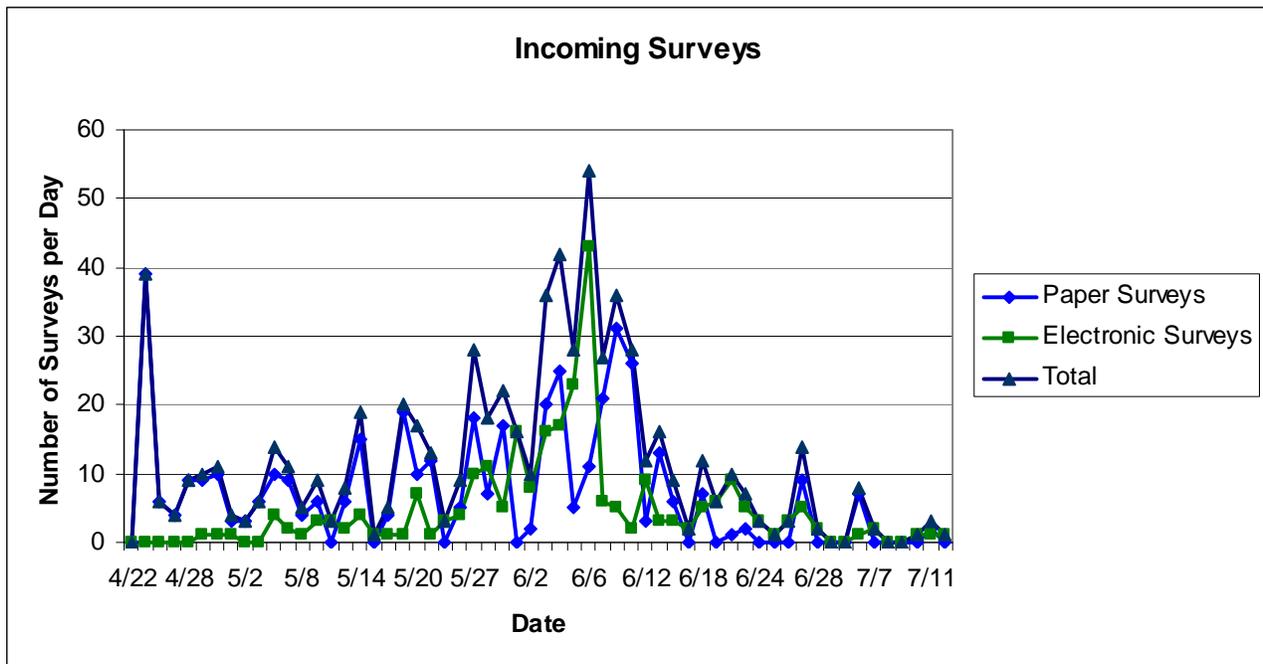
Survey collection ended on July 11, 2008. Survey response rates, the mix between paper and electronic submission, and timing appear in Figures 6 and 7. The overall survey response rate was 53.4 percent, reflecting 685 completed surveys. After adjusting for disqualifications (frame errors), replacements and bank consolidations/mergers, the adjusted response rate is 53.7 percent. Figure 8 breaks down the 685 responses by Tier and Division.

OM Figure 6. Survey Response Rates

	Sample Frame Size	(A) Surveys Sent (April 12 <sup>th</sup> )	(B) Replacement Banks	(C) Sample Size	(D) Banks Disqualified	(E) Surveys Received	(F) Response Rate (E/A)	(G) Adjusted Response Rate (E/(C-D))
Tier 1 (Top 25 banks)	25	25	0	25	0	24	96.0%	96.0%
Tier 2 (Assets over \$1 billion, not Top 25)	564	268	0	268	6	159	59.3%	60.7%
Tier 3 (Assets under \$1 billion)	6,898	990	4	994	5	502	50.6%	50.8%
<b>Total</b>	<b>7,487</b>	<b>1,283</b>	<b>4</b>	<b>1,287</b>	<b>11</b>	<b>685</b>	<b>53.4%</b>	<b>53.7%</b>

For the 685 bank responses, 422 came in by paper (including faxes) and 263 were received by email. The mix and number of daily incoming surveys of responses are shown below:

OM Figure 7. Survey Response Mix and Timing



OM Figure 8. Responding Banks by Tier and Region

Region		Tier 1	Tier 2	Tier 3	Total
New England	<b>Count</b>	<b>1</b>	<b>6</b>	<b>31</b>	<b>38</b>
	<i>% within Region</i>	2.6%	15.8%	81.6%	100.0%
	<i>% within New Tier</i>	4.2%	3.8%	6.2%	5.5%
	<i>% of Total</i>	0.1%	0.9%	4.5%	5.5%
Mid-Atlantic	<b>Count</b>	<b>5</b>	<b>24</b>	<b>36</b>	<b>65</b>
	<i>% within Region</i>	7.7%	36.9%	55.4%	100.0%
	<i>% within New Tier</i>	20.8%	15.1%	7.2%	9.5%
	<i>% of Total</i>	0.7%	3.5%	5.3%	9.5%
South Atlantic	<b>Count</b>	<b>4</b>	<b>18</b>	<b>58</b>	<b>80</b>
	<i>% within Region</i>	5.0%	22.5%	72.5%	100.0%
	<i>% within New Tier</i>	16.7%	11.3%	11.6%	11.7%
	<i>% of Total</i>	0.6%	2.6%	8.5%	11.7%
East South Central	<b>Count</b>	<b>2</b>	<b>11</b>	<b>47</b>	<b>60</b>
	<i>% within Region</i>	3.3%	18.3%	78.3%	100.0%
	<i>% within New Tier</i>	8.3%	6.9%	9.4%	8.8%
	<i>% of Total</i>	0.3%	1.6%	6.9%	8.8%
West South Central	<b>Count</b>	<b>0</b>	<b>24</b>	<b>80</b>	<b>104</b>
	<i>% within Region</i>	0.0%	23.1%	76.9%	100.0%
	<i>% within New Tier</i>	0.0%	15.1%	15.9%	15.2%
	<i>% of Total</i>	0.0%	3.5%	11.7%	15.2%
East North Central	<b>Count</b>	<b>8</b>	<b>30</b>	<b>88</b>	<b>126</b>
	<i>% within Region</i>	6.3%	23.8%	69.8%	100.0%
	<i>% within New Tier</i>	33.3%	18.9%	17.5%	18.4%
	<i>% of Total</i>	1.2%	4.4%	12.8%	18.4%
West North Central	<b>Count</b>	<b>1</b>	<b>12</b>	<b>100</b>	<b>113</b>
	<i>% within Region</i>	.9%	10.6%	88.5%	100.0%
	<i>% within New Tier</i>	4.2%	7.5%	19.9%	16.5%
	<i>% of Total</i>	0.1%	1.8%	14.6%	16.5%
Mountain	<b>Count</b>	<b>1</b>	<b>8</b>	<b>35</b>	<b>44</b>
	<i>% within Region</i>	2.3%	18.2%	79.5%	100.0%
	<i>% within New Tier</i>	4.2%	5.0%	7.0%	6.4%
	<i>% of Total</i>	.1%	1.2%	5.1%	6.4%
Pacific	<b>Count</b>	<b>2</b>	<b>26</b>	<b>27</b>	<b>55</b>
	<i>% within Region</i>	3.6%	47.3%	49.1%	100.0%
	<i>% within New Tier</i>	8.3%	16.4%	5.4%	8.0%
	<i>% of Total</i>	0.3%	3.8%	3.9%	8.0%
<b>Total</b>	<b>Count</b>	<b>24</b>	<b>159</b>	<b>502</b>	<b>685</b>
	<i>% within Region</i>	3.5%	23.2%	73.3%	100.0%

## Derivation of Respondent Weights and Survey Estimates

For the purpose of making industry-wide estimates from the 685 completed survey questionnaires received from banks, appropriate respondent weights were derived that were based on bank selection probabilities and survey response rates. These weights were computed as the product of a base weight (inverse of the selection probability) and a nonresponse adjustment factor based on the assumption that nonrespondents were “missing at random” within asset-size groups. Survey estimates were computed using these respondent weights. To the extent that the “missing at random” assumption is valid, the survey estimates of population statistics are unbiased.

Following are the details of the derivation of respondent weights and survey estimates.

### Base Weights

The base weight for a respondent is the reciprocal of the respondent’s selection probability. The sample design for the survey of banks was a stratified random sample where the selection probabilities varied across the three size groups (major strata) but were constant within a size group. The selection probabilities for all units within a stratum were equal to the sampling rate for the stratum. (As noted previously, although we also stratified by Census Division, the selection probability of banks in a given stratum/tier was constant across Division, aside from minor variations due to rounding.)

Let  $h$  denote the stratum (size group). If we select  $n_h$  (the sample size for stratum  $h$ ) out of the  $N_h$  (the population size for stratum  $h$ ) banks in stratum  $h$ , then the selection probability for banks in stratum  $h$  is the following:

$$\pi_h = n_h / N_h .$$

Then, the base weight (or design weight) assigned to each respondent bank in stratum  $h$  was computed as follows:

$$w_h = 1 / \pi_h .$$

The base weights for the three major strata (tiers) are shown in Figure 9.

**OM Figure 9. Base Weights**

Let $h$ denote the size group (tier)	Tier 1	Tier 2	Tier 3
Selection probability $\pi_h$	1.000	0.475	0.144
Base weight (or design weight), $w_h$ , assigned to the respondent banks in each tier	1.00	2.104	6.940

### Nonresponse Weight Adjustment

The base weights were adjusted to account for the nonresponding banks. This weight adjustment was applied within each stratum, based on the assumption that sample banks will be “missing at random” within strata, or at least that the survey variables for a nonresponding bank will be more like those of responding banks in the same stratum than those in other strata.

As before,  $n_h$  represents the number of banks that were sampled from stratum  $h$ . The number of those sampled banks that responded to the survey is denoted as  $r_h$ . Subsequently some of the  $n_h$  sample cases were determined to be ineligible (or out of scope) for the survey. The nonresponse weight adjustment was calculated as the ratio of the eligible number of sampled banks (both respondents and nonrespondents), denoted  $n_{he}$ , in the stratum to the number of banks in the stratum that responded to the survey. Specifically, the weight adjustment due to the nonresponding banks within stratum  $h$ ,  $A_h^{(nr)}$ , was computed as follows:

$$A_h^{(nr)} = \frac{n_{he}}{r_h}.$$

To obtain the final weights, the base weight for stratum  $h$ ,  $w_h$ , was multiplied by the nonresponse adjustment factor,  $A_h^{(nr)}$ . The stratum level design weight adjusted for nonresponse (the final weight) was computed as follows:

$$w_h^* = A_h^{(nr)} w_h.$$

The above final weight was assigned to all banks belonging to stratum  $h$  for which survey data were obtained.

**OM Figure 10. Response Adjusted Base Weights**

Let $h$ denote the stratum (tier)	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
Base weight (or design weight)	1.00	2.104	6.940
Sample Size ( $n_h$ Banks)	25	268	994
Eligible Sample Size ( $n_{he}$ Banks)	25	262 (268 - 6 ineligible)	989 (994 - 5 ineligible)
Respondents ( $r_h$ banks)	24	159	502
Nonresponse weight adjustment, $A_h^{(nr)}$	1.042	1.648	1.970
<b>Final weight (Base weight x Nonresponse weight adjustment)</b>	<b>1.042</b>	<b>3.468</b>	<b>13.672</b>

**Survey Estimates**

Survey estimates of population totals or means/percentages were computed using the weights described in the previous section. In particular, if  $y_{hi}$  represents the response to a survey question provided by respondent  $i$  in stratum (tier)  $h$ , the estimated population total,  $\hat{Y}$ , for that question would be computed as follows:

$$\hat{Y} = \sum_{h=1}^3 \sum_{i=1}^{r_h} w_h y_{hi} .$$

An example of an estimated total for the survey would be the estimated number of automated teller machines (ATMs) that banks have that are located in low- and moderate-income (LMI) Census tracts.

However, many of the estimated totals from the survey are estimated bank counts, like the estimated number of banks that perceive that there are unbanked or underbanked populations in their market area. In that case, the  $y_{hi}$  variable is a 0-1 variable, which takes on the value of 1 if the respondent answered yes to this question, and zero otherwise. The estimate would then be the sum of the weights of all respondents that answered yes to the question.

A survey mean per bank,  $\bar{Y}$ , in the universe would be estimated as follows:

$$\hat{\bar{Y}} = \frac{\hat{Y}}{\sum_{h=1}^3 \sum_{i=1}^{r_h} w_h} .$$

The estimated mean is the estimated total (weighted responses for the survey question) divided by the sum of the weights of all of the respondents who answered the question.

Many of the survey items are yes/no questions, such as whether the bank participates in education or outreach efforts that could bring unbanked or underbanked individuals into the conventional banking system. In those cases, the above formula for estimating a population mean was used to estimate a population proportion (percent) where the  $y$  variable is a 0-1 variable. For such an application, the estimated total was computed as the sum of the weights of all respondents that answered yes to the question (as discussed above as an estimated count). The denominator was computed as the sum of the weights for all respondents who answered the question. Therefore, an estimate of the population percent who would answer yes to a specific question was calculated as the sum of the weights of all respondents that answered yes to the question divided by the sum of the weights of all respondents who answered the question.

The same formulas were used for estimating totals, means, and percents for population subgroups, where the summations were taken over the subgroup respondents. For example, the proportion of banks in the Middle Atlantic Division that use credit report scores as part of the screening process for new checking accounts was estimated as the ratio of the sum of the weights of responding banks in the Middle Atlantic Division that answered yes to that survey question divided by the sum of the weights of all respondents in the Middle Atlantic Division that answered that question.

## Reliability of the Estimates

Because estimates are based on sample data, they differ from figures that would have been obtained from complete enumeration of the population using the same instruments. Results are subject to both sampling and nonsampling errors. Nonsampling errors include biases due to inaccurate reporting, processing, and measurement, as well as errors due to nonresponse. These types of errors cannot be measured readily. However, to the extent possible, each error of this type has been minimized through the procedures used for data collection, editing, quality control, and nonresponse adjustment.

The sampling error of an estimate is the error that occurs solely because population estimates are generated from only a portion (sample) of the population. These types of errors can be estimated from the sample results. The most common measure of sampling error is the standard error of an estimate. Generally, the size of the standard error is inversely proportional to the square root of the number of observations in the sample. Thus, as the sample size increases, the standard error decreases. Standard error estimates for this survey could be derived for estimates computed for the full population or for population subgroups, assuming that respondents are random samples by strata (i.e., that the “missing at random” assumption mentioned earlier is reasonable). These standard error estimates could be used to test significant differences between various pairs of subgroups. However, due to the sample size limitations, Census Division comparisons may not be very meaningful.

## Research Limitations

Due to the classification and reporting process used, readers should be careful in the inferences drawn from segments other than bank size (tier). This is important as the region (Census Division) and rural/urban segmentations are based on the location of the responding bank’s headquarters. Therefore, some results might not be meaningful. For example, in analyzing the distribution of ATMs per region, a large bank with operations that span multiple regions would have all the ATMs mapped to the headquarters region.



## Participating Bank Characteristics and Retail Bank Information

This chapter provides information about the characteristics of the banks that responded to the survey. Key characteristics include:

- Bank Assets
- Deposit Branches
- Consumer Accounts and Cards
- ATMs Deployed

### Summary

The data collected for this survey on banks' efforts to serve the unbanked and underbanked are representative of the U.S. banking industry in the year 2008. The survey's stratified design and the excellent participation by banks, specifically the largest banks from the Tier 1 (top 25) and Tier 2 (over \$1 billion in assets), have permitted this study to gather an unparalleled and highly representative dataset for analysis. Collectively, the banks that responded to the survey had over \$8.3 trillion in assets (which represents approximately 70 percent of the total assets for commercial banks in the United States) at the time that the sample was drawn in 2007. Responding banks operated 43,761 deposit branches, which represent about half of the bank offices at the time the sample was drawn.

**Figure 1. Bank Size (Assets)**

Assets (in 000s) as of June 30, 2007

		Frequency
N	Valid	683
	Missing	2
Mean		\$11,961,677.89
Median		\$209,990.00

## Consumer Accounts and Cards

**Question I A. Please provide the following information related to consumer accounts/cards as of December 31, 2007:**

- \_\_\_ Number of conventional transaction accounts (e.g., checking, DDA, NOW, MMDA)
- \_\_\_ Number of non-transaction savings accounts
- \_\_\_ Number of entry deposit accounts\* designed for individuals not qualified for conventional accounts
- \_\_\_ Number of debit cards issued and active
- \_\_\_ Number of prepaid cards issued and active
- \_\_\_ Number of credit cards issued and outstanding

An average bank issued 8,922 credit cards, 3,790 prepaid cards, and 16,245 debit cards at the time of the survey. Additionally, it had 28,313 conventional transaction accounts, 17,745 savings accounts, and 318 entry deposit accounts for individuals not qualified for conventional accounts.

**QIA. Figure 1. Overall: Account Statistics**

		Conventional transaction accounts	Non-transaction savings accounts	Entry deposit accounts for individuals not qualified for conventional accounts	Debit Cards	Prepaid Cards	Credit Cards
N	Valid	669	666	668	670	669	669
	Missing	16	19	17	15	16	16
	Weighted Mean	28,313.31	17,745.32	317.59	16,245.19	3,789.74	8,922.06
	Median	4,026.00	2,224.00	.00	2,000.00	.00	.00

There is a difference between tiers for all types of consumer accounts and cards. Tier 1 banks have a larger number of credit cards (mean of 2.58 million) than Tier 2 (mean of 4,761) and Tier 3 (mean of 478).

**QIA. Figure 2. Tier 1: Account Statistics**

		Conventional transaction accounts	Non-transaction savings accounts	Entry deposit accounts for individuals not qualified for conventional accounts	Debit Cards	Prepaid Cards	Credit Cards
N	Valid	24	24	23	23	22	23
	Missing	1	1	2	2	3	2
	Mean	5,139,718.87	2,997,061.52	22,163.86	2,679,187.36	1,233,532.67	2,579,975.91
	Median	2,710,000.00	926,633.00	555.50	1,129,422.00	.00	137,500.00

**QIA. Figure 3. Tier 2: Account Statistics**

		Conventional transaction accounts	Non-transaction savings accounts	Entry deposit accounts for individuals not qualified for conventional accounts	Debit Cards	Prepaid Cards	Credit Cards
N	Valid	541	538	541	541	541	541
	Missing	10	14	10	10	10	10
Mean		77,616.02	48,159.99	2,246.53	61,806.69	859.64	4,761.20
Median		47,578.00	26,250.00	.00	31,251.00	.00	.00

Tier 3 banks issue relatively few prepaid cards and credit cards. The mean number of prepaid cards issued is 25, and 478 for credit cards. The median and mode are 0 for both types of cards.

**QIA. Figure 4. Tier 3: Account Statistics**

		Conventional transaction accounts	Non-transaction savings accounts	Entry deposit accounts for individuals not qualified for conventional accounts	Debit Cards	Prepaid Cards	Credit Cards
N	Valid	6699	6672	6699	6727	6727	6713
	Missing	164	191	164	137	137	150
Mean		6,046.27	4,593.01	87.06	3,505.61	25.00	477.52
Median		3,705.50	2,073.50	.00	1,748.50	.00	.00

There are few differences between regions for all types of consumer accounts and cards.

There are differences between urban and rural banks for the number of conventional accounts, non-transaction savings accounts, and debit cards. Urban banks have a higher mean and median than rural banks across all accounts and cards.

**QIA. Figure 5. Urban: Account Statistics**

		Conventional transaction accounts	Non-transaction savings accounts	Entry deposit accounts for individuals not qualified for conventional accounts	Debit Cards	Prepaid Cards	Credit Cards
N	Valid	3346	3342	3345	3359	3358	3348
	Missing	134	138	136	122	123	132
Mean		53,338.95	33,529.18	521.28	30,026.64	8,200.42	18,971.05
Median		5,220.00	2,924.00	.00	2,492.00	.00	.00

**QIA. Figure 6. Rural: Account Statistics**

		Conventional transaction accounts	Non-transaction savings accounts	Entry deposit accounts for individuals not qualified for conventional accounts	Debit Cards	Prepaid Cards	Credit Cards
N	Valid	3918	3891	3918	3932	3932	3929
	Missing	41	68	41	27	27	31
Mean		6,943.49	4,186.57	143.72	4,473.64	23.49	357.14
Median		3,661.00	2,092.00	.00	1,604.00	.00	.00

### ATMs Deployed

**Question I B. Number of ATMs operated by your bank. Please indicate approximate numbers of ATMs by location and functionality:**

Location	Number	Functionality	Number
Inside LMI tracts.....	_____	Basic cash dispense only.....	_____
Outside LMI tracts....	_____	Basic cash dispense and deposit acceptance...	_____
		Advanced functionality with bill payment and/or automated money order and/or prepaid card....	_____
Total ATMs	_____	Total ATMs	_____

The average bank has a total of 20 ATMs, with about six located inside LMI tracts.

**QIB. Figure 1. ATM Statistics**

		ATMS located inside LMI tracts	ATMS located outside LMI tracts	Basic cash dispense ATMs	Basic cash dispense and deposit acceptance ATMs	Advanced functionality ATMs	Total ATMs
N	Valid	641	642	670	667	663	677
	Missing	44	43	15	18	22	8
Sum		21,325	27,780	59,681	27,780	1,672	85,164
Weighted Mean		5.95	8.11	14.48	8.11	.32	20.36
Weighted Median		1.00	2.00	2.00	2.00	.00	4.00

There are little differences between regions for the number of ATMs across all ATM types.

There is a difference between tiers for the number of ATMs across all types of ATMs. In every case, Tier 1 banks have deployed more ATMs than Tier 2 and Tier 3 banks. The mean total number of ATMs for Tier 1 is 3,132, compared with 65 in Tier 2 and 6 in Tier 3.

In Tier 1, the mean number of ATMs located inside LMI tracts (777) differs from Tier 2 (16) and Tier 3 (2).

QIB. Figure 2. Tier 1: ATM Statistics

		ATMS located inside LMI tracts	ATMS located outside LMI tracts	Basic cash dispense ATMs	Basic cash dispense and deposit acceptance ATMs	Advanced functionality ATMs	Total ATMs
N	Valid	24	23	24	24	20	24
	Missing	1	2	1	1	5	1
Mean		777.26	2,292.95	945.13	2,151.70	76.32	3,131.83
Median		473.00	1,373.00	559.00	1,285.00	.00	2,095.00

QIB. Figure 3. Tier 2: ATM Statistics

		ATMS located inside LMI tracts	ATMS located outside LMI tracts	Basic cash dispense ATMs	Basic cash dispense and deposit acceptance ATMs	Advanced functionality ATMs	Total ATMs
N	Valid	538	538	544	544	541	551
	Missing	14	14	7	7	10	0
Mean		15.66	49.73	28.89	36.82	1.40	64.77
Median		8.00	31.00	9.00	24.00	.00	41.00

QIB. Figure 4. Tier 3: ATM Statistics

		ATMS located inside LMI tracts	ATMS located outside LMI tracts	Basic cash dispense ATMs	Basic cash dispense and deposit acceptance ATMs	Advanced functionality ATMs	Total ATMs
N	Valid	6330	6357	6699	6658	6672	6768
	Missing	533	506	164	205	191	96
Mean		2.21	3.29	3.07	2.78	.01	5.72
Median		1.00	1.00	1.00	1.00	.00	4.00

There are differences between urban and rural banks for the number of ATMs inside LMI tracts, basic cash dispense ATMs, ATMs outside LMI tracts, basic cash dispense and deposit acceptance ATMs, and total number of ATMs. The mean for urban banks is significantly higher for these types of ATMs than for rural banks.

There is little difference between urban and rural banks for advance functionality machines.

**QIB. Figure 5. Rural: ATM Statistics**

		ATMS located inside LMI tracts	ATMS located outside LMI tracts	Basic cash dispense ATMs	Basic cash dispense and deposit acceptance ATMs	Advanced functionality ATMs	Total ATMs
N	Valid	3641	3641	3641	3877	3877	3932
	Missing	318	318	318	82	82	27
Mean		2.69	3.63	4.10	2.74	.07	6.75
Median		1.00	1.00	2.00	.00	.00	3.00

**QIB. Figure 6. Urban: ATM Statistics**

		ATMS located inside LMI tracts	ATMS located outside LMI tracts	Basic cash dispense ATMs	Basic cash dispense and deposit acceptance ATMs	Advanced functionality ATMs	Total ATMs
N	Valid	3250	3277	3363	3349	3355	3411
	Missing	230	204	117	131	125	69
Mean		9.60	26.54	12.77	23.73	.61	36.05
Median		1.00	3.00	1.00	3.00	.00	5.00

## Education and Outreach Efforts

This chapter examines the following topics:

- Banks' perception of whether unbanked and underbanked individuals live in their market area
- Financial education materials
- Financial education and outreach efforts
- Effectiveness of education and outreach programs
- Activities to bring the unbanked and/or underbanked into the financial mainstream
- Challenges in serving or targeting unbanked and/or underbanked populations

*These questions address aspects of the Congressional Questions 1 and 2: banks' efforts to promote financial education and literacy and the effectiveness of these programs.*

### Summary

**Banks are aware that unbanked and underbanked populations exist:** An estimated 73 percent of banks believe that there are unbanked and/or underbanked populations in their service area.

**Banks efforts to provide education most often involve brochures:** About two-thirds (63 percent) of banks actively offer education materials with general banking information and brochures to the unbanked and/or underbanked populations. Among banks that do offer financial education materials, they cover the subjects of basic banking, savings programs, and home ownership products. Survey responses suggest that banks do not substantially differentiate education materials between the unbanked and the underbanked; they are typically grouped together as “non-customers” in the banks' perspective. Most banks have not evaluated the effectiveness of their financial education materials in establishing banking relationships with the unbanked and/or underbanked. Of those banks that have evaluated the effectiveness of their financial education materials in establishing banking relationships with the unbanked and/or underbanked, most indicate that the materials are effective.

**Financial Education and Outreach:** In addition to educational materials, over half (53 percent) of banks teach financial literacy and education sessions that target the unbanked and/or underbanked. These banks, on average, have taught sessions for six years. Similar to education materials, the most common sessions include topics on basic banking and home ownership. The majority of banks (63 percent) do not participate in education or outreach with other organizations that could bring unbanked and/or underbanked individuals into the conventional banking system. Of the 58 percent of banks that conduct off-premise financial education outreach, the most common places to visit are

high schools and community-based organizations; 78 percent of these banks visit high schools and 53 percent visit community-based organizations.

Other than basic materials and education sessions and outreach, banks' efforts to educate and reach out to unbanked and/or underbanked individuals are limited.

- While 17.5 percent of banks identify expanding services as a priority in the bank's business strategy, 70.4 percent have not identified this as a priority.
- About a quarter of banks use targeted marketing to reach the unbanked and/or underbanked individuals, and a higher percentage of banks in Tier 1 and 2 use targeted marketing than banks in Tier 3 (67 percent, 52 percent, and 23 percent, respectively).
- About a third of banks work with corporate or business customers to provide services for un/underbanked employees. However, only 14 percent of banks that work with corporate or business customers offer payroll cards.
- Less than a quarter of banks have conducted research on unbanked and/or underbanked consumers in their CRA area.
- Less than one-fifth of banks undertake other efforts to encourage unbanked and/or underbanked individuals to open an account.

**Activities to bring the unbanked and/or underbanked into the financial**

**mainstream:** Survey respondents provided over 1,000 comments about various types of activities that could be effective in bringing unbanked individuals into the mainstream banking system. The main categories of activities cited are: outreach efforts, products and services, educational programs and materials, targeted marketing, mitigation of challenges and external barriers, distribution channels, and internal activities and initiatives.

**Challenges in serving or targeting unbanked and/or underbanked populations:** The greatest challenges in serving the un/underbanked individuals are profitability issues and regulatory barriers, which are closely followed by fraud concerns, high cost of customer acquisition, and competition from alternative service providers. Lower ranking, but still important issues, are unfamiliarity with the population, internal challenges, and "other" considerations.

Approximately 40 percent of banks perceive that there are regulatory impediments to providing products and services for the un/underbanked.

## Banks' Perception of Whether Unbanked and Underbanked Individuals Live in Their Market Area

Overall, an estimated 72.8 percent of banks perceive that there are unbanked or underbanked populations in their market area.

**Question II A. Does your bank perceive that there are unbanked and underbanked populations in your area?**

Yes     No     Don't Know

**QIIA. Figure 1. Does your bank perceive that there are unbanked and underbanked populations in your area?**

	Percent 'Yes'	Weighted Frequency
<b>Overall</b>	<b>72.8%</b>	5261
<b>Tier 1</b>	100%	25
<b>Tier 2</b>	90.2%	478
<b>Tier 3</b>	71.3%	4758
<b>Urban</b>	76.3%	2601
<b>Rural</b>	69.7%	2660
<b>New England</b>	78.7%	350
<b>Mid-Atlantic</b>	64.5%	372
<b>South Atlantic</b>	75.3%	617
<b>East South Central</b>	70.9%	474
<b>West South Central</b>	76.4%	862
<b>East North Central</b>	73.3%	939
<b>West North Central</b>	66.0%	901
<b>Mountain</b>	85.8%	435
<b>Pacific</b>	71.7%	311

In contrast, 16.5 percent of banks do not perceive any unbanked or underbanked populations in their area. The remaining 10.7 percent do not know.

**QIIA. Figure 2 Does your bank perceive that there are unbanked and underbanked populations in your area?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	91	1193	16.5
	Yes	510	5261	72.8
	Don't Know	64	773	10.7
	Total	665	7228	100.0
Missing	System	20	212	
Total		685	7440	

There were few differences among regions in banks' perceptions of an un/underbanked population in their market area.

All Tier 1 banks perceive that there are un/underbanked populations in their market areas. In comparison, 90.2 percent of Tier 2 banks and 71.3 percent of Tier 3 banks perceive that there are un/underbanked populations in their market area. However, there were few differences between tiers in banks' perceptions of an un/underbanked population.

There were few differences between urban and rural banks in banks' perceptions of an un/underbanked population in their market area.

## Financial Education Materials

The majority of banks provide educational materials for the unbanked and underbanked. Similarities in responses to the open-ended question (IIB-1) on the types of materials offered indicate that banks provide the same materials for unbanked consumers as they provide to underbanked consumers. The percentage of banks that provide basic banking educational materials to the unbanked (39.3 percent) is about the same as the percentage that provide these materials to the underbanked (38.4 percent). Savings (33.7 percent) and home ownership (31.3 percent) educational materials are the next most common type of materials provided to the unbanked. Materials on credit counseling and predatory and abusive lending are offered by less than 16 percent of banks.

**QIIA. Figure 3. Percentage of Banks Providing Types of Educational Materials**

Materials Provided	For Unbanked	For Underbanked
Basic Banking	39.3%	38.4%
Savings Programs	33.7%	33.6%
Home Ownership/Mortgage Products	31.3%	32.7%
Credit Counseling	13.0%	15.4%
Predatory and Abusive Lending	11.8%	13.9%
Other	7.3%	8.2%

**Question II B. Does your bank provide financial education materials (i.e., brochures, content on a website, etc.) aimed at the unbanked and/or underbanked on the following topics? Mark all that apply.**

Financial Education Materials	For Unbanked	For Underbanked
Basic Banking (Deposit and Credit Products)	<input type="checkbox"/>	<input type="checkbox"/>
Predatory /Abusive Lending Prevention	<input type="checkbox"/>	<input type="checkbox"/>
Savings Programs	<input type="checkbox"/>	<input type="checkbox"/>
Home Ownership/Mortgage Products	<input type="checkbox"/>	<input type="checkbox"/>
Credit Counseling	<input type="checkbox"/>	<input type="checkbox"/>
Other (Explain)	<input type="checkbox"/>	<input type="checkbox"/>
Bank does not provide financial educational materials for This population (Skip to II.B.3 below)	<input type="checkbox"/>	<input type="checkbox"/>

Overall, 39.3 percent of banks provide basic banking materials for the unbanked, and 38.4 percent provide them for the underbanked.

**QIIB. Figure 1. Basic Banking Unbanked**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	386	4513	60.7
	Yes	299	2927	39.3
Total		685	7440	100.0

**QIIB. Figure 2. Basic Banking Underbanked**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	387	4580	61.6
	Yes	298	2860	38.4
Total		685	7440	100.0

There were few differences among regions for basic banking materials provided by banks to the unbanked and underbanked.

There is a difference between tiers for basic banking materials for both the unbanked and underbanked. For the unbanked, there are differences between Tier 1 (83.3 percent), Tier 2 (56.0 percent), and Tier 3 (37.8 percent). Similarly for the underbanked, all three tiers were different. Among Tier 1 banks, 87.5 percent provide materials, compared with 58.5 percent of Tier 2 banks and 36.7 percent of Tier 3 banks.

Note that the numbers labeled as counts in the tables represent weighted counts.

**QIIB. Figure 3. Tier**

		Basic Banking Education Materials					
		Tier 1		Tier 2		Tier 3	
		Unbanked	Underbanked	Unbanked	Underbanked	Unbanked	Underbanked
No	Count	4	3	243	229	4266	4348
	%	16.7%	12.5%	44.0%	41.5%	62.2%	63.3%
Yes	Count	21	22	309	323	2598	2516
	%	83.3%	87.5%	56.0%	58.5%	37.8%	36.7%
Total	Count	25	25	551	551	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Also, there are few differences between urban and rural banks for basic banking materials provided by banks to the unbanked and underbanked.

Overall, 11.8 percent of banks provide predatory lending materials for the unbanked, and 13.9 percent provide them for the underbanked.

**QIIB. Figure 4. Predatory Unbanked**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	576	6562	88.2
	Yes	109	878	11.8
	Total	685	7440	100.0

**QIIB. Figure 5. Predatory Underbanked**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	560	6407	86.1
	Yes	125	1033	13.9
	Total	685	7440	100.0

There are few differences among regions for predatory lending educational materials for both the unbanked and underbanked populations.

There are differences between tiers for banks providing predatory lending educational materials for both the unbanked and underbanked populations. A larger percentage of Tier 1 banks (70.8 percent) offer predatory lending materials for the unbanked than in Tier 2 (24.5 percent) and Tier 3 (10.6 percent). For the underbanked, these percentages remain fairly consistent across each tier, with 75.0 percent, 27.7 percent, and 12.5 percent, respectively.

**QIIB. Figure 6. Tier**

		Predatory Lending Education Materials					
		Tier 1		Tier 2		Tier 3	
		Unbanked	Underbanked	Unbanked	Underbanked	Unbanked	Underbanked
No	Count	7	6	416	399	6139	6002
	%	29.2%	25.0%	75.5%	72.3%	89.4%	87.5%
Yes	Count	18	19	135	153	725	861
	%	70.8%	75.0%	24.5%	27.7%	10.6%	12.5%
Total	Count	25	25	551	551	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for predatory lending education materials offered to the unbanked and underbanked. More urban banks (14.5 percent) offer predatory lending materials to the unbanked than rural banks (9.4 percent). Also, more urban banks (16.2 percent) offer predatory lending materials to the underbanked than rural banks (11.8 percent).

**QIIB. Figure 7. Urban/Rural**

		Predatory Lending Education Materials			
		Rural HQ		Urban HQ	
		Unbanked	Underbanked	Unbanked	Underbanked
No	Count	3587	3491	2976	2916
	%	90.6%	88.2%	85.5%	83.8%
Yes	Count	373	469	505	564
	%	9.4%	11.8%	14.5%	16.2%
Total	Count	3959	3959	3480	3480
	%	100.0%	100.0%	100.0%	100.0%

Overall, 33.7 percent of banks provide savings materials for the unbanked, and 33.6 percent provide them for the underbanked.

**QIIB. Figure 8. Savings Unbanked**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	420	4934	66.3
	Yes	265	2506	33.7
	Total	685	7440	100.0

**QIIB. Figure 9. Savings Underbanked**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	418	4942	66.4
	Yes	267	2497	33.6
	Total	685	7440	100.0

There are differences among regions for banks offering savings materials for the unbanked, but no difference exists for the underbanked. Nearly one-half of the banks (49.1 percent) in the New England region offer savings materials for the unbanked, compared with a quarter of banks (25.5 percent) in the Pacific and South Atlantic (24.4 percent) regions.

**QIIB. Figure 10. Region**

		Savings Education Materials for Unbanked								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	227	368	650	497	715	824	1009	301	344
	%	50.9%	63.4%	75.6%	72.8%	60.7%	62.7%	71.5%	59.3%	74.5%
Yes	Count	219	212	210	186	462	491	401	206	118
	%	49.1%	36.6%	24.4%	27.2%	39.3%	37.3%	28.5%	40.7%	25.5%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference for banks offering savings materials for the unbanked and underbanked between tiers. A smaller percentage of Tier 3 banks (31.9 percent for unbanked, 31.7 percent for underbanked) provide savings materials than in Tier 1 (79.2 percent, 87.5 percent, respectively) and Tier 2 (54.1 percent, 54.7 percent, respectively).

**QIIB. Figure 11. Tier**

		Savings Education Materials					
		Tier 1		Tier 2		Tier 3	
		Unbanked	Underbanked	Unbanked	Underbanked	Unbanked	Underbanked
No	Count	5	3	253	250	4676	4689
	%	20.8%	12.5%	45.9%	45.3%	68.1%	68.3%
Yes	Count	20	22	298	302	2188	2174
	%	79.2%	87.5%	54.1%	54.7%	31.9%	31.7%
Total	Count	25	25	551	551	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is no difference between urban and rural banks for banks offering savings materials for the unbanked and underbanked.

Overall, 31.3 percent of banks provide home ownership materials for the unbanked, and 32.7 percent provide them for the underbanked.

**QIIB. Figure 12. Home ownership unbanked**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	432	5111	68.7
Yes	253	2329	31.3
Total	685	7440	100.0

**QIIB. Figure 13. Home ownership underbanked**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	421	5004	67.3
Yes	264	2436	32.7
Total	685	7440	100.0

There are differences among regions for banks offering home ownership materials for the unbanked and underbanked. A smaller percentage of banks in the Pacific region (15.1 percent) offer these materials than in the New England (44.5 percent) and Mid-Atlantic regions (40.1 percent) for the unbanked.

**QIIB. Figure 14. Region**

		Home Ownership Education Materials for Unbanked								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	247	348	643	438	797	848	1067	332	392
	%	55.5%	59.9%	74.8%	64.1%	67.7%	64.5%	75.7%	65.4%	84.9%
Yes	Count	198	233	217	245	380	467	343	176	70
	%	44.5%	40.1%	25.2%	35.9%	32.3%	35.5%	24.3%	34.6%	15.1%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Similarly for the underbanked, 20.8 percent of banks in the Pacific region offer home ownership materials compared with 45.5 percent in New England.

**QIIB. Figure 15. Region**

		Home Ownership Education Materials for Underbanked								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	243	371	629	424	834	804	998	335	365
	%	54.5%	63.8%	73.2%	62.1%	70.9%	61.1%	70.8%	66.1%	79.2%
Yes	Count	203	210	230	259	343	512	412	172	96
	%	45.5%	36.2%	26.8%	37.9%	29.1%	38.9%	29.2%	33.9%	20.8%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between tiers for banks offering home ownership materials for the unbanked and underbanked. A smaller percentage of banks in Tier 3 (29.3 percent for unbanked, 30.7 percent for underbanked) offer home ownership materials than in Tier 2 (54.1 percent and 56.0 percent, respectively) and in Tier 1 (83.3 percent and 87.5 percent, respectively).

**QIIB. Figure 16. Tier**

		Home Ownership Education Materials for Unbanked		
		Tier 1	Tier 2	Tier 3
No	Count	4	253	4854
	%	16.7%	45.9%	70.7%
Yes	Count	21	298	2010
	%	83.3%	54.1%	29.3%
Total	Count	25	551	6863
	%	100.0%	100.0%	100.0%

**QIIB. Figure 17. Tier**

		Home Ownership Education Materials for Underbanked		
		Tier 1	Tier 2	Tier 3
No	Count	3	243	4758
	%	12.5%	44.0%	69.3%
Yes	Count	22	309	2105
	%	87.5%	56.0%	30.7%
Total	Count	25	551	6863
	%	100.0%	100.0%	100.0%

There are slight differences between urban and rural banks for home ownership financial education materials offered to the unbanked and underbanked. About one-third (33.4 percent) of urban banks offer home ownership materials to the unbanked, compared with 29.5 percent of rural banks. For the underbanked, 35.2 percent of urban banks offer home ownership materials, compared with 30.6 percent of rural banks.

**QIIB. Figure 18. Urban/Rural**

		Home Ownership Education Materials			
		Rural HQ		Urban HQ	
		Unbanked	Underbanked	Unbanked	Underbanked
No	Count	2793	2748	2318	2255
	%	70.5%	69.4%	66.6%	64.8%
Yes	Count	1166	1211	1162	1225
	%	29.5%	30.6%	33.4%	35.2%
Total	Count	3959	3959	3480	3480
	%	100.0%	100.0%	100.0%	100.0%

Overall, 13.0 percent of banks provide credit counseling materials for the unbanked, and 15.4 percent provide them for the underbanked.

**QIIB. Figure 19. Credit Counseling Unbanked**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	567	6475	87.0
	Yes	118	965	13.0
Total		685	7440	100.0

**QIIB. Figure 20. Credit Counseling Underbanked**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	551	6294	84.6
	Yes	134	1146	15.4
Total		685	7440	100.0

There are minimal differences among regions for banks offering credit counseling materials for the unbanked and underbanked.

There are differences between tiers for banks offering credit counseling materials for the unbanked and underbanked. A smaller percentage of banks in Tier 3 (11.6 percent for the unbanked and 14.1 percent for the underbanked) offer credit counseling materials than in Tier 2 (28.3 percent and 28.3 percent, respectively) and Tier 1 (62.5 percent and 75.0 percent, respectively).

**QIIB. Figure 21. Tier**

		Credit Counseling Education Materials					
		Tier 1		Tier 2		Tier 3	
		Unbanked	Underbanked	Unbanked	Underbanked	Unbanked	Underbanked
No	Count	9	6	395	395	6070	5893
	%	37.5%	25.0%	71.7%	71.7%	88.4%	85.9%
Yes	Count	16	19	156	156	793	971
	%	62.5%	75.0%	28.3%	28.3%	11.6%	14.1%
Total	Count	25	25	551	551	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between urban and rural banks for credit counseling education materials offered to the unbanked and the underbanked. A higher percentage of urban banks (16.3 percent) offers credit counseling materials to the unbanked than among rural banks (10.0 percent). Less than one-fifth (18.4 percent) of urban banks offer credit counseling materials to the underbanked, while 12.8 percent of rural banks do so.

**QIIB. Figure 22. Urban/Rural**

		Credit Counseling Education Materials			
		Rural HQ		Urban HQ	
		Unbanked	Underbanked	Unbanked	Underbanked
No	Count	3562	3453	2913	2841
	%	90.0%	87.2%	83.7%	81.6%
Yes	Count	397	506	568	639
	%	10.0%	12.8%	16.3%	18.4%
Total	Count	3959	3959	3480	3480
	%	100.0%	100.0%	100.0%	100.0%

Overall, 7.3 percent of banks offer another form of financial education materials to unbanked individuals, and 8.2 percent offer materials to underbanked individuals.

**QIIB. Figure 23. Other Unbanked**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	619	6894	92.7
	Yes	66	546	7.3
Total		685	7440	100.0

**QIIB. Figure 24. Other Underbanked**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	612	6833	91.8
	Yes	73	606	8.2
Total		685	7440	100.0

Of the banks that indicate that they provide “other” financial education materials, seven banks describe other financial education materials not listed in Question II B. Responses include: identity theft (3), outreach programs, credit education, cash management, and the FDIC Money Smart CD.

There are minimal differences among regions for banks that offer other financial education materials.

There are differences between tiers for banks that offer other financial education materials for the unbanked and the underbanked. A smaller percentage of Tier 3 (6.6 percent for the unbanked, 7.4 percent for the underbanked) banks provide materials than in Tier 2 (15.7 percent and 16.4 percent, respectively) and Tier 1 (33.3 percent and 41.7 percent, respectively).

**QIIB. Figure 25. Tier**

		'Other' Financial Education Materials					
		Tier 1		Tier 2		Tier 3	
		Unbanked	Underbanked	Unbanked	Underbanked	Unbanked	Underbanked
No	Count	17	15	465	461	6412	6357
	%	66.7%	58.3%	84.3%	83.6%	93.4%	92.6%
Yes	Count	8	10	87	90	451	506
	%	33.3%	41.7%	15.7%	16.4%	6.6%	7.4%
Total	Count	25	25	551	551	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between urban and rural banks for other financial education materials offered to the unbanked and the underbanked. A higher percentage of urban banks (9.4 percent) offer other materials to the unbanked than rural banks (5.5 percent). A higher percentage of urban banks (10.7 percent) offer other materials to the underbanked than rural banks (5.9 percent).

**QIIB. Figure 26. Urban/Rural**

		"Other" Financial Education Materials			
		Rural HQ		Urban HQ	
		Unbanked	Underbanked	Unbanked	Underbanked
No	Count	3740	3727	3153	3107
	%	94.5%	94.1%	90.6%	89.3%
Yes	Count	219	233	327	374
	%	5.5%	5.9%	9.4%	10.7%
Total	Count	3959	3959	3480	3480
	%	100.0%	100.0%	100.0%	100.0%

Overall, 36.5 percent of banks do not offer financial education materials to the unbanked, and 36.6 percent do not offer them to the underbanked.

**QIIB. Figure 27. None Unbanked**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	457	4723	63.5
	Yes	228	2717	36.5
	Total	685	7440	100.0

**QIIB. Figure 28. None Underbanked**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	458	4716	63.4
	Yes	227	2724	36.6
	Total	685	7440	100.0

There are differences between regions for banks that do not offer any educational materials for the unbanked and the underbanked. A larger percentage of Pacific (50.5 percent), South Atlantic (45.4 percent), and Mountain (40.5 percent) banks do not offer any materials to the unbanked than New England banks (24.5 percent).

**QIIB. Figure 29. Region**

		No Financial Education Materials for Unbanked								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	336	405	470	481	801	895	805	302	228
	%	75.5%	69.8%	54.6%	70.4%	68.0%	68.0%	57.1%	59.5%	49.5%
Yes	Count	109	176	390	202	376	421	605	205	233
	%	24.5%	30.2%	45.4%	29.6%	32.0%	32.0%	42.9%	40.5%	50.5%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIB. Figure 30. Region**

		No Financial Education Materials for Underbanked								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	309	391	487	481	804	912	791	312	228
	%	69.3%	67.4%	56.6%	70.4%	68.3%	69.3%	56.1%	61.5%	49.5%
Yes	Count	137	189	373	202	373	403	619	195	233
	%	30.7%	32.6%	43.4%	29.6%	31.7%	30.7%	43.9%	38.5%	50.5%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between tiers for banks that do not offer any financial education materials for the unbanked and the underbanked. A larger percentage of Tier 3 banks (37.6 percent) do not offer any financial education materials to the unbanked than Tier 1 banks (4.2 percent).

**QIIB. Figure 31. Tier**

		No Financial Education Materials					
		Tier 1		Tier 2		Tier 3	
		Unbanked	Underbanked	Unbanked	Underbanked	Unbanked	Underbanked
No	Count	24	24	420	427	4279	4266
	%	95.8%	95.8%	76.1%	77.4%	62.4%	62.2%
Yes	Count	1	1	132	125	2584	2598
	%	4.2%	4.2%	23.9%	22.6%	37.6%	37.8%
Total	Count	25	25	551	551	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are no differences between urban and rural banks for banks that do not offer any financial education materials for the unbanked and the underbanked.

**Question II B-1. Please describe the types of materials provided for:**

**a) Unbanked**

Banks’ responses to this question indicate that banks do not discern a difference between the unbanked and underbanked populations when providing financial education materials. Banks report that the majority of educational materials provided to these groups are identical. Materials aimed at these populations tend to be delivered in a passive manner in the form of brochures and pamphlets that often require non-customers to take initiative in learning more about services and products offered by financial institutions.

Of the 326 banks that describe the types of materials provided to the unbanked, 161 identify distributing brochures as one of their strategies for reaching out to the unbanked population. Among the 161 banks that offer brochures, 134 either list “brochures” with no further explanation or identify brochures about general banking products such as checking and savings accounts. The remaining responses specify brochures covering topics such as budgeting, credit counseling, mortgages, or brochures written in foreign languages. Brochures are typically available in bank lobby areas, at seminars, and in other educational settings.

Of the 326 banks that responded to Question II B-1, 97 indicate that information for the unbanked population may be found on the bank’s website or on the internet, in general. Additionally, 74 respondents provide information in addition to a bank website with basic product information. These include Spanish language websites, home ownership information, and links to third-party educational materials.

Eighty-four banks report some type of home ownership information. Twenty-one of these responses specify that they target first-time homebuyers. The remaining responses are about general home ownership and the different types of mortgages available. This information is available in the form of brochures, workbooks, seminars, and website tools.

The use of third-party materials as a way to reach the unbanked population is cited in 64 comments. Forty responses refer to the FDIC’s Money Smart Program, and 13 relate to information from the American Bankers Association (ABA).

Although the responses do not directly pertain to the question, 85 banks mention holding educational seminars, workshops, or outreach programs. Topics for these programs include financial literacy, home ownership, credit counseling, and predatory lending.

**b) Underbanked:**

Of the 330 banks that describe the types of materials provided to the underbanked, 270 report that they offer the same materials for the underbanked as they do for the unbanked. Among the remaining responses, the two most common answers are offering brochures (26 banks) and holding seminars or workshops (22 banks).

**Question IIB-2. Have the financial education materials helped to establish banking relationships with:**  
**a) Unbanked individuals?.....**  **Yes...**  **No.....**  **Have not evaluated**  
**b) Underbanked individuals?.**  **Yes...**  **No.....**  **Have not evaluated**

Overall, financial education materials have helped establish relationships with the un/underbanked at about 16 percent of all banks.

**QIIB-2. Figure 1. Have the financial education materials helped establish relationships with the unbanked?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	20	182	2.5
	Yes	129	1153	15.6
	Does not provide materials	258	3086	41.9
	Have not evaluated	273	2951	40.0
	Total	680	7371	100.0
Missing	System	5	68	
Total		685	7440	

**QIIB-2. Figure 2. Have the financial education materials helped establish relationships with the underbanked?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	17	151	2.0
	Yes	135	1177	16.0
	Does not provide materials	260	3126	42.4
	Have not evaluated	268	2918	39.6
	Total	680	7371	100.0
Missing	System	5	68	
Total		685	7440	

There are minimal differences among regions for the effectiveness of the financial education materials.

There is a difference between tiers for the effectiveness of financial education materials for the underbanked. As 43.9 percent of Tier 3 banks that do not provide materials for the underbanked is a lower percentage than for Tier 1 banks where all reported providing materials and 62.5 percent believe their materials have been effective.

**QIIB-2. Figure 3A. Tier**

		Effectiveness of Financial Education Materials for the Unbanked		
		Tier 1	Tier 2	Tier 3
No	Count	0	31	150
	%	.0%	5.7%	2.2%
Yes	Count	13	156	984
	%	50.0%	28.3%	14.5%
Does not provide materials	Count	1	146	2939
	%	4.2%	26.4%	43.3%
Have not evaluated	Count	9	218	2721
	%	45.8%	39.6%	40.0%
Total	Count	25	551	6795
	%	100.0%	100.0%	100.0%

**QIIB-2. Figure 3B. Tier**

		Effectiveness of Financial Education Materials for the Underbanked		
		Tier 1	Tier 2	Tier 3
No	Count	0	28	123
	%	.0%	5.0%	1.8%
Yes	Count	16	163	998
	%	62.5%	29.6%	14.7%
Does not provide materials	Count	0	146	2980
	%	.0%	26.4%	43.9%
Have not evaluated	Count	9	215	2693
	%	37.5%	39.0%	39.6%
Total	Count	25	551	6795
	%	100.0%	100.0%	100.0%

There are no differences between urban and rural banks for the effectiveness of the financial education materials.

## Financial Education and Outreach Efforts

**Question II B-3. Does your bank participate in education or outreach efforts with any organizations that could bring unbanked or underbanked individuals into the conventional banking system and/or reduce the use of nonbank financial services providers for unbanked individuals? Examples may include: employers who use payroll cards, government entities that use electronic benefit transfer (EBT) or prepaid cards, faith-based groups that provide cash assistance, etc.  Yes  No**

While 36.6 percent of banks participate in education or outreach with other organizations that could bring un/underbanked individuals into the conventional banking system, 63.4 percent of banks do not participate with an outside organization.

**QIIB-3. Figure 1. Does your bank participate in education or outreach with other organizations?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	363	4575	63.4
	Yes	303	2646	36.6
	Total	666	7221	100.0
Missing	System	19	219	
Total		685	7440	

There are differences among regions for banks that partner with other organizations for outreach or education. A higher percentage of New England (50.1 percent) and Mountain banks (40.0 percent) partner than West North Central banks (25.6 percent).

**QIIB-3. Figure 2. Region**

		Does your bank participate in education or outreach with other organizations?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	222	359	530	410	680	776	998	304	294
	%	49.9%	61.9%	62.7%	61.3%	60.3%	61.1%	74.4%	60.0%	68.4%
Yes	Count	223	221	316	259	449	495	343	203	136
	%	50.1%	38.1%	37.3%	38.7%	39.7%	38.9%	25.6%	40.0%	31.6%
Total	Count	446	581	846	669	1129	1271	1341	507	431
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks that partner with other organizations for outreach or education. Proportionately, larger banks participate in education and outreach with organizations more frequently than smaller banks. All (100 percent) of Tier 1 banks partner with another organization, compared with 75.5 percent of Tier 2 banks and 33.3 percent of Tier 3 banks.

**QIIB-3. Figure 3. Tier**

		Does your bank participate in education or outreach with other organizations?		
		Tier 1	Tier 2	Tier 3
No	Count	0	132	4443
	%	.0%	24.5%	66.7%
Yes	Count	25	406	2215
	%	100.0%	75.5%	33.3%
Total	Count	25	538	6658
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for participating in education or outreach with other organizations. A greater percentage (40.2 percent) of urban banks participate with other organizations than rural banks (33.4 percent).

**QIIB-3. Figure 4. Urban/Rural**

		Does your bank participate in education or outreach with other organizations?	
		Rural HQ	Urban HQ
No	Count	2536	2039
	%	66.6%	59.8%
Yes	Count	1272	1373
	%	33.4%	40.2%
Total	Count	3809	3412
	%	100.0%	100.0%

**Question II C. Does your bank teach (either directly or through a third-party) financial literacy and education sessions, such as classes or workshops, that target unbanked and/or underbanked individuals? Check all that apply.**

Yes, at bank facilities     Yes, at off-premise locations     No

The majority of banks (52.6 percent) teach financial literacy and education sessions.

**QIIC. Figure 1. Does your bank teach financial literacy and education sessions?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	274	3481	47.4
	Yes, at the bank	27	288	3.9
	Yes, off-premise	243	2555	34.8
	Yes, at the bank and off-premise	133	1027	14.0
	Total	677	7351	100.0
Missing	System	8	89	
Total		685	7440	

There is a difference between regions for banks that teach financial literacy and education sessions. A greater percentage of New England banks (75.5 percent) teach sessions than among West North Central banks (42.5 percent).

**QIIC. Figure 2. Region**

		Does your bank teach financial literacy and education sessions?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	109	267	475	277	485	612	803	239	212
	%	24.5%	47.0%	55.3%	41.4%	41.7%	47.1%	57.5%	47.5%	47.4%
Yes, at the bank	Count	41	14	27	27	31	58	58	27	3
	%	9.2%	2.4%	3.2%	4.1%	2.6%	4.5%	4.2%	5.4%	.8%
Yes, off-premise	Count	164	167	251	274	517	442	386	198	155
	%	36.9%	29.4%	29.2%	40.9%	44.4%	34.1%	27.7%	39.4%	34.7%
Yes, at the bank and off-premise	Count	131	120	106	91	130	186	148	39	77
	%	29.4%	21.1%	12.3%	13.6%	11.2%	14.3%	10.6%	7.7%	17.1%
Total	Count	446	567	860	669	1163	1298	1396	504	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks that teach financial literacy and education sessions. A larger percentage of Tier 1 banks (100 percent) teach sessions than Tier 2 banks (83.4 percent) and Tier 3 banks (50.0 percent).

**QIIC. Figure 3. Tier**

		Does your bank teach financial literacy and education sessions?		
		Tier 1	Tier 2	Tier 3
No	Count	0	90	3391
	%	.0%	16.6%	50.0%
Yes, at the bank	Count	0	28	260
	%	.0%	5.1%	3.8%
Yes, off-premise	Count	5	239	2311
	%	20.8%	43.9%	34.1%
Yes, at the bank and off-premise	Count	20	187	820
	%	79.2%	34.4%	12.1%
Total	Count	25	544	6781
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for teaching financial literacy and education sessions that target the un/underbanked. A higher percentage of urban banks (57.2 percent) teach financial literacy than rural banks (48.6 percent).

**QIIC. Figure 4. Urban/Rural**

		Does your bank teach financial literacy and education sessions?	
		Rural HQ	Urban HQ
No	Count	2000	1481
	%	51.4%	42.8%
Yes, at the bank	Count	144	144
	%	3.7%	4.2%
Yes, off-premise	Count	1419	1136
	%	36.5%	32.8%
Yes, at the bank and off-premise	Count	325	702
	%	8.4%	20.3%
Total	Count	3888	3463
	%	100.0%	100.0%

**Question II C-1. If yes, for how long has your bank been providing the sessions? \_\_\_\_\_ (Mark 0 if don't know)**

Banks that teach financial literacy and education sessions report that they have offered education sessions for a median of 4 years, with the maximum at 35 years.

**QIIC-1. Figure 1. If yes, how long has your bank been providing the sessions?**

N	Valid	3485
	Missing	385
Mean		5.99
Median		4.00
Mode		0
Minimum		0
Maximum		35

**QIIC-1. Figure 2. If yes, how long has your bank been providing the sessions?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Don't Know	88	844	24.2
	1	20	243	7.0
	2	1	14	.4
	2	24	206	5.9
	3	23	220	6.3
	4	24	234	6.7
	5	45	365	10.5
	6	11	130	3.7
	7	14	105	3.0
	8	1	14	.4
	8	12	113	3.2
	9	4	34	1.0
	10	51	461	13.2
	11	2	17	.5
	12	4	55	1.6
	14	2	27	.8
	15	18	149	4.3
	18	1	14	.4
	19	1	1	.0
	20	14	138	4.0
	21	2	27	.8
	23	1	1	.0
	25	2	5	.1
	30	4	55	1.6
	35	1	14	.4
	Total	370	3485	100.0
Missing	System	33	385	
Total		403	3870	

There is no difference between tiers for the length of time banks have been providing educational sessions.

There are no differences among regions for the length of time banks have been providing educational sessions.

There is no difference between urban and rural banks for the length of time banks have been providing educational sessions.

**Question II C-2. If yes, mark all types of sessions that your bank provides:**

- \_\_\_ Basic Banking (Deposit and Credit Products)
- \_\_\_ Home Ownership/Mortgage Products
- \_\_\_ Predatory /Abusive Lending Prevention
- \_\_\_ Credit Counseling
- \_\_\_ Savings Programs
- \_\_\_ Other \_\_\_\_\_

The two most common types of sessions provided by banks are basic banking (84.8 percent) and savings programs (70.9 percent).

**QIIC-2. Figure 1. Percent of Banks Teaching Financial Literacy by Type (among banks which provide sessions)**

	<b>Basic Banking</b>	<b>Home Ownership</b>	<b>Predatory/ Abusive Lending</b>	<b>Credit Counseling</b>	<b>Savings</b>	<b>Other</b>
<b>Overall</b>	<b>84.8%</b>	<b>55.2%</b>	<b>23.2%</b>	<b>33.6%</b>	<b>70.9%</b>	<b>23.4%</b>
<b>Tier 1</b>	92.0%	92.0%	79.2%	87.5%	87.5%	48.5%
<b>Tier 2</b>	90.1%	79.4%	37.4%	51.9%	81.7%	25.2%
<b>Tier 3</b>	84.4%	51.6%	20.9%	30.7%	69.3%	23.0%
<b>Urban</b>	88.0%	65.8%	28.2%	37.9%	70.8%	27.6%
<b>Rural</b>	81.8%	43.9%	18.0%	29.1%	70.9%	18.9%
<b>New England</b>	87.8%	86.9%	30.9%	38.0%	77.7%	21.7%
<b>Mid-Atlantic</b>	87.0%	65.7%	24.7%	34.3%	75.7%	23.6%
<b>South Atlantic</b>	80.5%	56.4%	16.1%	19.0%	76.0%	25.8%
<b>East South Central</b>	87.5%	53.6%	28.0%	38.8%	69.9%	23.5%
<b>West South Central</b>	89.8%	39.9%	14.6%	34.4%	75.2%	18.4%
<b>East North Central</b>	78.6%	56.3%	27.9%	39.4%	64.9%	33.0%
<b>West North Central</b>	79.3%	44.0%	18.7%	26.8%	57.8%	12.6%
<b>Mountain</b>	89.8%	58.7%	26.4%	41.9%	79.2%	27.5%
<b>Pacific</b>	92.8%	60.4%	32.6%	31.5%	76.6%	29.7%

**QIIC-2. Figure 2. Basic Banking**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	54	580	15.2
	Yes	345	3235	84.8
	Total	399	3815	100.0
Missing	System	4	55	
Total		403	3870	

**QIIC-2. Figure 5. Credit Counseling**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	235	2532	66.4
	Yes	164	1283	33.6
	Total	399	3815	100.0
Missing	System	4	55	
Total		403	3870	

**QIIC-2. Figure 3. Home Ownership and Mortgage Products**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	147	1709	44.8
	Yes	252	2106	55.2
	Total	399	3815	100.0
Missing	System	4	55	
Total		403	3870	

**QIIC-2. Figure 6. Savings**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	102	1112	29.1
	Yes	297	2704	70.9
	Total	399	3815	100.0
Missing	System	4	55	
Total		403	3870	

**QIIC-2. Figure 4. Predatory and Abusive Lending Prevention**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	280	2928	76.8
	Yes	119	887	23.2
	Total	399	3815	100.0
Missing	System	4	55	
Total		403	3870	

**QIIC-2. Figure 7. Other**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	299	2924	76.6
	Yes	100	892	23.4
	Total	399	3815	100.0
Missing	System	4	55	
Total		403	3870	

Other types of sessions taught by the bank include: identity theft (20), school educational programs (16), investment products (9), lending and loan types (9), small business guidance (8), and financial literacy (8).

There is a difference between tiers for some types of educational sessions provided, including home ownership and mortgage products, predatory and abusive lending prevention, and credit counseling. A higher percentage of Tier 1 banks (92.0 percent) offer home ownership education sessions than in Tier 2 (79.4 percent) and Tier 3 (51.6 percent), as well as for predatory and abusive lending (Tier 1: 79.2 percent, Tier 2: 37.4 percent, Tier 3: 20.9 percent) and credit counseling (Tier 1: 87.5 percent, Tier 2: 51.9 percent, Tier 3: 30.7 percent).

**QIIC-2. Figure 8. Tier**

		Types of Education Sessions Provided								
		Tier 1			Tier 2			Tier 3		
		Basic Banking	Home Ownership and Mortgage Products	Predatory and Abusive Lending Prevention	Basic Banking	Home Ownership and Mortgage Products	Predatory and Abusive Lending Prevention	Basic Banking	Home Ownership and Mortgage Products	Predatory and Abusive Lending Prevention
No	Count	2	2	5	45	94	284	533	1613	2639
	%	8.0%	8.0%	20.8%	9.9%	20.6%	62.6%	16.0%	48.4%	79.1%
Yes	Count	23	23	20	409	361	170	2803	1723	697
	%	92.0%	92.0%	79.2%	90.1%	79.4%	37.4%	84.0%	51.6%	20.9%
Total	Count	25	25	25	454	454	454	3336	3336	3336
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIC-2. Figure 9. Tier**

		Types of Education Sessions Provided								
		Tier 1			Tier 2			Tier 3		
		Credit Counseling	Savings	Other	Credit Counseling	Savings	Other	Credit Counseling	Savings	Other
No	Count	3	3	14	218	83	340	2311	1025	2570
	%	12.5%	12.5%	54.2%	48.1%	18.3%	74.8%	69.3%	30.7%	77.0%
Yes	Count	22	22	11	236	371	114	1025	2311	766
	%	87.5%	87.5%	45.8%	51.9%	81.7%	25.2%	30.7%	69.3%	23.0%
Total	Count	25	25	25	454	454	454	3336	3336	3336
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are no differences among regions for types of educational sessions provided, except for “other.” A higher percentage of the banks in the East North Central region (33.0 percent) offer other programs than banks in the West South Central (18.3 percent) and the West North Central region (12.7 percent).

**QIIC-2. Figure 10. Region**

		“Other” Types of Education Sessions								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	263	230	285	300	520	451	518	192	166
	%	78.3%	76.5%	74.1%	76.4%	81.7%	67.0%	87.3%	72.4%	70.4%
Yes	Count	73	71	99	92	117	222	75	73	70
	%	21.7%	23.5%	25.9%	23.6%	18.3%	33.0%	12.7%	27.6%	29.6%
Total	Count	336	300	384	392	637	673	593	264	235
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is no difference between urban and rural banks for types of educational session provided.

**Question II D. Did your bank conduct off-premise financial education outreach visits targeted toward the unbanked or underbanked during calendar year 2007?**

Yes  No

Over half (58.0 percent) of banks conducted off-premise financial education outreach visits in 2007.

**QIID. Figure 1. Did you conduct off-premise financial outreach in 2007?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	244	3078	42.0
	Yes	432	4248	58.0
	Total	676	7327	100.0
Missing	System	9	113	
Total		685	7440	

There are no differences among regions for banks that conducted off-premise financial outreach in 2007.

There is a difference between tiers for banks that conducted off-premise financial outreach in 2007. Nearly all of Tier 1 banks (95.8 percent) conducted outreach visits, compared with 84.8 percent of Tier 2 and 55.7 percent of Tier 3.

**QIID. Figure 2. Tier**

		Did you conduct off-premise financial outreach in 2007?		
		Tier 1	Tier 2	Tier 3
No	Count	1	83	2994
	%	4.2%	15.2%	44.3%
Yes	Count	24	465	3760
	%	95.8%	84.8%	55.7%
Total	Count	25	548	6754
	%	100.0%	100.0%	100.0%

There is little difference between urban and rural for banks that conducted off-premise financial outreach in 2007.

**Question II D-1. Please indicate which locations your bank has visited for outreach sessions:**

- High Schools**
- Employer Sites**
- Public Gatherings/Fairs**
- Local/State Government Sites**
- Community-based Organizations**
- Vocational Schools/Colleges**
- Military Installations**
- Other \_\_\_\_\_**

Banks report that they work with a variety of external organizations to provide outreach to individuals in their market areas. High schools and community-based organizations are the most common places banks visit for outreach sessions, with 77.7 percent and 52.6 percent of banks offering outreach in conjunction with these off-premise locations, respectively.

Military installations are the least frequently visited location for outreach sessions, with about 2.3 percent of banks making visits among those that conducted off-premise financial outreach in 2007.<sup>6</sup>

**QIID-1. Figure 1. Percent of Banks Offering Outreach by Location**

<b>Outreach Location</b>	<b>Percentage of Banks</b>
High Schools	<b>77.7%</b>
Community-based Organizations	<b>52.6%</b>
Public Gatherings/Fairs	<b>37.3%</b>
Employer Sites	<b>29.4%</b>
Other	<b>24.0%</b>
Vocational Schools/Colleges	<b>18.7%</b>
Local/State Government Sites	<b>9.3%</b>
Military Installations	<b>2.3%</b>

<sup>6</sup> The distribution of military bases is not proportional to the communities served by participating banks, so the percentages may be higher or lower in different areas around the country.

**QIID-1. Figure 2. High Schools**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	88	946	22.3
Yes	344	3303	77.7
Total	432	4248	100.0

**QIID-1. Figure 3. Employer Sites**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	278	2998	70.6
Yes	154	1251	29.4
Total	432	4248	100.0

**QIID-1. Figure 4. Public Gatherings**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	244	2663	62.7
Yes	188	1586	37.3
Total	432	4248	100.0

**QIID-1. Figure 5. Local & State Government Sites**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	365	3853	90.7
Yes	67	395	9.3
Total	432	4248	100.0

**QIID-1. Figure 6. Community-based Organizations**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	169	2012	47.4
Yes	263	2236	52.6
Total	432	4248	100.0

**QIID-1. Figure 7. Vocational Schools**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	314	3454	81.3
Yes	118	794	18.7
Total	432	4248	100.0

**QIID-1. Figure 8. Military Installations**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	412	4150	97.7
Yes	20	99	2.3
Total	432	4248	100.0

**QIID-1. Figure 9. Other**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	315	3229	76.0
Yes	117	1019	24.0
Total	432	4248	100.0

A total of 117 banks identify the following other locations: elementary and middle schools (54), churches and faith-based organizations (22), non-profit community groups (9), senior citizen or elderly homes (7), and seminars, programs, or shows (7).

There are differences among regions for locations with off-premise financial outreach including high schools, employer sites, public gatherings, government sites, and community-based organizations. A greater percentage of East South Central (93.1 percent) banks conduct sessions at high schools than banks in New England (61.9 percent).

**QIID-1. Figure 10. Region: High Schools**

		High Schools								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	116	55	38	31	151	237	150	86	82
	%	38.1%	18.6%	8.5%	6.9%	21.4%	29.8%	19.9%	31.9%	35.4%
Yes	Count	189	241	405	416	555	559	606	182	150
	%	61.9%	81.4%	91.5%	93.1%	78.6%	70.2%	80.1%	68.1%	64.6%
Total	Count	305	296	442	447	705	796	757	268	232
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of East North Central banks (39.4 percent) conduct sessions at employer sites than banks in the West North Central (10.5 percent).

**QIID-1. Figure 11. Region: Employer Sites**

		Employer Sites								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	233	217	305	278	459	482	677	174	173
	%	76.1%	73.4%	68.9%	62.2%	65.0%	60.6%	89.5%	65.1%	74.4%
Yes	Count	73	79	138	169	247	313	80	93	59
	%	23.9%	26.6%	31.1%	37.8%	35.0%	39.4%	10.5%	34.9%	25.6%
Total	Count	305	296	442	447	705	796	757	268	232
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of banks in the Mountain region (56.6 percent) conduct sessions at public gatherings than banks in the South Atlantic region (23.4 percent).

**QIID-1. Figure 12. Region: Public Gatherings**

		Public Gatherings								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	147	178	339	284	510	414	503	116	171
	%	48.2%	60.3%	76.6%	63.5%	72.3%	52.0%	66.4%	43.4%	73.9%
Yes	Count	158	117	104	163	195	382	254	152	61
	%	51.8%	39.7%	23.4%	36.5%	27.7%	48.0%	33.6%	56.6%	26.1%
Total	Count	305	296	442	447	705	796	757	268	232
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of banks in the Mountain region (19.6 percent) conduct sessions at government sites than banks in the South Atlantic region (5.9 percent).

**QIID-1. Figure 13. Region: Local and State Government Sites**

		Local and State Government Sites								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	287	262	416	415	606	710	750	215	192
	%	94.0%	88.5%	94.1%	92.9%	85.9%	89.2%	99.1%	80.4%	82.8%
Yes	Count	18	34	26	32	100	86	7	52	40
	%	6.0%	11.5%	5.9%	7.1%	14.1%	10.8%	.9%	19.6%	17.2%
Total	Count	305	296	442	447	705	796	757	268	232
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of New England banks (84.3 percent) conduct sessions at community-based organizations than banks in the Mountain region (38.8 percent).

**QIID-1. Figure 14. Region: Community-based Organizations**

		Community-based Organizations								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	48	92	219	186	407	362	455	164	79
	%	15.7%	31.3%	49.5%	41.6%	57.7%	45.5%	60.1%	61.2%	34.0%
Yes	Count	258	203	224	261	298	433	302	104	153
	%	84.3%	68.7%	50.5%	58.4%	42.3%	54.5%	39.9%	38.8%	66.0%
Total	Count	305	296	442	447	705	796	757	268	232
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between tiers for off-premise financial outreach locations of employer sites, public gatherings, government sites, community-based organizations, vocational schools, military installations, and “other” sites. A greater percentage of Tier 1 banks conduct sessions at all of these locations than Tier 2 banks, and a greater percentage of Tier 2 banks conduct sessions at all of these locations than Tier 3 banks.

**QIID-1. Figure 15. Tier: High Schools/Employer Sites/Public Gatherings**

		Off-Premise Outreach Locations								
		Tier 1			Tier 2			Tier 3		
		High Schools	Employer Sites	Public Gatherings	High Schools	Employer Sites	Public Gatherings	High Schools	Employer Sites	Public Gatherings
No	Count	1	3	0	83	260	229	861	2734	2434
	%	4.3%	13.0%	.0%	17.9%	56.0%	49.3%	22.9%	72.7%	64.7%
Yes	Count	23	21	24	381	205	236	2898	1025	1326
	%	95.7%	87.0%	100.0%	82.1%	44.0%	50.7%	77.1%	27.3%	35.3%
Total	Count	24	24	24	465	465	465	3760	3760	3760
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIID-1. Figure 16. Tier: Local and State Government Sites/ Community-based Organizations/ Vocational Schools**

		Off-Premise Outreach Locations								
		Tier 1			Tier 2			Tier 3		
		Local and State Government Sites	Community-based Orgs	Vocational Schools	Local and State Government Sites	Community-based Orgs	Vocational Schools	Local and State Government Sites	Community-based Orgs	Vocational Schools
No	Count	6	1	5	361	97	264	3486	1914	3186
	%	26.1%	4.3%	21.7%	77.6%	20.9%	56.7%	92.7%	50.9%	84.7%
Yes	Count	18	23	19	104	368	201	273	1846	574
	%	73.9%	95.7%	78.3%	22.4%	79.1%	43.3%	7.3%	49.1%	15.3%
Total	Count	24	24	24	465	465	465	3760	3760	3760
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIID-1. Figure 17. Tier: Military Installations/Other**

		Off-Premise Outreach Locations					
		Tier 1		Tier 2		Tier 3	
		Military Installations	Other	Military Installations	Other	Military Installations	Other
No	Count	15	11	444	319	3691	2898
	%	60.9%	47.8%	95.5%	68.7%	98.2%	77.1%
Yes	Count	9	13	21	146	68	861
	%	39.1%	52.2%	4.5%	31.3%	1.8%	22.9%
Total	Count	24	24	465	465	3760	3760
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between urban and rural banks for the locations of off-premise financial education sessions, including high schools, employer sites, public gatherings, government sites, community-based organizations, vocational schools, and “other” sites.

**QIID-1. Figure 18. Rural**

		Off-Premise Outreach Locations							
		Rural HQ							
		High Schools	Employer Sites	Public Gatherings	Local and State Government Sites	Community-based Organizations	Vocational Schools	Military Installations	Other
No	Count	352	1727	1580	2089	1241	1904	2182	1792
	%	15.8%	77.4%	70.8%	93.7%	55.7%	85.4%	97.8%	80.4%
Yes	Count	1878	503	650	140	989	325	48	438
	%	84.2%	22.6%	29.2%	6.3%	44.3%	14.6%	2.2%	19.6%
Total	Count	2230	2230	2230	2230	2230	2230	2230	2230
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIID-1. Figure 19. Urban**

		Off-Premise Outreach Locations							
		Urban HQ							
		High Schools	Employer Sites	Public Gatherings	Local and State Government Sites	Community-based Organizations	Vocational Schools	Military Installations	Other
No	Count	593	1271	1083	1764	771	1550	1968	1437
	%	29.4%	63.0%	53.6%	87.4%	38.2%	76.8%	97.5%	71.2%
Yes	Count	1425	748	936	255	1247	469	51	582
	%	70.6%	37.0%	46.4%	12.6%	61.8%	23.2%	2.5%	28.8%
Total	Count	2019	2019	2019	2019	2019	2019	2019	2019
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Question II E. Does the bank work with corporate or business customers to provide services for their unbanked employees?**

Yes  No

Less than half of banks (38.2 percent) work with corporate or business customers to provide services for their unbanked employees. Proportionately, larger banks are more likely to work with corporate or business customers when compared with smaller banks.

**QIIE. Figure 1. Does your bank work with corporate or business customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	376	4501	61.8
	Yes	295	2778	38.2
	Total	671	7279	100.0
Missing	System	14	161	
Total		685	7440	

There are differences among regions for banks that work with corporate or business customers. A greater percentage of banks in the East South Central (49.9 percent) and West South Central (49.5 percent) regions work with business customers than banks in the Mid-Atlantic (23.7 percent).

**QIIE. Figure 2. Region**

		Does your bank work with corporate or business customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	281	440	445	321	595	773	974	369	302
	%	63.6%	76.3%	52.6%	50.1%	50.5%	60.6%	71.2%	72.8%	67.9%
Yes	Count	161	137	401	320	582	502	394	138	143
	%	36.4%	23.7%	47.4%	49.9%	49.5%	39.4%	28.8%	27.2%	32.1%
Total	Count	442	577	846	642	1177	1274	1369	507	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks that work with corporate or business customers. A higher percentage of banks in Tier 1 (87.5 percent) partners with businesses than in both Tier 2 (62.2 percent) and Tier 3 (36.0 percent).

**QIIE. Figure 3. Tier**

		Does your bank work with corporate or business customers?		
		Tier 1	Tier 2	Tier 3
No	Count	3	205	4293
	%	12.5%	37.8%	64.0%
Yes	Count	22	336	2420
	%	87.5%	62.2%	36.0%
Total	Count	25	541	6713
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that work with corporate or business customers. A greater percentage of urban banks (42.5 percent) work with corporate customers compared with rural banks (34.3 percent).

**QIIE. Figure 4. Urban/Rural**

		Does your bank work with corporate or business customers?	
		Rural HQ	Urban HQ
No	Count	2530	1971
	%	65.7%	57.5%
Yes	Count	1320	1458
	%	34.3%	42.5%
Total	Count	3850	3429
	%	100.0%	100.0%

**Question II E-1. If yes, does the bank offer payroll cards?**  Yes  No

Among all banks that work with business customers, 14.1 percent offer payroll cards.

**QIIE-1. Figure 1. Does your bank offer payroll cards?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	226	2330	85.9
	Yes	62	383	14.1
	Total	288	2713	100.0
Missing	System	7	65	
Total		295	2778	

There are no differences among regions for banks that offer payroll cards.

There is a difference between tiers for banks that offer payroll cards. Almost three-quarters of Tier 1 banks that work with business customers (71.4 percent) offer payroll cards, compared with 28.7 percent in Tier 2 and 11.6 percent in Tier 3.

**QIIE-1. Figure 2. Tier**

		Does your bank offer payroll cards?		
		1	2	3
No	Count	6	232	2092
	%	28.6%	71.3%	88.4%
Yes	Count	16	94	273
	%	71.4%	28.7%	11.6%
Total	Count	22	326	2365
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that work with business customers and offer payroll cards. A greater percentage of urban banks that work with business customers (17.0 percent) offer payroll cards, compared with 11.0 percent of rural banks.

**QIIE-1. Figure 3. Urban/Rural**

		Does your bank offer payroll cards?	
		Rural HQ	Urban HQ
No	Count	1163	1168
	%	89.0%	83.0%
Yes	Count	144	239
	%	11.0%	17.0%
Total	Count	1307	1407
	%	100.0%	100.0%

**Question II E-1. a) If yes, how many payroll cards has the bank issued during the year 2007?**

Of the banks that specify how many payroll cards they had issued in 2007, the mean is 809 cards, and the median is 4 cards. This uneven distribution of cards is likely due to the largest banks in Tier 1 offering an average of 16,000 cards, which skews the overall average.

**QIIE-1a. Figure 1. Weighted: How many payroll cards has your bank issued during 2007?**

N	Valid	287
	Missing	96
Mean		809.28
Median		4.00
Mode		0
Minimum		0
Maximum		130,000

There is no difference between tiers for the number of payroll cards that banks issued in 2007.

There are no differences among regions for the number of payroll cards that banks issued during 2007.

There is no difference between urban and rural banks for the number of payroll cards that banks issued in 2007.

**Question II E-1. b) Describe the features and fees associated with this card (if any).**

Among the 62 banks that report offering payroll cards, there is little consistency or similarity in the types and levels of associated fees. Some programs charge end-user fees for ATM and point-of-sale (POS) transactions, while others charge corporate fees for payroll card disbursements. Some banks do not charge any fees in an effort to encourage non-customers to become bank customers.

Forty-nine banks currently have active payroll card programs. Of the remaining banks, seven are in development, one was previously discontinued, and five did not elaborate further.

- Nine banks offer payroll cards through a third-party processor.
- Twenty payroll card programs also have debit card capabilities. More programs may offer this capability, but it is only explicitly stated in these 20 banks responses.

No programs share identical features and characteristics. Each bank has a unique fee structure and charges different types of fees at differing amounts.

- Seven banks' payroll cards do not charge fees for activation and use.
- Eleven banks charge card replacement fees between \$5.00 and \$15.00 with the most common being \$10.00 (seven banks).
- Thirteen banks charge monthly fees, ranging from \$1.00 to \$9.99. None specify whether the employer or the employee is responsible for these fees.
- Twenty banks explain what types of ATM fees are associated with the card, five of which offer free unlimited usage of proprietary ATMs. Four banks offer free proprietary ATM withdrawals up to a certain monthly threshold before charging a fee of \$1.00 to \$2.00 per use. Eleven banks charge a set fee for every domestic ATM withdrawal, proprietary or not, ranging between \$0.95 and \$2.00.
- Seven banks charge fees for international ATM withdrawals, with a mean of \$3.00.
- Seven banks charge NSF or insufficient funds fees on payroll cards, varying between \$9.95 and \$35.00. In contrast, there is one instance where the card cannot be overdrawn since purchases are only approved up to the available balance.

**Question II F. Does the bank use targeted marketing (e.g., meetings with large employers, mailings, etc.) to reach unbanked and/or underbanked individuals?  Yes  No**

About a quarter (25.2 percent) of banks use targeted marketing to reach the unbanked and underbanked.

**QIIF. Figure 1. Does your bank use targeted marketing to reach un/underbanked individuals?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	456	5358	74.8
	Yes	208	1805	25.2
	Total	664	7163	100.0
Missing	System	21	277	
Total		685	7440	

There is a difference between regions for banks that use targeted marketing to reach un/underbanked individuals. A greater percentage of banks in the East North Central region (33.0 percent) use targeted marketing than banks in the Mountain region (15.5 percent).

**QIIF. Figure 2. Region**

		Does your bank use targeted marketing to reach un/under banked individuals?								
		New England	Mid Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	322	409	630	508	793	843	1087	429	336
	%	72.3%	70.5%	77.0%	77.5%	69.8%	67.0%	82.7%	84.5%	75.0%
Yes	Count	123	171	188	147	343	415	227	79	112
	%	27.7%	29.5%	23.0%	22.5%	30.2%	33.0%	17.3%	15.5%	25.0%
Total	Count	446	581	819	655	1136	1257	1314	507	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks that use targeted marketing to reach un/underbanked individuals. A higher percentage of banks in Tiers 1 (66.7 percent) and 2 (51.9 percent) use targeted marketing than banks in Tier 3 (22.8 percent).

**QIIF. Figure 3. Tier**

		Does your bank use targeted marketing to reach un/underbanked individuals?		
		Tier 1	Tier 2	Tier 3
No	Count	8	264	5086
	%	33.3%	48.1%	77.2%
Yes	Count	17	284	1504
	%	66.7%	51.9%	22.8%
Total	Count	25	548	6590
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that use targeted marketing to reach the un/underbanked. Less than a third (30.8 percent) of urban banks use targeted marketing compared with only one-fifth (20.1 percent) of rural banks.

**QIIF. Figure 4. Urban/Rural**

		Does your bank use targeted marketing to reach un/underbanked individuals?	
		Rural HQ	Urban HQ
No	Count	2998	2360
	%	79.9%	69.2%
Yes	Count	756	1049
	%	20.1%	30.8%
Total	Count	3754	3409
	%	100.0%	100.0%

**Question II F-1. If yes, are there particular segments of the unbanked and/or underbanked population your bank is targeting?  Yes  No**

Among banks that use targeted marketing, 55.3 percent target a specific segment of the population.

**QIIF-1. Figure 1. Are there particular segments that you target?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	80	795	44.7
	Yes	126	982	55.3
	Total	206	1778	100.0
Missing	System	2	27	
Total		208	1805	

There are few differences among regions for banks that target particular segments.

There is a difference between tiers for banks that target particular segments. Nearly all (93.8 percent) of Tier 1 banks target a specific segment, compared with 65.9 percent of Tier 2 and 52.8 percent of Tier 3.

**QIIF-1. Figure 2. Tier**

		Are there particular segments that you target?		
		1	2	3
No	Count	1	97	697
	%	6.3%	34.1%	47.2%
Yes	Count	16	187	779
	%	93.8%	65.9%	52.8%
Total	Count	17	284	1477
	%	100.0%	100.0%	100.0%

There is a slight difference between urban and rural banks for banks that target specific segments. More than half of urban banks (56.2 percent) target specific segments, as do 53.9 percent of rural banks.

**QIIF-1. Figure 3. Urban/Rural**

		Are there particular segments that you target?	
		Rural HQ	Urban HQ
No	Count	342	453
	%	46.1%	43.8%
Yes	Count	401	582
	%	53.9%	56.2%
Total	Count	743	1035
	%	100.0%	100.0%

**Question II F-2. If yes, which segments? Mark all that apply.**

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> Working poor      | <input type="checkbox"/> Consumers on public assistance | <input type="checkbox"/> Post disaster assistance |
| <input type="checkbox"/> Urban residents   | <input type="checkbox"/> Rural residents                | <input type="checkbox"/> Immigrants               |
| <input type="checkbox"/> African Americans | <input type="checkbox"/> Hispanic Americans             | <input type="checkbox"/> Asian Americans          |
| <input type="checkbox"/> Other             |   |   |

Among banks that target a specific segment, banks target the Hispanic-American segment most frequently (45.3 percent).

**QIIF-2. Figure 1. Percent of Banks Targeting Specific Population Segments**

Segment	Percentage of Banks
Hispanic Americans	45.3%
Working Poor	34.5%
Rural Residents	29.6%
African Americans	23.5%
Other	22.8%
Urban Residents	22.3%
Immigrants	17.7%
Consumers on Public Assistance	15.5%
Asian Americans	10.6%
Post-disaster Assistance	6.2%

**QIIF-2. Figure 2. Working Poor**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	99	859	65.5
Yes	64	453	34.5
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

**QIIF-2. Figure 7. Immigrants**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	125	1080	82.3
Yes	38	232	17.7
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

**QIIF-2. Figure 3. Consumers on Public Assistance**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	134	1109	84.5
Yes	29	203	15.5
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

**QIIF-2. Figure 8. African Americans**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	110	1004	76.5
Yes	53	308	23.5
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

**QIIF-2. Figure 4. Post-disaster Assistance**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	147	1228	93.8
Yes	15	81	6.2
Total	162	1309	100.0
Missing System	46	496	
Total	208	1805	

**QIIF-2. Figure 9. Hispanic Americans**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	76	718	54.7
Yes	87	594	45.3
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

**QIIF-2. Figure 5. Urban Residents**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	113	1020	77.7
Yes	50	292	22.3
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

**QIIF-2. Figure 10. Asian Americans**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	135	1173	89.4
Yes	28	139	10.6
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

**QIIF-2. Figure 6. Rural Residents**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	119	924	70.4
Yes	44	388	29.6
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

**QIIF-2. Figure 11. Other**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	126	1013	77.2
Yes	37	299	22.8
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

Thirty-seven banks mention targeted segments other than those listed in Question II F-2. The leading segments are individuals living in low and moderate-income (LMI) areas within the bank's area (8), students (8), and local businesses (7).

There is no difference between regions for targeted segments, except for rural residents. A higher proportion of banks in the West South Central region (75.4 percent) target rural residents than banks in the West North Central region (13.3 percent).

**QIIF-2. Figure 12. Region**

		Rural Residents								
		New England	Mid Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	65	67	82	31	38	180	96	21	42
	%	82.6%	59.7%	61.4%	44.9%	24.6%	84.5%	86.7%	43.0%	67.2%
Yes	Count	14	46	51	38	117	33	15	27	21
	%	17.4%	40.3%	38.6%	55.1%	75.4%	15.5%	13.3%	57.0%	32.8%
Total	Count	79	113	133	69	154	213	111	48	63
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between tiers for targeted segments including post-disaster assistance, urban residents, immigrants, African Americans, Hispanic Americans, and Asian Americans. A greater percentage of banks in Tier 1 target these segments than banks in either Tier 2 or Tier 3.

**QIIF-2. Figure 13. Tier 1**

		Tier 1					
		Post-disaster Assistance	Urban Residents	Immigrants	African Americans	Hispanic Americans	Asian Americans
No	Count	10	5	6	3	1	7
	%	66.7%	33.3%	40.0%	20.0%	6.7%	46.7%
Yes	Count	5	10	9	13	15	8
	%	33.3%	66.7%	60.0%	80.0%	93.3%	53.3%
Total	Count	16	16	16	16	16	16
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIF-2. Figure 14. Tier 2**

		Tier 2					
		Post-disaster assistance	Urban residents	Immigrants	African Americans	Hispanic Americans	Asian Americans
No	Count	163	97	128	97	45	139
	%	88.7%	51.9%	68.5%	51.9%	24.1%	74.1%
Yes	Count	21	90	59	90	142	49
	%	11.3%	48.1%	31.5%	48.1%	75.9%	25.9%
Total	Count	184	187	187	187	187	187
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIF-2. Figure 15. Tier 3**

		Tier 3					
		Post-disaster Assistance	Urban Residents	Immigrants	African Americans	Hispanic Americans	Asian Americans
No	Count	752	615	656	602	396	725
	%	93.2%	76.3%	81.4%	74.6%	49.2%	89.8%
Yes	Count	55	191	150	205	410	82
	%	6.8%	23.7%	18.6%	25.4%	50.8%	10.2%
Total	Count	807	807	807	807	807	807
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between urban and rural banks for the specific segments banks target, specifically consumers on public assistance, urban residents, immigrants, African Americans, Hispanic Americans, and Asian Americans. Urban residents are different between tiers, while rural residents are not. This may be explained by the fact that urban-headquartered banks may serve rural market areas, while rural banks are less likely to operate in urban markets.

**QIIF-2. Figure 16. Rural**

		Rural HQ									
		Working Poor	Consumers on Public Assistance	Post-disaster Assistance	Urban Residents	Rural Residents	Immigrants	African Americans	Hispanic Americans	Asian Americans	“Other”
No	Count	329	455	462	462	319	455	431	291	486	360
	%	64.0%	88.7%	90.6%	90.0%	62.0%	88.7%	84.0%	56.7%	94.7%	70.0%
Yes	Count	185	58	48	51	195	58	82	223	27	154
	%	36.0%	11.3%	9.4%	10.0%	38.0%	11.3%	16.0%	43.3%	5.3%	30.0%
Total	Count	514	514	510	514	514	514	514	514	514	514
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIF-2. Figure 17. Urban**

		Urban HQ									
		Working Poor	Consumers on Public Assistance	Post-disaster Assistance	Urban Residents	Rural Residents	Immigrants	African Americans	Hispanic Americans	Asian Americans	“Other”
No	Count	531	654	766	558	606	624	573	427	687	653
	%	66.5%	81.8%	95.9%	69.9%	75.9%	78.2%	71.8%	53.5%	86.0%	81.8%
Yes	Count	268	145	33	241	193	174	226	372	112	145
	%	33.5%	18.2%	4.1%	30.1%	24.1%	21.8%	28.2%	46.5%	14.0%	18.2%
Total	Count	799	799	799	799	799	799	799	799	799	799
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Question II G. Does the bank have any other outreach and education programs to encourage unbanked or underbanked consumers to open an account?**

Yes  No

Other than the types of outreach and education programs specified in the survey, 16.8 percent of banks offer some other type of outreach or education program to help encourage unbanked or underbanked customers to open an account.

**QIIG. Figure 1. Does your bank have any other outreach or education programs to encourage unbanked or underbanked consumers to open an account?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	521	6007	83.2
	Yes	145	1214	16.8
	Total	666	7221	100.0
Missing	System	19	219	
Total		685	7440	

There are no differences among regions for other outreach and education programs.

There is a difference between tiers for other outreach and education. Over half (58.3 percent) of Tier 1 banks do other outreach, compared with 37.4 percent of Tier 2 and 15.0 percent of Tier 3.

**QIIG. Figure 2. Tier**

		Does your bank have any other outreach or education?		
		Tier 1	Tier 2	Tier 3
No	Count	10	336	5660
	%	41.7%	62.6%	85.0%
Yes	Count	15	201	998
	%	58.3%	37.4%	15.0%
Total	Count	25	538	6658
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that offer other outreach or education. About one-fifth (19.4 percent) of urban banks offer other outreach, while 14.5 percent of rural banks offer other outreach.

**QIIG. Figure 3. Urban/Rural**

		Does your bank have any other outreach or education?	
		Rural HQ	Urban HQ
No	Count	3279	2728
	%	85.5%	80.6%
Yes	Count	557	656
	%	14.5%	19.4%
Total	Count	3836	3385
	%	100.0%	100.0%

**Question II G-1. If yes, please describe.**

Outreach efforts conducted by responding banks commonly utilize banking industry programs, partner with third-party organizations, and offer a variety of school-based educational programs. Banks' efforts to educate children through schools help banks to build foundational relationships that will increase a child's likelihood of becoming customers in the future and to provide indirect exposure to their unbanked parents.

- Local (4), state (8), and proprietary (15) outreach education efforts are described in 27 of 150 total open-ended responses.
- National banking programs are mentioned in 48 instances among the total 150 responses. Among national programs, the FDIC's Money Smart program appears most frequently, accounting for 12 out of the 150 responses. ABA programs, such as Teach Children to Save Day, are mentioned on ten occasions, while participating in IRS VITA programs is the third most frequently cited (9) among national programs.
- Over a quarter (43/150) of responding banks offer some form of K-12 or local college financial education sessions that are not specifically linked to a national program. Financial literacy and basic banking skills are typically the focus of these visits.
- Less than a quarter (32/150) of responding banks encourage specific types of checking, savings, IDA, and direct deposit accounts. Of these responses, nine banks offer IDAs.
- Over a quarter (44/150) of respondents either partner with third-party organizations or offer public workshops and seminars in the community. Seminars offered by these banks cover topics including identity theft, budgeting, home ownership, and immigrant education.

## Effectiveness of Education and Outreach Programs

**Question II H. What are the three most effective types of financial education, outreach, and marketing programs that your bank has used to help establish account relationships with unbanked and/or underbanked individuals? Please rank 1 to 3, where 1 = most effective, 2 = second most effective, and 3 = third most effective.**

Ranking	Programs	Advantages/Disadvantages
	<i>Financial Education Materials</i>	
	<i>Providing Financial Education Sessions</i>	
	<i>Outreach Visits</i>	
	<i>Participation in Other Organizations</i>	
	<i>Targeted Marketing</i>	
	<i>Other: _____</i>	

Rankings were calculated with a reverse scoring system, where each ranking of 1 received five points, a rank of 2 received four points, etc. Overall rankings were then calculated according to the sum of points for each type of program using this approach.

Overall, banks rank financial education sessions as the most effective type of financial education and outreach program that they have used in establishing an account relationship with un/underbanked individuals, followed by participation in other organizations, and outreach visits.

**QIIH Figure 1. Most Effective Types of Financial Education and Outreach Programs (Calculated Ranking)**

<i>Ranking</i>	<i>Programs</i>
1	Providing Financial Education Sessions
2	Participation in Other Organizations
3	Outreach Visits
4	Financial Education Materials
5	Targeted Marketing
6	Other

Almost all (99.3 percent) of the banks rank financial education sessions as one of the top three most effective programs that they have used.

**QIIH Figure 2. Financial Education Sessions**

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	124	1067	35.6
	2	124	1184	39.5
	3	77	729	24.3
	4	2	7	.2
	5	1	14	.5
	Total		328	3000
Missing	System	357	4440	
Total		685	7440	

The following charts show the rankings of effectiveness for each type of program by how banks responded to whether they perceived un/underbanked individuals in their service areas.

**QIIH Figure 3. Advantages of Financial Education Sessions (non-weighted)**

88 Banks Listed an Advantage(s)			
Advantage	Mentions	% of Mentions	% of Banks (Advantages)
Direct, personalized contact reaching the targeted audience	54	55.7%	61.4%
Partnering with 3rd party to provide valuable, tailored education	32	33.0%	36.4%
Other	11	11.3%	12.5%

**QIIH Figure 4. Disadvantages of Financial Education Sessions (non-weighted)**

53 Banks Listed a Disadvantage(s)			
Disadvantage	Mentions	% of Mentions	% of Banks (Disadvantages)
Lack of participation	23	39.7%	43.4%
Cost and time constraints	18	31.0%	34.0%
Effectiveness issues	10	17.2%	18.9%
Other	7	12.1%	13.2%

Among the 88 banks that list advantages, 54 identify direct, personalized contact as a reason for their financial education programs' effectiveness. Partnering with a third-party or providing valuable, tailored information is the second most frequently mentioned advantage (32/88).

Lack of participation and attendance is the most frequently cited disadvantage (23/53). Only one of the banks that listed this disadvantage also listed partnering with a third-party as an advantage.

Almost all (97.5 percent) of the banks rank participation in other organizations as one of the top three most effective programs that they have used. Participation in other organizations is the second most frequently ranked program and received the second most first place rankings.

**QIIH Figure 5. Participation in Programs with Other Organizations**

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	121	1135	39.9
	2	92	833	29.3
	3	79	802	28.2
	4	5	58	2.0
	5	1	14	.5
	Total		298	2842
Missing	System	387	4598	
Total		685	7440	

**QIIH Figure 6. Advantages of Participation with Other Organizations (non-weighted)**

95 Banks Listed an Advantage(s)			
Advantage	Mentions	% of Mentions	% of Banks (Advantages)
Partnering with trusted third parties provides access to large, target markets.	42	42.9%	44.2%
Build relationships with other organizations and new customers	19	19.4%	20.0%
Other	17	17.3%	17.9%
Able to personalize approach and have direct contact	11	11.2%	11.6%
Helps in understanding the needs of the population	9	9.2%	9.5%

**QIIH Figure 7. Disadvantages of Participation with Other Organizations (non-weighted)**

27 Banks Listed a Disadvantage(s)			
Disadvantage	Mentions	% of Mentions	% of Banks (Disadvantages)
High level of time, cost and staff effort involved	9	29.0%	33.3%
Low participation or effectiveness	9	29.0%	33.3%
Unable to highlight our specific bank services, and lost control over messages sent out	6	19.4%	22.2%
Unfocused form of passive education	4	12.9%	14.8%
Other	3	9.7%	11.1%

Banks identify the most advantages for partnering with other organizations (95) among all programs. Forty-two of the 95 responses are based on partnering with trusted third parties to provide access to target markets.

The most commonly cited disadvantages are very similar to those listed under providing financial education sessions and outreach visits. These include cost and time constraints, lack of participation, and effectiveness issues.

Almost all (97.6 percent) banks rank outreach visits as one of the top three most effective programs that they have used. Outreach visits receive the second fewest total rankings, but among those who rank it, 40.9 percent rank it first in effectiveness.

**QIIH Figure 8. Outreach Visits**

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	107	1119	40.9
	2	74	747	27.3
	3	85	806	29.4
	4	3	31	1.1
	5	4	34	1.3
	Total		273	2737
Missing	System	412	4703	
Total		685	7440	

**QIIH Figure 9. Advantages of Outreach Visits (non-weighted)**

73 Banks Listed an Advantage(s)			
Advantage	Mentions	% of Mentions	% of Banks (Advantages)
Direct, personalized contact reaching the targeted audience	43	55.1%	58.9%
Partnering with third party to provide valuable, tailored information in a comfortable environment	23	29.5%	31.5%
Other	12	15.4%	16.4%

**QIIH Figure 10. Disadvantages of Outreach Visits (non-weighted)**

25 Banks Listed a Disadvantage(s)			
Disadvantage	Mentions	% of Mentions	% of Banks (Disadvantages)
Cost and time constraints	8	32.0%	32.0%
Lack of Participation	7	28.0%	28.0%
Effectiveness issues	6	24.0%	24.0%
Other	4	16.0%	16.0%

Banks do not discern many differences in the advantages and disadvantages between providing financial education sessions and outreach visits. Comments on these two programs are very similar and may be due to the high likelihood that educational elements are included in outreach visits.

Two advantages are mentioned by 66 of the 73 banks:

- Direct, personalized contact with the target audience
- Partnering with third parties or providing valuable, tailored information in a comfortable environment

Cost and time restraints (8) are the most frequently mentioned disadvantages followed closely by lack of participation and attendance (7).

Almost all (97.2 percent) banks that rank financial education materials rank it as one of the top three most effective programs that they have used.

**QIIH Figure 11. Financial Education Materials**

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	78	919	32.1
	2	87	884	30.9
	3	107	982	34.3
	4	6	62	2.2
	5	2	17	.6
	Total	280	2863	100.0
Missing	System	405	4577	
Total		685	7440	

There are differences among regions for banks' rankings of financial education materials. Banks in the West North Central region (51 percent rank it as number one) rank financial education materials as more effective than banks in the New England region (2 percent rank it as number one).

**QIIH Figure 12. Region**

		Financial Education Materials								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
1	Count	3	33	92	82	144	103	332	99	31
	%	1.9%	16.0%	39.2%	25.1%	31.6%	21.6%	51.0%	39.5%	35.4%
2	Count	41	92	66	107	144	134	198	87	14
	%	23.1%	45.0%	28.0%	32.8%	31.6%	28.4%	30.5%	34.5%	16.0%
3	Count	133	80	64	138	147	206	120	65	29
	%	75.0%	39.0%	27.0%	42.2%	32.3%	43.5%	18.4%	26.0%	32.9%
4	Count	0	0	14	0	17	31	0	0	0
	%	.0%	.0%	5.8%	.0%	3.8%	6.5%	.0%	.0%	.0%
5	Count	0	0	0	0	3	0	0	0	14
	%	.0%	.0%	.0%	.0%	.8%	.0%	.0%	.0%	15.7%
Total	Count	178	205	236	327	455	474	650	251	87
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks' rankings of the effectiveness of financial education materials. Banks in Tier 2 (2.41 mean ranking) rank financial education materials lower than banks in Tier 3 (2.05 mean ranking).

**QIIH Figure 13. Tier**

		Financial Education Materials		
		1	2	3
1	Count	2	42	875
	%	13.3%	15.8%	33.9%
2	Count	4	87	793
	%	26.7%	32.9%	30.7%
3	Count	9	125	848
	%	60.0%	47.4%	32.8%
4	Count	0	7	55
	%	.0%	2.6%	2.1%
5	Count	0	3	14
	%	.0%	1.3%	.5%
Total	Count	16	264	2584
	%	100.0%	100.0%	100.0%

There is little difference between urban and rural banks with regard to banks' rankings of the effectiveness of financial education materials.

**QIIH Figure 14. Advantages of Materials (non-weighted)**

53 Banks Listed an Advantage(s)			
Advantage	Mentions	% of Mentions	% of Banks (Advantages)
Provides basic info, good learning tool	19	35.8%	35.8%
Ease of use, readily available	10	18.9%	18.9%
Reference or reinforcement tool	9	17.0%	17.0%
Broad outreach, cost effectiveness	6	11.3%	11.3%
Use of FDIC Tools	5	9.4%	9.4%
Other	4	7.5%	7.5%

**QIIH Figure 15. Disadvantages of Materials (non-weighted)**

23 Banks Listed a Disadvantage(s)			
Disadvantage	Mentions	% of Mentions	% of Banks (Disadvantages)
Not personalized, no direct contact	6	26.1%	26.1%
High cost	5	21.7%	21.7%
Lack of interest, physical pick up	5	21.7%	21.7%
Low Effectiveness	4	17.4%	17.4%
Other	3	13.0%	13.0%

Twenty-nine of 53 comments about the advantages of financial education materials mention either the ability of these materials to provide information or their ease-of-use.

The disadvantages are evenly distributed across four main categories:

- Not personalized and no direct contact
- High costs associated
- Lack of interest by customers/materials must physically be picked up
- Questionable effectiveness of materials

Almost all (93.9 percent) banks rank targeted marketing as one of the top three most effective programs. Targeted marketing was roughly half as likely to be ranked in the top five (1457/7440 from table QIIH figure 18) compared with outreach visits (2737/7440 from QIIH figure 10). Targeted marketing has the fewest first, second, and third place effectiveness rankings of any program.

**QIIH Figure 16. Targeted Marketing**

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	50	538	37.0
	2	38	417	28.7
	3	43	412	28.3
	4	1	14	.9
	5	7	75	5.2
	Total		139	1457
Missing	System	546	5983	
Total		685	7440	

**QIIH Figure 17. Advantages of Target Marketing (non-weighted)**

23 Banks Listed an Advantage(s)			
Advantage	Mentions	% of Mentions	% of Banks (Advantages)
Ability to deliver a direct and specific message	12	48.0%	52.2%
Capture large audience within target areas	6	24.0%	26.1%
Other	5	20.0%	21.7%
Cost effectiveness	2	8.0%	8.7%

**QIIH Figure 18. Disadvantages of Target Marketing (non-weighted)**

23 Banks Listed a Disadvantage(s)			
Disadvantages without rankings			
Disadvantage	Mentions	% of Mentions	% of Banks (Disadvantages)
Low success / effectiveness rate	10	40.0%	43.5%
No personal contact to educate customer thoroughly	7	28.0%	30.4%
Too costly	6	24.0%	26.1%
Other	2	8.0%	8.7%

This program is the only instance in which the number of disadvantages (23) equals the number of advantages (23).

The most commonly cited advantage of targeted marketing is the ability to deliver a direct and specific message to a particular segment, which is mentioned in 12 of the 23 listed advantages.

Among the 8 percent of banks that rank another program, 100 percent rank it as one of the top three most effective programs.

**QIIH Figure 19. Other**

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	29	323	55.6
	2	8	76	13.2
	3	17	181	31.3
	Total	54	580	100.0
Missing	System	631	6859	
Total		685	7440	

**QIIH Figure 20. Other Rankings (non-weighted)**

<b>54 Banks Ranked Other</b>		
<b>Others, Specify Codes</b>	<b>Mentions</b>	<b>% of Mentions</b>
Product/Program offerings	11	23.40%
Working within the community	11	23.40%
Advertising	8	17.02%
Direct Contact	7	14.89%
Referrals	5	10.64%
Website/Internet	4	8.51%
Have not evaluated yet	1	2.13%

Twenty-nine of the 54 banks indicating “other” programs rank this category first. The “other” category consists of seven different groups of responses:

- Product/program offerings (11)
- Working within the community (11)
- Advertising (8)
- Direct contact (7)
- Referrals (5)
- Website (4)
- Have not evaluated (1)

Across these responses, the advantages and disadvantages do not refer to the same types of programs, so no conclusions can be drawn for this category.

**Question II I. Has your bank identified expanding services to unbanked and underbanked individuals in your market area as a priority in your bank's business strategy?**  Yes  No  Don't know

While 17.5 percent of banks identify expanding services as a priority in the bank's business strategy, 70.4 percent have not. About half (45.8 percent) of Tier 1 banks have identified it as a priority.

**QII I Figure 1. Have you identified expanding services in your market as a priority in your bank's business strategy?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	448	5098	70.4
	Yes	131	1264	17.5
	Don't Know	88	882	12.2
	Total	667	7245	100.0
Missing	System	18	195	
Total		685	7440	

There are differences among regions for banks that are expanding services as a strategy. A larger percentage of New England (23.0 percent) banks have identified it as a strategy compared with West North Central banks (9.5 percent). However, more West South Central banks (22.0 percent) “don't know” compared with Mountain banks (3.4 percent).

**QII I Figure 2. Region**

		Have you identified expanding services in your market as a priority in your bank's business strategy?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	312	412	600	521	657	829	1036	405	328
	%	70.1%	70.9%	69.8%	78.2%	58.7%	65.4%	77.4%	79.8%	71.0%
Yes	Count	103	128	165	111	216	233	128	86	96
	%	23.0%	22.0%	19.2%	16.6%	19.3%	18.4%	9.5%	16.9%	20.8%
Don't Know	Count	31	41	95	34	246	205	174	17	38
	%	6.9%	7.1%	11.0%	5.1%	22.0%	16.2%	13.0%	3.4%	8.2%
Total	Count	446	581	860	666	1119	1268	1338	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks that are expanding services as a strategy. A higher percentage of Tier 2 banks (24.7 percent) than Tier 3 banks (16.8 percent) identify this as a business strategy, and a higher percentage of Tier 2 banks (18.8 percent) indicate “Don’t Know” than Tier 3 banks (11.7 percent).

**QII I Figure 3. Tier**

		Have you identified expanding services in your market as a priority in your bank's business strategy?		
		Tier 1	Tier 2	Tier 3
No	Count	11	302	4785
	%	45.8%	56.5%	71.6%
Yes	Count	11	132	1121
	%	45.8%	24.7%	16.8%
Don't Know	Count	2	101	779
	%	8.3%	18.8%	11.7%
Total	Count	25	534	6686
	%	100.0%	100.0%	100.0%

There is no difference between urban and rural banks for banks that are expanding services as a strategy.

**Question II J. Has your bank conducted research on unbanked or underbanked consumers in your CRA assessment area?**

Yes  No  Don't know

Over three-quarters (76.5 percent) of banks have not conducted research on the potential unbanked customers in their CRA assessment areas.

**QIIJ Figure 1. Has your bank conducted research on the un/underbanked in your CRA area?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	493	5603	76.5
	Yes	80	672	9.2
	Don't Know	102	1048	14.3
	Total	675	7323	100.0
Missing	System	10	116	
Total		685	7440	

There are no differences among regions for banks that have conducted research.

There is no difference between tiers for banks that have conducted research.

There is no difference between urban and rural for banks that have conducted research.

**Question II J-1. If yes, please summarize this research.**

Though the majority of banks report that they perceive an un/underbanked population in their area, only 9.2 percent of all banks have conducted their own research on unbanked and underbanked consumers within their CRA assessment areas. Banks report that they rely on Census data and other third-party research on market demographics and needs. A common reason for not performing formal research is that banks perceive that the unbanked and underbanked population in their area is too small to warrant such an effort.

Of the banks that have conducted research, approaches include: focus groups, surveys, community visits, and hiring of third-party organizations to complete the research on the bank's behalf.

Through these different forms of research, some common observations of the population include:

- Many unbanked individuals do not use financial institutions because they do not have valid Individual Tax Payer Identification Numbers (ITIN) or Social Security Numbers (SSN).
- There is a need for bilingual information that is written in a manner which the population can understand.
- Branches need to be conveniently located near the populations' LMI area in order to bring them into the banking mainstream.

One bank's research found the following data:

“Our primary focus over the past two years has been on the Hispanic community. Research and data gathering have been conducted through the use of the most recent Census data. The population growth of the Hispanic community can be readily seen in the demographic data that may, in fact, be an under-representation of the community's true size. Additionally, two focus groups within the Hispanic community, one with community leaders and the other with community members were conducted to assess the needs from the community's perspective. Nationally, Census figures comparing population growth during the first six years of this decade provide a valuable snapshot. Hispanics are the largest minority group with an estimated national population of 44.3 million people. During this six-year time frame, Hispanic populations grew in every state in the nation, usually outpacing the growth of all other groups. An examination of national population growth from 2005 to 2006 reveals that Hispanics accounted for almost half of the nation's growth during that period. The projected Hispanic population of the U.S. as of July 1, 2050, is 102.6 million. According to this projection, Hispanics will constitute 24 percent of the nation's total population by that date. One out of ten small businesses in the U.S. is Hispanic owned. The latest Census figures show that the rate of growth of Hispanic-owned businesses is triple the rate of the national average for all businesses. In [our state], the Hispanic population grew at 48 percent, easily outpacing all others. The PEW Institute estimates that the state's population will be 12 percent by 2015. The top three nationalities in the state are Mexicans (17.5 percent), Salvadoran (15 percent) and Puerto Rican (11 percent). There are in excess of 15,300 Hispanic-owned businesses in [our state], representing 3.5 percent of the total in the state. Nearly 7 percent of [our state's] Hispanic population are business owners, reflecting a very entrepreneurial spirit. Demographic and Census tract data have been gathered to support recommendations from a geographic focus. Data have been gathered within a seven-mile radius of all bank retail and small consumer loans branches as of October 2007. In addition, we have partnered with a CRM Marketing firm, to conduct a Customer Ethnicity Analysis of our customer base in an effort to establish a baseline for measuring and tracking success of our efforts on a go-forward basis in serving the unbanked and underbanked populations.”

Another example of a bank that conducted their own research found the following:

“Demographic research and geo-coded maps of our assessment areas allow us to contact the nonprofits within those areas to develop working relationships. This research also allowed us to determine the primary language spoken within our assessment areas to determine where bilingual associates are needed the most and allows us to distribute Spanish and English brochures to the branches where they are needed. We also have conducted research that proved we should extend our business hours to 7:30 p.m. and extend our work week to either 6 or 7 days depending on the location to better serve the individuals within our assessment areas. Research says educated immigrants, middle-income individuals with poor credit histories, and military personnel or others who lead a transitory lifestyle are among the underbanked living in households with less than \$40,000 a year in income. The study also says the average unbanked person generally earns less than \$25,000 annually, is likely to be someone new in the country, a young person, single, minority or an individual with low level education. Hispanics and African-Americans account for a large percentage of the unbanked and overall, the group is slightly more female than male. They feel they do not have enough money to justify the fees they are charged. They have loans originated elsewhere and use credit cards or have life insurance. They are more likely to rent than to own a home, more likely to use prepaid cellular plans, and more likely to purchase used vehicles and choose a used car dealer based on financing options. They think banks are too expensive and are uncomfortable with social aspects of banking. They are concerned about maintaining minimum balances and the privacy of their financial information. There may be language barriers, and immigration issues. Many were raised in a cash-based culture and have little or no knowledge of how a financial institution works. Many generally do not have a deposit account and turn to check cashing establishments, retail stores, and other alternative financial services to transact business.”

Another bank conducted a survey regarding Money Services Business (MSBs) operating in its assessment area.

“At least 35 percent of MSB customers are existing banking customers: 1) The higher the poverty level, the higher the percentage of MSB within the area. 2) The higher the percentage of unbanked population translates into a higher percentage of MSBs within the assessment area. 3) Contrary to popular belief, many MSBs offer very cheap check cashing services. Our survey found many in the rural areas with higher poverty rates offered check cashing for no fee. 4) MSBs have pointed out to the Bank the fact that cashing a \$200 check is cheaper at many MSBs than cashing a check at Bank if the customer has no bank account. 5) Payday lenders point to the fact that giving a customer a \$200 pay loan costs the consumer less than if the customer had two overdrafts totaling \$200 (and in some banks it is cheaper than one \$200 overdraft item. 6) In our rural areas the number one reason for declining a new depository customer is the lack of a tax payer identification number (regarding under various BSA laws).”

A bank’s study on the underbanked found the following information:

“There are approximately 40 million underbanked households, and these households have a diversity of financial services needs, attitudes, and behaviors. According to research conducted, 70 percent of people in low and moderate income Census tracks have bank accounts, but two-thirds of these households are heavy users of nonbank financial services (e.g., consumers obtain money orders, send remittances, and cash checks outside of traditional banks). Of the 30 percent of households without bank accounts, at least half have had bank accounts in the past and 25 percent cash checks in banks.”

## Activities to Bring the Un/Underbanked into the Financial Mainstream

**Question II K. What are three activities that banks could do, in general, that would be most effective in bringing unbanked individuals and families into the conventional banking system?**

Survey respondents suggest a total of 1,336 comments about a range of activities that could be effective in bringing unbanked individuals into the mainstream banking system. The numbers presented for this question are not weighted since they come from qualitative responses. Banks' open-end responses are distributed across eight major groupings:

- Outreach Efforts
- Products and Services
- Educational Programs and Materials
- Targeted Marketing
- External Barriers and Challenges
- Distribution Channels
- Internal Activities and Initiatives
- Non-Responses

Four categories account for 1,182 of recommended activities. Of these, 27 percent are outreach efforts, 21 percent are products and services, 21 percent are educational programs and materials, and 15 percent are for targeted marketing. The concentration of responses in these categories demonstrates a strong emphasis on raising awareness and building presence in communities with unbanked and underbanked populations.

### Outreach Efforts

Respondents most often recommend that banks engage in outreach efforts to the unbanked and underbanked, which reflect many of the same strategies specified in the survey. Of the 357 responses in this category, 74 suggest outreach efforts in general without designating a particular type of program or strategy, while 283 specifically suggest outreach in collaboration with a third party.

Third parties represent places or resources frequented by unbanked and underbanked individuals. By leveraging these organizations' rapport and trust within the community and developing outreach programs that reflect their understanding of the market's needs, banks can more effectively inform and serve unbanked individuals. Collaboration with community organizations, such as nonprofit organizations, religious groups, and cultural associations, was most commonly cited, accounting for 27 percent of responses in this category. Other suggestions for outreach with third parties include partnerships with local employers to develop workplace programs focused on unbanked and underbanked employees (22 percent), youth outreach through public schools (21 percent), and collaboration with government assistance agencies, including social services and housing authorities (10 percent).

## Products and Services

Recommendations with regard to products and services offered to the unbanked and underbanked are the second most common observation, totaling 283. Within this category, 85 suggest providing affordable offerings to attract and accommodate this segment. More specifically, affordable offerings include free or low-cost products, no or low opening deposits, no or low minimum balances to maintain accounts, no or low service charges, and small dollar loans. By removing or lowering fees and minimums that may deter or prevent account opening, banks can create more opportunities to establish customer relationships with unbanked individuals.

Responses suggesting that banks offer “targeted products” without noting a particular type or feature of a product accounted for 27 percent of activities in this category. Although this general response provides less insight than more specific suggestions, it demonstrates that some banks perceive developing and offering niche products as a way to serve the unbanked and underbanked.

The remainder of responses in this category cover a range of products, services, and related activities. Providing services such as check cashing and wire transfers, which are typically offered by alternative providers, are suggested in 11 percent of responses. By directly competing against providers who conduct a significant portion, if not a majority, of financial transactions for the unbanked and underbanked and offering identical services at a lower cost, financial institutions could increase market share and improve their ability to transition customers to deposit accounts.

Other suggested products and services include payroll or prepaid cards (10 percent), entry-level or “rebuilder” accounts with restrictions on access or activity (6 percent), promotion of direct deposit (4 percent), and individual development accounts (1.4 percent). Banks also suggest alternative strategies in relation to offerings. Modifying banks’ criteria for account opening, such as accepting lower credit scores, prospective customers with a ChexSystems history, and non-traditional forms of identification, account for 8 percent of responses, while 3.9 percent recommend offering incentives to entice account opening.

## Educational Programs and Materials

Overall, activities involving educational components account for 21 percent of the comments. Education provided in sessions, workshops, courses, and training account for an overwhelming 91 percent of these activities. Respondents convey the importance of personal finance education in providing unbanked individuals with the requisite knowledge and understanding to handle and benefit from banking products and services. This emphasis on education also highlights the need for educational services and its integral role in establishing banking relationships with unbanked and underbanked populations.

Other responses (9 percent) in this category recommend providing education through materials, including brochures, literature, and websites, rather than interactive, in-person programs. Written educational materials allow banks to provide information more widely at a lower cost than conducting sessions, which may explain why a small portion of respondents prefer this approach.

## Targeted Marketing

Marketing efforts are suggested in 15 percent of overall responses as an effective approach to bringing the unbanked and underbanked into the mainstream banking system. The vast majority (84 percent) of recommended activities within this category relate to targeted marketing, such as advertisements in local newspapers, ethnic publications, participation in community events, direct mail to underserved households, and TV and radio commercials. Targeted marketing through various media enables banks to gain wider visibility and exposure to specific communities and allow institutions to tailor their efforts to the needs and characteristics of intended audiences.

Additionally, 12 percent of these comments focus on conducting and using research on the unbanked and underbanked market, such as through focus groups and Census data, to identify and improve banks' understanding of the underbanked population in their service areas. Market research not only facilitates more effective marketing but also informs the development of programs and offerings that serve specific needs of the unbanked community. The remaining 5 percent of responses cite word-of-mouth advertising, particularly customer referrals, as a valuable strategy for attracting customers from unbanked populations.

## Reduce External Barriers and Challenges

Banks report that in their efforts to serve the unbanked and underbanked they often face barriers and challenges that inhibit their ability to bring unbanked and underbanked individuals into branches and the conventional banking system. Activities that seek to tackle these obstacles comprise 8 percent of overall responses.

Banks located in service areas with sizeable immigrant communities report that they must often overcome the initial barrier of language and cultural differences. Within the general category, 71 percent of responses focus specifically on addressing this obstacle. Respondents recommend three main approaches: hiring bilingual staff to facilitate communication and relation to immigrant customers (49 percent), providing educational and marketing materials in foreign languages (19 percent), and improving cultural awareness and understanding among bank employees to ensure that immigrant customers are treated respectfully and with sensitivity to their cultural background (3 percent).

Respondents also note other ways in which banks can overcome obstacles to serving the unbanked and underbanked. Modification of government regulations, such as the Bank Secrecy Act and the Patriot Act, is cited in 13 percent of responses as a helpful measure in improving banks' ability to serve unbanked and underbanked individuals. Another 11 percent of responses emphasize the importance of building trust in the banking system so that individuals not only understand how financial products work but also feel comfortable and secure banking with mainstream financial institutions. Changing individuals' preconceived notions of financial institutions is a common issue banks face when serving unbanked populations. An additional 5 percent of responses focus on obtaining assistance from governments or other third-party organizations for funding or liability coverage to reduce risk. For banks, serving the unbanked and underbanked typically yields a lower return on investment than that associated with mainstream customers. In addition to the costs of marketing, publishing and distributing materials, and conducting outreach visits and education sessions, unbanked and underbanked customers often carry lower balances and exhibit higher rates of closure and default than their mainstream counterparts according to responses. Banks indicate that providing assistance in this regard could encourage banks to further their efforts.

## Distribution Channels

Approaches to improving and expanding distribution channels are cited in 4 percent of responses as an effective way to serve the unbanked and underbanked. Responses in this category delineate different approaches to developing more convenient, accessible, and comfortable channels to offer banking services to this population.

Providing a wider range of banking options is suggested in 48 percent of responses. Possible strategies to accommodate unbanked individuals include extending hours at branch locations, offering mobile and online banking services, deploying ATMs in areas frequented by the population, and providing services at alternative off-premise locations, such as in shopping centers or grocery stores, rather than in traditional bank offices. Constructing branches in low- to moderate-income areas is suggested in 22 percent of responses in this category. By establishing a physical presence in the community, banks could improve visibility and exposure to the unbanked and underbanked population and create better opportunities for outreach to the community.

Two other recommended activities, each accounting for 15 percent of responses, address the challenge of making unbanked individuals feel comfortable entering and transacting business in a bank branch. Offering branch-based programs, such as an open house, is one such activity. Unbanked individuals are invited to the bank and are provided information about various bank programs, helping to alleviate anxieties or concerns about financial institutions. Banks also cite reconfiguring physical aspects of branches to create a more casual and welcoming environment as a way to help unbanked individuals feel at ease in bank settings.

## Internal Activities and Initiatives

A small percentage (3 percent) of responses involve internal activities to improve banks' effectiveness in serving the unbanked and underbanked. Three-quarters (75 percent) of activities suggested in this category focus on customer service, either by training or encouraging bank employees to treat unbanked individuals respectfully and sensitively or by engaging in individual contact with unbanked customers through phone calls, one-on-one counseling, or personal visits. These customer service-oriented activities can help unbanked individuals develop a more personal connection with the institution and feel comfortable when engaging with bank employees.

Other suggested internal activities include implementing a corporate initiative that establishes organization-wide goals for serving this segment (15 percent) and training bank employees to identify needs of the unbanked and underbanked in order to effectively cross-sell products that are relevant and beneficial to these customers (10 percent).

## Non-Responses

This question yielded a total of 16 non-responses. Of these non-responses, 13 either indicate "do not know" or "not applicable" because the bank did not perceive there to be an unbanked population in their service area. The remaining three responses indicate that no recommendations were made because the bank believes that individuals are unbanked by choice, negating any reason to provide strategies for bringing them into the conventional banking system.

## Challenges in Serving or Targeting Un/Underbanked Populations

**Question II L. What challenges does your organization face in serving or targeting unbanked and underbanked individuals? Please rank order by importance, where 1 = greatest challenge, 2 = second greatest challenge, etc.**

- Profitability Issues
- Competition from Alternative Service Providers
- Unfamiliar with this Population
- High Cost of Customer Acquisition
- Internal Challenges
- Regulatory Barriers Related to Customer Identification
- Fraud Concerns
- Other

The greatest challenges to banks are profitability issues and regulatory barriers, which are closely followed by fraud concerns, high cost of customer acquisition, and competition from alternative service providers. Lower ranking but still important issues are unfamiliarity with the population, internal challenges, and “other” considerations.

**QIIL Figure 1. Greatest Challenges in Serving or Targeting Un/underbanked Populations (calculated ranking based on reverse scoring)**

<b>Ranking</b>	<b>Programs</b>
1	<i>Profitability Issues</i>
2	<i>Regulatory Barriers</i>
3	<i>Fraud Concerns</i>
4	<i>High Cost of Customer Acquisition</i>
5	<i>Competition from Alternative Service Providers</i>
6	<i>Unfamiliarity with this Population</i>
7	<i>Internal Challenges</i>
8	<i>Other Challenges</i>

**QIL Figure 2. Statistics**

Weighted		Profitability Issues	Competition from Alternative Service Providers	Unfamiliar with this Population	High Cost of Customer Acquisition	Internal Challenges	Regulatory Barriers	Fraud Concerns	Other
N	Valid	5134	4214	3763	4169	3695	4888	4849	1157
	Missing	2306	3226	3677	3271	3744	2552	2590	6283
Mean		2.77	3.57	3.95	3.28	4.18	2.66	2.89	1.65
Median		2.00	3.00	3.00	3.00	4.00	2.00	2.00	1.00
Mode		1	1	1	2	4	1	1	1
Minimum		1	1	1	1	1	1	1	1
Maximum		8	8	8	8	8	8	7	8

**QIL Figure 3. Profitability issues**

Ranking	Frequency	Weighted Frequency	Weighted Percent	
Valid	1	158	1730	33.7
	2	105	1105	21.5
	3	68	688	13.4
	4	66	726	14.1
	5	37	348	6.8
	6	29	254	4.9
	7	22	240	4.7
	8	4	44	.9
	Total	489	5134	100.0
Missing	System	196	2306	
Total		685	7440	

**QIL Figure 4. Competition from alternative service providers**

Ranking	Frequency	Weighted Frequency	Weighted Percent	
Valid	1	90	933	22.1
	2	72	806	19.1
	3	63	683	16.2
	4	32	290	6.9
	5	41	372	8.8
	6	48	531	12.6
	7	55	541	12.8
	8	5	58	1.4
	Total	406	4214	100.0
Missing	System	279	3226	
Total		685	7440	

**QIIL Figure 5. Unfamiliar with this Population**

Ranking	Frequency	Weighted Frequency	Weighted Percent
Valid 1	72	808	21.5
2	52	558	14.8
3	53	551	14.6
4	33	319	8.5
5	19	173	4.6
6	46	451	12.0
7	81	789	21.0
8	12	113	3.0
Total	368	3763	100.0
Missing System	317	3677	
Total	685	7440	

**QIIL Figure 8. Regulatory Barriers**

Ranking	Frequency	Weighted Frequency	Weighted Percent
Valid 1	164	1827	37.4
2	110	1204	24.6
3	59	605	12.4
4	26	236	4.8
5	45	414	8.5
6	34	309	6.3
7	29	261	5.3
8	3	31	.6
Total	470	4888	100.0
Missing System	215	2552	
Total	685	7440	

**QIIL Figure 6. High Cost of Customer Acquisition**

Ranking	Frequency	Weighted Frequency	Weighted Percent
Valid 1	61	620	14.9
2	95	1018	24.4
3	79	863	20.7
4	53	567	13.6
5	60	578	13.9
6	46	405	9.7
7	11	110	2.6
8	2	7	.2
Total	407	4169	100.0
Missing System	278	3271	
Total	685	7440	

**QIIL Figure 9. Fraud Concerns**

Ranking	Frequency	Weighted Frequency	Weighted Percent
Valid 1	118	1297	26.8
2	109	1174	24.2
3	76	756	15.6
4	58	589	12.1
5	53	597	12.3
6	31	301	6.2
7	20	134	2.8
Total	465	4849	100.0
Missing System	220	2590	
Total	685	7440	

**QIIL Figure 7. Internal Challenges**

Ranking	Frequency	Weighted Frequency	Weighted Percent
Valid 1	30	318	8.6
2	52	548	14.8
3	58	574	15.5
4	72	674	18.2
5	46	476	12.9
6	51	519	14.0
7	53	559	15.1
8	2	27	.7
Total	364	3695	100.0
Missing System	321	3744	
Total	685	7440	

**QIIL Figure 10. Other**

Ranking	Frequency	Weighted Frequency	Weighted Percent
Valid 1	65	761	65.8
2	19	206	17.8
3	12	121	10.4
4	4	34	3.0
5	1	14	1.2
8	3	21	1.8
Total	104	1157	100.0
Missing System	581	6283	
Total	685	7440	

Of the 104 banks that rank “other,” 101 banks elaborate on the challenges their organizations face while serving the un/underbanked population, mentioning a total of 109 challenges. Using a reverse scoring system, the following challenges are listed in order of importance: difficulty identifying and communicating with this population, lack of bank resources and product offerings, uneducated population or feel as though they do not want/need a bank, not a retail-based bank or not focused on this population, ability of population to handle account or bad financial history, and cultural or language barriers.

**Question II M. Does your bank perceive any regulatory impediments to providing/developing specialized products and services for unbanked or underbanked consumers?  Yes  No**

Regulatory issues are perceived by 39.6 percent of banks as impeding their ability to provide products and services to the un/underbanked population.

**QIIM Figure 1. Does your bank perceive any regulatory impediments to provide products and services?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	373	4173	60.4
	Yes	270	2736	39.6
	Total	643	6909	100.0
Missing	System	42	531	
Total		685	7440	

There are differences among regions for banks that perceive regulatory impediments. More than one-half (54.5 percent) of banks in the Pacific region and 54.6 percent in New England perceive impediments, compared to 28.0 percent in the East South Central and 33.9 percent in the West North Central regions.

**QIIM Figure 2. Region**

		Does your bank perceive any regulatory impediments to provide products and services?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	196	341	513	459	578	743	859	281	202
	%	45.4%	63.4%	66.0%	72.0%	52.1%	64.0%	66.1%	55.3%	45.5%
Yes	Count	236	197	265	179	531	418	441	227	242
	%	54.6%	36.6%	34.0%	28.0%	47.9%	36.0%	33.9%	44.7%	54.5%
Total	Count	432	539	778	638	1109	1162	1300	507	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks that perceive regulatory impediments. Over half (51.3 percent) of Tier 2 banks perceive a regulatory impediment, compared with 38.6 percent of banks in Tier 3.

**QIIM Figure 3. Tier**

		Does your bank perceive any regulatory impediments to provide products and services?		
		1	2	3
No	Count	13	264	3897
	%	52.2%	48.7%	61.4%
Yes	Count	11	277	2447
	%	47.8%	51.3%	38.6%
Total	Count	24	541	6344
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that perceive regulatory impediments to providing services for the un/underbanked. About half (44.4 percent) of urban banks perceive regulatory impediments, compared with 35.3 percent of rural banks.

**QIIM Figure 4. Urban/Rural**

		Does your bank perceive any regulatory impediments to provide products and services?	
		Rural HQ	Urban HQ
No	Count	2366	1807
	%	64.7%	55.6%
Yes	Count	1293	1444
	%	35.3%	44.4%
Total	Count	3659	3250
	%	100.0%	100.0%

**Question II M-1. If yes, please describe.**

Of the 270 banks that identify regulatory impediments to providing specialized products and services to un/underbanked consumers, a number of banks report concerns related to maintaining compliance with the Patriot Act and Bank Secrecy Act (BSA).

- About three-quarters (196) of the banks state that obtaining sufficient identification information from non-customers to satisfy the Customer Identification Program (CIP), Know Your Customer (KYC), and Patriot Act regulations is a major challenge.
- The second most frequently mentioned topic of concern is compliance with the Bank Secrecy Act (BSA) and Anti-Money Laundering (AML), which is reported by 83 banks.
- Additionally, 30 banks feel that there are high risks and costs associated with serving this population in light of the need to comply with numerous regulations.



## Retail Branch Operations

This chapter addresses changes that banks have made in retail branch operations to better serve their customers. This includes the extension of branch hours, addition of bilingual employees, modifications in branch design, and strategies for serving unbanked and underbanked individuals.

These areas include:

- Bank Hours
- Languages
- Modification in Retail Operations
- Branch Strategies

*This section of the report explores aspects of the Congressional Question 4 and provides data on banks' efforts to be more accessible and to reduce obstacles that may prevent unbanked individuals from establishing conventional accounts.*

### Summary

Banks report that they have modified their retail branch operations in a variety of ways but do not always indicate that the changes were solely intended to increase access for unbanked and/or underbanked consumers.

**Extended Hours:** A majority of banks (59 percent) have extended their branch hours for traditional “brick and mortar” branches, retail branches, and limited service branches, with the most common time being weekday evenings after 5:00 p.m. Of banks that have extended hours, 82 percent have expanded their hours past 5:00 p.m. on weekdays, compared with 16 percent offering Saturday hours after 1:00 p.m.

**More Languages:** Bank branch staff speak a variety of languages that may facilitate access to bank facilities for non-native English-speaking un/underbanked individuals. After English, Spanish is the most commonly spoken language in bank branches. Forty-seven percent (47 percent) of banks employ staff that speak Spanish, followed by Chinese (4 percent), Vietnamese (3 percent), Tagalog (2 percent), and Korean (2 percent).

**Modifications to Retail Operations:** Nearly two-thirds (64 percent) of banks have modified their operations to make them more welcoming or convenient for unbanked and/or underbanked individuals to take advantage of their services. These modifications to increase access include external ATMs (47 percent), off-premise ATMs (43 percent), and Internet or mobile banking (73 percent). Only 13 percent of banks have added non-traditional locations. Seventeen percent (17 percent) have utilized innovative branch designs, and 20 percent have added branches in LMI areas.

**Branch Strategies:** In addition to physical changes in branch operations, banks have also increased their efforts by providing check cashing (49 percent) and money orders (41 percent) as part of their strategy to serve the unbanked and/or underbanked in their market areas.

## Bank Hours

The majority (59 percent) of banks offer extended branch hours, typically after 5:00 p.m. on weekdays and after 1:00 p.m. on Saturdays. Some banks operate offices on Sundays. Proportionately, more Tier 1 banks offer extended bank office hours than Tier 2 or Tier 3 banks.

**Question III A. Does your bank offer extended, non-traditional evening and/or weekend hours at any of your bank's locations?**  Yes  No

**QIIIA. Figure 1. Does your bank offer extended hours?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	241	3030	41.0
	Yes	440	4366	59.0
	Total	681	7395	100.0
Missing	System	4	44	
Total		685	7440	

There are some differences among banks that offer extended hours across geographic areas. Specifically, 81.2 percent of banks in the Mid-Atlantic region are open for extended hours, compared to banks in the Mountain (46.7 percent), East South Central (47.9 percent), South Atlantic (51.0 percent), West North Central (55.6 percent), and Pacific (48.8 percent) regions

**QIIIA. Figure 2. Region**

		Does your bank offer extended hours?								
		New England	Mid Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	164	109	421	349	444	417	626	270	229
	%	36.8%	18.8%	49.0%	52.1%	37.9%	32.0%	44.4%	53.3%	51.2%
Yes	Count	282	471	439	320	729	885	784	237	218
	%	63.2%	81.2%	51.0%	47.9%	62.1%	68.0%	55.6%	46.7%	48.8%
Total	Count	446	581	860	669	1174	1302	1410	507	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There also appear to be differences in extended hours by bank size. All banks in Tier 1 offer extended hours but slightly less than 57 percent of Tier 3 banks offer extended hours.

**QIIIA. Figure 3. Tiers**

		Does your bank offer extended hours?		
		Tier 1	Tier 2	Tier 3
No	Count	0	90	2939
	%	.0%	16.5%	43.1%
Yes	Count	25	458	3883
	%	100.0%	83.5%	56.9%
Total	Count	25	548	6822
	%	100.0%	100.0%	100.0%

There is a minimal difference between urban (60.1 percent) and rural banks (58.1 percent) in their offering of extended banking hours.

**Question III A. If yes, check all that apply, and indicate typical hours:**

Branch Type	Extended Weekday Evening Hours (After 5 pm)	Saturday Afternoon Hours (After 1 pm)	Sunday Hours
Full Service Brick and Mortar Branches	<input type="checkbox"/> Until ___ pm	<input type="checkbox"/> Until ___ pm	<input type="checkbox"/> Hours ___ to ___
Full Service Retail (In-store) Branches	<input type="checkbox"/> Until ___ pm	<input type="checkbox"/> Until ___ pm	<input type="checkbox"/> Hours ___ to ___
Limited Service Branches	<input type="checkbox"/> Until ___ pm	<input type="checkbox"/> Until ___ pm	<input type="checkbox"/> Hours ___ to ___

Of banks that have extended their banking hours, the most commonly extended time for all types of branches is after 5:00 p.m. on weekday evenings. Only about 16 percent of banks have full service branches open on Saturdays after 1:00 p.m. Banks provide extended hours for 16 percent of in-store branches on weekdays after 5:00 p.m., 12 percent on Saturdays after 1:00 p.m., and 5 percent on Sundays.

**QIIIA. Figure 1. Percent of Banks Offering Extended Hours by Branch Type**

Branch Type	Extended Weekday Evening Hours (After 5 pm)	Saturday Afternoon Hours (After 1 pm)	Sunday Hours
Full Service Brick and Mortar Branches	81.2%	15.6%	4.7%
Full Service Retail (In-store) Branches	16.1%	11.9%	5.1%
Limited Service Branches	23.1%	5.2%	0.3%

**QIIIA. Figure 2. Brick and Mortar Weekday Evening**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	73	835	18.8
Yes	372	3611	81.2
Total	445	4447	100.0
Missing System	240	2993	
Total	685	7440	

**QIIIA. Figure 4. Brick and Mortar Sunday**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	399	4158	95.3
Yes	40	206	4.7
Total	439	4365	100.0
Missing System	246	3075	
Total	685	7440	

**QIIIA. Figure 3. Brick and Mortar Saturday**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	332	3685	84.4
Yes	107	679	15.6
Total	439	4365	100.0
Missing System	246	3075	
Total	685	7440	

The percentage of banks that have brick and mortar branches open weekday evenings, Saturdays, and Sundays appears to be different across regions. For example, the East South Central (16.0 percent open past 1:00 p.m. on Saturday and 0.0 percent open on Sundays) and West North Central (3.2 percent open on Saturday after 1:00 p.m. and 0.4 percent on Sundays) are open less than the Mid-Atlantic region (30.3 percent open on Saturdays after 1:00 p.m. and 15.9 percent on Sundays).

**QIIIA. Figure 5. Region: Brick and Mortar Weekday Evening**

		Brick and Mortar Weekday Evening								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	41	42	21	93	257	151	168	17	46
	%	13.9%	8.9%	4.7%	28.0%	34.5%	16.9%	21.4%	6.8%	19.6%
Yes	Count	254	429	417	241	486	747	617	234	187
	%	86.1%	91.1%	95.3%	72.0%	65.5%	83.1%	78.6%	93.2%	80.4%
Total	Count	295	471	438	334	743	898	784	251	232
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIIA. Figure 6. Region: Brick and Mortar Saturday**

		Brick and Mortar Saturday								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	243	329	395	269	677	676	759	181	157
	%	86.2%	69.7%	90.2%	84.0%	94.7%	76.4%	96.8%	72.2%	71.7%
Yes	Count	39	143	43	51	38	209	25	70	62
	%	13.8%	30.3%	9.8%	16.0%	5.3%	23.6%	3.2%	27.8%	28.3%
Total	Count	282	471	438	320	715	885	784	251	218
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIIA. Figure 7. Region: Brick and Mortar Sunday**

		Brick and Mortar Sunday								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	263	396	434	320	712	838	781	233	181
	%	93.5%	84.1%	99.2%	100.0%	97.6%	94.8%	99.6%	98.1%	82.7%
Yes	Count	18	75	3	0	17	46	3	5	38
	%	6.5%	15.9%	.8%	.0%	2.4%	5.2%	.4%	1.9%	17.3%
Total	Count	282	471	438	320	729	885	784	237	218
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of larger banks' brick and mortar branches appear to have extended hours on Saturdays, and are open Sundays than smaller banks'. Over two-thirds (69.6 percent) of Tier 1 banks have branches that are open after 1:00 p.m. on Saturdays and 43.5 percent are open on Sundays. For Tier 2, 43.2 percent are open past 1:00 p.m. on Saturdays and 15.9 percent are open on Sundays. For Tier 3, 12.0 percent are open past 1:00 p.m. on Saturdays and 3.2 percent are open on Sundays.

**QIIIA. Figure 8. Tier**

		Tier								
		1			2			3		
		Brick and Mortar Weekday Evening	Brick and Mortar Saturday	Brick and Mortar Sunday	Brick and Mortar Weekday Evening	Brick and Mortar Saturday	Brick and Mortar Sunday	Brick and Mortar Weekday Evening	Brick and Mortar Saturday	Brick and Mortar Sunday
No	Count	4	7	14	38	260	385	793	3418	3760
	%	17.4%	30.4%	56.5%	8.3%	56.8%	84.1%	20.0%	88.0%	96.8%
Yes	Count	20	17	10	420	198	73	3172	465	123
	%	82.6%	69.6%	43.5%	91.7%	43.2%	15.9%	80.0%	12.0%	3.2%
Total	Count	24	24	24	458	458	458	3965	3883	3883
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There do not appear to be any differences in extended operating hours at brick and mortar branches between urban and rural banks.

Few (16.1 percent) of the responding banks have retail branches that are open on weekday evenings. Fewer banks have retail branches open on Saturdays after 1:00 p.m. (11.9 percent) and Sundays (5.1 percent).

**QIIIA. Figure 9. Retail Weekday Evening**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	333	3663	83.9
	Yes	106	701	16.1
	Total	439	4365	100.0
Missing	System	246	3075	
Total		685	7440	

**QIIIA. Figure 11. Retail Sunday**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	391	4140	94.9
	Yes	48	224	5.1
	Total	439	4365	100.0
Missing	System	246	3075	
Total		685	7440	

**QIIIA. Figure 10. Retail Saturday**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	351	3846	88.1
	Yes	88	519	11.9
	Total	439	4365	100.0
Missing	System	246	3075	
Total		685	7440	

Retail branch extended hours appear to be similar across regions, except for Sundays. No banks in the East South Central region report that they are open on Sundays, while 14.7 percent of Pacific banks report that they are open on Sundays.

**QIIIA. Figure 12. Region**

		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
		Retail Sunday	Retail Sunday	Retail Sunday	Retail Sunday	Retail Sunday	Retail Sunday	Retail Sunday	Retail Sunday	Retail Sunday
No	Count	277	410	435	320	715	814	759	223	186
	%	98.4%	87.0%	99.3%	100.0%	98.1%	92.0%	96.8%	94.2%	85.3%
Yes	Count	5	61	3	0	14	71	25	14	32
	%	1.6%	13.0%	.7%	.0%	1.9%	8.0%	3.2%	5.8%	14.7%
Total	Count	282	471	438	320	729	885	784	237	218
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Consistent with the other differences for extended hours at retail branches on weekday evenings, Saturdays after 1:00 p.m., and Sundays, the percentage of Tier 1 banks offering extended retail hours is twice that of Tier 2 and more than nine times the percentage of Tier 3 banks offering extended hours on Saturdays.

**QIIIA. Figure 13. Tier**

		Tier 1			Tier 2			Tier 3		
		Retail Weekday Evening	Retail Saturday	Retail Sunday	Retail Weekday Evening	Retail Saturday	Retail Sunday	Retail Weekday Evening	Retail Saturday	Retail Sunday
No	Count	5	6	9	281	298	371	3377	3541	3760
	%	21.7%	26.1%	39.1%	61.4%	65.2%	81.1%	87.0%	91.2%	96.8%
Yes	Count	19	18	15	177	160	87	506	342	123
	%	78.3%	73.9%	60.9%	38.6%	34.8%	18.9%	13.0%	8.8%	3.2%
Total	Count	24	24	24	458	458	458	3883	3883	3883
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Minimal differences are evident between urban and rural banks for extended banking hours on weekday evenings, Saturdays after 1:00 p.m., and Sundays.

About a quarter (23.1 percent) of banks have extended hours for limited service branches on weekday evenings after 5:00 p.m. Very few banks have extended hours for limited service branches for Saturday and Sunday hours (5.2 percent and 0.3 percent, respectively). This may likely be explained by the fact that few banks operate limited service branches.

**QIIIA. Figure 14. Limited Service Weekday Evening**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	337	3357	76.9
Yes	102	1008	23.1
Total	439	4365	100.0
Missing System	246	3075	
Total	685	7440	

**QIIIA. Figure 16. Limited Service Sunday**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	434	4339	99.7
Yes	4	11	.3
Total	438	4351	100.0
Missing System	247	3089	
Total	685	7440	

**QIIIA. Figure 15. Limited Service Saturday**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	413	4139	94.8
Yes	26	226	5.2
Total	439	4365	100.0
Missing System	246	3075	
Total	685	7440	

Minimal differences across regions are evident for limited service branches, except for weekday evening hours when 36.6 percent of West South Central banks are open, compared to 7.8 percent of Pacific banks and 9.0 percent of Mid-Atlantic banks.

**QIIIA. Figure 17. Region: Limited Service Weekday Evening**

		Limited Service Weekday Evening								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	253	429	353	247	462	628	586	196	201
	%	89.9%	91.0%	80.7%	77.2%	63.4%	71.0%	74.7%	82.7%	92.2%
Yes	Count	28	42	84	73	267	256	198	41	17
	%	10.1%	9.0%	19.3%	22.8%	36.6%	29.0%	25.3%	17.3%	7.8%
Total	Count	282	471	438	320	729	885	784	237	218
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Minimal differences are evident for extended hours at limited service branches tiers, other than for Sunday hours. No Tier 3 banks have Sunday hours, but 4.3 percent of Tier 1 banks operate on Sundays.

**QIIIA. Figure 18. Tier**

		New Tier								
		1			2			3		
		Limited Service Weekday Evening	Limited Service Saturday	Limited Service Sunday	Limited Service Weekday Evening	Limited Service Saturday	Limited Service Sunday	Limited Service Weekday Evening	Limited Service Saturday	Limited Service Sunday
No	Count	16	21	23	361	427	447	2980	3691	3869
	%	65.2%	87.0%	95.7%	78.8%	93.2%	97.7%	76.8%	95.1%	100.0%
Yes	Count	8	3	1	97	31	10	902	191	0
	%	34.8%	13.0%	4.3%	21.2%	6.8%	2.3%	23.2%	4.9%	.0%
Total	Count	24	24	24	458	458	458	3883	3883	3869
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There appear to be some differences between the percentage of urban and rural banks offering extended hours, including at brick and mortar branches on weekday evenings, Saturdays after 1:00 p.m., and Sundays; at retail branches on weekday evenings, Saturday afternoons, and Sundays; and at limited service branches on weekday evenings. A larger percentage of urban banks have extended hours for all branches, except for limited service weekday evening hours.

**QIIIA. Figure 19. Urban/Rural**

		Urban/Rural					
		Rural HQ			Urban HQ		
		Brick and Mortar Weekday Evening	Brick and Mortar Saturday	Brick and Mortar Sunday	Brick and Mortar Weekday Evening	Brick and Mortar Saturday	Brick and Mortar Sunday
No	Count	554	2116	2284	281	1569	1874
	%	23.7%	91.8%	99.7%	13.3%	76.2%	90.4%
Yes	Count	1778	188	7	1833	491	199
	%	76.3%	8.2%	.3%	86.7%	23.8%	9.6%
Total	Count	2332	2305	2291	2114	2060	2073
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIIA. Figure 20. Urban/Rural**

		Urban/Rural					
		Rural HQ			Urban HQ		
		Retail Weekday Evening	Retail Saturday	Retail Sunday	Retail Weekday Evening	Retail Saturday	Retail Sunday
No	Count	1993	2103	2223	1670	1743	1918
	%	87.0%	91.8%	97.0%	80.5%	84.1%	92.5%
Yes	Count	298	188	69	404	331	156
	%	13.0%	8.2%	3.0%	19.5%	15.9%	7.5%
Total	Count	2291	2291	2291	2073	2073	2073
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIIA. Figure 21. Urban/Rural**

		Urban/Rural					
		Rural HQ			Urban HQ		
		Limited Service Weekday Evening	Limited Service Saturday	Limited Service Sunday	Limited Service Weekday Evening	Limited Service Saturday	Limited Service Sunday
No	Count	1576	2206	2291	1780	1933	2048
	%	68.8%	96.3%	100.0%	85.9%	93.2%	99.4%
Yes	Count	715	86	0	293	140	11
	%	31.2%	3.7%	.0%	14.1%	6.8%	.6%
Total	Count	2291	2291	2291	2073	2073	2060
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

## Language

Over half (52 percent) of all banks surveyed have branch staff who are able to use foreign language skills when interacting with customers. The survey questions identified five languages based on the languages that most people speak, if they do not speak English well, as reflected by the U.S. Census data. Other than the languages specified in the survey (Spanish, Chinese, Vietnamese, Korean, and Tagalog), 13.0 percent of banks have staff members who can speak a different language. These languages are listed in the survey form, but 11 other languages are identified by banks.

**QIIIB. Figure 1. Languages other than English Spoken by Branch Staff**

Languages	Banks with staff that interact with that language
Spanish	<b>47.0%</b>
Chinese	<b>3.6%</b>
Vietnamese	<b>3.0%</b>
Korean	<b>2.1%</b>
Tagalog	<b>2.2%</b>
Other	<b>13.0%</b>

**Question III B. What languages, other than English, does your branch staff use to interact with customers?**

Spanish  Chinese  Vietnamese  Korean  Tagalog  Other

**QIIIB. Figure 2. Spanish**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	314	3946	53.0
Yes	371	3494	47.0
Total	685	7440	100.0

**QIIIB. Figure 5. Korean**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	647	7283	97.9
Yes	38	157	2.1
Total	685	7440	100.0

**QIIIB. Figure 3. Chinese**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	635	7173	96.4
Yes	50	267	3.6
Total	685	7440	100.0

**QIIIB. Figure 6. Tagalog**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	647	7276	97.8
Yes	38	164	2.2
Total	685	7440	100.0

**QIIIB. Figure 4. Vietnamese**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	642	7215	97.0
Yes	43	225	3.0
Total	685	7440	100.0

**QIIIB. Figure 7. Other**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	557	6476	87.0
Yes	128	964	13.0
Total	685	7440	100.0

Banks identified 11 other languages: French (27), German (27), Russian (25), Polish (24), Italian (23), Portuguese (17), Hindi (16), Arabic (15), American Sign Language (13), Greek (13), and Japanese (12).

Overall, **51.7 percent** of banks have a staff member that speaks a language other than English.

**QIIIB. Figure 8. Does the bank have staff that speaks a language other than English?**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	281	3597	48.3
Yes	404	3843	51.7
Total	685	7440	100.0

There appear to be regional differences in the languages spoken by staff at bank branches for Spanish, Chinese, Vietnamese, Korean, Tagalog, and “other.”

**QIIIB. Figure 9. Region: Spanish**

		Spanish								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	212	325	421	482	342	827	1046	130	161
	%	47.6%	56.0%	48.9%	70.6%	29.0%	62.9%	74.2%	25.6%	34.9%
Yes	Count	234	256	439	201	835	488	364	377	300
	%	52.4%	44.0%	51.1%	29.4%	71.0%	37.1%	25.8%	74.4%	65.1%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIIB. Figure 10. Region: Chinese**

		Chinese								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	349	552	851	683	1174	1296	1405	503	360
	%	78.3%	95.1%	99.0%	100.0%	99.7%	98.5%	99.7%	99.1%	78.0%
Yes	Count	97	28	9	0	3	19	5	5	102
	%	21.7%	4.9%	1.0%	.0%	.3%	1.5%	.3%	.9%	22.0%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIIB. Figure 11. Region: Vietnamese**

		Vietnamese								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	390	578	844	669	1149	1290	1402	506	387
	%	87.5%	99.5%	98.1%	98.0%	97.7%	98.0%	99.4%	99.8%	83.9%
Yes	Count	56	3	16	14	28	26	8	1	74
	%	12.5%	.5%	1.9%	2.0%	2.3%	2.0%	.6%	.2%	16.1%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIIB. Figure 12. Region: Korean**

		Korean								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	445	526	851	683	1174	1286	1405	506	408
	%	99.8%	90.6%	99.0%	100.0%	99.7%	97.8%	99.7%	99.8%	88.4%
Yes	Count	1	55	9	0	3	29	5	1	54
	%	.2%	9.4%	1.0%	.0%	.3%	2.2%	.3%	.2%	11.6%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIIB. Figure 13. Region: Tagalog**

		Tagalog								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	442	574	844	683	1177	1281	1405	506	363
	%	99.2%	98.9%	98.1%	100.0%	100.0%	97.4%	99.7%	99.8%	78.7%
Yes	Count	3	7	16	0	0	34	5	1	98
	%	.8%	1.1%	1.9%	.0%	.0%	2.6%	.3%	.2%	21.3%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIIB. Figure 14. Region: Other**

		Other								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	239	431	766	652	1132	1109	1338	465	343
	%	53.7%	74.3%	89.1%	95.5%	96.2%	84.3%	94.9%	91.7%	74.3%
Yes	Count	206	149	94	31	45	206	72	42	119
	%	46.3%	25.7%	10.9%	4.5%	3.8%	15.7%	5.1%	8.3%	25.7%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of Tier 1 banks have staff that can speak Spanish (100 percent), Chinese (66.7 percent), Vietnamese (62.5 percent), Korean (62.5 percent), Tagalog (50.0 percent), and “other” languages (70.8 percent) than Tier 2 and Tier 3 banks.

**QIIIB. Figure 15. Tier: Spanish/Chinese/Vietnamese**

		Tier								
		1			2			3		
		Spanish	Chinese	Vietnamese	Spanish	Chinese	Vietnamese	Spanish	Chinese	Vietnamese
No	Count	0	8	9	118	479	492	3828	6686	6713
	%	.0%	33.3%	37.5%	21.4%	86.8%	89.3%	55.8%	97.4%	97.8%
Yes	Count	25	17	16	434	73	59	3035	178	150
	%	100.0%	66.7%	62.5%	78.6%	13.2%	10.7%	44.2%	2.6%	2.2%
Total	Count	25	25	25	551	551	551	6863	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIIB. Figure 16. Tier: Korean/Tagalog/Other**

		Tier								
		1			2			3		
		Korean	Tagalog	Other	Korean	Tagalog	Other	Korean	Tagalog	Other
No	Count	9	13	7	492	482	357	6781	6781	6111
	%	37.5%	50.0%	29.2%	89.3%	87.4%	64.8%	98.8%	98.8%	89.0%
Yes	Count	16	13	18	59	69	194	82	82	752
	%	62.5%	50.0%	70.8%	10.7%	12.6%	35.2%	1.2%	1.2%	11.0%
Total	Count	25	25	25	551	551	551	6863	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A larger percentage of urban banks have staff who can speak Spanish, Chinese, Vietnamese, Korean, and Tagalog than rural banks. Urban banks have nearly twice as high a percentage of branch staff with foreign language capabilities in Spanish, Chinese, Vietnamese, Korean, Tagalog, and “other” languages than rural banks.

**QIIIB. Figure 17. Urban/Rural: Spanish/Chinese/Vietnamese**

		Urban Rural					
		Rural HQ			Urban HQ		
		Spanish	Chinese	Vietnamese	Spanish	Chinese	Vietnamese
No	Count	2523	3932	3932	1423	3241	3283
	%	63.7%	99.3%	99.3%	40.9%	93.1%	94.3%
Yes	Count	1436	27	27	2057	240	198
	%	36.3%	.7%	.7%	59.1%	6.9%	5.7%
Total	Count	3959	3959	3959	3480	3480	3480
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIIB. Figure 18. Urban/Rural: Korean/Tagalog/Other**

		Urban Rural					
		Rural HQ			Urban HQ		
		Korean	Tagalog	Other	Korean	Tagalog	Other
No	Count	3946	3932	3669	3337	3344	2807
	%	99.7%	99.3%	92.7%	95.9%	96.1%	80.7%
Yes	Count	14	27	291	143	137	673
	%	.3%	.7%	7.3%	4.1%	3.9%	19.3%
Total	Count	3959	3959	3959	3480	3480	3480
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

## Modifications in Retail Operations

**Question III C. Has the bank modified its retail operations over the past five years to make it easier or more welcoming or convenient for unbanked or underbanked consumers to take advantage of its services?**

Yes  No

About two-thirds (64.0 percent) of all banks have modified their retail operations in the past five years to make the bank more welcoming or convenient for un/underbanked customers.

**QIIC. Figure 1. Has the bank modified its retail operations?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	211	2630	36.0
	Yes	464	4684	64.0
	Total	675	7313	100.0
Missing	System	10	127	
Total		685	7440	

A greater percentage of Tier 1 (100 percent) banks and Tier 2 banks (84.2 percent) have modified their retail operations to be more convenient or welcoming for unbanked individuals than Tier 3 banks (62.3 percent).

**QIIC. Figure 2. Tier**

		Has the bank modified its retail operations?		
		1	2	3
No	Count	0	87	2543
	%	.0%	15.8%	37.7%
Yes	Count	25	461	4197
	%	100.0%	84.2%	62.3%
Total	Count	25	548	6740
	%	100.0%	100.0%	100.0%

There are minimal differences among regions for banks that have modified their retail operations.

Little difference between urban and rural banks is evident in the percentage of banks that have modified their retail operations to make it easier for or more welcoming for un/underbanked individuals to take advantage of their services.

**Question III C-1. If yes, which approaches has the bank pursued? (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Extended banking hours         | <input type="checkbox"/> Non-traditional locations<br>(community centers, supermarkets, etc.) |
| <input type="checkbox"/> New branch located in LMI area | <input type="checkbox"/> Innovative branch formats/designs<br>(e.g., more casual lobby décor) |
| <input type="checkbox"/> Internet or mobile banking     | <input type="checkbox"/> External ATMs (walk-up and through the wall)                         |
| <input type="checkbox"/> Off-premise ATMs               | <input type="checkbox"/> Other  |

By far, the most common way that banks have made their retail branches more welcoming to un/underbanked customers is through Internet or mobile banking options. Seventy-three percent of banks that have made changes to their retail operations have done so by offering these services. Installing external and off-premise ATMs are also common approaches.

Under half of banks (43.6 percent) that have made changes have extended their banking hours to make banking more convenient for the unbanked and underbanked.

**QIIC-1. Figure 1. Extended Banking Hours**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	239	2643	56.4
	Yes	225	2040	43.6
	Total	464	4684	100.0

Few (13.1 percent) banks have added non-traditional locations.

**QIIC-1. Figure 2. Non-traditional Locations**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	372	4072	86.9
	Yes	92	612	13.1
	Total	464	4684	100.0

One in five (20.0 percent) banks has opened branches in LMI areas.

**QIIC-1. Figure 3. New Branch Located in LMI Areas**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	331	3748	80.0
	Yes	133	936	20.0
	Total	464	4684	100.0

Few (16.5 percent) banks have used an innovative branch design.

**QIIC-1. Figure 4. Innovative Branch Design**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	363	3910	83.5
	Yes	101	773	16.5
	Total	464	4684	100.0

About three-quarters (73.0 percent) of banks utilize Internet and mobile banking.

**QIIC-1. Figure 5. Internet or Mobile Banking**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	117	1266	27.0
	Yes	347	3418	73.0
	Total	464	4684	100.0

Less than one-half (47.3 percent) of banks have external ATMs.

**QIIC-1. Figure 6. External ATMs**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	221	2469	52.7
	Yes	243	2215	47.3
	Total	464	4684	100.0

Less than one-half (43.1 percent) of the banks have off-premise ATMs.

**QIIC-1. Figure 7. Off-premise ATMs**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	231	2664	56.9
	Yes	233	2020	43.1
	Total	464	4684	100.0

**QIIC-1. Figure 8. Other**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	391	4021	85.9
	Yes	73	662	14.1
	Total	464	4684	100.0

Some (14.1 percent) banks report other ways that they have modified their retail operations to make it easier or more welcoming for unbanked and underbanked consumers to use their services. The more frequently mentioned other responses are: bilingual staff, products or services (18), product offering geared towards this population (11), extended branch hours (7), and mobile banking (6).

There appear to be some differences among banks' reported approaches to modifying retail operations for external ATMs and other approaches across regions. For example, 69.2 percent of New England banks have installed external ATMs, compared with 34.2 percent of West North Central banks. A higher percentage of East South Central banks (24.1 percent) describe using another approach to modify retail operations compared with Mountain banks (0.0 percent).

**QIIC-1. Figure 9. Region: External ATMs**

		External ATMs								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	103	152	237	281	376	525	574	103	117
	%	30.8%	44.1%	55.8%	65.5%	44.7%	58.3%	65.8%	38.3%	43.7%
Yes	Count	230	193	188	148	465	376	299	165	150
	%	69.2%	55.9%	44.2%	34.5%	55.3%	41.7%	34.2%	61.7%	56.3%
Total	Count	333	345	425	430	842	902	873	268	266
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIC-1. Figure 10. Region: Other**

		Other								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	264	259	386	326	712	726	828	268	253
	%	79.5%	75.1%	90.6%	75.9%	84.5%	80.6%	94.8%	100.0%	94.9%
Yes	Count	68	86	40	104	130	175	46	0	14
	%	20.5%	24.9%	9.4%	24.1%	15.5%	19.4%	5.2%	.0%	5.1%
Total	Count	333	345	425	430	842	902	873	268	266
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of Tier 1 banks report they have made changes to their retail operations by extending banking hours, adding non-traditional locations, opening new branches in LMI areas, utilizing innovative branch design, deploying external ATMs, and implementing “other” approaches than Tier 2 banks and Tier 3 banks.

**QIIC-1. Figure 11. Tier: Extended Banking Hours/Non-traditional Locations/New Branch Located in LMI Areas**

		Tier								
		1			2			3		
		Extended banking hours	Non-traditional locations	New branch located in LMI areas	Extended banking hours	Non-traditional locations	New branch located in LMI areas	Extended banking hours	Non-traditional locations	New branch located in LMI areas
No	Count	5	10	1	191	302	260	2447	3760	3486
	%	20.8%	41.7%	4.2%	41.4%	65.4%	56.4%	58.3%	89.6%	83.1%
Yes	Count	20	15	24	271	160	201	1750	438	711
	%	79.2%	58.3%	95.8%	58.6%	34.6%	43.6%	41.7%	10.4%	16.9%
Total	Count	25	25	25	461	461	461	4197	4197	4197
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIC-1. Figure 12. Tier: Innovative Branch Design/Internet or Mobile Banking/External ATMs**

		Tier								
		1			2			3		
		Innovative branch design	Internet or mobile banking	External ATMs	Innovative branch design	Internet or mobile banking	External ATMs	Innovative branch design	Internet or mobile banking	External ATMs
No	Count	9	3	5	319	101	166	3582	1162	2297
	%	37.5%	12.5%	20.8%	69.2%	21.8%	36.1%	85.3%	27.7%	54.7%
Yes	Count	16	22	20	142	361	295	615	3035	1900
	%	62.5%	87.5%	79.2%	30.8%	78.2%	63.9%	14.7%	72.3%	45.3%
Total	Count	25	25	25	461	461	461	4197	4197	4197
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIC-1. Figure 13. Tier: Off-premise ATMs/Other**

		Tier					
		1		2		3	
		Off-premise ATMs	Other	Off-premise ATMs	Other	Off-premise ATMs	Other
No	Count	2	17	160	381	2502	3623
	%	8.3%	66.7%	34.6%	82.7%	59.6%	86.3%
Yes	Count	23	8	302	80	1695	574
	%	91.7%	33.3%	65.4%	17.3%	40.4%	13.7%
Total	Count	25	25	461	461	4197	4197
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of urban banks have modified their retail operations through opening non-traditional locations, opening branches in LMI areas, utilizing innovative branch design, and deploying external ATMs than rural banks.

A larger percentage of urban banks pursue non-traditional locations, new branches in LMI areas, and innovative branch design strategies than rural banks. Also, a larger percentage of urban banks pursue external ATMs and off-premise ATMs strategies than rural banks.

**QIIC-1. Figure 14. Rural**

		Rural HQ							
		Extended banking hours	Non-traditional locations	New branch located in LMI areas	Innovative branch design	Internet or mobile banking	External ATMs	Off-premise ATMs	Other
No	Count	1508	2359	2226	2264	732	1450	1511	2243
	%	58.0%	90.8%	85.6%	87.1%	28.1%	55.8%	58.1%	86.3%
Yes	Count	1091	240	373	335	1867	1149	1088	356
	%	42.0%	9.2%	14.4%	12.9%	71.9%	44.2%	41.9%	13.7%
Total	Count	2599	2599	2599	2599	2599	2599	2599	2599
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIC-1. Figure 15. Urban**

		Urban HQ							
		Extended banking hours	Non-traditional locations	New branch located in LMI areas	Innovative branch design	Internet or mobile banking	External ATMs	Off-premise ATMs	Other
No	Count	1135	1713	1522	1647	534	1019	1153	1778
	%	54.5%	82.2%	73.0%	79.0%	25.6%	48.9%	55.3%	85.3%
Yes	Count	949	372	563	438	1550	1066	932	307
	%	45.5%	17.8%	27.0%	21.0%	74.4%	51.1%	44.7%	14.7%
Total	Count	2085	2085	2085	2085	2085	2085	2085	2085
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Question III C-2. If yes, please describe what you have done.**

Fewer than half (43.2 percent) of the banks responding to this open-ended question provide a written description of their approach in modifying their retail operations. Mobile or Internet banking and ATM placement are the two most common approaches cited by banks. Opening new branches and adding external ATMs in LMI areas are other common approaches to serving unbanked and/or underbanked consumers.

Written descriptions provided by 227 of responding banks include approaches previously listed in Question III C-1. The three most frequently described changes are Internet or mobile banking (147), adding new ATMs (116), and extending banking hours (95).

For the 70 banks that describe branch modifications other than those previously listed in Question III C-1, 27 identify adding bilingual staff, materials, or services to their operations. These additions facilitate communication and make banking services more accessible to non-English speaking individuals, who may comprise a significant segment of unbanked or underbanked populations in a given market area.

Sixteen banks mention offering new products specifically aimed at the un/underbanked market, such as free checking and savings accounts, and one bank described how it assumes the role of check casher for non-customers. That bank’s program involves cashing checks drawn on other banks for a fee in the range of 1.0 percent to 1.5 percent with a maximum fee cap. This service is offered as a way to serve the immediate needs of the unbanked and/or underbanked and, over time, convert them to a banking customer. In addition, the bank provides financial education about banking products.

Check cashing as a branch strategy for serving the unbanked is identified in the following section. Bank policies and pricing are examined more fully in Chapter 6.

### Branch Strategies

**Question III D. Please indicate efforts your bank makes as part of its branch strategy to serve the unbanked and underbanked in your market areas:**

Check cashing                       Money orders                       Kiosks for check cashing  
 Bill payment services               Prepaid card issuance and reloading     Other

**QIIID. Figure 1. Percent of Banks Branch Strategies to Serve Un/Underbanked by Effort**

Efforts	Percent of Banks
Check Cashing	<b>49.0%</b>
Money Orders	<b>41.4%</b>
Bill Payment	<b>18.2%</b>
Prepaid Cards	<b>12.2%</b>
Other	<b>11.4%</b>
Kiosks for Check Cashing	<b>0.8%</b>

Overall, banks offer a limited range of products and service to the unbanked and underbanked individuals. The most common services offered are check cashing (49.0 percent) and money orders (41.4 percent). Bill payment (18.2 percent) and prepaid cards (12.2 percent) are the next two most common services offered to serve unbanked and/or underbanked individuals as part of the branch strategy to serve the unbanked and/or underbanked.

About half (49.0 percent) of banks offer check cashing service as part of their branch strategy to serve unbanked and underbanked individuals in their market areas.

**QIIID. Figure 2. Check Cashing**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	346	3795	51.0
	Yes	339	3645	49.0
	Total	685	7440	100.0

Less than half (41.4 percent) of banks sell money orders as part of their branch strategy for serving the unbanked and underbanked in their market areas.

**QIIID. Figure 3. Money Orders**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	403	4358	58.6
	Yes	282	3082	41.4
	Total	685	7440	100.0

Very few (0.8 percent) banks offer kiosks for check cashing as part of their branch strategy for serving the unbanked and underbanked in their market areas.

**QIIID. Figure 4. Kiosks for Check Cashing**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	679	7381	99.2
	Yes	6	59	.8
	Total	685	7440	100.0

Providing bill payment services is the third most common (18.2 percent) service banks offer as part of their branch strategy to serve the unbanked and underbanked in their market areas.

**QIIID. Figure 5. Bill Payment**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	547	6085	81.8
	Yes	138	1355	18.2
	Total	685	7440	100.0

Some (12.2 percent) banks offer prepaid cards as part of their branch strategy for serving the unbanked and underbanked in their market areas.

**QIIID. Figure 6. Prepaid Card**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	593	6536	87.8
Yes	92	904	12.2
Total	685	7440	100.0

Additionally, 11.4 percent of banks offer other services as part of their branch strategy for serving the unbanked and underbanked in their market areas.

Banks mention 96 other efforts as part of their branch strategies. The most frequently mentioned items include: offering basic products (19), cashing government, payroll, and cashier checks (17), offering debit/prepaid/credit cards (9), and providing mobile banking options (6). Seven banks report “none.”

**QIIID. Figure 7. Other**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	595	6594	88.6
Yes	90	846	11.4
Total	685	7440	100.0

Differences are evident across regions for banks offering money orders and check cashing as their branch strategies. For example, a smaller percentage of banks in the New England (34.8 percent) and Mid-Atlantic (30.8 percent) regions offer check cashing compared with banks in the West North Central (61.9 percent) and West South Central (66.0 percent) regions. In contrast, a larger percentage of banks in the East North Central (53.9 percent) and West North Central (58.0 percent) offer money orders than banks in the East South Central (21.7 percent), New England (25.3 percent), South Atlantic (25.2 percent), and Pacific (26.2 percent) regions.

**QIIID. Figure 8. Region: Check Cashing**

		Check Cashing								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	291	402	521	374	400	707	537	285	279
	%	65.2%	69.2%	60.6%	54.8%	34.0%	53.7%	38.1%	56.2%	60.4%
Yes	Count	155	179	339	309	777	609	873	222	183
	%	34.8%	30.8%	39.4%	45.2%	66.0%	46.3%	61.9%	43.8%	39.6%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIID. Figure 9. Region: Money Orders**

		Money Orders								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	333	332	643	535	674	606	593	302	340
	%	74.7%	57.2%	74.8%	78.3%	57.3%	46.1%	42.0%	59.5%	73.8%
Yes	Count	113	249	216	148	503	710	817	205	121
	%	25.3%	42.8%	25.2%	21.7%	42.7%	53.9%	58.0%	40.5%	26.2%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Branch offerings are similar across banks sizes, except for money orders and “other” offerings. About two-thirds (66.7 percent) of Tier 1 banks offer money orders as part or their strategy to serve the unbanked and underbanked, compared with 35.3 percent of Tier 2 banks and 53.1 percent of Tier 3 banks.

**QIIID. Figure 10. Tier: Money Orders/Other**

		New Tier					
		Tier 1		Tier 2		Tier 3	
		Money Orders	Other	Money Orders	Other	Money Orders	Other
No	Count	8	18	298	364	1969	3664
	%	33.3%	70.8%	64.7%	78.9%	46.9%	87.3%
Yes	Count	17	7	163	97	2229	533
	%	66.7%	29.2%	35.3%	21.1%	53.1%	12.7%
Total	Count	25	25	461	461	4197	4197
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A larger percentage of rural banks offer check cashing, money orders, and prepaid debit cards as a strategy to serve the unbanked and underbanked than urban banks.

**QIIID. Figure 11. Urban/Rural: Check Cashing/Money Orders/Kiosk for Check Cashing**

		Rural HQ			Urban HQ		
		Check cashing	Money Orders	Kiosks for check cashing	Check cashing	Money Orders	Kiosks for check cashing
No	Count	1549	2045	3918	2246	2313	3462
	%	39.1%	51.6%	99.0%	64.5%	66.5%	99.5%
Yes	Count	2411	1914	41	1234	1168	18
	%	60.9%	48.4%	1.0%	35.5%	33.5%	.5%
Total	Count	3959	3959	3959	3480	3480	3480
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIIID. Figure 12. Urban/Rural: Bill Payment/Prepaid Card/Other**

		Rural HQ			Urban HQ		
		Bill payment	Prepaid card	Other	Bill payment	Prepaid card	Other
No	Count	3234	3392	3590	2851	3144	3004
	%	81.7%	85.7%	90.7%	81.9%	90.3%	86.3%
Yes	Count	725	568	369	630	336	477
	%	18.3%	14.3%	9.3%	18.1%	9.7%	13.7%
Total	Count	3959	3959	3959	3480	3480	3480
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



## Services Provided to Non-Customers

This chapter examines the following topics:

- Check Cashing Policies
- Identification Required for Non-Customers to Cash Checks
- Check Cashing Fees (if charged)
- Transaction Products Offered and Fees
- Remittances

*This chapter addresses the Congressional Question 3: efforts financial institutions make at converting unbanked money order, wire transfer, and international remittance customers into conventional account holders.*

### Summary

Banks can and do provide important financial services to unbanked and underbanked individuals. However, many transaction services are not offered to individuals who do not hold conventional deposit-based transaction accounts due to operational challenges and risks for banks.

**Check Cashing:** From banks' perspectives, cashing checks for non-customers presents risks of monetary losses on fraudulent checks with little recourse. Additionally, identification requirements and regulatory policies (e.g., CIP, BSA) challenge banks' operations and compliance. Although banks were not surveyed about specific regulations, these were identified as obstacles which may have caused most banks to limit check cashing, if offered at all, to only certain "on-us" items for unbanked and underbanked individuals. Over 95 percent of banks will cash checks for non-customers for on-us personal and business checks. In contrast, less than one-third (32 percent) of banks will cash a local payroll check not drawn on their bank for a non-customer. Of those banks that will cash payroll checks, 87 percent charge a fee.

When cashing checks for non-customers, banks depend upon government-issued photo identification (ID) to verify the identity of the individual. Banks typically accept driver's licenses (92 percent), state-issued photo IDs (86 percent), and U.S. or foreign passports (81 percent) as a primary form of ID.

Check cashing presents opportunities for banks to bring unbanked and underbanked individuals into the banking system by acting as a point-of-entry. Over two-thirds (69 percent) of banks provide teller and customer service training that includes strategies to encourage account opening.

**Payment Products:** The majority of banks have policies that prohibit or limit the availability of needed transaction products and services for non-customers; slightly more than one-third (37 percent) of banks offer official checks or money orders, even fewer offer bill payment (12 percent) and international remittance services (6 percent). About one-third (32 percent) of banks are concerned about offering remittances due to regulatory considerations. Banks' policies differ among regions and bank size.

## Check Cashing Policies

For non-customers, nearly all banks cash business (95.5 percent) and personal checks (96.4 percent) drawn on their bank. Importantly, more than half of banks (58.1 percent) will cash government checks. In contrast, only 31.9 percent of banks cash payroll checks not drawn on their bank for non-customers, and only 22.7 percent of banks cash business checks not drawn on their bank. Only 6.4 percent of banks cash personal checks not drawn on their bank, and 2.4 percent cash double-endorsed checks from third parties for non-customers. Common reasons for limiting check cashing for non-customers are described in Question IVA-1.

For non-customers who cash an on-us business check, 12.9 percent of banks charge a fee. Twelve percent of banks charge a fee for non-customers to cash on-us personal checks. Of the banks that cash government checks, 58.2 percent charge a fee for non-customers. Among banks that cash checks not drawn on their bank for non-customers, most charge fees for payroll checks (86.9 percent), business checks (92.2 percent), and personal checks (94.9 percent).

**Question IVA. If an individual does not have an account relationship with the bank, will the bank typically cash the following types of checks?**

Type of Check	Cash Check for Non-Customer?	If Yes:	
		Is a Fee Charged?	Typical fee per check cashed by non-customers* Please indicate either a fixed dollar amount or percentage of face value
<u>Personal</u> check drawn on your bank (On-us)	96.4%	12.0%	\$5.00
<u>Business</u> check drawn on your bank (On-us)	95.5%	12.9%	\$5.00
<u>Government</u> check	58.1%	58.2%	\$5.00
<u>Payroll</u> check <u>not</u> drawn on your bank (Local)	31.9%	86.9%	\$5.00
<u>Business</u> check <u>not</u> drawn on your bank (Local)	22.7%	92.2%	\$5.00
<u>Personal</u> check <u>not</u> drawn on your bank (Local)	6.4%	94.9%	\$5.00
Double endorsed check from a third-party	2.4%	40.1%	\$5.00

*\*The median fee for cashing a \$300 check based on application of fixed-fee and face value percentages provided by banks that charge a fee for cashing checks for non-customers*

Almost all (95.5 percent) banks cash on-us business checks for non-customers.

**QIVA. Figure 1. Do you cash business checks drawn on your bank for non-customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	30	329	4.5
	Yes	648	7026	95.5
	Total	678	7354	100.0
Missing	System	7	86	
Total		685	7440	

There are differences between regions, with 88.9 percent of banks in the Mid-Atlantic cashing on-us business checks for non-customers, compared with 100 percent of West North Central banks cashing business checks.

**QIVA. Figure 2. Region**

		Do you cash business checks drawn on your bank for non-customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	17	62	58	58	41	34		55	3
	%	3.8%	11.1%	6.8%	8.9%	3.5%	2.6%		11.1%	.8%
Yes	Count	429	492	801	597	1122	1281	1406	439	458
	%	96.2%	88.9%	93.2%	91.1%	96.5%	97.4%	100.0%	88.9%	99.2%
Total	Count	446	553	860	655	1163	1316	1406	494	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are no differences in policies by tier for cashing business checks drawn on the bank for non-customers.

Of the banks that cash on-us business checks for non-customers, 12.9 percent cash these checks for a fee.

**QIVA. Figure 3. Do you charge a fee to cash on-us business checks?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	521	5828	87.1
	Yes	99	866	12.9
	Total	620	6694	100.0
Missing	System	28	332	
Total		648	7026	

There are differences in policies among regions for banks charging fees to cash on-us business checks for non-customers, specifically between the East North Central region (23.7 percent) and the New England (0.8 percent) and South Atlantic (6.3 percent) regions.

**QIVA. Figure 4. Region**

		Do you charge a fee to cash on-us business checks?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	411	411	709	507	985	955	1118	353	378
	%	99.2%	91.8%	93.7%	84.9%	94.1%	76.3%	84.4%	85.9%	85.1%
Yes	Count	3	37	48	90	62	296	206	58	66
	%	.8%	8.2%	6.3%	15.1%	5.9%	23.7%	15.6%	14.1%	14.9%
Total	Count	415	447	757	597	1047	1250	1324	412	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for charging fees to cash on-us business checks for non-customers. About two-thirds (66.7 percent) of Tier 1 banks charge fees, compared with 19.3 percent of Tier 2 and 12.2 percent of Tier 3 banks.

**QIVA. Figure 5. Tier**

		Do you charge a fee to cash on-us business checks?		
		Tier 1	Tier 2	Tier 3
No	Count	8	406	5414
	%	33.3%	80.7%	87.8%
Yes	Count	17	97	752
	%	66.7%	19.3%	12.2%
Total	Count	25	503	6166
	%	100.0%	100.0%	100.0%

Almost all (96.4 percent) banks cash on-us business checks for non-customers.

**QIVA. Figure 6. Do you cash personal checks drawn on your bank for non-customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	24	267	3.6
	Yes	653	7084	96.4
	Total	677	7351	100.0
Missing	System	8	89	
Total		685	7440	

There is a difference between regions for cashing on-us personal checks for non-customers. All of the West North Central banks have this policy, compared with 86.6 percent of Mid Atlantic banks.

**QIVA. Figure 7. Region**

		Do you cash personal checks drawn on your bank for non-customers?								
		New England	Mid Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	14	75	31	44	14	31		41	17
	%	3.1%	13.4%	3.6%	6.9%	1.2%	2.3%		8.3%	3.7%
Yes	Count	432	488	825	597	1150	1285	1410	453	444
	%	96.9%	86.6%	96.4%	93.1%	98.8%	97.7%	100.0%	91.7%	96.3%
Total	Count	446	563	856	642	1163	1316	1410	494	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is no difference between tiers for banks that cash on-us personal checks for non-customers.

Among banks that cash personal checks drawn on their bank, 12.9 percent charge non-customers a fee to cash these checks.

**QIVA. Figure 8. Do you charge a fee to cash personal checks drawn on your bank for non-customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	535	5828	87.1
	Yes	88	866	12.9
	Total	623	6694	100.0
Missing	System	30	332	
Total		653	7026	

There are differences for charging fees to cash personal checks for non-customers among regions. The East North Central region (24.4 percent) is different from the New England (0.8 percent), South Atlantic (1.9 percent), and West South Central (4.1 percent) regions.

**QIVA. Figure 9. Region**

		Do you charge a fee to cash personal checks drawn on your bank?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	415	412	766	507	1030	948	1105	367	378
	%	99.2%	92.8%	98.1%	84.9%	95.9%	75.6%	84.3%	86.3%	87.8%
Yes	Count	3	32	15	90	44	306	205	58	52
	%	.8%	7.2%	1.9%	15.1%	4.1%	24.4%	15.7%	13.7%	12.2%
Total	Count	418	444	781	597	1074	1254	1311	425	431
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for charging fees to cash personal checks drawn on their bank for non-customers. Tier 1 (50.0 percent) is different from Tier 2 (16.6 percent) and Tier 3 (11.5 percent).

**QIVA. Figure 10. Tier**

		Do you charge a fee to cash personal checks drawn on your bank?		
		Tier 1	Tier 2	Tier 3
No	Count	13	420	5496
	%	50.0%	83.4%	88.5%
Yes	Count	13	83	711
	%	50.0%	16.6%	11.5%
Total	Count	25	503	6207
	%	100.0%	100.0%	100.0%

About a quarter (22.7 percent) of banks will cash local business checks that are not drawn on their bank for non-customers.

**QIVA. Figure 11. Do you cash business checks not drawn on your bank for non-customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	536	5634	77.3
	Yes	136	1658	22.7
	Total	672	7293	100.0
Missing	System	13	147	
Total		685	7440	

There are differences for cashing business checks not drawn on the bank for non-customers by region. The West North Central region (39.4 percent) has more banks cashing these checks than the Pacific (6.2 percent), Mid Atlantic (6.3 percent), South Atlantic (9.3 percent), Mountain (11.4 percent), and New England (10.0 percent) regions.

**QIVA. Figure 12. Region**

		Do you cash business checks not drawn on your bank for non-customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	401	528	767	449	825	953	853	425	433
	%	90.0%	93.7%	90.7%	71.5%	71.1%	73.2%	60.6%	88.6%	93.8%
Yes	Count	44	35	79	179	335	349	554	55	28
	%	10.0%	6.3%	9.3%	28.5%	28.9%	26.8%	39.4%	11.4%	6.2%
Total	Count	446	563	846	628	1160	1302	1406	480	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference for cashing business checks not drawn on the bank for non-customers by tier. Twice as many Tier 3 (23.8 percent) and cash these checks than do Tier 2 (10.3 percent) banks.

**QIVA. Figure 13. Tier**

		Do you cash business checks not drawn on your bank for non-customers?		
		Tier 1	Tier 2	Tier 3
No	Count	22	486	5127
	%	87.5%	89.7%	76.2%
Yes	Count	3	55	1600
	%	12.5%	10.3%	23.8%
Total	Count	25	541	6727
	%	100.0%	100.0%	100.0%

Among banks that cash business checks, 92.2 percent charge a fee for non-customers to cash local business checks not drawn on their bank.

**QIVA. Figure 14. Do you charge a fee to cash business checks not drawn on your bank for non-customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	10	127	7.8
	Yes	122	1487	92.2
	Total	132	1614	100.0
Missing	System	4	44	
Total		136	1658	

There is little difference for charging fees to cash business checks not drawn on the bank for non-customers by region.

There is little difference between tiers for charging fees to cash business checks not drawn on the bank for non-customers.

About a third (31.9 percent) of banks will cash local payroll checks for non-customers.

**QIVA. Figure 15. Do you cash payroll checks not drawn on your bank for non-customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	472	4963	68.1
	Yes	201	2323	31.9
	Total	673	7286	100.0
Missing	System	12	154	
Total		685	7440	

There are differences for cashing payroll checks for non-customers by region. The South Atlantic region (13.1 percent) is different from the West South Central (43.8 percent) and West North Central (48.4 percent) regions. The Pacific region (6.9 percent) is different from the West North Central (48.4 percent), West South Central (43.8 percent), and East North Central (40.6 percent) regions.

**QIVA. Figure 16. Region**

		Do you cash payroll checks not drawn on your bank for non-customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	356	467	735	473	654	773	726	350	430
	%	79.8%	84.3%	86.9%	73.7%	56.2%	59.4%	51.6%	75.1%	93.1%
Yes	Count	90	87	111	169	510	529	680	116	32
	%	20.2%	15.7%	13.1%	26.3%	43.8%	40.6%	48.4%	24.9%	6.9%
Total	Count	446	553	846	642	1163	1302	1406	466	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are small differences for cashing payroll checks not drawn on the bank for non-customers by tier. More than one-quarter (29.2 percent) of Tier 1 banks cash payroll checks, compared with 20.9 percent of Tier 2 and 32.8 percent of Tier 3.

**QIVA. Figure 17. Tier**

		Do you cash payroll checks not drawn on your bank for non-customers?		
		Tier 1	Tier 2	Tier 3
No	Count	18	434	4512
	%	70.8%	79.1%	67.2%
Yes	Count	7	114	2201
	%	29.2%	20.9%	32.8%
Total	Count	25	548	6713
	%	100.0%	100.0%	100.0%

Among banks that cash payroll checks not drawn on the bank for non-customers, 86.9 percent charge a fee to cash them for non-customers.

**QIVA. Figure 18. Do you charge a fee to cash payroll checks not drawn on your bank for non-customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	26	294	13.1
	Yes	167	1952	86.9
	Total	193	2247	100.0
Missing	System	8	76	
Total		201	2323	

There is little difference for charging a fee for payroll checks for non-customers by region or tier.

Only 6.4 percent of banks will cash a personal check not drawn on their bank for non-customers.

**QIVA. Figure 19. Do you cash personal checks not drawn on your bank for non-customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	634	6806	93.6
	Yes	37	463	6.4
	Total	671	7269	100.0
Missing	System	14	171	
Total		685	7440	

There are differences for cashing personal checks not drawn on the bank for non-customers among regions. The West North Central region (14.7 percent) is different from the South Atlantic region (1.6 percent) and Mountain region (0 percent).

**QIVA. Figure 20. Region**

		Do you cash personal checks not drawn on your bank for non-customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	429	563	846	614	1047	1206	1188	466	447
	%	96.9%	99.4%	98.4%	97.8%	92.2%	91.7%	85.3%	100.0%	96.8%
Yes	Count	14	3	14	14	89	109	205		15
	%	3.1%	.6%	1.6%	2.2%	7.8%	8.3%	14.7%		3.2%
Total	Count	442	567	860	628	1136	1316	1393	466	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is no difference for cashing personal checks not drawn on the bank for non-customers by tier.

Among banks that cash personal checks not drawn on the banks for non-customers, 93.9 percent charge a fee.

**QIVA. Figure 21. Do you charge a fee to cash personal checks not drawn on your bank for non-customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	2	27	6.1
	Yes	33	418	93.9
	Total	35	445	100.0
Missing	System	2	17	
Total		37	463	

There are slight differences among regions for banks that charge a fee to cash personal checks not drawn on the bank for non-customers, but there are not enough cases to draw further conclusions.

**QIVA. Figure 22. Region**

		Do you charge a fee to cash personal checks not drawn on your bank for non-customers?							
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Pacific
No	Count	0	0	14	0	0	14	0	0
	%	.0%	.0%	100.0%	.0%	.0%	12.5%	.0%	.0%
Yes	Count	14	3	0	14	86	96	191	15
	%	100.0%	100.0%	.0%	100.0%	100.0%	87.5%	100.0%	100.0%
Total	Count	14	3	14	14	86	109	191	15
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is little difference between tiers for banks that charge a fee to cash personal checks not drawn on the bank for non-customers.

Over half (58.1 percent) of the banks will cash government checks for non-customers.

**QIVA. Figure 23. Do you cash government checks for non-customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	306	3066	41.9
	Yes	368	4244	58.1
	Total	674	7310	100.0
Missing	System	11	130	
Total		685	7440	

There are differences for cashing government checks for non-customers by region. The West North Central region has the largest percentage (78.1 percent) of banks that cash government checks, compared with 28.2 percent in the Mid-Atlantic region.

**QIVA. Figure 24. Region**

		Do you cash government checks for non-customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	140	395	560	264	305	568	308	220	306
	%	31.5%	71.8%	65.1%	40.3%	26.2%	44.1%	21.9%	45.8%	66.3%
Yes	Count	305	155	300	391	858	720	1098	260	155
	%	68.5%	28.2%	34.9%	59.7%	73.8%	55.9%	78.1%	54.2%	33.7%
Total	Count	446	550	860	655	1163	1288	1406	480	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for cashing government checks for non-customers. Tier 2 (42.0 percent) is different from Tier 3 (59.4 percent).

**QIVA. Figure 25. Tier**

		Do you cash government checks for non-customers?		
		Tier 1	Tier 2	Tier 3
No	Count	16	316	2734
	%	62.5%	58.0%	40.6%
Yes	Count	9	229	4006
	%	37.5%	42.0%	59.4%
Total	Count	25	544	6740
	%	100.0%	100.0%	100.0%

Of the banks that cash government checks for non-customers, 58.2 percent charge a fee.

**QIVA. Figure 26. Do you charge a fee to cash government checks for non-customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	144	1650	41.8
	Yes	199	2293	58.2
	Total	343	3943	100.0
Missing	System	25	301	
Total		368	4244	

There are differences among regions for banks that charge a fee to cash government checks for non-customers. New England (16.1 percent) is different from East South Central (57.4 percent), Mountain (56.6 percent), East North Central (61.2 percent), West North Central (61.5 percent), West South Central (63.2 percent), Pacific (63.7 percent), and South Atlantic (70.3 percent).

**QIVA. Figure 27. Region**

		Do you charge a fee to cash government checks for non-customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	219	83	89	161	291	253	390	113	51
	%	83.9%	56.1%	29.7%	42.6%	36.8%	38.8%	38.5%	43.4%	36.3%
Yes	Count	42	65	211	217	499	399	623	147	90
	%	16.1%	43.9%	70.3%	57.4%	63.2%	61.2%	61.5%	56.6%	63.7%
Total	Count	261	148	300	377	790	652	1013	260	142
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is no difference between tiers for banks that charge a fee to cash government checks for non-customers.

Only 2.4 percent of banks will cash double-endorsed checks for non-customers.

**QIVA. Figure 28. Do you cash double endorsed checks for non-customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	650	7076	97.6
	Yes	18	172	2.4
	Total	668	7248	100.0
Missing	System	17	192	
Total		685	7440	

There are no differences for cashing double-endorsed checks for non-customers by region or tier.

Of the banks that cash double-endorsed checks for non-customers, 40.1 percent charge a fee.

**QIVA. Figure 29. Do you charge a fee to cash double endorsed checks for non-customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	11	87	59.9
	Yes	5	58	40.1
	Total	16	145	100.0
Missing	System	2	27	
Total		18	172	

There is no difference between regions or tiers for banks that charge a fee to cash double-endorsed checks for non-customers.

There are differences between urban and rural banks for all types of checks cashed for non-customers, except for double-endorsed checks. Overall, a higher percentage of rural banks will cash checks for non-customers than urban banks.

**QIVA. Figure 30. Urban/Rural**

		Types of Checks Cashed for Non-Customers					
		Rural HQ			Urban HQ		
		On-us Business Checks	On-us Personal Checks	Local Business Checks (Not drawn on the bank)	On-us Business Checks	On-us Personal Checks	Local Business Checks (Not drawn on the bank)
No	Count	96	41	2431	233	226	3203
	%	2.5%	1.1%	63.1%	6.7%	6.5%	93.0%
Yes	Count	3809	3847	1419	3217	3237	239
	%	97.5%	98.9%	36.9%	93.3%	93.5%	7.0%
Total	Count	3905	3888	3850	3450	3463	3443
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIVA. Figure 31. Urban/Rural**

		Types of Checks Cashed for Non-Customers							
		Rural HQ				Urban HQ			
		Local Payroll Checks	Local Personal Checks (Not drawn on the bank)	Government Checks	Double Endorsed Checks	Local Payroll Checks	Local Personal Checks (Not drawn on the bank)	Government Checks	Double Endorsed Checks
No	Count	1915	3395	759	3723	3048	3411	2307	3352
	%	49.9%	88.8%	19.5%	97.4%	88.4%	99.0%	67.5%	97.9%
Yes	Count	1921	427	3132	99	402	35	1112	73
	%	50.1%	11.2%	80.5%	2.6%	11.6%	1.0%	32.5%	2.1%
Total	Count	3836	3823	3891	3823	3450	3446	3419	3426
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that charge a fee to cash business checks drawn on the bank for non-customers. For rural banks, 11.6 percent of the banks charge a fee, compared with 14.5 percent of urban banks.

**QIVA. Figure 32. Urban/Rural**

		Do you charge a fee to cash business checks drawn on the bank for non-customers?	
		Rural HQ	Urban HQ
No	Count	3163	2666
	%	88.4%	85.5%
Yes	Count	414	452
	%	11.6%	14.5%
Total	Count	3577	3117
	%	100.0%	100.0%

There is a difference between urban and rural banks for banks that charge a fee to cash government checks for non-customers. About two-thirds (62.4 percent) of rural banks charge a fee, compared with 46.0 percent of urban banks.

**QIVA. Figure 33. Urban/Rural**

		Do you charge a fee to cash government checks for non-customers?	
		Rural HQ	Urban HQ
No	Count	1094	556
	%	37.6%	54.0%
Yes	Count	1819	474
	%	62.4%	46.0%
Total	Count	2913	1030
	%	100.0%	100.0%

**Question IVA-1. Please describe the bank’s concerns which may have led to limitations on transactions for non-customers.**

Banks’ open-ended responses identify several reasons why they are reluctant to cash checks for non-customers. Among the open-ended responses, 513 banks explain that without an established customer relationship, they must be cautious when cashing checks for non-customers due to fraud risks. Banks state that they do not have a foolproof way to verify identity and financial information when encountering a non-customer for the first time. Some banks report that they do cash checks for non-customers for a fee, in the hope of building customer relationships in the future.

Fraudulent activity and the increased risk of bank losses are reported by 315 of the 513 banks to be their biggest concern with non-customer transactions. The different types of fraud that concern banks include: identity theft, forged checks, counterfeit checks, and stolen checks.

Collectability concerns are mentioned in 140 instances. Collectability issues include returned checks, NSF, stop payments, and verification of funds.

The third most frequently cited concern is the lack of information about non-customers needed for CIP, AML, KYC, and Patriot Act compliance, which is mentioned in 138 instances. BSA/AML concerns (78) along with OFAC regulatory concerns (33) are mentioned a total of 111 times.

Issues with non-customers having no identification or presenting fraudulent identification can challenge banks in their efforts to serve individuals who have no prior relationship with financial institutions.

A commonly cited concern is limited recourse for non-customers to collect funds from bad or fraudulent checks or to validate the authenticity of addresses. Ninety-five banks indicate that this is one of the reasons for limiting service offerings to non-customers. Once a non-customer completes the transaction, banks indicate they have little power to recover money in the case of fraud.

**Question IVB. Does the training provided to the bank’s tellers and other customer service representatives include strategies for reaching out to unbanked or underbanked consumers (e.g., encouraging individuals who do not have a transaction or savings account who are cashing paychecks to open an account)?  Yes  No**

Over two-thirds (68.6 percent) of banks provide teller and customer service training that include strategies for reaching out to un/underbanked consumers.

**QIVB. Figure 1. Does training include strategies for reaching out to the unbanked?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	186	2183	31.4
	Yes	457	4767	68.6
	Total	643	6950	100.0
Missing	System	44	489	
Total		687	7440	

There are few differences among regions for training that includes strategies to reach out to the unbanked.

There is a difference between tiers for training that includes strategies to reach out to the unbanked. Tiers 1 and 3 are different from each other, with 95.8 percent of Tier 1 banks reporting strategies and training to reach out to the un/underbanked, compared with 67.8 percent of Tier 3 banks.

**QIVB. Figure 2. Tier**

		Does training include strategies for reaching out to the unbanked?		
		Tier 1	Tier 2	Tier 3
No	Count	1	118	2064
	%	4.2%	23.0%	32.2%
Yes	Count	24	395	4348
	%	95.8%	77.0%	67.8%
Total	Count	25	513	6412
	%	100.0%	100.0%	100.0%

There is little difference between urban and rural banks for training that includes strategies to reach out to the unbanked.

**Question IVB-1. If yes, please describe.**

Overall, banks report that teller training is a simple and effective strategy for reaching out to unbanked and/or underbanked consumers. If a non-customer enters a bank to use a particular financial service, the teller is instructed to explain the benefits of opening an account and building a relationship with the bank. Sometimes, providing encouragement and explaining why account-opening can be more economical and beneficial are sufficient to convert a non-customer into a customer.

- Over two-thirds (297 of 426) of the reporting banks report that their main strategy for reaching out to the unbanked and underbanked consumer is by encouraging non-customers to open accounts and offering products that fit their needs.
- About one-sixth of the reporting banks (75 of 426) focus on cross-selling strategies in which tellers are trained to offer original account openings and other products and services to the underbanked.
- Among the reporting banks, relatively few (22 of 426) have incentive programs for tellers who convert non-customers into customers.
- A smaller number (16 of 426) of banks report that they train tellers to refer non-customers directly to a customer service representative or personal banker.
- One bank reported a program to evaluate the effectiveness of teller training. Individuals come into the bank posing as non-customers and present scenarios to test if the correct banking options are offered.

## Identification Required for Non-Customers to Cash Checks

Bank policies for non-customer check cashing generally require that a government-issued ID be presented as a primary form of identification. However, other forms of ID can be used as secondary sources of identification.

The most commonly accepted form of primary identification for check cashing is a driver's license, followed by state and military identifications. A housing lease is the least commonly accepted form of identification; most banks (83 percent) will not accept a housing lease as sufficient identification to cash a check.

### Question IVC. What forms of consumer identification or validation does the bank rely on for individuals who do not have an account relationship to cash a check?

Identification Forms	Primary: Sufficient alone by itself	Secondary: Insufficient alone but acceptable with another secondary ID	Not Accepted as ID for check cashing
Driver's license	91.9%	7.7%	0.5%
State-issued photo ID	85.7%	12.7%	1.6%
Passport (US. or foreign)	81.1%	15.1%	3.7%
Military ID	75.8%	20.3%	3.9%
Student/school ID card	24.4%	49.5%	26.1%
Social Security number	3.6%	43.7%	52.7%
Matrícula Consular	20.5%	17.7%	61.9%
Individual Taxpayer Identification Number (ITIN)	1.3%	30.3%	68.4%
Utility bills/payments	0.6%	27.9%	71.5%
Employer letters/pay stub	2.5%	24.3%	73.2%
Housing lease	1.1%	16.3%	82.6%
Other:	22.9%	45.8%	31.3%

Almost all (91.9 percent) banks accept driver's licenses as a primary form of identification when cashing checks for non-customers.

**QIVC. Figure 1. Does the bank accept a driver's license as a form of ID to cash a check for a non-customer?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	4	34	.5
	Primary ID	594	6509	91.9
	Secondary ID	54	542	7.7
	Total	652	7085	100.0
Missing	System	33	354	
Total		685	7440	

There are no differences among regions for banks accepting driver's licenses as a form of identification.

There is a difference between tiers for banks accepting a driver's license as a form of identification. Tier 1 (77.3 percent as primary, 22.7 percent as secondary) is different from Tier 2 (90.1 percent and 8.6 percent, respectively) and Tier 3 (92.1 percent and 7.5 percent, respectively).

**QIVC. Figure 2. Tier**

		Does the bank accept a driver's license as a form of ID to cash a check for a non-customer?		
		Tier 1	Tier 2	Tier 3
Not accepted	Count	0	7	27
	%	.0%	1.3%	.4%
Primary ID	Count	18	475	6016
	%	77.3%	90.1%	92.1%
Secondary ID	Count	5	45	492
	%	22.7%	8.6%	7.5%
Total	Count	23	527	6535
	%	100.0%	100.0%	100.0%

There is not a difference between urban and rural banks for banks accepting driver's licenses as a form of identification.

Most banks (85.7 percent) accept state IDs as a primary form of identification for non-customers when cashing checks.

**QIVC. Figure 3. Does the bank accept a state ID as a form of ID to cash a check for a non-customer?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	10	116	1.6
	Primary ID	553	6040	85.7
	Secondary ID	85	895	12.7
	Total	648	7051	100.0
Missing	System	37	389	
Total		685	7440	

There are no differences among tiers or regions for banks accepting a state identification as a form of ID.

There is not a difference between urban and rural banks for banks accepting a state identification as a form of ID.

Only 3.6 percent of banks accept Social Security numbers as a primary form of identification for non-customers when cashing checks.

**QIVC. Figure 4. Does the bank accept a social security number as a form of ID to cash a check for a non-customer?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	324	3399	52.7
	Primary ID	18	233	3.6
	Secondary ID	252	2816	43.7
	Total	594	6448	100.0
Missing	System	91	992	
Total		685	7440	

There are no differences among regions for banks accepting a Social Security number as a form of identification for non-customers.

There is a difference between tiers for banks accepting a Social Security number as a form of identification. A larger percentage (81.0 percent) of Tier 1 banks do not accept a Social Security number, compared with 58.0 percent and 52.2 percent of Tiers 2 and 3, respectively.

**QIVC. Figure 5. Tier**

		Does the bank accept a Social Security number as a form of ID to cash a check for a non-customer?		
		Tier 1	Tier 2	Tier 3
Not accepted	Count	18	277	3104
	%	81.0%	58.0%	52.2%
Primary ID	Count	1	0	232
	%	4.8%	.0%	3.9%
Secondary ID	Count	3	201	2611
	%	14.3%	42.0%	43.9%
Total	Count	22	479	5947
	%	100.0%	100.0%	100.0%

There is not a difference between urban and rural banks for banks accepting a Social Security number as a form of identification for non-customers.

Most banks (81.1 percent) accept U.S. and foreign passports as a primary form of identification for non-customers when cashing checks.

**QIVC. Figure 6. Does the bank accept a passport as a form of ID to cash a check for a non-customer?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	22	260	3.7
	Primary ID	527	5636	81.1
	Secondary ID	91	1051	15.1
	Total	640	6946	100.0
Missing	System	45	493	
Total		685	7440	

There are minimal differences between regions or tiers for banks accepting a passport as a form of identification for non-customers.

There is not a difference between urban and rural banks for banks accepting passports as a form of identification for non-customers.

Three quarters (75.8 percent) of banks accept military ID as a primary form of identification for non-customers when cashing checks.

**QIVC. Figure 7. Does the bank accept a Military ID as a form of ID to cash a check for a non-customer?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	22	270	3.9
	Primary ID	484	5208	75.8
	Secondary ID	128	1391	20.3
	Total	634	6870	100.0
Missing	System	51	570	
Total		685	7440	

There are no differences among regions for banks accepting military identification for non-customers.

There is a difference between tiers for banks accepting military identification. Over half (59.1 percent) of Tier 1 banks accept a military ID as primary identification, compared with 81.9 percent of Tier 2 and 75.4 percent of Tier 3.

**QIVC. Figure 8. Tier**

		Does the bank accept a military ID as a form of ID to cash a check for a non-customer?		
		Tier 1	Tier 2	Tier 3
Not accepted	Count	0	10	260
	%	.0%	2.0%	4.1%
Primary ID	Count	14	423	4772
	%	59.1%	81.9%	75.4%
Secondary ID	Count	9	83	1299
	%	40.9%	16.1%	20.5%
Total	Count	23	517	6330
	%	100.0%	100.0%	100.0%

There is not a difference between urban and rural banks for banks accepting military identification for non-customers.

About a quarter (24.4 percent) of banks accept student IDs as a primary form of identification for non-customers when cashing checks.

**QIVC. Figure 9. Does the bank accept a student ID as a form of ID to cash a check for a non-customer?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	161	1717	26.1
	Primary ID	140	1611	24.4
	Secondary ID	308	3261	49.5
	Total	609	6589	100.0
Missing	System	76	851	
Total		685	7440	

There are no differences among regions or tiers for banks accepting student identification for non-customers.

There is not a difference between urban and rural banks for banks accepting a student identification card for non-customers.

Only 2.5 percent of banks will accept a letter from an employer as ID to cash checks for non-customers.

**QIVC. Figure 10. Does the bank accept an employer letter as a form of ID to cash a check for a non-customer?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	435	4582	73.2
	Primary ID	12	154	2.5
	Secondary ID	136	1520	24.3
	Total	583	6257	100.0
Missing	System	102	1183	
Total		685	7440	

There are no differences among regions or tiers for banks accepting an employer letter as a form of identification for non-customers.

There is not a difference between urban and rural banks for banks accepting an employer letter as a form of identification for non-customers.

Less than one-quarter (20.5 percent) of banks accept Matrícula Consular cards as a primary form of identification for non-customers when cashing checks.

**QIVC. Figure 11. Does the bank accept a Matrícula Consular card as a form of ID to cash a check for a non-customer?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	323	3700	61.9
	Primary ID	131	1224	20.5
	Secondary ID	109	1057	17.7
	Total	563	5981	100.0
Missing	System	122	1459	
Total		685	7440	

There are differences among regions for banks accepting a Matrícula Consular card as a primary or secondary form of identification for non-customers. Acceptance of the Matrícula Consular is highest in the Pacific (68.2 percent) and West South Central (55.1 percent) regions and is lowest in the Mountain (22.8 percent) and Mid Atlantic (24.2 percent) regions.

**QIVC. Figure 12. Region**

		Does the bank accept a Matrícula Consular Card as a form of ID to cash a check for a non-customer?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
Not accepted	Count	227	354	459	375	424	677	725	328	130
	%	67.5%	75.8%	63.9%	73.2%	44.9%	62.4%	67.0%	77.2%	31.8%
Primary ID	Count	41	59	118	34	339	222	192	66	152
	%	12.2%	12.7%	16.5%	6.7%	35.9%	20.5%	17.7%	15.6%	37.0%
Secondary ID	Count	68	54	142	103	181	186	165	31	128
	%	20.3%	11.5%	19.7%	20.1%	19.2%	17.1%	15.3%	7.2%	31.2%
Total	Count	336	467	719	512	944	1085	1082	425	410
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks accepting Matrícula Consular card as a form of identification for non-customers. Specifically, a greater percentage of Tier 2 banks accept it (54.6 percent) compared with Tier 3 banks (36.5 percent).

**QIVC. Figure 13. Tier**

		Does the bank accept a Matrícula Consular Card as a form of ID to cash a check for a non-customer?		
		Tier 1	Tier 2	Tier 3
Not accepted	Count	5	222	3473
	%	22.7%	45.4%	63.5%
Primary ID	Count	11	146	1066
	%	50.0%	29.8%	19.5%
Secondary ID	Count	6	121	930
	%	27.3%	24.8%	17.0%
Total	Count	23	489	5469
	%	100.0%	100.0%	100.0%

There is little difference between urban and rural banks for banks accepting a Matrícula Consular card as a form of identification for non-customers.

Only 0.6 percent of banks accept utility bills as a primary form of identification for non-customers when cashing checks.

**QIVC. Figure 14. Does the bank accept a utility bill as a form of ID to cash a check for a non-customer?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	417	4535	71.5
	Primary ID	3	41	.6
	Secondary ID	167	1766	27.9
	Total	587	6342	100.0
Missing	System	98	1098	
Total		685	7440	

There are no differences among regions or tiers for banks not accepting a utility bill as a form of ID for non-customers.

There is not a difference between urban and rural banks for banks not accepting a utility bill as a form of ID for non-customers.

A small percentage (1.1 percent) of banks accept housing leases as a primary form of identification for non-customers when cashing checks.

**QIVC. Figure 15. Does the bank accept a housing lease as a form of ID to cash a check for a non-customer?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	479	5125	82.6
	Primary ID	5	68	1.1
	Secondary ID	92	1008	16.3
	Total	576	6202	100.0
Missing	System	109	1238	
Total		685	7440	

There are no differences among regions or tiers for banks accepting a housing lease as a form of identification for non-customers.

There is not a difference between urban and rural banks for banks accepting a housing lease as a form of identification for non-customers.

Only 1.3 percent of banks accept Individual Taxpayer Identification Numbers (ITINs) as a primary form of identification for non-customers when cashing checks, and 30.3 percent of banks accept it as a secondary form of ID.

**QIVC. Figure 16. Does the bank accept an ITIN number as a form of ID to cash a check for a non-customer?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	396	4281	68.4
	Primary ID	10	83	1.3
	Secondary ID	176	1899	30.3
	Total	582	6263	100.0
Missing	System	103	1176	
Total		685	7440	

There are no differences among regions or tiers for banks accepting an ITIN as a form of identification for non-customers.

There is not a difference between urban and rural banks for banks accepting an ITIN as a form of identification for non-customers.

Under a quarter (22.9 percent) of banks report that they will accept other forms of identification for check cashing for a non-customer.

**QIVC. Figure 17. Does the bank accept any other forms of ID to cash a check for a non-customer?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	31	299	31.3
	Primary ID	35	219	22.9
	Secondary ID	45	437	45.8
	Total	111	955	100.0
Missing	System	574	6484	
Total		685	7440	

An alien identification or green card is mentioned 27 times under “other” forms of ID that are accepted. Out of the 27 mentions, 18 banks report accepting it as primary identification, and 12 accept it as secondary identification.

Thirteen banks identify credit cards as acceptable identification, with one bank indicating that it could be used as primary ID in certain circumstances, and nine banks reporting that credit cards could be used as secondary identification.

Tribal identifications are mentioned nine times. Seven banks indicate that tribal identifications are an acceptable primary identification, and one bank accepts it as secondary identification.

**Question IVC-1. Does the bank issue check cashing cards to individuals who do not have an account relationship?  Yes  No**

Two percent of banks offer check cashing cards to individuals who do not have an account relationship with the bank.

**QIVC-1. Figure 1. Do you offer check cashing cards?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	656	7122	98.0
	Yes	14	146	2.0
	Total	670	7268	100.0
Missing	System	15	172	
Total		685	7440	

There are differences among regions for banks that offer check cashing cards. New England (12.7 percent) is different from the South Atlantic, East South Central, Mountain, and Pacific regions (all 0.0 percent).

**QIVC-1. Figure 2. Region**

		Do you offer check cashing cards?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	377	562	860	652	1115	1246	1383	466	460
	%	87.3%	99.8%	100.0%	100.0%	94.8%	98.8%	99.0%	100.0%	100.0%
Yes	Count	55	1	0	0	62	15	14	0	0
	%	12.7%	.2%	.0%	.0%	5.2%	1.2%	1.0%	.0%	.0%
Total	Count	432	563	860	652	1177	1261	1396	466	460
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are few differences among tiers or regions for banks that offer check cashing cards to individuals without an account relationship with the bank.

There is little difference between urban and rural banks for banks that offer check cashing cards to individuals without an account relationship with the bank.

**Question IVC-2. Which of the following techniques or technology does your bank use to verify the identity of individuals who do not have an account relationship for check cashing?**

- Fingerprinting
  Biometrics  
 None
  Other: \_\_\_\_\_

Fingerprinting and biometric technology are not commonly used by banks to verify the identity of individuals who do not have a relationship with the bank to cash checks. Only 17.0 percent of banks use fingerprinting, and 0.2 percent use biometrics.

**QIVC-2. Figure 1. Fingerprinting**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	519	5870	83.0
Yes	135	1199	17.0
Total	654	7069	100.0
Missing System	31	370	
Total	685	7440	

**QIVC-2. Figure 3. None**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	282	2832	40.1
Yes	373	4239	59.9
Total	655	7070	100.0
Missing System	30	369	
Total	685	7440	

**QIVC-2. Figure 2. Biometrics**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	653	7053	99.8
Yes	2	17	.2
Total	655	7070	100.0
Missing System	30	369	
Total	685	7440	

**QIVC-2. Figure 4. Other**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	522	5624	79.7
Yes	132	1433	20.3
Total	654	7057	100.0
Missing System	31	383	
Total	685	7440	

Among the banks reporting “other” techniques or technologies to verify the identity of individuals who do not have an account relationship for check cashing, 88 reported asking for one to two forms of identification and 17 reported conducting an OFAC check.

There are differences among regions for banks that use fingerprinting and banks that do not use anything to verify the identity of individuals who do not have an account relationship for check cashing.

There are differences in the use of fingerprinting between the Mid Atlantic region (0.2 percent) and New England (0.2 percent) compared with the West South Central (23.6 percent) and East North Central (20.3 percent) regions.

**QIVC-2. Figure 5. Region: Fingerprinting**

		Fingerprinting								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	417	521	652	557	855	1002	1122	397	347
	%	99.8%	99.8%	81.0%	86.9%	76.4%	79.7%	81.3%	82.8%	77.5%
Yes	Count	1	1	153	84	264	256	258	82	101
	%	.2%	.2%	19.0%	13.1%	23.6%	20.3%	18.7%	17.2%	22.5%
Total	Count	418	522	805	642	1119	1257	1379	479	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

For “none,” there are differences between the West South Central (52.3 percent), East North Central (52.7 percent), and New England (82.6 percent) regions.

**QIVC-2. Figure 6. Region: None**

		None								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	73	200	332	211	534	595	541	159	187
	%	17.4%	38.2%	41.2%	32.9%	47.7%	47.3%	39.3%	33.0%	41.8%
Yes	Count	345	323	473	431	585	662	838	321	260
	%	82.6%	61.8%	58.8%	67.1%	52.3%	52.7%	60.7%	67.0%	58.2%
Total	Count	418	522	805	642	1119	1257	1379	480	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The use of fingerprinting by banks to verify identification for individuals who do not have account relationships differs by tier. Tier 1 banks (43.5 percent) use fingerprinting more than Tier 2 (32.9 percent) and Tier 3 (15.5 percent) banks.

**QIVC-2. Figure 7. Tier: Fingerprinting/Biometrics**

		Techniques Used for Verifying Non-Customer Identification					
		Tier 1		Tier 2		Tier 3	
		Fingerprinting	Biometrics	Fingerprinting	Biometrics	Fingerprinting	Biometrics
No	Count	14	25	361	534	5496	6494
	%	56.5%	100.0%	67.1%	99.4%	84.5%	99.8%
Yes	Count	10	0	177	3	1012	14
	%	43.5%	.0%	32.9%	.6%	15.5%	.2%
Total	Count	24	25	538	538	6508	6508
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

For banks that report no use of technology, there is a difference between Tier 2 (46.5 percent) and Tier 3 (61.1 percent).

**QIVC-2. Figure 8. Tier: None/Other**

		Techniques Used for Verifying Non-Customer Identification					
		Tier 1		Tier 2		Tier 3	
		None	Other	None	Other	None	Other
No	Count	15	23	288	420	2529	5182
	%	58.3%	91.7%	53.5%	78.1%	38.9%	79.8%
Yes	Count	10	2	250	118	3979	1313
	%	41.7%	8.3%	46.5%	21.9%	61.1%	20.2%
Total	Count	25	25	538	538	6508	6494
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between urban and rural banks that use fingerprinting and those that do not use anything to verify non-customer identity for check cashing. One-fifth (20.7 percent) of urban banks use fingerprinting, compared with 13.7 percent of rural banks. Almost two-thirds (63.9 percent) of rural banks do not use anything, compared with 55.3 percent of urban banks.

**QIVC-2. Figure 9. Urban/Rural**

		Techniques Used for Verifying Non-Customer Identification							
		Rural HQ				Urban HQ			
		Fingerprinting	Biometrics	None	Other	Fingerprinting	Biometrics	None	Other
No	Count	3272	3778	1368	2995	2598	3275	1464	2629
	%	86.3%	99.6%	36.1%	79.0%	79.3%	99.9%	44.7%	80.5%
Yes	Count	520	14	2424	797	679	3	1814	636
	%	13.7%	.4%	63.9%	21.0%	20.7%	.1%	55.3%	19.5%
Total	Count	3792	3792	3792	3792	3278	3279	3279	3265
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

## Transaction Products Offered and Fees

Almost two-thirds of banks do not offer bank checks and money orders for non-customers. Banks typically charge higher fees to non-customers than to customers for all categories, with the exception of bill payment dollar fees and international remittance dollar fees. Both of these fee categories have a relatively small number of respondents, which may lead to a larger error range than for other categories. Both percentage and per-item fees may be charged, contributing to various types of fee structures and policies at different banks.

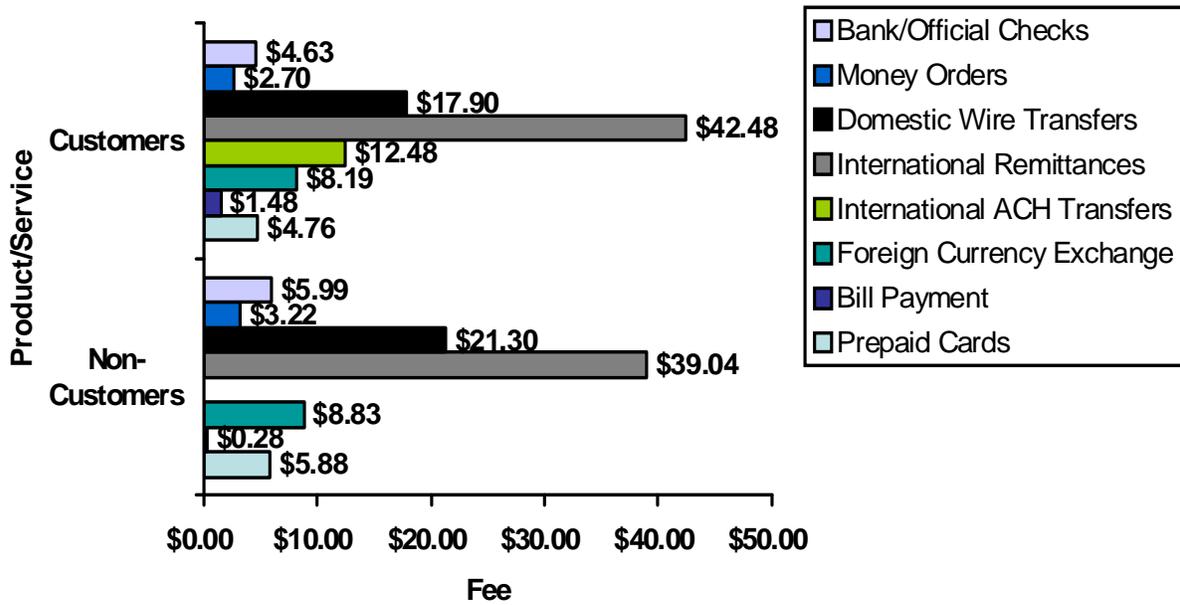
**Question IVD. Which of the following transaction products/services does the bank offer to individuals who do not have an account relationship with your bank, and what would the fees be if they were customers with established deposit accounts?**

Product/Service	Yes Offer for Non-Deposit Customers?	For a Non-Customer		For Customer	
		If a fixed fee is charged per item please indicate the <i>typical</i> fee.	If a fee is a percentage of the dollar amount, please indicate the <i>typical</i> percentage rate .	If a fixed fee is charged per item please indicate the <i>typical</i> fee.	If a fee is a percentage of the dollar amount, please indicate the <i>typical</i> percentage rate .
Bank/official checks	37.3%	\$5.99	2.10%	\$4.63	0.35%
Money orders	37.3%	\$3.22	0.65%	\$2.70	0.49%
Domestic wire transfers	22.9%	\$21.30	7.50%	\$17.90	0.08%
International remittances (not ACH)	6.2%	\$39.04	4.00%	\$42.48	0.10%
International ACH transfers	1.4%	-	-	\$12.48	0.50%
Foreign currency exchange	10.7%	\$8.83	2.20%	\$8.19	1.17%
Bill payment (e.g., utility)	11.5%	\$0.28	0.17%	\$1.48	0.07%
Reloadable prepaid debit cards (Visa, MasterCard, etc.)	12.5%	\$5.88	1.00%	\$4.76	0.20%

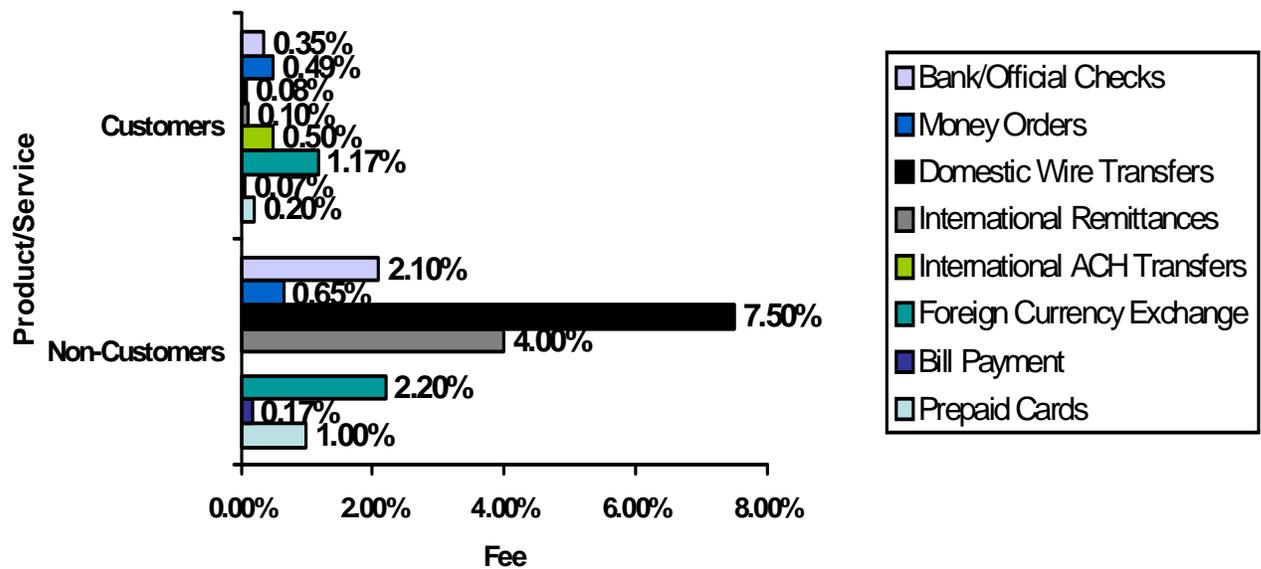
When considering only those banks that offer these products and services to non-customers, per-item fees are typically lower for customers than that charged by the general, overall population of banks that report customer fees.

Product/Service	Offer for Non-Deposit Customers?	If offer for Non-Customer, for Customer	
		If a fixed fee is charged per item please indicate the <i>typical</i> fee.	If a fee is a percentage of the dollar amount, please indicate the <i>typical</i> percentage rate.
Bank/official checks	37.3%	\$4.32	0.45%
Money orders	37.3%	\$2.68	0.50%
Domestic wire transfers	22.9%	\$17.46	-
International remittances (not ACH)	6.2%	\$33.87	-
International ACH transfers	1.4%	-	-
Foreign currency exchange	10.7%	\$7.52	2.36%
Bill payment (e.g., utility)	11.5%	\$0.59	0.17%
Reloadable prepaid debit cards (Visa, MasterCard, etc.)	12.5%	\$5.16	1.00%

QIVD. Figure 1. Mean Fixed Fees per Transaction



QIVD. Figure 2. Mean Percentage of Transaction Fees (If priced as a percent of value)



Over a third (37.3 percent) of banks offer bank/official checks for non-deposit customers.

**QIVD. Figure 3. Do you offer bank/official checks for non-deposit customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	425	4519	62.7
	Yes	242	2685	37.3
	Total	667	7204	100.0
Missing	System	18	236	
Total		685	7440	

There are differences among regions for banks that offer bank/official checks to non-customers.

There is a difference between the Mid Atlantic region (12.4 percent) and the West South Central (42.8 percent), East North Central (40.2 percent), and West North Central (53.7 percent) regions.

**QIVD. Figure 4. Region**

		Do you offer bank/official checks for non-deposit customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	347	505	579	419	657	754	641	329	288
	%	82.8%	87.6%	67.4%	65.3%	57.2%	59.8%	46.3%	70.6%	64.3%
Yes	Count	72	72	280	222	493	507	742	137	160
	%	17.2%	12.4%	32.6%	34.7%	42.8%	40.2%	53.7%	29.4%	35.7%
Total	Count	418	577	860	642	1150	1261	1383	466	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is not a difference between tiers for banks that offer official checks to non-customers.

The median per-item fee for bank checks for both customers and non-customers is \$5.00. However, the mean is higher for non-customers (\$5.99) than for customers (\$4.63).

**QIVD. Figure 5. Non-Customer Fee Statistics**

Weighted		Bank Checks Non-Customer Fee	Bank Checks Non-Customer %
N	Valid	2463	110
	Missing	222	2574
Mean		\$5.9876	2.1049
Median		\$5.0000	1.0000
Mode		\$5.00	1.00
Minimum		\$1.00	.00
Maximum		\$25.00	10.00

Nearly two-thirds (62.7 percent) of banks do not offer money orders to non-customers.

**QIVD. Figure 7. Do you offer money orders for non-deposit customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	421	4454	62.7
	Yes	235	2650	37.3
	Total	656	7105	100.0
Missing	System	29	335	
Total		685	7440	

There are differences among regions for banks that offer money orders to non-customers. There is a difference between the East North Central region (54.0 percent) and the South Atlantic (21.0 percent) and Pacific (16.9 percent) regions, as well as between the West North Central region (61.3 percent) and the New England (27.0 percent), Mid Atlantic (27.6 percent), South Atlantic (21.0 percent), East South Central (12.7 percent), West South Central (31.6 percent) and Pacific (16.9 percent) regions.

**QIVD. Figure 8. Region**

		Do you offer money orders for non-deposit customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	305	408	655	519	784	586	524	301	372
	%	73.0%	72.4%	79.0%	87.3%	68.4%	46.0%	38.7%	63.2%	83.1%
Yes	Count	113	155	174	75	363	688	831	176	75
	%	27.0%	27.6%	21.0%	12.7%	31.6%	54.0%	61.3%	36.8%	16.9%
Total	Count	418	563	829	594	1146	1274	1355	476	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is not a difference between tiers for banks that offer money orders to non-customers.

The mean per-item fee for money orders is higher for non-customers (\$3.22) than for customers (\$2.70).

**QIVD. Figure 9. Money Order Fees**

Weighted	Money Order Non-Customer Fee	Money Order Non-Customer %
N Valid	2469	42
Missing	181	2608
Mean	\$3.2204	.6501
Median	\$3.0000	1.0000
Mode	\$2.00	1.00
Minimum	\$1.00	.00
Maximum	\$15.00	1.00

**QIVD. Figure 10. Money Order Fees**

Weighted	Money Order Customer Fee	Money Order Customer %
N Valid	3645	151
Missing	3795	7288
Mean	\$2.7022	.4875
Median	\$2.0000	.4000
Mode	\$2.00	.00
Minimum	\$.00	.00
Maximum	\$20.00	1.00

About one-quarter (22.9 percent) of banks offer domestic wire transfers for non-customers.

**QIVD. Figure 11. Do you offer domestic wire transfers for non-deposit customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	520	5546	77.1
	Yes	144	1648	22.9
	Total	664	7193	100.0
Missing	System	21	246	
Total		685	7440	

There are differences among regions for banks that offer domestic wire transfers to non-customers. There is a difference between the West North Central region (33.7 percent) and the Mid Atlantic (8.4 percent), Pacific (10.8 percent), and South Atlantic (14.4 percent) regions .

**QIVD. Figure 12. Region**

		Do you offer domestic wire transfers for non-deposit customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	329	526	735	495	855	932	923	350	400
	%	81.4%	91.6%	85.6%	79.2%	74.4%	73.2%	66.3%	75.1%	89.2%
Yes	Count	75	48	124	130	294	342	470	116	48
	%	18.6%	8.4%	14.4%	20.8%	25.6%	26.8%	33.7%	24.9%	10.8%
Total	Count	405	574	860	625	1150	1274	1393	466	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is not a difference between tiers for banks that offer domestic wire transfers to non-customers.

Mean fees for domestic wire transfers for non-customers are \$21.30, compared with \$17.90 for customers.

**QIVD. Figure 13. Domestic Wire Transfer Fees**

Weighted		Domestic Wire Transfer Non-Customer Fee	Domestic Wire Transfer Non-Customer %
N	Valid	1480	27
	Missing	168	1620
Mean		\$21.3021	7.5000
Median		\$20.0000	7.5000
Mode		\$20.00	.00(a)
Minimum		\$2.00	.00
Maximum		\$50.00	15.00

Multiple modes exist. The smallest value is shown.

**QIVD. Figure 14. Domestic Wire Transfer Fees**

Weighted		Domestic Wire Transfer Customer Fee	Domestic Wire Transfer Customer %
N	Valid	3963	87
	Missing	3477	7353
Mean		\$17.8961	.0838
Median		\$16.0000	.0000
Mode		\$15.00	.00
Minimum		\$0.00	.00
Maximum		\$100.00	.50

Few (6.2 percent) banks offer international remittances for non-customers.

**QIVD. Figure 15. Do you offer international remittances for non-deposit customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	602	6562	93.8
	Yes	46	433	6.2
	Total	648	6995	100.0
Missing	System	37	445	
Total		685	7440	

There are differences among regions for banks that offer international remittances to non-customers. A lower percentage of banks in the Mid Atlantic offer international remittances to non-customers than banks in the Pacific region.

**QIVD. Figure 16. Region**

		Do you offer international remittances for non-deposit customers?								
		New England	Mid Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	377	557	787	580	1047	1155	1224	435	400
	%	93.2%	97.0%	93.0%	95.0%	95.6%	92.9%	92.2%	96.2%	90.6%
Yes	Count	27	17	59	31	48	89	104	17	41
	%	6.1%	3.0%	7.0%	5.0%	4.4	7.1%	7.8%	3.8%	8.9%
Total	Count	405	574	846	611	1095	1244	1328	453	441
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks that offer international remittances to non-customers. A higher percentage of Tier 1 banks offer them (20.8 percent), compared with 8.5 percent of Tier 2 and 5.9 percent of Tier 3.

**QIVD. Figure 17. Tier**

		Do you offer international remittances for non-deposit customers?		
		Tier 1	Tier 2	Tier 3
No	Count	20	486	6057
	%	79.2%	91.5%	94.1%
Yes	Count	5	45	383
	%	20.8%	8.5%	5.9%
Total	Count	25	531	6440
	%	100.0%	100.0%	100.0%

The median per-item fee for international remittances for non-customers is \$35.00, and for customers it is \$40.00. However, fewer banks are willing to provide international remittances for non-customers, so these two prices are not directly comparable.

**QIVD. Figure 18. International Remittance Fees**

Weighted		International Remittances Non-Customer Fee
N	Valid	399
	Missing	34
Mean		\$39.0438
Median		\$35.0000
Mode		\$40.00
Minimum		\$7.00
Maximum		\$75.00

**QIVD. Figure 19. International Remittance Fees**

Weighted		International Remittances Customer Fee	International Remittances Customer Percent
N	Valid	1891	75
	Missing	5549	7364
Mean		\$42.4821	.0963
Median		\$40.0000	.0000
Mode		\$50.00	.00
Minimum		\$0.00	.00
Maximum		\$500.00	.50

Only 1.4 percent of banks offer international ACH transfers for non-customers.

**QIVD. Figure 20. Do you offer international ACH transfers for non-deposit customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	636	6872	98.6
	Yes	8	99	1.4
	Total	644	6971	100.0
Missing	System	41	469	
Total		685	7440	

There are few differences among regions or tiers for banks that offer international ACH transfers to non-customers.

Only four banks provide pricing information for international ACH non-customer fees, so the data are not conclusive for non-customer fees.

**QIVD. Figure 21 International ACH Fees**

Weighted		International ACH Non-Customer Fee	International ACH Non-Customer %
N	Valid	44	0
	Missing	55	99
Mean		\$13.4258	
Median		\$4.0000	
Mode		\$2.00(a)	
Minimum		\$2.00	
Maximum		\$50.00	

Multiple modes exist. The smallest value is shown.

**QIVD. Figure 22 International ACH Fees**

Weighted		International ACH Customer Fee	International ACH Customer %
N	Valid	527	68
	Missing	6913	7371
Mean		\$12.4766	.5000
Median		\$.0000	.0000
Mode		\$.00	.00
Minimum		\$.00	.00
Maximum		\$65.00	2.50

About a tenth (10.7 percent) of banks report that they offer foreign currency exchange for non-customers.

**QIVD. Figure 23 Do you offer foreign currency exchange for non-deposit customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	565	6293	89.3
	Yes	87	757	10.7
	Total	652	7050	100.0
Missing	System	33	390	
Total		685	7440	

There are differences among regions for banks that offer foreign currency exchange to non-customers. A smaller percentage of Mid Atlantic (5.7 percent) and South Atlantic (4.3 percent) banks offer currency exchange than Mountain (23.7 percent) and New England (19.9 percent) banks.

**QIVD. Figure 24 Region**

		Do you offer foreign currency exchange for non-deposit customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	335	512	783	548	1023	1143	1207	345	396
	%	80.1%	94.3%	95.7%	91.8%	90.3%	89.9%	88.2%	76.3%	88.5%
Yes	Count	83	31	35	49	110	128	162	107	52
	%	19.9%	5.7%	4.3%	8.2%	9.7%	10.1%	11.8%	23.7%	11.5%
Total	Count	418	543	819	597	1133	1271	1369	453	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences among tiers for banks that offer foreign currency exchange to non-customers. There is a difference between Tier 1 (41.7 percent) and Tier 3 (9.9 percent), and between Tier 2 (19.6 percent) and Tier 3.

**QIVD. Figure 25 Tier**

		Do you offer foreign currency exchange for non-deposit customers?		
		Tier 1	Tier 2	Tier 3
No	Count	15	427	5852
	%	58.3%	80.4%	90.1%
Yes	Count	10	104	643
	%	41.7%	19.6%	9.9%
Total	Count	25	531	6494
	%	100.0%	100.0%	100.0%

The median per-item fee for non-customers (\$10.00) for foreign currency exchange is higher than for customers (\$7.00).

**QIVD. Figure 26 Currency Exchange Fee**

		Foreign Currency Exchange Non-Customer Fee	Foreign Currency Exchange Non-Customer % percent
Weighted	N		
	Valid	340	83
	Missing	417	674
Mean		\$8.8270	2.2012
Median		\$10.0000	1.0000
Mode		\$10.00	1.00
Minimum		\$0.00	.00
Maximum		\$35.00	10.00

**QIVD. Figure 27 Currency Exchange Fee**

		Foreign Currency Exchange Customer Fee	Foreign Currency Exchange Customer %
Weighted	N		
	Valid	960	275
	Missing	6479	7165
Mean		\$8.1946	1.1713
Median		\$7.0000	1.0000
Mode		\$0.00	.00
Minimum		\$0.00	.00
Maximum		\$45.00	8.00

Few banks (11.5 percent) offer bill payment services to non-customers.

**QIVD. Figure 28 Do you offer bill pay for non-deposit customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	572	6229	88.5
	Yes	79	808	11.5
	Total	651	7036	100.0
Missing	System	34	404	
Total		685	7440	

A greater percentage of East North Central (21.9 percent) banks and East South Central (19.8 percent) banks offer bill payment to non-customers than Pacific (3.1 percent), Mountain (3.1 percent), and New England (3.3 percent) banks.

**QIVD. Figure 29 Region**

		Do you offer bill pay for non-deposit customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	405	478	794	476	1040	995	1184	425	431
	%	96.7%	87.5%	93.9%	80.2%	90.7%	78.1%	89.2%	96.9%	96.9%
Yes	Count	14	69	51	117	106	279	144	14	14
	%	3.3%	12.5%	6.1%	19.8%	9.3%	21.9%	10.8%	3.1%	3.1%
Total	Count	418	546	846	594	1146	1274	1328	439	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is little difference between tiers for banks that offer bill payment to non-customers.

For bill pay, the mean per-item fee of 0.17 percent for non-customers is higher than that for customers (0.07 percent) among banks that responded.

**QIVD. Figure 30 Bill Pay Fees**

Weighted		Bill pay Non-Customer Fee	Bill pay Non-Customer %
N	Valid	261	41
	Missing	546	766
Mean		\$.2805	.1667
Median		\$.0000	.0000
Mode		\$.00	.00
Minimum		\$.00	.00
Maximum		\$9.95	.50

**QIVD. Figure 31 Bill Pay Fees**

Weighted		Bill pay Customer Fee	Bill pay Customer %
N	Valid	956	103
	Missing	6484	7337
Mean		\$1.4791	.0666
Median		\$.0000	.0000
Mode		\$.00	.00
Minimum		\$.00	.00
Maximum		\$30.00	.50

Only 12.5 percent of banks offer prepaid cards to non-customers.

**QIVD. Figure 32 Do you offer prepaid cards for non-deposit customers?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	559	6038	87.5
	Yes	79	864	12.5
	Total	638	6902	100.0
Missing	System	47	538	
Total		685	7440	

There are differences among regions for banks that offer prepaid cards to non-customers. The West South Central region has the highest rate with 22.1 percent of banks offering prepaid cards to non-customers, while 0.2 percent of banks in New England offer them.

**QIVD. Figure 33 Region**

		Do you offer prepaid cards for non-deposit customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	417	501	778	562	879	1063	1068	377	393
	%	99.8%	96.5%	93.4%	92.5%	77.9%	85.3%	83.9%	86.0%	89.8%
Yes	Count	1	18	55	46	250	183	205	62	44
	%	.2%	3.5%	6.6%	7.5%	22.1%	14.7%	16.1%	14.0%	10.2%
Total	Count	418	519	832	608	1129	1246	1273	439	437
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are few differences among tiers for banks that offer prepaid cards to non-customers.

The median per-item fee for prepaid cards for non-customers (\$5.00) is higher than for customers (\$4.00).

**QIVD. Figure 34 Prepaid Card Fees**

Weighted		Prepaid Cards Non-Customer Fee	Prepaid Cards Non-Customer %
N	Valid	680	14
	Missing	184	850
Mean		\$5.8827	1.0000
Median		\$5.0000	1.0000
Mode		\$5.00	1.00
Minimum		\$.00	1.00
Maximum		\$15.00	1.00

**QIVD. Figure 35 Prepaid Card Fees**

Weighted		Prepaid Cards Customer Fee	Prepaid Cards Customer %
N	Valid	1043	68
	Missing	6397	7371
Mean		\$4.7603	.2000
Median		\$4.0000	.0000
Mode		\$.00	.00
Minimum		\$.00	.00
Maximum		\$15.00	1.00

There are differences between urban and rural banks for transaction products that banks offer, including bank checks, money orders, domestic wire transfers, international remittances, and prepaid cards for non-deposit customers. Overall, a larger percentage of rural banks offer these products to non-customers than urban banks; 47 percent of rural banks offer bank/official checks for non-deposit customers, compared with 26 percent of urban banks.

**QIVD. Figure 36 Urban/Rural: Bank/Official Checks**

		Do you offer bank/official checks for non-deposit customers?	
		Rural HQ	Urban HQ
No	Count	2011	2509
	%	53.0%	73.6%
Yes	Count	1785	900
	%	47.0%	26.4%
Total	Count	3795	3409
	%	100.0%	100.0%

**QIVD. Figure 39 Urban/Rural: International Remittance**

		Do you offer international remittances for non-deposit customers?	
		Rural HQ	Urban HQ
No	Count	3313	3249
	%	90.6%	97.3%
Yes	Count	342	91
	%	9.4%	2.7%
Total	Count	3655	3340
	%	100.0%	100.0%

**QIVD. Figure 37 Urban/Rural: Money Orders**

		Do you offer money orders for non-deposit customers?	
		Rural HQ	Urban HQ
No	Count	1939	2515
	%	51.9%	74.6%
Yes	Count	1795	855
	%	48.1%	25.4%
Total	Count	3734	3371
	%	100.0%	100.0%

**QIVD. Figure 40 Urban/Rural: Prepaid Cards**

		Do you offer prepaid cards for non-deposit customers?	
		Rural HQ	Urban HQ
No	Count	3050	2988
	%	84.8%	90.4%
Yes	Count	547	317
	%	15.2%	9.6%
Total	Count	3597	3305
	%	100.0%	100.0%

**QIVD. Figure 38 Urban/Rural: Domestic Wire Transfers**

		Do you offer domestic wire transfers for non-deposit customers?	
		Rural HQ	Urban HQ
No	Count	2465	3081
	%	64.8%	90.9%
Yes	Count	1340	307
	%	35.2%	9.1%
Total	Count	3805	3388
	%	100.0%	100.0%

**Question IVD-1. For any of the services above, does your bank offer lower prices for customers as an incentive to open an account?  Yes  No**

About one-quarter (24.2 percent) of banks offer lower prices for services as an incentive for customers to open an account.

**QIVD-1. Figure 1 Does you bank offer lower prices for customers for these services?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	448	4928	75.8
	Yes	158	1569	24.2
	Total	606	6497	100.0
Missing	System	79	943	
Total		685	7440	

There are no differences among regions for banks that offer lower prices for customers.

There is a difference between tiers for banks that offer lower prices to customers. A larger percentage of Tier 1 banks (36.4 percent) offer lower prices, compared to Tier 3 banks (23.4 percent).

**QIVD-1. Figure 2 Tier**

		Does you bank offer lower prices for customers for these services?		
		Tier 1	Tier 2	Tier 3
No	Count	15	347	4566
	%	63.6%	67.6%	76.6%
Yes	Count	8	166	1395
	%	36.4%	32.4%	23.4%
Total	Count	23	513	5961
	%	100.0%	100.0%	100.0%

There is not a difference between urban and rural banks for banks that offer lower prices for customers.

## Remittances

About a third (32.1 percent) of banks are concerned about offering remittances due to regulatory considerations.

**Question IVE. Is your bank concerned about offering remittances due to regulatory requirements?**  Yes  No

**QIVE. Figure 1 Is you bank concerned about offering remittances due to regulatory requirements?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	368	4200	67.9
	Yes	211	1989	32.1
	Total	579	6189	100.0
Missing	System	106	1251	
Total		685	7440	

There are differences among regions for banks that are concerned about offering remittances to non-customers due to regulatory requirements. Almost half (46.9 percent) of Pacific banks are concerned about offering remittances, compared with a quarter (25.1 percent) of West North Central and 23 percent of Mountain banks.

**QIVE. Figure 2 Region**

		Is you bank concerned about offering remittances due to regulatory requirements?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	181	316	487	408	694	693	900	301	219
	%	51.8%	61.4%	68.7%	71.6%	70.2%	65.9%	74.9%	77.0%	53.1%
Yes	Count	169	199	221	162	294	359	301	90	194
	%	48.2%	38.6%	31.3%	28.4%	29.8%	34.1%	25.1%	23.0%	46.9%
Total	Count	350	515	708	570	989	1052	1201	391	413
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks that are concerned about offering remittances due to regulatory requirements. About a third (30.6 percent) of the Tier 3 banks are concerned, compared with 72.7 percent of Tier 1 banks.

**QIVE. Figure 3 Tier**

		Is your bank concerned about offering remittances due to regulatory requirements?		
		Tier 1	Tier 2	Tier 3
No	Count	6	257	3938
	%	27.3%	52.1%	69.4%
Yes	Count	17	236	1736
	%	72.7%	47.9%	30.6%
Total	Count	23	492	5674
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that are concerned about offering remittances due to regulatory requirements. A larger percentage of urban banks are concerned with offering remittances (37.7 percent), compared with rural banks (27.1 percent).

**QIVE. Figure 4 Urban/Rural**

		Is your bank concerned about offering remittances due to regulatory requirements?	
		Rural HQ	Urban HQ
No	Count	2370	1831
	%	72.9%	62.3%
Yes	Count	882	1107
	%	27.1%	37.7%
Total	Count	3252	2938
	%	100.0%	100.0%

**Question IVE-1. If yes, please describe any regulatory concerns you may have in offering this product.**

Banks report concerns about regulatory requirements when offering remittances. These issues are similar to those related to offering check cashing and providing specialized products and services for the unbanked and underbanked. However, for remittances, more banks are concerned with BSA/AML requirements than with non-customer information/identification.

- BSA/AML concerns are mentioned most frequently by banks, with 124 of 190 mentioning them. Ninety-four banks indicate that non-customer information, with regard to CIP, KYC, and Patriot Act compliance, is a concern for offering remittances.
- OFAC regulations are mentioned by 51 different banks, accounting for the third most frequently cited issue.
- Fraud, no recourse, risk, and monitoring requirements are also issues mentioned by banks.
- Twenty-three banks respond “yes” but decline to provide further comments in Question IVE-1.



## Account Opening Process

This chapter examines the following topics:

- Acceptable Identification for Checking Account Opening
- New Account Screening and Risk Management Policies
- Most Common Reasons for Declining New Account Applications
- Options for Individuals Who Do Not Qualify for Conventional Accounts

*This section of the report explores elements of Questions 3 and 4, specifically, identification issues which prevent unbanked individuals from establishing conventional accounts.*

### Summary

**Identification presents a significant challenge for banks.** Government-issued forms of ID are generally required by banks to open a new account. State-issued driver's licenses (99 percent) or passports (92 percent) are the most commonly accepted forms of ID. Matrícula Consular cards are accepted by only 27 percent of banks, with a higher percentage accepting them in western and southern states. Banks will also accept other, non-government-issued forms of ID to verify a prospective customer's identity, including utility bills, and employer letters and paystubs.

**ChexSystems and third-party databases are used by over 87 percent of banks.** In addition to identification requirements and an OFAC list screening by 96 percent of banks when opening a new checking account, banks also review individuals' past records with services like ChexSystem and, less commonly, credit bureau scores. If un/underbanked individuals have mismanaged accounts in the past and negative hits occur when screening potential customers, about half (49 percent) of banks will have a branch manager review the application and decide whether or not to open the account. Another quarter (25 percent) of banks will automatically reject individuals with negative hits.

**Few banks have product options for individuals with blemished checking account histories.** About a quarter (25 percent) of responding banks offer an alternative, entry-level deposit account designed for individuals not qualified for a conventional account. Without an alternative account, un/underbanked individuals face a barrier to rejoin the conventional banking system. When banks decline a new account application, the most common reasons are negative account screening hits because of prior account closure or mismanagement, insufficient identification, and low credit score or poor credit record or history.

## Acceptable Identification for Checking Account Opening

A driver's license is the most commonly accepted form of identification to open a new account, with 99.1 percent of banks accepting it, followed by passports, state-issued photo identification, and military identification. Both ITINs and Matrícula Consular cards are accepted by less than 40 percent of banks. Other forms of identification such as utility bills, employer letters/paystubs, and leases can be used as secondary sources but are not solely sufficient for account opening.

### Question V A. What forms of government-issued identification does the bank accept as part of the new account opening process?

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Driver's license   | <input type="checkbox"/> US or Foreign Passport | <input type="checkbox"/> Social Security number |
| <input type="checkbox"/> Matrícula consular | <input type="checkbox"/> State-issued ID card   | <input type="checkbox"/> ITIN                   |
| <input type="checkbox"/> Military ID        | <input type="checkbox"/> Other                  |   |

**QVA. Figure 1 Acceptable Forms of Identification Required to Open a Checking Account**

Identification Forms	Accept	Alternative Accepted to Verify
Driver's License	<b>99.1%</b>	
Passport (US. or foreign)	<b>92.4%</b>	
State-issued Photo ID	<b>91.2%</b>	
Military ID	<b>88.0%</b>	
Social Security Number	<b>62.8%</b>	
Individual Taxpayer Identification Number (ITIN)	<b>37.6%</b>	
Matrícula Consular Card	<b>26.9%</b>	
Utility Bills		<b>58.3%</b>
Employer Letters/Pay Stub		<b>33.9%</b>
None		<b>31.4%</b>
Housing Lease		<b>23.2%</b>
Other	<b>11.5%</b>	<b>20.1%</b>

**QVA. Figure 2 Driver's License**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	5	68	.9
	Yes	677	7330	99.1
	Total	682	7399	100.0
Missing	System	3	41	
Total		685	7440	

**QVA. Figure 3 Passport**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	42	564	7.6
	Yes	640	6835	92.4
	Total	682	7399	100.0
Missing	System	3	41	
Total		685	7440	

**QVA. Figure 4 Social Security Number**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	267	2749	37.2
	Yes	415	4650	62.8
	Total	682	7399	100.0
Missing	System	3	41	
Total		685	7440	

**QVA. Figure 7 ITIN**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	412	4619	62.4
	Yes	270	2779	37.6
	Total	682	7399	100.0
Missing	System	3	41	
Total		685	7440	

**QVA. Figure 5 Matricula Consular**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	471	5407	73.1
	Yes	211	1992	26.9
	Total	682	7399	100.0
Missing	System	3	41	
Total		685	7440	

**QVA. Figure 8 Military ID**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	74	4619	12.0
	Yes	608	2779	88.0
	Total	682	7399	100.0
Missing	System	3	41	
Total		685	7440	

**QVA. Figure 6 State ID**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	53	653	8.8
	Yes	629	6746	91.2
	Total	682	7399	100.0
Missing	System	3	41	
Total		685	7440	

**QVA. Figure 9 Other**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	579	6499	88.5
	Yes	99	845	11.5
	Total	678	7344	100.0
Missing	System	7	96	
Total		685	7440	

Among the 99 banks that report their acceptance of “other” forms of identification, 44 banks specify permanent/non-permanent Resident Alien Identification or Green Cards. Ten banks accept Tribal Identification, and seven accept Work Visas. Other forms of acceptable identification include student identification, county identification, and insurance cards.

There are differences among regions by banks with respect to their acceptance of Social Security numbers and Matrícula Consular cards for new customer account opening. For Social Security numbers, there is a difference between the Mid-Atlantic (50.7 percent) and New England (45.9 percent) and West South Central (74.7 percent) banks.

**QVA. Figure 10 Region: Social Security Numbers**

		Social Security Number								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	234	280	373	200	298	505	425	215	220
	%	54.1%	49.3%	43.4%	29.2%	25.3%	38.4%	30.2%	43.7%	47.8%
Yes	Count	198	287	487	483	879	811	985	278	241
	%	45.9%	50.7%	56.6%	70.8%	74.7%	61.6%	69.8%	56.3%	52.2%
Total	Count	432	567	860	683	1177	1316	1410	494	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Matrícula Consular cards are accepted at 44.3 percent of Pacific banks, but only 9.6 percent of Mid-Atlantic banks accept them for identification purposes when opening a new account.

**QVA. Figure 11 Region: Matrícula Consular Card**

		Matrícula Consular Card								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	347	512	658	521	715	913	1084	400	257
	%	80.2%	90.4%	76.5%	76.3%	60.7%	69.4%	76.9%	81.1%	55.7%
Yes	Count	86	55	202	162	462	402	326	93	204
	%	19.8%	9.6%	23.5%	23.7%	39.3%	30.6%	23.1%	18.9%	44.3%
Total	Count	432	567	860	683	1177	1316	1410	494	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for all identification types except state identification and military identification. A higher percentage of Tier 2 banks (99.4 percent) accept a passport than Tier 3 banks (91.8 percent). For Matrícula Consular cards and other forms of identifications, there are differences among all tiers.

**QVA. Figure 12 Tier: Driver's License/Passport/Social Security Number**

		Acceptable Forms of Identification Required to Open a Checking Account								
		Tier 1			Tier 2			Tier 3		
		Driver's License	Passport	Social Security Number	Driver's License	Passport	Social Security Number	Driver's License	Passport	Social Security Number
No	Count	0	0	15	0	3	246	68	561	2488
	%	.0%	.0%	58.3%	.0%	.6%	44.7%	1.0%	8.2%	36.5%
Yes	Count	25	25	10	551	548	305	6754	6262	4334
	%	100.0%	100.0%	41.7%	100.0%	99.4%	55.3%	99.0%	91.8%	63.5%
Total	Count	25	25	25	551	551	551	6822	6822	6822
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QVA. Figure 13 Tier: Matricula Consular Card/ITIN/Other**

		Acceptable Forms of Identification Required to Open a Checking Account								
		Tier 1			Tier 2			Tier 3		
		Matricula Consular	ITIN	Other	Matricula Consular	ITIN	Other	Matricula Consular	ITIN	Other
No	Count	5	15	13	329	284	430	5072	4320	6057
	%	20.8%	58.3%	50.0%	59.7%	51.6%	78.0%	74.3%	63.3%	89.5%
Yes	Count	19	10	13	222	267	121	1750	2502	711
	%	79.2%	41.7%	50.0%	40.3%	48.4%	22.0%	25.7%	36.7%	10.5%
Total	Count	24	25	25	551	551	551	6822	6822	6768
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between urban and rural banks for the types of government identification accepted, specifically with regard to Social Security numbers, Matrícula Consular cards, and state identification. A larger percentage of rural banks accept Social Security numbers, and a larger percentage of urban banks accept Matrícula Consular cards and state identifications.

**QVA. Figure 14 Urban/Rural: Drivers License/Passport/Social Security Number**

		Acceptable Forms of Identification Required to Open a Checking Account					
		Rural HQ			Urban HQ		
		Driver's License	Passport	Social Security Number	Driver's License	Passport	Social Security Number
No	Count	14	314	1187	55	250	1563
	%	.3%	8.0%	30.1%	1.6%	7.2%	45.3%
Yes	Count	3932	3631	2759	3398	3204	1891
	%	99.7%	92.0%	69.9%	98.4%	92.8%	54.7%
Total	Count	3946	3946	3946	3453	3453	3453
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QVA. Figure 15 Urban/Rural: Matricula Consular Card/State ID/ITIN**

		Acceptable Forms of Identification Required to Open a Checking Account					
		Rural HQ			Urban HQ		
		Matrícula Consular	State ID	ITIN	Matrícula Consular	State ID	ITIN
No	Count	3101	410	2468	2306	243	2151
	%	78.6%	10.4%	62.6%	66.8%	7.0%	62.3%
Yes	Count	845	3535	1477	1147	3210	1302
	%	21.4%	89.6%	37.4%	33.2%	93.0%	37.7%
Total	Count	3946	3946	3946	3453	3453	3453
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QVA. Figure 16 Urban/Rural: Military ID/Other**

		Acceptable Forms of Identification Required to Open a Checking Account			
		Rural HQ		Urban HQ	
		Military ID	Other	Military ID	Other
No	Count	468	3439	419	3060
	%	11.9%	88.4%	12.1%	88.6%
Yes	Count	3477	452	3035	393
	%	88.1%	11.6%	87.9%	11.4%
Total	Count	3946	3891	3453	3453
	%	100.0%	100.0%	100.0%	100.0%

**Question V B. Which, if any, of the following alternative sources of information does the bank accept to verify a prospective deposit customer's identity?**

- Utility bills/payments     Housing lease  
 Employer letters/pay stub     Other: \_\_\_\_     None

Utility bills are the most commonly accepted alternative form of ID for verifying a prospective customer's identity, with 58.3 percent of banks accepting them. Housing leases are the least common, with 23.2 percent of banks accepting them as an alternative source of identification.

**QVB. Figure 1 Utility Bills**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	277	3010	41.7
	Yes	390	4214	58.3
	Total	667	7224	100.0
Missing	System	18	215	
Total		685	7440	

**QVB. Figure 3 Employer Letter/Pay Stub**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	447	4774	66.1
	Yes	219	2447	33.9
	Total	666	7221	100.0
Missing	System	19	219	
Total		685	7440	

**QVB. Figure 2 Housing Lease**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	505	5539	76.8
	Yes	161	1672	23.2
	Total	666	7211	100.0
Missing	System	19	229	
Total		685	7440	

**QVB. Figure 4 Other**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	518	5775	79.9
	Yes	149	1449	20.1
	Total	667	7224	100.0
Missing	System	18	215	
Total		685	7440	

Among the banks that report accepting “other” forms of identification, the five most frequently cited alternative sources of information are: insurance, medicare/medicaid card (45), credit card (39), student identification (37), voter registration (28), and birth certificate (26).

**QVB. Figure 5 None**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	456	4900	68.6
	Yes	206	2246	31.4
	Total	662	7146	100.0
Missing	System	23	294	
Total		685	7440	

There are no differences among regions or tiers for alternative sources of information for verifying deposit customers’ identities.

There is a difference between urban and rural banks for banks that accept employee letters/pay stubs as alternative sources of information to verify a prospective customer’s identity. A larger percentage of rural banks (39.9 percent) accept employee letters and pay stubs, compared with 27.0 percent of urban banks.

**QVB. Figure 6 Urban/Rural**

		Acceptable Forms of Identification Required to Open a Checking Account					
		Rural HQ			Urban HQ		
		Utility bills	Housing lease	Employer letter/pay stub	Utility bills	Housing lease	Employer letter/pay stub
No	Count	1433	2944	2304	1578	2595	2470
	%	37.3%	77.0%	60.1%	46.6%	76.6%	73.0%
Yes	Count	2404	879	1532	1810	793	915
	%	62.7%	23.0%	39.9%	53.4%	23.4%	27.0%
Total	Count	3836	3823	3836	3388	3388	3385
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

## New Account Screening and Risk Management Policies

Nearly all (95.6 percent) banks use OFAC lists for new account screening and risk management. The ChexSystem/Qualifile service is used by 77.2 percent of banks, while 33.5 percent of banks refer to credit bureau reports. A large percentage of banks that use OFAC lists also use ChexSystems/Qualifile. Less than 1 percent of banks do not use any account screening or risk management tools.

**QVB. Figure 6 Account Screening and Risk Management Tools**

Account Screening and Risk Management Tools	Percentage of Banks
OFAC Lists	<b>95.6%</b>
ChexSystems/Qualifile	<b>77.2%</b>
Credit Bureau Reports	<b>33.5%</b>
Other	<b>14.1%</b>
Early Warning Services (formerly Primary Payment Systems)	<b>2.0%</b>
None	<b>0.6%</b>

**Question V C. What account screening and risk management tools are used for new deposit accounts?**

- |  |   |
|--|---|
| <input type="checkbox"/> ChexSystems/Qualifile<br><input type="checkbox"/> OFAC Lists<br><input type="checkbox"/> None | <input type="checkbox"/> Early Warning Services (formerly PPS)<br><input type="checkbox"/> Credit Bureau Reports<br><input type="checkbox"/> Other: _____ |
|--|---|

**QVC. Figure 1 ChexSystems/Qualifile**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	133	1691	22.8
Yes	549	5718	77.2
Total	682	7409	100.0
Missing System	3	31	
Total	685	7440	

**QVC. Figure 3 OFAC Lists**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	31	327	4.4
Yes	652	7085	95.6
Total	683	7412	100.0
Missing System	2	27	
Total	685	7440	

**QVC. Figure 2 Early Warning Services**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	655	7265	98.0
Yes	28	147	2.0
Total	683	7412	100.0
Missing System	2	27	
Total	685	7440	

**QVC Figure 4 Credit Bureau Reports**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	463	4922	66.5
Yes	219	2477	33.5
Total	682	7399	100.0
Missing System	3	41	
Total	685	7440	

**QVC. Figure 5 None**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	679	7368	99.4
Yes	3	41	.6
Total	682	7409	100.0
Missing System	3	31	
Total	685	7440	

**QVC. Figure 6 Other**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	573	6359	85.9
Yes	109	1040	14.1
Total	682	7399	100.0
Missing System	3	41	
Total	685	7440	

Among the 109 banks that report “other,” the most common responses are: eFunds (10), which operates the CheckSystems/Qualifile; TeleCheck (10); Lexis-Nexis (9); Penley (9); and Patriot Act Software (6).

There is a difference between regions for the account screening tools of ChexSystems/Qualifile and Credit Bureau Reports. A smaller percentage of banks in the West North Central region (61.0 percent) use ChexSystems/Qualifile than banks in New England (95.9 percent).

A higher percentage of banks in the East South Central (47.6 percent) and West North Central (47.1 percent) regions use Credit Bureau Reports than banks in the New England (10.3 percent) and Mid-Atlantic regions (14.2 percent).

**QVC. Figure 7 Region: ChexSystems/Qualifile**

		ChexSystems/ Qualifile								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	31	87	138	168	219	359	550	62	79
	%	7.1%	14.9%	16.0%	24.5%	18.6%	27.4%	39.0%	12.5%	17.1%
Yes	Count	401	494	722	515	958	953	860	432	383
	%	92.9%	85.1%	84.0%	75.5%	81.4%	72.6%	61.0%	87.5%	82.9%
Total	Count	432	581	860	683	1177	1312	1410	494	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QVC. Figure 8 Region: Credit Bureau**

		Credit Bureau								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	388	498	546	358	821	843	739	347	382
	%	89.7%	85.8%	63.5%	52.4%	69.8%	64.1%	52.9%	70.2%	82.9%
Yes	Count	44	82	313	325	356	473	657	147	79
	%	10.3%	14.2%	36.5%	47.6%	30.2%	35.9%	47.1%	29.8%	17.1%
Total	Count	432	581	860	683	1177	1316	1396	494	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences among tiers for ChexSystems/Qualifile, Early Warning Services, OFAC Lists and other types of account screening tools. A higher percentage of Tier 2 banks (93.7 percent) use ChexSystem than banks in Tier 3 (75.8 percent). For Early Warning Services, there is a difference between Tier 1 (54.2 percent) and Tiers 2 (4.4 percent) and 3 (1.6 percent). For other screening tools, there is a slight difference between Tier 1 (37.5 percent) and Tiers 2 (20.8 percent) and 3 (13.4 percent).

**QVC. Figure 9 Tier: ChexSystems/ Early Warning Services**

		Tier 1		Tier 2		Tier 3	
		ChexSystems/Qualifile	Early Warning Services	ChexSystems/Qualifile	Early Warning Services	ChexSystems/Qualifile	Early Warning Services
No	Count	2	11	35	527	1654	6727
	%	8.3%	45.8%	6.3%	95.6%	24.2%	98.4%
Yes	Count	23	14	513	24	5182	109
	%	91.7%	54.2%	93.7%	4.4%	75.8%	1.6%
Total	Count	25	25	548	551	6836	6836
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QVC. Figure 10 Tier: OFAC Lists/Other**

		Tier 1		Tier 2		Tier 3	
		OFAC Lists	Other	OFAC Lists	Other	OFAC Lists	Other
No	Count	2	16	24	437	301	5906
	%	8.3%	62.5%	4.4%	79.2%	4.4%	86.6%
Yes	Count	23	9	527	114	6535	916
	%	91.7%	37.5%	95.6%	20.8%	95.6%	13.4%
Total	Count	25	25	551	551	6836	6822
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between urban and rural banks for screening tools for new deposit accounts, including ChexSystems/Qualifile, Early Warning Systems, and Credit Bureau Reports. A larger percentage of urban banks (87.5 percent) use ChexSystems/Qualifile than rural banks (68.1 percent). A larger percentage of urban banks (3.0 percent) use Early Warning Systems than rural banks (1.1 percent). However, a larger percentage of rural banks (39.0 percent) use Credit Bureau Reports than urban banks (27.2 percent).

**QVC. Figure 11 Urban/Rural: Check Systems/Qualifile/Early Warning Services/OFAC Lists**

		Rural HQ			Urban HQ		
		ChexSystems/Qualifile	Early Warning Services	OFAC Lists	ChexSystems/Qualifile	Early Warning Services	OFAC Lists
No	Count	1258	3901	178	433	3364	149
	%	31.9%	98.9%	4.5%	12.5%	97.0%	4.3%
Yes	Count	2688	44	3768	3030	103	3317
	%	68.1%	1.1%	95.5%	87.5%	3.0%	95.7%
Total	Count	3946	3946	3946	3463	3467	3467
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QVC. Figure 12 Urban/Rural: Credit Bureau Reports/None/Other**

		Rural HQ			Urban HQ		
		Credit Bureau Reports	None	Other	Credit Bureau Reports	None	Other
No	Count	2397	3905	3392	2525	3463	2967
	%	61.0%	99.0%	86.3%	72.8%	100.0%	85.6%
Yes	Count	1535	41	540	942	0	500
	%	39.0%	1.0%	13.7%	27.2%	.0%	14.4%
Total	Count	3932	3946	3932	3467	3463	3467
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Question V D. Can a new customer open a deposit account without the bank screening the customer using ChexSystems or a similar third-party screen being used by the bank?**

Checking account:.....  Yes  No  
 Savings account:.....  Yes  No

A large majority (87.1 percent) of banks require a third-party screen before permitting individuals to open checking accounts. Slightly fewer banks (81.4 percent) require third-party screens to open savings accounts.

**QVD. Figure 1 Can a customer open a checking account without a third-party screen?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	596	6391	87.1
	Yes	81	950	12.9
	Total	677	7341	100.0
Missing	System	8	99	
Total		685	7440	

**QVD. Figure 2 Can a customer open a savings account without a third-party screen?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	557	5973	81.4
	Yes	117	1368	18.6
	Total	674	7340	100.0
Missing	System	11	99	
Total		685	7440	

There are differences among regions for opening accounts without a third-party screen. There are differences with regard to checking accounts in the West North Central region (24.7 percent) compared with New England (0.0 percent) and the South Atlantic (4.9 percent) regions.

**QVD. Figure 3 Region: Can a customer open a checking account without a third-party screen?**

		Can a customer open a checking account without a third-party screen?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	446	454	818	604	1057	1106	1051	463	393
	%	100.0%	84.2%	95.1%	90.3%	89.8%	84.1%	75.3%	93.8%	88.4%
Yes	Count	0	86	42	65	120	210	345	31	51
	%	.0%	15.8%	4.9%	9.7%	10.2%	15.9%	24.7%	6.2%	11.6%
Total	Count	446	540	860	669	1177	1316	1396	494	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percent of banks in the West North Central region (32.6 percent) do not require a screening for savings accounts than banks in the New England (0.8 percent) or South Atlantic (10.6 percent) regions.

**QVD. Figure 4 Region: Can a customer open a savings account without a third-party screen?**

		Can a customer open a savings account without a third-party screen?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	442	475	756	560	1016	983	938	418	385
	%	99.2%	82.2%	89.4%	82.4%	86.6%	75.5%	67.4%	87.2%	86.6%
Yes	Count	3	103	90	120	157	319	455	62	59
	%	.8%	17.8%	10.6%	17.6%	13.4%	24.5%	32.6%	12.8%	13.4%
Total	Count	446	577	846	679	1174	1302	1393	480	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are no differences among tiers for opening accounts without a third-party screen.

There are differences between urban and rural banks for banks that allow customers to open deposit accounts without a third-party screen. A larger percentage of rural banks (18.7 percent for checking, 25.1 percent for savings) allow customers to open accounts without a third-party screen than urban banks (6.4 percent and 11.3 percent, respectively).

**QVD. Figure 5 Urban/Rural**

		Can a customer open an account without a third-party screen?			
		Rural HQ		Urban HQ	
		Checking	Savings	Checking	Savings
No	Count	3176	2923	3215	3049
	%	81.3%	74.9%	93.6%	88.7%
Yes	Count	728	978	221	390
	%	18.7%	25.1%	6.4%	11.3%
Total	Count	3905	3901	3436	3439
	%	100.0%	100.0%	100.0%	100.0%

About half (48.6 percent) of banks require branch managers to decide on overrides when an applicant screening returns a negative hit. Over a quarter (25.2 percent) of banks will reject the account application automatically if there is negative information in ChexSystem records.

**QVD. Figure 6 Bank Policies on Opening/Overrides**

Bank Policy on Openings/Overrides	% of Banks
Account opening decision is made at the discretion of the branch manager	<b>48.6%</b>
Application is automatically rejected	<b>25.2%</b>
Other	<b>18.2%</b>
Account opening decision is made at the discretion of the new account representative	<b>13.3%</b>
Application is submitted to a centralized back office for review	<b>6.5%</b>

**Question V E. If an applicant screening process returns a negative hit, what is the bank's policy regarding account opening/overrides?**

- Application is automatically rejected
- Account opening decision is made at the discretion of the new account representative
- Account opening decision is made at the discretion of the branch manager
- Application is submitted to a centralized back office for review
- Other: \_\_\_\_\_

**QVE. Figure 1. Automatically Rejected**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	511	5431	74.8
	Yes	160	1828	25.2
	Total	671	7259	100.0
Missing	System	14	181	
Total		685	7440	

**QVE. Figure 4. Submitted to a centralized office for review**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	625	6790	93.5
	Yes	46	469	6.5
	Total	671	7259	100.0
Missing	System	14	181	
Total		685	7440	

**QVE. Figure 2. Decision is made at the discretion of the new account rep**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	584	6296	86.7
	Yes	87	963	13.3
	Total	671	7259	100.0
Missing	System	14	181	
Total		685	7440	

**QVE. Figure 5. Other**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	534	5925	81.8
	Yes	136	1320	18.2
	Total	670	7245	100.0
Missing	System	15	195	
Total		685	7440	

**QVE. Figure 3. Decision is made at the discretion of the branch manager**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	333	3732	51.4
	Yes	338	3526	48.6
	Total	671	7259	100.0
Missing	System	14	181	
Total		685	7440	

Among the banks reporting “other,” the most frequently mentioned responses include: may be opened at discretion of upper management (63), offer a limited service account (23), action depends on nature of hit and when it occurred (13), and account may be opened with proof of hit being resolved (11).

There is a difference between regions for having branch managers decide when the screening process returns a negative hit. A lower percentage of banks in the West North Central region (38.3 percent) have branch managers decide, compared with the South Atlantic (63.1 percent) and New England (73.1 percent) regions.

**QVE. Figure 6. Region**

		Decision is made at the discretion of the branch manager								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	120	323	317	359	640	721	828	223	202
	%	26.9%	56.9%	36.9%	54.0%	54.3%	56.5%	61.7%	45.3%	46.6%
Yes	Count	326	244	543	307	537	554	514	270	232
	%	73.1%	43.1%	63.1%	46.0%	45.7%	43.5%	38.3%	54.7%	53.4%
Total	Count	446	567	860	666	1177	1274	1341	494	434
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between tiers for automatic rejections, branch manager decisions, and other override decisions on opening accounts when the screening process returns a negative hit. A small percentage (4.2 percent) of Tier 1 banks automatically reject candidates, compared with 21.5 percent of Tier 2 banks and 25.6 percent of Tier 3 banks. Branch managers decide at 75.0 percent of Tier 1 banks, compared with 53.8 percent in Tier 2 and 48.1 percent in Tier 3. One-third (33.3 percent) of Tier 1 banks note “other” policies, compared with 27.2 percent of Tier 2 banks and 17.4 percent of Tier 3 banks.

**QVE. Figure 7. Tier**

		Tier 1		Tier 2		Tier 3	
		Automatically Rejected	Decision is made at the discretion of the new account rep	Automatically Rejected	Decision is made at the discretion of the new account rep	Automatically Rejected	Decision is made at the discretion of the new account rep
No	Count	24	20	430	492	4977	5783
	%	95.8%	79.2%	78.5%	89.9%	74.4%	86.5%
Yes	Count	1	5	118	55	1709	902
	%	4.2%	20.8%	21.5%	10.1%	25.6%	13.5%
Total	Count	25	25	548	548	6686	6686
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QVE. Figure 8. Tier**

		Tier 1			Tier 2			Tier 3		
		Decision is made at the discretion of the branch manager	Submitted to a centralized office for review	Other	Decision is made at the discretion of the branch manager	Submitted to a centralized office for review	Other	Decision is made at the discretion of the branch manager	Submitted to a centralized office for review	Other
No	Count	6	22	17	253	506	399	3473	6262	5510
	%	25.0%	87.5%	66.7%	46.2%	92.4%	72.8%	51.9%	93.7%	82.6%
Yes	Count	19	3	8	295	42	149	3213	424	1162
	%	75.0%	12.5%	33.3%	53.8%	7.6%	27.2%	48.1%	6.3%	17.4%
Total	Count	25	25	25	548	548	548	6686	6686	6672
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is no difference between urban and rural banks for the bank’s policies regarding account opening/overrides.

**Question V F. Does the bank use credit report or bureau scores as part of its screening process for new checking accounts?  Yes  No**

Most banks (80.7 percent) do not use credit reports or bureau scores when performing background screens on new customers who are seeking to open checking accounts at their bank.

**QVF. Figure 1. Does the bank use credit reports or bureau scores as screening for new checking accounts?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	541	5918	80.7
	Yes	133	1412	19.3
	Total	674	7330	100.0
Missing	System	11	110	
Total		685	7440	

A smaller percentage of banks in the Mountain (3.5 percent) and Pacific (3.4 percent) regions use credit reports as a screening tool to open new checking accounts than banks in the South Atlantic (29.9 percent) or East South Central (33.2 percent) region.

**QVF. Figure 2. Region**

		Does the bank use credit reports or bureau scores as screening for new checking accounts?								
		New England	Mid Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	391	487	602	454	1020	1050	1022	473	419
	%	90.5%	88.6%	70.1%	66.8%	87.7%	79.8%	72.7%	96.5%	96.6%
Yes	Count	41	63	257	226	144	265	384	17	15
	%	9.5%	11.4%	29.9%	33.2%	12.3%	20.2%	27.3%	3.5%	3.4%
Total	Count	432	550	860	679	1163	1316	1406	490	434
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A higher percentage of Tier 1 banks (50.0 percent) use credit reports as a screening tool for opening new checking accounts than Tier 2 (16.1 percent) and Tier 3 banks (19.4 percent).

**QVF. Figure 3. Tier**

		Does the bank use credit reports or bureau scores as screening for new checking accounts?		
		Tier 1	Tier 2	Tier 3
No	Count	13	451	5455
	%	50.0%	83.9%	80.6%
Yes	Count	13	87	1313
	%	50.0%	16.1%	19.4%
Total	Count	25	538	6768
	%	100.0%	100.0%	100.0%

There is little difference between urban and rural banks for banks that use credit reports as a screening tool for opening new checking accounts.

### **Common Reasons for Declining New Account Applications**

**Question VG. What are the top three most common reasons that a new account application is declined? Please rank the three most common reasons 1 to 3, where 1 = the most common reason, 2 = the second most common reason, and 3 = the third most common reason.**

- \_\_\_ **Insufficient identification information**
- \_\_\_ **Negative account screening hit due to prior account closure or mismanagement**
- \_\_\_ **Negative account screening hit due to potential fraud alert**
- \_\_\_ **No credit score/Insufficient credit history**
- \_\_\_ **Low credit score/ or poor credit record/credit history**
- \_\_\_ **Insufficient initial deposit**
- \_\_\_ **Other 1**
- \_\_\_ **Other 2**

Banks' most common reason for declining new accounts is negative screening information about a prior account (62.2 percent), followed by insufficient identification information (38.6 percent) and a low credit score/rating (37.0 percent).

**QVG. Figure 1. Reason for Declining Applications**

<b>Reason for Declining Applications</b>	<b>Ranked #1</b>	<b>Ranked #1 or #2</b>
Negative account screening hit due to prior account closure or mismanagement	<b>62.2%</b>	<b>90.5%</b>
Insufficient identification information	<b>38.6%</b>	<b>73.9%</b>
Low credit score/ or poor credit record/credit history	<b>37.0%</b>	<b>69.6%</b>
Other	<b>13.9%</b>	<b>50.4%</b>
Negative account screening hit due to potential fraud alert	<b>8.9%</b>	<b>46.7%</b>
No credit score/Insufficient credit history	<b>2.9%</b>	<b>37.1%</b>
Insufficient initial deposit	<b>10.3%</b>	<b>32.6%</b>

**QVG. Figure 2. Overall Calculated Rankings**

<b>Reason for Decline</b>	<b>Rank</b>
Negative account screening hit due to prior account closure or mismanagement	<b>1</b>
Insufficient identification information	<b>2</b>
Negative account screening hit due to potential fraud alert	<b>3</b>
Insufficient initial deposit	<b>4</b>
Low credit score/ or poor credit record/credit history	<b>5</b>
No credit score/Insufficient credit history	<b>6</b>
Other	<b>7</b>

\*Choices were scored in reverse order, where 1 = 5 points, 2 = 4 points etc. Choices were then ranked according to total points.

Rankings are identical for the top three choices across all three tiers. The rankings for the reasons by region were also identical to overall rankings.

**QVG. Figure 3. Calculated Rankings by Tier**

Reason for Decline	Tier 1 Rank	Tier 2 Rank	Tier 3 Rank
Negative account screening hit due to prior account closure or mismanagement	1	1	1
Insufficient identification information	2	2	2
Negative account screening hit due to potential fraud alert	3	3	3
Low credit score/ or poor credit record/credit history	4	4	5
Insufficient initial deposit	7	5	4
Other	6	6	6
No credit score/Insufficient credit history	5	7	7

**QVG. Figure 4. Statistics**

		Insufficient ID	Negative account screening due to prior closure or mismanagement	Negative account screening due to potential fraud alert	No credit score/ insufficient credit history	Low credit score/ poor credit record or history	Insufficient initial deposit	Other 1	Other 2
Weighted									
N	Valid	6725	6371	4220	581	1202	1889	443	58
	Missing	714	1069	3219	6859	6237	5551	6996	7382
Mean		1.88	1.48	2.45	2.83	2.05	2.67	2.39	3.00
Median		2.00	1.00	3.00	3.00	2.00	3.00	2.00	3.00
Mode		1	1	3	3	1	3	3	3
Minimum		1	1	1	1	1	1	1	3
Maximum		4	4	4	6	6	6	4	3

**QVG. Figure 5. Insufficient ID**

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	242	2593	38.6
	2	219	2375	35.3
	3	157	1744	25.9
	4	1	14	.2
	Total	619	6725	100.0
Missing	System	66	714	
Total		685	7440	

**QVG. Figure 8. No credit score/insufficient credit history**

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	2	17	2.9
	2	16	198	34.1
	3	25	284	48.8
	4	3	41	7.1
	5	2	27	4.7
	6	1	14	2.4
	Total	49	581	100.0
Missing	System	636	6859	
Total		685	7440	

**QVG. Figure 6. Negative account screening due to prior closure or mismanagement**

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	365	3961	62.2
	2	167	1805	28.3
	3	63	592	9.3
	4	1	14	.2
	Total	596	6371	100.0
Missing	System	89	1069	
Total		685	7440	

**QVG. Figure 9. Low credit score/poor credit record or history**

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	39	444	37.0
	2	35	392	32.6
	3	27	298	24.8
	4	1	14	1.1
	5	3	41	3.4
	6	1	14	1.1
	Total	106	1202	100.0
Missing	System	579	6237	
Total		685	7440	

**QVG. Figure 7. Negative account screening due to potential fraud alert**

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	35	377	8.9
	2	159	1596	37.8
	3	216	2217	52.5
	4	3	31	.7
	Total	413	4220	100.0
Missing	System	272	3219	
Total		685	7440	

**QVG. Figure 10. Insufficient initial deposit**

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	15	195	10.3
	2	33	421	22.3
	3	101	1174	62.2
	4	5	58	3.1
	6	3	41	2.2
	Total	157	1889	100.0
Missing	System	528	5551	
Total		685	7440	

**QVG. Figure 11. Other 1**

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	6	62	13.9
	2	15	162	36.5
	3	19	206	46.5
	4	1	14	3.1
	Total	41	443	100.0
Missing	System	644	6996	
Total		685	7440	

**QVG. Figure 12. Other 2**

		Frequency	Weighted Frequency	Weighted Percent
Valid	3	5	58	100.0
Missing	System	680	7382	
Total		685	7440	

Among banks reporting “other,” the most common reasons for declining accounts include: poor account history (18), unable to verify identification or other information given (10), questionable or insufficient initial deposit (7), and individual owes money to a bank (4).

There are differences among regions in rankings for negative account screening due to prior closure or mismanagement. A larger percentage (73.0 percent) of New England banks followed by banks in the East South Central (71.7 percent) and East North Central (71.0 percent) regions gave this category a first-place ranking than other regions, while a lesser percentage of Mid-Atlantic banks (40.1 percent) ranked it first.

**QVG. Figure 13. Region**

		Negative Account Screening Due to Prior Closure or Mismanagement								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
1	Count	305	199	433	418	698	741	658	267	241
	%	73.0%	40.1%	56.0%	71.7%	64.2%	71.0%	61.0%	56.0%	58.2%
2	Count	68	249	282	121	301	178	335	155	117
	%	16.3%	50.2%	36.4%	20.7%	27.7%	17.0%	31.1%	32.5%	28.2%
3	Count	44	48	44	44	89	125	86	55	56
	%	10.6%	9.7%	5.8%	7.6%	8.2%	12.0%	7.9%	11.5%	13.5%
4	Count	0	0	14	0	0	0	0	0	0
	%	.0%	.0%	1.8%	.0%	.0%	.0%	.0%	.0%	.0%
Total	Count	418	495	773	584	1088	1044	1078	476	413
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for the ranking of a negative account screening due to prior closure or mismanagement. There is a difference between Tier 1 (36.4 percent ranked first) and Tier 3 (62.3 percent ranked first).

**QVG. Figure 14. Tier**

		Tier 1			Tier 2			Tier 3		
		Insufficient ID	Negative account screening due to prior closure or mis-management	Negative account screening due to potential fraud alert	Insufficient ID	Negative account screening due to prior closure or mis-management	Negative account screening due to potential fraud alert	Insufficient ID	Negative account screening due to prior closure or mis-management	Negative account screening due to potential fraud alert
1	Count	9	8	4	205	316	17	2379	3637	355
	%	50.0%	36.4%	20.0%	39.9%	61.9%	4.3%	38.4%	62.3%	9.4%
2	Count	7	8	7	180	128	166	2188	1668	1422
	%	38.9%	36.4%	35.0%	35.1%	25.2%	41.7%	35.3%	28.6%	37.4%
3	Count	2	6	9	128	66	212	1613	520	1996
	%	11.1%	27.3%	45.0%	25.0%	12.9%	53.0%	26.0%	8.9%	52.5%
4	Count	0	0	0	0	0	3	14	14	27
	%	.0%	.0%	.0%	.0%	.0%	.9%	.2%	.2%	.7%
Total	Count	19	23	21	513	510	399	6193	5838	3801
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is no difference between urban and rural banks for the ranking of the common reasons for declining accounts.

## Options for Individuals Who Do Not Qualify for Conventional Accounts

**Question V H. If a new account applicant does not qualify for a conventional checking account, does the bank offer any entry deposit accounts designed for individuals not qualified for conventional accounts that can serve as a “stepping stone” account (e.g., an account with debit card access but no check writing)?**

Yes  No

About a quarter (24.6 percent) of all banks have at least one entry deposit account designed for individuals not qualified for conventional accounts. This percentage may be overstated as the majority of account descriptions reported by banks in the subsequent open-ended question might not be classified as entry-level accounts for otherwise unqualified individuals.

**QVH. Figure 1. Does the bank offer “stepping stone” accounts?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	499	5518	75.4
	Yes	177	1799	24.6
	Total	676	7317	100.0
Missing	System	9	123	
Total		685	7440	

There is little difference between regions for banks that offer stepping stone accounts.

There is a difference between tiers for banks that offer stepping stone accounts. A greater percentage of Tier 1 banks (50.0 percent) offer the accounts, compared to 28.9 percent and 24.1 percent of Tier 2 and Tier 3 banks, respectively.

**QVH. Figure 2. Tier**

		Does the bank offer “stepping stone” accounts?		
		Tier 1	Tier 2	Tier 3
No	Count	13	392	5113
	%	50.0%	71.1%	75.9%
Yes	Count	13	160	1627
	%	50.0%	28.9%	24.1%
Total	Count	25	551	6740
	%	100.0%	100.0%	100.0%

There is little difference between urban and rural banks for banks that offer stepping stone accounts.

**Question V H-1. If yes, please describe the alternative account(s) offered. Include information related to products, transaction restrictions, fees, etc. If possible, please include a copy of the product description or marketing brochure for any alternative accounts.**

<b>Account A:</b>	<b>Date Introduced:</b>
<b>Account B:</b>	<b>Date Introduced:</b>
<b>Account C:</b>	<b>Date Introduced:</b>

Qualitative analysis shows that a common approach is to offer some form of savings account as an entry-level account for unbanked and underbanked individuals.

These accounts are difficult to categorize and characterize along common dimensions due to a wide variety of features, conditions, requirements, and restrictions placed on these accounts by banks.

Among the 180 bank that provide descriptions of alternative accounts that they offer, only about one-third (62 of 180) of the reporting banks appear to offer a distinct entry-level account for un/underbanked individuals.

The majority (117 of 180) of reporting banks describe accounts that would not be considered an entry-level deposit account.

- About half (89 of 180) of reporting banks describe some form of savings account, including regular, passbook, and statement savings accounts.
- Standard checking accounts, with no modifications or restrictions on what is offered to mainstream customers, are reported by 16 of 180 banks.

Few (10 of 180) banks report offering electronic transfer accounts (ETAs) as an alternative account offered to un/underbanked individuals.



## Deposit Products

This chapter examines the following topics:

- Minimum Balance Required for Basic Accounts
- Payment Options Available for Basic Accounts
- NSF Fees and Options

*These questions address aspects of the Congressional Question 4: transaction costs that may prevent un/underbanked individuals from establishing accounts.*

### Summary

**Most banks offer low-cost accounts with low minimum balance requirements.** The survey shows that the majority of banks (an estimated 62 percent) do not require a minimum balance for their most basic checking accounts, and that an additional 8 percent of banks waive minimum balance requirements with direct deposit.

**Most banks include free check writing and debit card use in their most basic checking accounts.** Most banks (90 percent) include free check writing, and 84 percent include free debit card transactions. Online bill payment is included at no additional cost at 64.8 percent of banks.

**Nearly all (99 percent) banks charge NSF fees on their most basic transaction accounts, with a mean fee of \$25.89.** Over half of the banks surveyed offer programs to cover or waive the NSF items and alerts to notify customers of low balances or NSF transactions.

**Banks policies for closing accounts are inconsistent.** Many banks will automatically close the account once a threshold number of NSF items are reached or if a persistent negative balance remains for a bank-determined time period, which can range from 10 to 180 days.

## Minimum Balance Requirement for Bank Accounts

**Question VI A. Does the bank's most basic or entry-level checking account have a minimum balance requirement?**

Yes       No, but only with direct deposit       No

A majority (61.6 percent) of banks do not require a minimum balance for their basic checking account product. An additional 8.1 percent of banks waive the minimum balance requirement if customers use direct deposit.

**QVIA. Figure 1. Does the most entry level checking account have a minimum balance?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	434	4523	61.6
	Yes	186	2222	30.3
	No, but only with direct deposit	56	593	8.1
	Total	676	7337	100.0
Missing	System	9	103	
Total		685	7440	

There are no differences among regions for banks with minimum balance requirements.

There is a difference between tiers for banks that have minimum balance requirements. A smaller percentage of banks require a minimum balance in Tier 2 (18.5 percent) than in Tier 3 (31.3 percent). Tier 1 and Tier 2 have a higher percent of banks that do not require a minimum balance (75.0 percent and 73.9 percent, respectively), compared with 60.6 percent of Tier 3.

**QVIA. Figure 2. Tier**

		Does the most entry level checking account have a minimum balance?		
		Tier 1	Tier 2	Tier 3
No	Count	19	402	4102
	%	75.0%	73.9%	60.6%
Yes	Count	2	101	2119
	%	8.3%	18.5%	31.3%
No, but only with direct deposit	Count	4	42	547
	%	16.7%	7.6%	8.1%
Total	Count	25	544	6768
	%	100.0%	100.0%	100.0%

There is little difference between urban and rural banks for banks with minimum balance requirements.

**Question VI A-1. If minimum balance is required, what is the minimum balance?**

**\$ \_\_\_ with direct deposit / \$ \_\_\_ without direct deposit**

**Question VI A-2. If minimum balance is not required, what other fees apply?**

**\$ \_\_\_ with direct deposit / \$ \_\_\_ without direct deposit**

The estimated mean minimum balance requirements and fees for checking accounts without direct deposit are slightly higher than for those with direct deposit (\$185.80 vs. \$161.93).

However, both the median and mode minimum balance for accounts with or without direct deposit are \$100.00. Without direct deposit or a minimum balance, monthly fees range from \$0.00 to \$250.00.

**QVIA-1. Figure 1. Statistics**

Weighted		Minimum balance with direct deposit	Minimum balance without direct deposit	Fees with direct deposit	Fees without direct deposit
N	Valid	1773	2179	1002	1125
	Missing	5667	5261	6438	6315
Mean		\$161.92	\$185.80	\$10.38	\$11.16
Median		\$100.00	\$100.00	\$0.00	\$0.00
Mode		\$100.00	\$100.00	\$0.00	\$0.00
Minimum		\$0.00	\$0.00	\$0.00	\$0.00
Maximum		\$1,500.00	\$1,500.00	\$250.00	\$250.00

There are no differences among tiers or regions for minimum balance amounts with direct deposit.

There is no difference between urban and rural banks for minimum balance amounts with direct deposit.

There is no difference between tiers for minimum balance amounts without direct deposit.

There is no difference between urban and rural banks for minimum balance amounts without direct deposit.

There are differences among regions for minimum balance amounts for accounts without direct deposit. The minimum balance for the Pacific region is higher than that of all other regions, with a median of \$300.00, compared with a median of \$100.00 in all regions except New England (\$10.00) and the South Atlantic (\$75.00).

**QVIA-1. Figure 2. Minimum Balance (if required) Without Direct Deposit on an Entry-Level Checking Account**

<b>Region</b>	<b>Median Minimum Balance without Direct Deposit</b>	<b>Sample Size</b>
New England	\$10.00	5
Mid Atlantic	\$100.00	15
South Atlantic	\$75.00	16
East South Central	\$100.00	18
West South Central	\$100.00	43
East North Central	\$100.00	26
West North Central	\$100.00	29
Mountain	\$100.00	10
Pacific	\$300.00	19

There is no difference among tiers or regions for fees on basic checking accounts without a minimum balance requirement.

There is no difference between urban and rural banks for fees on basic checking accounts without a minimum balance requirement.

## Payment Options Available for Basic Accounts

**Question VI B. For the most basic transaction deposit account, what payment options are included/available?**

Product	Included at No Cost	Available for a Fee	Not Offered	Monthly Fee (if applicable)	Per-Transaction Fee (if applicable)
Check writing	90.0%	9.5%	0.4%	\$5.43	\$0.29
ATM card (PIN-only)	80.6%	10.2%	9.2%	\$1.08	\$0.75
Debit card signature (Visa/MasterCard)	84.2%	11.0%	4.8%	\$1.48	\$0.36
Online bill payment	64.8%	21.5%	13.7%	\$5.50	\$0.27

Ninety-percent (90 percent) of banks include free check writing in their most basic transaction account product.

Online bill payment is the most common fee-based product offered (21.5 percent), but the majority of banks still provide this feature at no cost (64.8 percent). If there is a fee associated with online bill payment, it is typically about \$5.50 per month or \$0.27 per transaction. Online bill payment is also the most common product not offered by banks (13.7 percent).

**QVIB. Figure 1. Is check writing available for the most basic transaction account?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not offered	4	32	.4
	Included at no cost	595	6413	90.0
	Available for a fee	59	677	9.5
	Total	658	7122	100.0
Missing	System	27	318	
Total		685	7440	

There are no differences among between regions or tiers in check writing availability.

The median monthly fee for check writing, if banks charge a fee, is \$3.00. In addition, the median per transaction fee for writing a check is \$0.20.

**QVIB. Figure 2 Statistics**

Weighted		Check Writing Monthly Fee	Check Writing Transaction Fee
N	Valid	357	464
	Missing	320	213
Mean		\$5.43	\$.29
Median		\$3.00	\$.20
Mode		\$5.00	\$.25
Minimum		\$.00	\$.00
Maximum		\$50.15	\$2.00

There are no differences among tiers or regions in monthly or per-item check writing fees.

Most (80.6 percent) banks include ATM cards at no cost with their most basic accounts, and 10.2 percent offer an ATM card with a fee.

**QVIB. Figure 3. Is an ATM card available for the most basic transaction account?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not offered	51	634	9.2
	Included at no cost	525	5553	80.6
	Available for a fee	61	699	10.2
	Total	637	6886	100.0
Missing	System	48	554	
Total		685	7440	

There is a difference between regions in ATM card availability. A larger percentage of West North Central banks (19.4 percent) offer ATM cards for a fee, than in the Pacific (0 percent).

**QVIB. Figure 4. Is an ATM card available for the most basic transaction account?**

		Is an ATM card available for the most basic transaction account?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
Not offered	Count	27	41	76	14	99	137	96	68	75
	%	6.3%	8.2%	9.6%	2.2%	9.3%	10.9%	7.1%	15.3%	18.4%
Included at no cost	Count	374	427	677	580	811	1007	996	347	335
	%	86.5%	85.6%	85.6%	92.4%	76.0%	80.1%	73.5%	77.7%	81.6%
Available for a fee	Count	31	31	38	34	157	114	263	31	0
	%	7.1%	6.2%	4.8%	5.5%	14.7%	9.1%	19.4%	6.9%	.0%
Total	Count	432	498	791	628	1068	1257	1355	446	410
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is no difference between tiers in ATM card availability.

Of the banks that offer an ATM card for a fee, the mean monthly fee is \$1.08, and the mean transaction fee is \$0.75.

**QVIB. Figure 5. Statistics**

Weighted		ATM Monthly Fee	ATM Transaction Fee
N	Valid	422	195
	Missing	277	504
Mean		\$1.08	\$.75
Median		\$1.00	\$1.00
Mode		\$1.00	\$1.00
Minimum		\$.00	\$.00
Maximum		\$2.00	\$2.00

There are no differences among tiers or regions for ATM fees.

Almost all banks (95.2 percent) offer a debit card with their most basic transaction account; 84.2 percent banks offer it for free, and 11.0 percent of banks offer it for a fee.

**QVIB. Figure 6. Is a debit card available for the most basic transaction account?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not offered	27	339	4.8
	Included at no cost	562	5911	84.2
	Available for a fee	60	769	11.0
	Total	649	7019	100.0
Missing	System	36	421	
Total		685	7440	

There are differences among regions in debit card availability and the incidence of fees. There is a difference between the Pacific region and the West North Central region. Only 3.1 percent of banks in the Pacific charge a fee for a debit card, compared with 20.5 percent of West North Central banks. However, a greater percentage of banks in the West North Central offer a debit card (96.8 percent) than in the Pacific (86.9 percent).

**QVIB. Figure 7. Region**

		Is a debit card available for the most basic transaction account?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
Not offered	Count	14	14	41	17	58	68	41	27	58
	%	3.3%	2.6%	4.9%	2.6%	5.1%	5.5%	3.2%	5.8%	13.1%
Included at no cost	Count	401	481	743	625	866	1093	969	360	372
	%	95.9%	92.1%	88.6%	95.3%	75.3%	87.7%	76.3%	76.1%	83.8%
Available for a fee	Count	3	27	55	14	226	86	260	86	14
	%	.8%	5.2%	6.5%	2.1%	19.6%	6.9%	20.5%	18.1%	3.1%
Total	Count	418	522	839	655	1150	1247	1270	473	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is little difference between tiers for debit card availability.

The median monthly fee for banks charging a fee for debit cards is \$1.00, while the median per-item transaction fee is \$0.12. Less than 2 percent of banks report having per item fees for debit card usage.

QVIB. Figure 8. Statistics

Weighted		Debit Card Monthly Fee	Debit Card Transaction Fee
N	Valid	520	113
	Missing	250	656
Mean		\$1.48	\$.36
Median		\$1.00	\$.12
Mode		\$1.00	\$.00
Minimum		\$.00	\$.00
Maximum		\$5.00	\$1.25

There are few differences among tiers or regions for debit card fees.

Online bill payment is not offered by 13.7 percent banks, but it is available at no additional cost at 64.8 percent of banks.

QVIB. Figure 9. Is online bill pay available for the most basic transaction account?

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not offered	71	950	13.7
	Included at no cost	445	4502	64.8
	Available for a fee	130	1495	21.5
	Total	646	6947	100.0
Missing	System	39	492	
Total		685	7440	

There are no differences among regions or tiers for bill pay availability.

Among banks that charge a fee, the median monthly fee for bill payment services is \$5.00, and the median per-item transaction fee is \$0.35. These are the highest and most commonly charged fees among the payment options listed in the survey.

QVIB. Figure 10. Statistics

Weighted		Bill pay Monthly Fee	Bill pay Transaction Fee
N	Valid	1093	154
	Missing	401	1341
Mean		\$5.50	\$.27
Median		\$5.00	\$.35
Mode		\$5.95	\$.00
Minimum		\$.00	\$.00
Maximum		\$10.00	\$.55

There is a difference between tiers in monthly fees charged for bill payment, but not in per-transaction fees, among banks that charge a fee for online bill payment services. Fees for Tier 1 (mean: \$6.95) are higher than for Tier 2 (mean: \$4.86). The Tier 3 mean (\$5.54) and median (\$5.00) monthly fees fall between those for Tiers 1 and 2.

**QVIB. Figure 11. Tier 1**

		Bill Pay Monthly Fee	Bill Pay Transaction Fee
N	Valid	2	0
	Missing	1	3
Mean		\$6.95	
Median		\$6.95	
Mode		\$6.95	
Minimum		\$6.95	
Maximum		\$6.95	

**QVIB. Figure 12. Tier 2**

		Bill pay Monthly Fee	Bill pay Transaction Fee
N	Valid	66	17
	Missing	17	66
Mean		\$4.86	\$.36
Median		\$4.95	\$.40
Mode		\$4.95	\$.00(a)
Minimum		\$.00	\$.00
Maximum		\$6.95	\$.55

Multiple modes exist. The smallest value is shown.

**QVIB. Figure 13. Tier 3**

		Bill pay Monthly Fee	Bill pay Transaction Fee
N	Valid	1025	137
	Missing	383	1271
Mean		\$5.54	\$.26
Median		\$5.00	\$.25
Mode		\$5.95	\$.00
Minimum		\$.55	\$.00
Maximum		\$10.00	\$.55

There are no differences among regions in bill payment fees for banks that charge fees.

There are differences between urban and rural banks for the availability of ATM cards, debit cards, and online bill payment. A larger percentage of rural banks (14.2 percent) charge fees for ATM card access than urban banks (5.6 percent). Fourteen-percent (14.1 percent) of rural banks charge fees for debit card access, compared with 7.4 percent of urban banks; and 20.0 percent of rural banks do not offer online bill payment, compared with 6.8 percent of urban banks.

**QVIB. Figure 14. Urban and Rural**

		Availability of Payment Options in Most Basic Transaction Account							
		Rural HQ				Urban HQ			
		Check Writing	ATM Card	Debit Card	Online Bill Pay	Check Writing	ATM Card	Debit Card	Online Bill Pay
Not offered	Co	27	342	154	725	5	292	185	226
	unt %	.7%	9.4%	4.1%	20.0%	.1%	9.0%	5.6%	6.8%
Included at no cost	Co	3323	2770	3033	2120	3089	2783	2878	2382
	unt %	87.6%	76.3%	81.8%	58.4%	92.8%	85.4%	87.0%	71.8%
Available for a fee	Co	441	516	523	786	236	183	246	708
	unt %	11.6%	14.2%	14.1%	21.7%	7.1%	5.6%	7.4%	21.4%
Total	Co	3792	3628	3710	3631	3330	3258	3309	3316
	unt %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

## NSF Fees and Options

**Question VI C. Does the bank charge a per-item NSF fee on its most basic (lowest cost) transaction account?**

Yes  No

Nearly all (99.2 percent) banks charge NSF fees on their most basic account, and less than 1 percent of banks do not charge an NSF fee.

**QVIC. Figure 1. Does the bank charge a NSF fee on its most basic account?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	5	58	.8
	Yes	667	7234	99.2
	Total	672	7293	100.0
Missing	System	13	147	
Total		685	7440	

There are minimal differences among regions or tiers in the share of banks that charge NSF fees.

There is no difference between urban and rural banks for banks that charge NSF fees.

**Question VI C-1. If yes, what is the standard or typical NSF fee for this account?**

NSF fees range from \$8.00 to \$38.00, with a median of \$25.00 and a mean of mean of \$25.89.

**QVIC-1. Figure 1. Standard NSF Fee**

N	Valid	7206
	Missing	28
Mean		\$25.89
Median		\$25.00
Mode		\$25
Minimum		\$8
Maximum		\$38

There are differences among regions for NSF fee amounts. Banks in the West North Central (mean of \$23.05) and Pacific (\$24.37) regions charge lower fees than those in the East North Central (\$25.82), which charge lower fees than in the Mid Atlantic (\$29.74) and South Atlantic (\$30.64) regions.

**QVIC-1. Figure 2. New England: Standard NSF Fee**

N	Valid	405
	Missing	14
Mean		\$25.81
Median		\$25.00
Mode		\$25
Minimum		\$16
Maximum		\$30

**QVIC-1. Figure 5. East South Central: Standard NSF Fee**

N	Valid	669
	Missing	0
Mean		\$27.82
Median		\$28.00
Mode		\$25
Minimum		\$20
Maximum		\$36

**QVIC-1. Figure 3. Mid Atlantic: Standard NSF Fee**

N	Valid	560
	Missing	0
Mean		\$29.74
Median		\$30.00
Mode		\$30
Minimum		\$15
Maximum		\$38

**QVIC-1. Figure 6. West South Central: Standard NSF Fee**

N	Valid	1136
	Missing	14
Mean		\$24.16
Median		\$25.00
Mode		\$25
Minimum		\$10
Maximum		\$35

**QVIC-1. Figure 4. South Atlantic: Standard NSF Fee**

N	Valid	860
	Missing	0
Mean		\$30.64
Median		\$30.00
Mode		\$30
Minimum		\$20
Maximum		\$37

**QVIC-1. Figure 7. East North Central: Standard NSF Fee**

N	Valid	1273
	Missing	1
Mean		\$25.82
Median		\$25.00
Mode		\$25
Minimum		\$10
Maximum		\$38

**QVIC-1. Figure 8. West North Central:  
Standard NSF Fee**

N	Valid	1383
	Missing	0
Mean		\$23.05
Median		\$25.00
Mode		\$25
Minimum		\$8
Maximum		\$35

**QVIC-1. Figure 10. Pacific:  
Standard NSF Fee**

N	Valid	444
	Missing	0
Mean		\$24.37
Median		\$25.00
Mode		\$25
Minimum		\$15
Maximum		\$30

**QVIC-1. Figure 9. Mountain:  
Standard NSF Fee**

N	Valid	476
	Missing	0
Mean		\$24.95
Median		\$25.00
Mode		\$25
Minimum		\$18
Maximum		\$34

There are differences among tiers in NSF fee amounts. Fees for Tier 3 (mean of \$25.61) are lower than for Tier 2 (\$29.10) and Tier 1 (\$30.55).

**QVIC-1. Figure 11. Tiers: Standard NSF Fee**

Tier 1	N	Valid	24
		Missing	1
	Mean		\$30.55
	Median		\$31.50
	Mode		\$35
	Minimum		\$18
	Maximum		\$38
Tier 2	N	Valid	538
		Missing	0
	Mean		\$29.10
	Median		\$30.00
	Mode		\$30
	Minimum		\$15
	Maximum		\$38
Tier 3	N	Valid	6645
		Missing	27
	Mean		\$25.61
	Median		\$25.00
	Mode		\$25
	Minimum		\$8
	Maximum		\$37

There is a difference between urban and rural banks in NSF fees charged. This may correlate with differences associated with asset size, since more banks in Tier 3 tend to be rural banks and all Tier 1 banks are urban banks. The median for rural banks is \$25.00, and the median for urban banks is \$28.00.

**QVIC-1. Figure 12. Rural: Standard NSF Fee**

N	Valid	3864
	Missing	96
Mean		\$24.92
Median		\$25.00
Mode		\$25
Minimum		\$8
Maximum		\$37

**QVIC-1. Figure 13. Urban: Standard NSF Fee**

N	Valid	3390
	Missing	90
Mean		\$27.48
Median		\$28.00
Mode		\$25
Minimum		\$15
Maximum		\$38

**Question VI C-2. Does the bank offer any programs to cover or waive NSF items on this account?**  Yes  No

Over half (59.4 percent) of banks that charge NSF fees offer some type of program that will cover or waive the fee.

**QVIC-2. Figure 1. Does the bank offer programs to waive the NSF fee?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	243	2882	40.6
	Yes	412	4209	59.4
	Total	655	7091	100.0
Missing	System	12	144	
Total		667	7234	

There are minimal differences between regions in the share of banks that had programs to cover or waive NSF fees.

There is a difference between tiers for programs to cover or waive NSF fees. A higher percentage of banks in Tier 2 offer programs to cover or waive NSF fees (75.8 percent) than banks in Tier 3 (57.9 percent).

**QVIC-2. Figure 2. Tier**

		Does the bank offer programs to cover or waive the NSF fee?		
		Tier 1	Tier 2	Tier 3
No	Count	5	128	2748
	%	20.8%	24.2%	42.1%
Yes	Count	20	402	3787
	%	79.2%	75.8%	57.9%
Total	Count	25	531	6535
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that offer programs to cover or waive NSF fees. About two-thirds (62.8 percent) of urban banks offer programs to cover or waive the fees, compared with 56.4 percent of rural banks.

**QVIC-2. Figure 3. Urban/Rural**

		Does the bank offer programs to cover or waive the NSF fee?	
		Rural HQ	Urban HQ
No	Count	1672	1210
	%	43.6%	37.2%
Yes	Count	2164	2045
	%	56.4%	62.8%
Total	Count	3836	3255
	%	100.0%	100.0%

**Question VI C-2. a) If yes, please describe:**

Of the surveyed banks, 410 described their programs to waive NSF fees.

Respondents reported two main ways to cover or waive NSF items: a line of credit or an automatic transfer from one account to another to cover NSF items. Banks typically offer automatic transfers at a lower fee than a line of credit, but this option may not be available for un/underbanked individuals who do not have either an additional account or sufficient money in other accounts to cover the NSF item(s). In this case, banks may offer customers a line of credit requiring them to pay off the balance and interest within a 30 to 90 day period.

- A majority (313) of respondents indicated that they offer Overdraft Protection (ODP), ODP Lines of Credit, or Bounce Protection.
- A total of 184 respondents reported offering an automatic sweep transfer from a separate account to cover NSF items. Of these 184 banks, 19 describe a transfer fee, which can range from \$1.00 to \$10.00, in order to move money from another account into the overdrawn account. Three banks offer free transfer sweeps.
- Seventy-two banks indicated that fees are charged with their NSF programs. Four banks offer a line of credit with no initial fees attached, aside from the interest to be paid on the loan.
- Nineteen banks reported either waving the first NSF fee completely or giving officers authority to waive some or all of the fees.
- Sixty-three respondents described an overdraft limit up to which they will cover NSF items. These limits range from \$100 to \$50,000, which was cited by one bank. The mean overdraft limit, excluding two extreme instances of \$25,000 and \$50,000, is \$551.

**Question VIC-3. Does the bank offer “alerts” to notify customers with these accounts of low balances or NSF transactions on this account?**

Yes  No

Over half (54.4 percent) of banks that charge NSF fees offer alerts to notify customers of low balances or NSF transactions.

**QVIC-3. Figure 1. Does the bank offer alerts to notify customers of low balances or NSF fees?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	296	3280	45.6
	Yes	365	3913	54.4
	Total	661	7193	100.0
Missing	System	6	41	
Total		667	7234	

There are no differences among regions or tiers in the provision of alerts to notify customers of NSF fees.

There is little difference between urban and rural banks regarding alerts that notify customers of NSF fees.

**Question VI C-4. Will the bank automatically close this account if a threshold number of NSF items are reached or there is a persistent negative balance?**

Yes  No

Over half (56.7 percent) of banks that charge NSF fees will automatically close an account after a customer has reached a certain number of NSF items or a certain period of time with a negative balance.

**QVIC-4. Figure 1. Will the bank automatically close the account due to NSF fees or a negative balance?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	280	3087	43.3
	Yes	378	4045	56.7
	Total	658	7132	100.0
Missing	System	9	103	
Total		667	7234	

There are differences among regions for banks that will automatically close an account due to NSF fees or a negative balance. There are differences between the New England region (85.3 percent) and the Pacific (42.8 percent), East North Central (53.3 percent), West North Central (53.3 percent), Mid-Atlantic (53.0 percent), and South Atlantic (51.5 percent) regions.

**QVIC-4. Figure 2. Region**

		Will the bank automatically close the account due to NSF fees or a negative balance?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	62	257	417	238	434	575	646	205	252
	%	14.7%	47.0%	48.5%	36.3%	38.7%	46.7%	46.7%	43.1%	57.2%
Yes	Count	357	290	442	417	688	655	736	271	189
	%	85.3%	53.0%	51.5%	63.7%	61.3%	53.3%	53.3%	56.9%	42.8%
Total	Count	418	546	860	655	1122	1230	1383	476	441
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are no differences among tiers for banks that automatically close an account due to NSF fees or negative balances.

There is no difference between urban and rural banks for banks that automatically close an account due to NSF fees or negative balances.

**Question VI C-4. a) If yes, what is the monthly threshold?**

Responses vary for the 277 responding banks. Eighty-three banks report that they will close accounts based on a number of NSF items per month, ranging from one to 500, and 156 other banks report that they will close accounts based on a consistent negative balance over the course of a specified amount of time, ranging from 10 days to 180 days. Thirty-eight banks report that they will review accounts on an individual basis or that their policies vary for each situation.

One bank that closes accounts with a consistent negative balance said that they will offer their “Fresh Start” program to individuals after 25 days in the red. This program charges no fees and allows individuals to keep their existing accounts.

## Savings Accounts

This chapter examines the following topics:

- Basic Savings Accounts
- Individual Development Accounts
- IRS VITA Program
- Money Market Accounts
- Specialized Savings Clubs
- Workplace and School-Based Savings Accounts
- Interest Rates

*These questions address aspects of the Congressional Question 4: barriers which may prevent un/underbanked individuals from establishing a savings account.*

### Summary

**Most banks offer basic savings and money market deposit accounts for balances of \$500 or less.** While basic savings accounts are nearly universal and are offered by an estimated 97 percent of banks, money market deposit accounts are offered by fewer than three-quarters (70 percent) of banks. Half (50 percent) of banks offer specialized savings clubs.

**A minority of banks offer workplace-based programs, individual deposit accounts (IDAs), and IRS VITA programs.** Only 7 percent of banks offer existing savings accounts through workplace-based programs, 8 percent offer IDAs, and 3 percent offer IRS VITA site programs that facilitate savings. These accounts and programs are important for outreach into the community to attract un/underbanked individuals into the conventional banking system through savings products.

**Interest rates are typically very low for savings accounts.** The mean rate is about 1 percent or less for all savings accounts except for individual development accounts, which is 1.2 percent.

**Less than a quarter (22 percent) of the banks work with organizations to promote any kind of savings products.** Banks partner with schools to attract youth and partner with local business to increase comfort with the banking system for the un/underbanked.

## Basic Savings Accounts

**Question VII A. For savings accounts with balances of \$500 or less, which, if any, of the following accounts are offered and what are the interest rates paid on the accounts?**

**QVIA. Figure 1. Savings Accounts and Programs**

Product/Service	Offer for Customer?	Interest Rate Offered (as of Dec. 31, 2007)
Basic Savings (non-transactional)	<b>96.9%</b>	<b>0.80%</b>
Money Market Deposit Accounts	<b>69.5%</b>	<b>1.07%</b>
Specialized Savings Clubs	<b>49.9%</b>	<b>0.93%</b>
Other (please describe):	<b>19.5%</b>	<b>1.69%</b>
Individual Development Accounts	<b>7.6%</b>	<b>1.20%</b>
Workplace-based Programs	<b>7.4%</b>	<b>0.90%</b>
IRS VITA Program (direct deposit or split refund)	<b>3.2%</b>	<b>0.49%</b>

The majority of banks offer basic savings accounts (96.9 percent) and money market deposit accounts (69.5 percent). A much smaller percentage of banks offer workplace-based programs (7.4 percent) and individual development accounts (7.6 percent). The average interest rate for a basic savings account is 0.80 percent, compared with 1.07 percent for money market accounts.

**QVIA. Figure 2. Does the bank offer basic savings accounts?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	20	222	3.1
	Yes	648	7016	96.9
	Total	668	7238	100.0
Missing	System	17	202	
Total		685	7440	

There are minimal differences among regions or tiers for banks that offer a basic savings account.

**QVIA. Figure 3. Basic Savings Interest Rate**

N	Valid	6507
	Missing	933
Mean		.7993
Median		.7000
Mode		.50
Minimum		.00
Maximum		4.51

There is a difference between tiers for basic savings account interest rates. Tier 1 banks offer the lowest median interest rate of 0.25 percent, compared with 0.50 percent for Tier 2 and 0.75 percent for Tier 3.

**QVIA. Figure 4. Tier: Basic Savings Interest Rate**

Tier 1	N	Valid	23
		Missing	2
	Mean		.3136
	Median		.2500
	Mode		.10(a)
	Minimum		.05
	Maximum		1.00
Tier 2	N	Valid	468
		Missing	83
	Mean		.6622
	Median		.5000
	Mode		.50
	Minimum		.05
	Maximum		4.51
Tier 3	N	Valid	6016
		Missing	848
	Mean		.8118
	Median		.7500
	Mode		.50
	Minimum		.00
	Maximum		3.25

Multiple modes exist. The smallest value is shown.

There are differences among regions for interest rates offered on basic savings accounts. The median rate in the New England, Mid-Atlantic, Pacific, and East North Central regions (0.50 percent) are lower than rates offered by banks in the South Atlantic (0.85 percent) and Mountain (0.95 percent) regions.

**QVIA. Figure 5. New England:**

**Basic Savings Interest Rate**

N	Valid	405
	Missing	41
Mean		.6889
Median		.5000
Mode		.50
Minimum		.10
Maximum		2.00

**QVIA. Figure 9. West South Central:**

**Basic Savings Interest Rate**

N	Valid	1047
	Missing	130
Mean		.8681
Median		.7500
Mode		.50
Minimum		.00
Maximum		2.50

**QVIA. Figure 6. Mid-Atlantic:**

**Basic Savings Interest Rate**

N	Valid	512
	Missing	69
Mean		.7609
Median		.5000
Mode		.50
Minimum		.00
Maximum		3.20

**QVIA. Figure 10. East North Central:**

**Basic Savings Interest Rate**

N	Valid	1196
	Missing	120
Mean		.6899
Median		.5000
Mode		.50
Minimum		.00
Maximum		3.25

**QVIA. Figure 7. South Atlantic:**

**Basic Savings Interest Rate**

N	Valid	702
	Missing	157
Mean		.9633
Median		.8500
Mode		.50
Minimum		.05
Maximum		4.51

**QVIA. Figure 11. West North Central:**

**Basic Savings Interest Rate**

N	Valid	1221
	Missing	189
Mean		.7545
Median		.6800
Mode		.50
Minimum		.00
Maximum		2.50

**QVIA. Figure 8. East South Central:**

**Basic Savings Interest Rate**

N	Valid	577
	Missing	106
Mean		.7732
Median		.7500
Mode		1.00
Minimum		.10
Maximum		3.93

**QVIA. Figure 12. Mountain:**

**Basic Savings Interest Rate**

N	Valid	463
	Missing	44
Mean		.9625
Median		.9500
Mode		.50
Minimum		.00
Maximum		2.75

**QVIA. Figure 13. Pacific:**

**Basic Savings Interest Rate**

N	Valid	385
	Missing	76
Mean		.8047
Median		.5000
Mode		.25
Minimum		.10
Maximum		2.25

## Individual Development Accounts

Overall, 7.6 percent of the banks offer IDAs.

**QVIA. Figure 14. Does the bank offer Individual Development Accounts?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	517	5876	92.4
	Yes	68	482	7.6
	Total	585	6358	100.0
Missing	System	100	1081	
Total		685	7440	

There are minimal differences among regions for banks that offer Individual Development Accounts.

There is a difference among tiers for banks that offer IDAs. Each tier is different from the others, with the highest percentage of banks offering IDAs in Tier 1 (50.0 percent), followed by Tier 2 (22.1 percent) and Tier 3 (6.3 percent).

**QVIA. Figure 15. Rate by Tier**

		Does the bank offer Individual Development Accounts?		
		Tier 1	Tier 2	Tier 3
No	Count	13	354	5510
	%	50.0%	77.9%	93.7%
Yes	Count	13	101	369
	%	50.0%	22.1%	6.3%
Total	Count	25	454	5879
	%	100.0%	100.0%	100.0%

Overall, the median interest rate for IDAs is 0.75 percent, and the mean is 1.20 percent.

**QVIA. Figure 16. Individual Development Account Interest Rate**

N	Valid	416
	Missing	7024
Mean		1.1960
Median		.7500
Mode		.50
Minimum		.00
Maximum		4.75

There is a difference between tiers for IDA interest rates. Smaller banks tend to offer a higher interest rate; Tier 3 banks have a median of 1.0 percent, compared with 0.40 percent in Tier 2 and 0.20 percent in Tier 1.

**QVIA. Figure 17. Tier 1:  
Individual Development  
Account Interest Rate**

N	Valid	8
	Missing	17
Mean		.2306
Median		.2000
Mode		.20
Minimum		.01
Maximum		.55

**QVIA. Figure 19. Tier 3:  
Individual Development  
Account Interest Rate**

N	Valid	328
	Missing	6535
Mean		1.3617
Median		1.0000
Mode		1.00
Minimum		.00
Maximum		4.75

a Multiple modes exist. The smallest value is shown

**QVIA. Figure 18. Tier 2:  
Individual Development  
Account Interest Rate**

N	Valid	80
	Missing	472
Mean		.6153
Median		.4000
Mode		.50
Minimum		.00
Maximum		4.25

There are no differences among regions for individual development account interest rates.

## IRS VITA Programs

Very few banks (3.2 percent) participate in IRS VITA programs. These programs help banks offer existing savings accounts to VITA customers.

**QVIA. Figure 20. Does the bank offer IRS VITA programs?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	537	5921	96.8
	Yes	26	195	3.2
	Total	563	6116	100.0
Missing	System	122	1324	
Total		685	7440	

There are no differences among regions for banks that participate in IRS VITA programs.

There is a difference between tiers for banks that participate in IRS VITA programs. A higher percentage of Tier 1 banks (14.3 percent) participate in IRS VITA programs than Tier 3 banks (2.7 percent).

**QVIA. Figure 21. Tier**

		Does the bank offer IRS VITA programs?		
		Tier 1	Tier 2	Tier 3
No	Count	19	406	5496
	%	85.7%	90.7%	97.3%
Yes	Count	3	42	150
	%	14.3%	9.3%	2.7%
Total	Count	22	447	5647
	%	100.0%	100.0%	100.0%

The overall median interest rate for IRS VITA programs is 0.25 percent, and the mean is 0.49 percent.

**QVIA. Figure 22. Weighted Statistics: IRS VITA Interest Rate**

N	Valid	167
	Missing	7273
Mean		.4905
Median		.2500
Mode		.50
Minimum		.00
Maximum		4.50

There are minimal differences between tiers or regions in IRS VITA program interest rates.

## Money Market Accounts

Over two-thirds (69.5 percent) of banks offer Money Market Accounts (MMA).

**QVIA. Figure 23. Does the bank offer Money Market accounts?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	189	2085	30.5
	Yes	440	4755	69.5
	Total	629	6840	100.0
Missing	System	56	600	
Total		685	7440	

There are minimal differences among regions and tiers in the percent of banks that offer Money Market Accounts.

The overall median interest rate for an MMA is 1.00 percent, and the mean is 1.07 percent.

**QVIA. Figure 24. Weighted Statistics: MMA Interest Rate**

N	Valid	3922
	Missing	3518
Mean		1.0678
Median		1.0000
Mode		1.00
Minimum		.00
Maximum		4.25

There are no differences among tiers or regions for MMA interest rates.

## Specialized Savings Accounts

About half (49.9 percent) of banks offer specialized savings clubs.

**QVIA. Figure 25. Does the bank offer specialized savings clubs?**

		Frequency	Weighted Percent	Weighted Percent
Valid	No	303	3305	50.1
	Yes	301	3298	49.9
	Total	604	6602	100.0
Missing	System	81	837	
Total		685	7440	

A smaller percentage of Mountain (22.4 percent), Pacific (25.1 percent), and West South Central (27.4 percent) banks offer specialized savings clubs than New England (80.6 percent), Mid-Atlantic (78.7 percent), and East North Central (76.3 percent) banks.

**QVIA. Figure 26. Region**

		Does the bank offer specialized savings clubs?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	80	115	489	248	736	284	723	332	299
	%	19.4%	21.3%	64.3%	43.3%	72.6%	23.7%	56.5%	77.6%	74.9%
Yes	Count	332	424	271	325	277	914	557	96	100
	%	80.6%	78.7%	35.7%	56.7%	27.4%	76.3%	43.5%	22.4%	25.1%
Total	Count	411	539	760	573	1013	1198	1280	428	400
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are no differences among tiers for banks that offer specialized savings clubs.

Overall, the median interest rate for specialized savings accounts is 0.70 percent, and the mean is 0.93 percent.

**QVIA. Figure 27. Weighted Statistics: Specialized Savings Interest Rate**

N	Valid	2797
	Missing	4643
Mean		.9292
Median		.7000
Mode		.50
Minimum		.00
Maximum		5.25

There are no differences among tiers or regions for specialized savings club interest rates.

## Workplace - Based Savings Accounts

Few (7.4 percent) banks offer workplace-based savings accounts.

**QVIA. Figure 28. Does the bank offer workplace-based savings programs?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	501	5734	92.6
	Yes	71	460	7.4
	Total	572	6193	100.0
Missing	System	113	1247	
Total		685	7440	

There are differences among regions for banks that offer workplace-based savings accounts. A smaller percentage of banks in the West South Central region (1.8 percent) offer workplace-based savings accounts than banks in the New England region (21.4 percent).

**QVIA. Figure 29. Region**

		Does the bank offer workplace-based savings programs?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	302	384	655	518	965	987	1145	407	370
	%	78.6%	86.6%	92.9%	95.4%	98.2%	88.1%	95.6%	94.9%	95.3%
Yes	Count	82	59	50	25	17	133	52	22	18
	%	21.4%	13.4%	7.1%	4.6%	1.8%	11.9%	4.4%	5.1%	4.7%
Total	Count	384	444	706	543	982	1120	1198	429	388
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences among tiers for banks that offer workplace-based savings accounts. About half (56.5 percent) of Tier 1, 26.0 percent of Tier 2, and 5.7 percent of Tier 3 banks offer workplace-based savings accounts.

**QVIA. Figure 30. Tier**

		Does the bank offer workplace-based savings programs?		
		Tier 1	Tier 2	Tier 3
No	Count	10	336	5387
	%	43.5%	74.0%	94.3%
Yes	Count	14	118	328
	%	56.5%	26.0%	5.7%
Total	Count	24	454	5715
	%	100.0%	100.0%	100.0%

Overall, the median interest rate for workplace-based accounts is 0.50 percent, and the mean is 0.90 percent.

**QVIA. Figure 31. Workplace Interest Rate**

N	Valid	353
	Missing	7086
Mean		.8976
Median		.5000
Mode		.00
Minimum		.00
Maximum		7.50

There are no differences among tiers or regions for workplace-based savings account interest rates.

Sixty-five banks offer other savings products. Respondent comments most frequently mention: accounts for minors (13), Christmas/holiday clubs (7), health savings (6), individual retirement accounts (IRAs) (5), and certificates of deposit (CDs) (4).

**QVIA. Figure 32. Does the bank offer other savings accounts?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	195	2269	80.5
	Yes	65	551	19.5
	Total	260	2819	100.0
Missing	System	425	4621	
Total		685	7440	

There are differences among regions for banks that offer other types of savings accounts. No banks in the Mountain region offer other accounts, compared with 32.4 percent of banks in the East North Central region.

**QVIA. Figure 33. Region**

		Does the bank offer other savings accounts?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	114	183	311	237	315	386	390	168	164
	%	73.5%	78.9%	81.3%	81.3%	86.0%	67.6%	85.1%	100.0%	85.2%
Yes	Count	41	49	72	55	51	186	68		29
	%	26.5%	21.1%	18.7%	18.7%	14.0%	32.4%	14.9%		14.8%
Total	Count	155	233	383	292	366	572	458	168	193
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences among tiers for banks that offer other types of savings accounts. Over two-thirds (69.2 percent) of Tier 1 banks and 39.3 percent of Tier 2 banks offer other savings accounts, compared with 17.8 percent of Tier 3 banks.

**QVIA. Figure 34. Tier**

		Does the bank offer other savings accounts?		
		Tier 1	Tier 2	Tier 3
No	Count	4	118	2147
	%	30.8%	60.7%	82.2%
Yes	Count	9	76	465
	%	69.2%	39.3%	17.8%
Total	Count	14	194	2611
	%	100.0%	100.0%	100.0%

The overall median interest rate for other types of savings accounts is 1.29 percent, and the mean is 1.69 percent.

**QVIA. Figure 35. Other Account Interest Rate**

N	Valid	497
	Missing	6943
Mean		1.6905
Median		1.2900
Mode		.50
Minimum		.00
		5.00

The differences among tiers or regions for other types of savings account interest rates are minimal.

There are differences between urban and rural banks for certain types of savings accounts offered, including IDAs, workplace-based, and other types of savings accounts. Overall, a larger percentage of urban banks offer these savings programs than rural banks.

**QVIA. Figure 36. Rural**

		Types of Savings Accounts Offered						
		Rural HQ						
		Basic Savings Accounts	Individual Development Accounts	IRS VITA Program	Money Market Accounts	Specialized Savings Clubs	Workplace-Based Savings Programs	Other Savings Accounts
No	Count	99	3128	3193	1176	1703	3132	1231
	%	2.6%	94.1%	97.7%	32.1%	48.5%	95.0%	85.9%
Yes	Count	3744	195	75	2493	1809	164	202
	%	97.4%	5.9%	2.3%	67.9%	51.5%	5.0%	14.1%
Total	Count	3843	3323	3269	3669	3511	3296	1432
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QVIA. Figure 37. Urban**

		Types of Savings Accounts Offered						
		Urban HQ						
		Basic Savings Accounts	Individual Development Accounts	IRS VITA Program	Money Market Accounts	Specialized Savings Clubs	Workplace-Based Savings Programs	Other Savings Accounts
No	Count	123	2748	2727	908	1602	2602	1038
	%	3.6%	90.5%	95.8%	28.6%	51.8%	89.8%	74.9%
Yes	Count	3272	287	120	2263	1489	295	349
	%	96.4%	9.5%	4.2%	71.4%	48.2%	10.2%	25.1%
Total	Count	3395	3035	2847	3171	3091	2897	1387
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is also a difference between urban and rural banks in the interest rates banks offer for IDAs and workplace-based accounts. The median interest rate for rural bank IDAs is 1.25 percent, and the median for urban IDAs is 0.53 percent. The median for rural workplace accounts is 1.10 percent, and the median for urban workplace accounts is 0.40 percent.

**QVIA. Figure 38. Rural**

		Basic Savings Interest Rate	Individual Development Interest Rate	IRS VITA Interest Rate	MMA Interest Rate	Specialized Savings Interest Rate	Workplace Interest Rate	Other Account Interest Rate
N	Valid	3511	133	34	2110	1521	103	198
	Missing	448	3826	3925	1850	2438	3857	3761
Mean		.8132	1.7933	.4839	1.0982	1.0007	2.0004	1.8469
Median		.7500	1.2500	.1500	1.0000	.7500	1.1000	1.6450
Mode		.50	.15	.15	1.00	.50	1.00	.50
Minimum		.00	.15	.10	.00	.00	.00	.00
Maximum		3.00	4.75	1.00	4.25	5.00	7.50	5.00

**QVIA. Figure 39. Urban**

		Basic Savings Interest Rate	Individual Development Interest Rate	IRS VITA Interest Rate	MMA Interest Rate	Specialized Savings Interest Rate	Workplace Interest Rate	Other Account Interest Rate
N	Valid	2996	283	132	1812	1275	251	299
	Missing	485	3198	3348	1668	2205	3230	3182
Mean		.7830	.9141	.4922	1.0323	.8438	.4462	1.5866
Median		.6000	.5271	.3750	.8646	.6000	.4000	1.0000
Mode		.50	.50	.50	.50	.25	.50	.00
Minimum		.00	.00	.00	.00	.00	.00	.00
Maximum		4.51	4.25	4.50	3.93	5.25	3.00	4.34

## Workplace and School-Based Savings Programs

**Question VII B. Does the bank partner with organizations (e.g., by operating a high school branch or employer location) to promote savings products?**

Yes  No

Less than a quarter (22.1 percent) of banks partner with other organizations to promote savings products.

**QVIIB. Figure 1. Does the bank partner with organizations to promote savings products?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	480	5703	77.9
	Yes	194	1616	22.1
	Total	674	7320	100.0
Missing	System	11	120	
Total		685	7440	

A smaller percentage of banks in the West North Central region (12.8 percent) partner with organizations to promote savings products compared with banks in the East North Central (27.0 percent), East South Central (27.2 percent), and New England (43.0 percent) regions.

**QVIIB. Figure 2. Region**

		Does the bank partner with organizations to promote savings products?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	254	463	685	497	876	928	1217	424	360
	%	57.0%	82.2%	79.7%	72.8%	76.2%	73.0%	87.2%	83.6%	81.0%
Yes	Count	192	100	175	186	274	343	179	83	85
	%	43.0%	17.8%	20.3%	27.2%	23.8%	27.0%	12.8%	16.4%	19.0%
Total	Count	446	563	860	683	1150	1271	1396	507	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks that partner with organizations to promote savings products. Over three-quarters (79.2 percent) of Tier 1 banks, 50.0 percent of Tier 2 banks, and 19.6 percent of Tier 3 banks partner with other organizations.

**QVIIB. Figure 3. Tier**

		Does the bank partner with organizations to promote savings products?		
		Tier 1	Tier 2	Tier 3
No	Count	5	271	5428
	%	20.8%	50.0%	80.4%
Yes	Count	20	271	1326
	%	79.2%	50.0%	19.6%
Total	Count	25	541	6754
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that partner with organizations to promote savings products. About a fifth (18.9 percent) of rural banks partner, compared with 25.8 percent of urban banks.

**QVIIB. Figure 4. Urban/Rural**

		Does the bank partner with organizations to promote savings products?	
		Rural HQ	Urban HQ
No	Count	3176	2528
	%	81.1%	74.2%
Yes	Count	739	878
	%	18.9%	25.8%
Total	Count	3915	3405
	%	100.0%	100.0%

**Question VII B-1. If yes, please describe.**

Of the 194 respondents that reported partnering with organizations to promote savings products, 176 described the organizations with which they partner.

Respondents reported viewing partnering as an opportunity to develop relationships with local employers and their employees and to gain exposure with youth in the community through school partnerships. Comments indicated attempts to reach out to minors at a young age and show them the benefits offered by banks. Banks also view partnering with local businesses and giving presentations to employees as a means of attracting more business. Partnering with a trusted source, such as an employer, is viewed by respondents as a way of gaining credibility and building trust with unbanked and underbanked employees.

- About two-thirds (118 of 176) of responding banks partner with educational institutions from elementary schools through colleges. They use the ABA Teach Children to Save Day, Junior Achievement, Saving Makes Cents, FDIC Money Smart, and Bank-at-School programs.
- The second most common type of organization with which banks partner is local employers. A third (57 of 176) of respondents either offer Bank-at-Work programs or visit workplaces to provide informational sessions.
- A fifth (37 of 176) of banks reported working with community or non-profit organizations to promote savings products. IDAs are one of the most frequently identified products offered to organizations' unbanked and underbanked clientele.



## Payments Products

This chapter examines the following topics:

- Availability of Funds for Established Customers
- Advance Loans

*These questions address aspects of the Congressional Question 4: barriers which may prevent un/underbanked individuals from cashing checks.*

### Summary

**On-us checks drawn on the bank receive the fastest funds availability for established customers when cashing checks** (beyond the \$100 specified by Reg. CC). The majority of banks provide customers presenting on-us checks current day funds availability, with universal funds availability by the second business day. On-us business checks receive current business day availability at an estimated 63 percent of banks and next business day availability at 36 percent of banks. Customers presenting on-us personal checks receive current business day funds availability at 64 percent of banks and next business day availability at 36 percent of banks. Funds from government checks are available on the same day that the check is deposited at 50 percent of banks, and double-endorsed checks have the slowest funds availability, with 24 percent of banks providing same business day availability and 35 percent with next business day availability.

**Banks provide relatively slow funds availability when cashing payroll checks, which can limit the attractiveness of maintaining an account for some individuals relative to using a nonbank check cashing service.** A majority of banks will not provide same day availability for local payroll checks not drawn on the bank for established customers. Fifty percent make funds available the next day, and 17 percent will make funds available on the second business day.

**Only about 6 percent of banks provide an advance loan on funds that are due to arrive from a deposited check or a regularly scheduled direct deposit.** Typically, banks that provide an advance loan only provide it on regularly scheduled direct deposit funds and government checks.

### Availability of Funds for Established Customers

Banks' funds availability policies are most favorable for on-us checks, where over 62 percent of banks provide same day availability. Checks drawn on other banks are more likely to have next business day availability than same day availability. For example, about half (49.6 percent) of banks have next day availability for local payroll checks, compared with 32 percent that have current business day availability.

**Question VIII A. How soon (in terms of number of business days), beyond the \$100 specified by Reg. CC, are funds ordinarily available for an established customer who presents the following items?**

**QVIII.A. Figure 1. Funds Availability**

	<b>Current Business Day</b>	<b>Next Business Day</b>	<b>Second Business Day</b>	<b>Three or More Business Days</b>
<b>Check value is \$2,500 or less</b>				
<u>Business</u> check drawn on your bank (On-us)	62.9%	36.4%	0.8%	0%
<u>Personal</u> check drawn on your bank (On-us)	64.0%	35.5%	0.6%	0%
<u>Payroll</u> check <u>not</u> drawn on your bank (Local)	32.1%	49.6%	16.5%	1.8%
<u>Business</u> check <u>not</u> drawn on your bank (Local)	27.8%	48.0%	21.0%	3.2%
<u>Personal</u> check <u>not</u> drawn on your bank (Local)	26.6%	47.0%	21.2%	5.2%
<u>Government</u> check	50.4%	48.0%	0.6%	1.0%
<u>Double endorsed</u> check from a third-party	23.7%	35.2%	8.4%	32.6%

**QVIII.A. Figure 2. How soon are funds available for a business check drawn on your bank?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Current day	392	4560	62.9
	Next day	273	2637	36.4
	Second day	4	55	.8
	Total	669	7252	100.0
Missing	System	16	188	
Total		685	7440	

There are differences among regions in terms of how soon funds are available for on-us business checks. Banks in the New England region make funds available sooner (85.2 percent available same day) than banks in the Mid-Atlantic (46.4 percent same day) and Mountain (47.5 percent same day) regions.

**QVIII.A. Figure 3. Region**

		How soon are funds available for a business check drawn on your bank?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
Current day	Count	380	249	525	359	595	894	1008	220	329
	%	85.2%	46.4%	61.1%	54.8%	51.1%	69.4%	72.2%	47.5%	74.0%
Next day	Count	66	274	307	296	568	380	388	243	115
	%	14.8%	51.1%	35.7%	45.2%	48.9%	29.5%	27.8%	52.5%	26.0%
Second day	Count		14	27			14			
	%		2.6%	3.2%			1.1%			
Total	Count	446	536	860	655	1163	1288	1396	463	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers in terms of how soon funds are made available for a business check cashed on the bank. Tier 3 banks make funds available more quickly (64.6 percent with same day availability) than banks in Tier 2 (42.3 percent with same day availability) or Tier 1 (41.7 percent with same day availability).

**QVIII.A. Figure 4. Tier**

New Tier		How soon are funds available for a business check drawn on your bank?		
		Tier 1	Tier 2	Tier 3
Current day	Count	10	229	4320
	%	41.7%	42.3%	64.6%
Next day	Count	15	312	2311
	%	58.3%	57.7%	34.6%
Second day	Count			55
	%			.8%
Total	Count	25	541	6686
	%	100.0%	100.0%	100.0%

There is no difference between urban and rural banks in how soon funds are available for a business check cashed on the bank.

**QVIII.A. Figure 4. How soon are funds available for a personal check drawn on your bank?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Current day	401	4642	64.0
	Next day	266	2572	35.5
	Second day	3	41	.6
	Total	670	7255	100.0
Missing	System	15	185	
Total		685	7440	

There are differences among regions in funds availability for on-us personal checks. New England banks make funds availability sooner than banks in West South Central and Mid Atlantic, which is similar to funds availability for on-us business checks. In this case, 85.2 percent of banks in New England offer same day funds availability for on-us personal checks, compared with 48.0 percent of Mid Atlantic and 48.3 percent of Mountain banks.

**QVIII. Figure 5. Region**

		How soon are funds available for a personal check drawn on your bank?								
		New England	Mid Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
Current day	Count	380	266	512	376	609	912	1036	223	329
	%	85.2%	48.0%	60.5%	57.4%	52.3%	70.8%	74.2%	48.3%	74.0%
Next day	Count	66	274	320	279	555	363	360	239	115
	%	14.8%	49.5%	37.9%	42.6%	47.7%	28.2%	25.8%	51.7%	26.0%
Second day	Count		14	14			14			
	%		2.5%	1.6%			1.1%			
Total	Count	446	553	846	655	1163	1288	1396	463	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers in funds availability of on-us personal checks. Funds are made available sooner by Tier 3 banks (65.6 percent same day) than for either Tier 1 (41.7 percent same day) or Tier 2 (44.6 percent same day), which mirrors on-us business checks.

**QVIII. Figure 6. Tier**

New Tier		How soon are funds available for a personal check drawn on your bank?		
		Tier 1	Tier 2	Tier 3
Current day	Count	10	243	4389
	%	41.7%	44.6%	65.6%
Next day	Count	15	302	2256
	%	58.3%	55.4%	33.7%
Second day	Count			41
	%			.6%
Total	Count	25	544	6686
	%	100.0%	100.0%	100.0%

There is not a difference between urban and rural banks for funds availability of on-us personal checks.

**QVIII. Figure 7. How soon are funds available for a payroll check not drawn on your bank?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Current day	194	2323	32.1
	Next day	345	3594	49.6
	Second day	119	1194	16.5
	Three or more days	11	130	1.8
	Total	669	7241	100.0
Missing	System	16	198	
Total		685	7440	

There are differences among regions in funds availability for local payroll checks. Banks in West North Central (41.4 percent same day) and East North Central (40.9 percent same day) regions make funds available more quickly for local payroll checks than banks in the Mid-Atlantic region (18.7 percent same day).

**QVIII.A. Figure 8. Region**

		How soon are funds available for a payroll check not drawn on your bank?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
Current day	Count	137	106	202	236	314	521	578	130	100
	%	30.7%	18.7%	23.5%	36.8%	27.0%	40.9%	41.4%	28.1%	23.1%
Next day	Count	261	246	434	286	715	480	682	270	219
	%	58.6%	43.5%	50.5%	44.6%	61.5%	37.6%	48.8%	58.4%	50.9%
Second day	Count	48	201	210	120	120	243	109	63	81
	%	10.8%	35.4%	24.4%	18.7%	10.3%	19.1%	7.8%	13.5%	18.8%
Three or more days	Count		14	14		14	31	27		31
	%		2.4%	1.6%		1.2%	2.4%	2.0%		7.2%
Total	Count	446	567	860	642	1163	1274	1396	463	431
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences among tiers in funds availability for local payroll checks. Funds are made available sooner by Tier 3 banks (33.2 percent same day) than by Tier 2 banks (19.7 percent same day).

**QVIII.A. Figure 9. Tier**

New Tier		How soon are funds available for a payroll check not drawn on your bank?		
		Tier 1	Tier 2	Tier 3
Current day	Count	1	108	2215
	%	4.2%	19.7%	33.2%
Next day	Count	18	309	3268
	%	70.8%	56.7%	49.0%
Second day	Count	6	121	1066
	%	25.0%	22.3%	16.0%
Three or more days	Count		7	123
	%		1.3%	1.8%
Total	Count	25	544	6672
	%	100.0%	100.0%	100.0%

There is no difference between urban and rural banks in funds availability for local payroll checks.

**QVIII.A. Figure 10. How soon are funds available for a local business check not drawn on your bank?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Current day	168	2009	27.8
	Next day	335	3478	48.0
	Second day	146	1522	21.0
	Three or more days	19	229	3.2
	Total	668	7238	100.0
Missing	System	17	202	
Total		685	7440	

There are differences among regions for funds availability for local business checks not drawn on the bank. West North Central banks (40.4 percent same day) make funds available sooner than New England (15.3 percent same day) and Mid-Atlantic (11.1 percent same day) banks.

**QVIII.A. Figure 11. Region**

		How soon are funds available for a business check not drawn on your bank?								
		New England	Mid Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
Current day	Count	68	62	147	209	287	456	564	116	100
	%	15.3%	11.1%	17.1%	31.2%	24.8%	35.8%	40.4%	25.9%	23.1%
Next day	Count	254	250	455	272	667	490	641	229	219
	%	57.0%	45.2%	52.9%	40.7%	57.5%	38.5%	45.9%	51.0%	50.9%
Second day	Count	120	228	230	174	151	284	164	90	81
	%	26.9%	41.2%	26.8%	26.1%	13.0%	22.3%	11.8%	20.0%	18.8%
Three or more days	Count	3	14	27	14	55	44	27	14	31
	%	.8%	2.5%	3.2%	2.0%	4.7%	3.5%	2.0%	3.0%	7.2%
Total	Count	446	553	860	669	1160	1274	1396	449	431
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are minimal differences between tiers in funds availability of local business checks not drawn on the bank.

There is little difference between urban and rural banks in funds availability of local business checks that were not drawn on the bank.

**QVIII. Figure 12. How soon are funds available for a personal check not drawn on your bank?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Current day	161	1913	26.6
	Next day	326	3383	47.0
	Second day	147	1528	21.2
	Three or more days	31	373	5.2
	Total	665	7197	100.0
Missing	System	20	243	
Total		685	7440	

There are differences among regions in funds availability for local personal checks that are not drawn on the bank. West North Central banks (40.4 percent same day) make funds available sooner than New England (15.3 percent same day) and Mid Atlantic (11.1 percent same day) banks.

**QVIII. Figure 13. Region**

		How soon are funds available for a personal check not drawn on your bank?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
Current day	Count	68	62	147	209	273	388	564	103	100
	%	15.3%	11.1%	17.4%	31.2%	23.6%	30.7%	40.4%	22.9%	23.9%
Next day	Count	213	251	424	259	661	476	641	243	216
	%	47.8%	45.3%	50.1%	38.6%	56.9%	37.8%	45.9%	54.1%	51.8%
Second day	Count	147	224	244	147	171	284	137	104	71
	%	33.0%	40.4%	28.9%	22.0%	14.8%	22.5%	9.8%	23.1%	16.9%
Three or more days	Count	17	17	31	55	55	113	55		31
	%	3.8%	3.1%	3.6%	8.2%	4.7%	9.0%	3.9%		7.4%
Total	Count	446	553	846	669	1160	1261	1396	449	417
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is little difference between tiers in funds availability for local personal checks not drawn on the bank.

There is little difference between urban and rural banks in funds availability for local personal checks not drawn on the bank.

**QVIII.A. Figure 14. How soon are funds available for a government check?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Current day	305	3640	50.4
	Next day	351	3465	48.0
	Second day	4	44	.6
	Three or more days	7	75	1.0
	Total	667	7224	100.0
Missing	System	18	215	
Total		685	7440	

A greater percentage of West North Central (65.1 percent same day) and New England (57.2 percent same day) banks provide faster funds availability for government checks than Mid-Atlantic banks (27.2 percent same day).

**QVIII.A. Figure 15. Region**

		How soon are funds available for a government check?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
Current day	Count	253	151	320	315	605	719	909	169	199
	%	57.2%	27.2%	39.1%	47.1%	52.0%	56.4%	65.1%	36.5%	44.7%
Next day	Count	189	403	471	354	555	511	487	267	228
	%	42.8%	72.8%	57.5%	52.9%	47.7%	40.1%	34.9%	57.6%	51.4%
Second day	Count			27			3		14	
	%			3.3%			.3%		3.0%	
Three or more days	Count					3	41		14	17
	%					.3%	3.2%		3.0%	3.9%
Total	Count	442	553	819	669	1163	1274	1396	463	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences among tiers in funds availability for government checks. Government check funds are made available sooner by Tier 3 banks (52.2 percent same day) than by both Tier 1 (16.7 percent same day) and Tier 2 banks (30.1 percent same day).

**QVIII.A. Figure 16. Tier**

New Tier		How soon are funds available for a government check?		
		Tier 1	Tier 2	Tier 3
Current day	Count	4	163	3473
	%	16.7%	30.1%	52.2%
Next day	Count	21	368	3076
	%	83.3%	67.9%	46.2%
Second day	Count		3	41
	%		.6%	.6%
Three or more days	Count		7	68
	%		1.3%	1.0%
Total	Count	25	541	6658
	%	100.0%	100.0%	100.0%

There is no difference between urban and rural banks in funds availability for government checks.

Over half (58.9 percent) of banks make funds available for double endorsed checks by the next day, with 23.7 percent providing current day availability and 35.2 percent providing next day availability.

**QVIII.A. Figure 17. How soon are funds available for a double endorsed check?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Current day	127	1560	23.7
	Next day	219	2317	35.2
	Second day	54	552	8.4
	Three or more days	193	2145	32.6
	Total	593	6574	100.0
Missing	System	92	866	
Total		685	7440	

There are differences among regions in funds availability for double endorsed checks. West North Central banks (39.4 percent same day) offer faster availability than Mid-Atlantic banks (6.6 percent same day).

**QVIII.A. Figure 18. Region**

		How soon are funds available for a double endorsed check?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
Current day	Count	68	31	120	174	232	261	523	82	69
	%	17.6%	6.6%	16.6%	28.8%	21.7%	22.9%	39.4%	17.7%	17.4%
Next day	Count	69	166	296	174	455	320	425	232	178
	%	17.9%	35.6%	41.1%	28.8%	42.5%	28.1%	32.0%	50.2%	45.1%
Second day	Count	113	59	38	21	65	96	99	27	34
	%	29.1%	12.7%	5.2%	3.4%	6.1%	8.4%	7.5%	5.9%	8.7%
Three or more days	Count	137	210	267	237	318	461	280	121	114
	%	35.3%	45.1%	37.0%	39.1%	29.7%	40.5%	21.1%	26.1%	28.9%
Total	Count	388	465	721	606	1071	1138	1328	463	395
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is little difference between tiers in funds availability for double endorsed checks.

There is little difference between urban and rural banks in funds availability for double endorsed checks.

## Advance Loans

Few (5.5 percent) banks provide an advance on funds that are due to arrive. Advances are more often available on direct deposits than on checks.

**Question VIII B. Can a customer get an “advance loan” on the funds from a deposited check or a regularly scheduled direct deposit (excluding all programs to cover overdrafts and NSF transactions)?**

- Yes, accelerated availability of deposited check
- Yes, advance for a scheduled direct deposit
- No

**QVIII.B. Figure 1. Can a customer get an advance loan on the funds from a deposited check or direct deposit?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	626	6786	94.5
	Yes, accelerated availability of check	18	172	2.4
	Yes, advanced direct deposit	20	225	3.1
	Total	664	7183	100.0
Missing	System	21	257	
Total		685	7440	

There is little difference between regions in the offering of advance loans on funds due to arrive.

A greater percentage of Tier 1 banks (16.7 percent) offer advance loans on funds due to arrive than Tier 2 (4.4 percent) and Tier 3 (5.6 percent) banks.

**QVIII.B. Figure 2. Tier**

New Tier		Can a customer get an advance loan on the funds from a deposited check or direct deposit?		
		Tier 1	Tier 2	Tier 3
No	Count	21	517	6248
	%	83.3%	95.5%	94.4%
Yes, accelerated availability of check	Count	1	21	150
	%	4.2%	3.8%	2.3%
Yes, advanced direct deposit	Count	3	3	219
	%	12.5%	.6%	3.3%
Total	Count	25	541	6617
	%	100.0%	100.0%	100.0%

There is no difference between urban and rural banks in the proportion of banks offering advance loans on funds due to arrive.

**Question VIII B-1. Up to what dollar or percentage amount will the bank typically advance? \$\_\_\_ or \_\_\_%**

**Question VIII B-2. What fee is charged for the advance? \$\_\_\_ flat advance fee or %\_\_\_ of the amount advanced.**

Customers can get an advance of up to \$5,000.00 or 100 percent of funds that are due to arrive and are charged \$0.00 to \$40.00 or 0.0 percent to 18.0 percent in fees.

**QVIII B-2. Figure 1. Statistics**

Weighted		Advance \$	Advance %	Fee \$	Fee %
N	Valid	91	219	247	75
	Missing	307	179	150	323
Mean		\$547.24	89.83	\$13.87	9.36
Median		\$500.00	100.00	\$10.00	10.00
Mode		\$500.00	100.00	\$ .00	.00
Minimum		\$ .00	50.00	\$ .00	.00
Maximum		\$5,000.00	100.00	\$40.00	18.00

There is little difference between tiers in advance loan amounts and fees.

There are differences among regions for advance loan amounts, but there are too few responses to develop any conclusions.

There is little difference between urban and rural banks for advance loan amounts and fees.

**Question VIII B-3. What types of checks/deposits qualify for advances?**

- All checks
  Business checks, but not personal checks  
 Government checks
  Payroll checks only  
 Regularly scheduled direct deposits
  Other: \_\_\_\_

Based on the survey responses, fewer than half (40.7 percent) of the banks that offer advance loans on funds from a deposited check or a regularly scheduled deposit will provide an advance for all types of checks. Nearly one-third (30.8 percent) of such banks will provide an advance for a government check. About 8 percent (7.7 percent) will make an advance loan for payroll checks. However, nearly half (49.2 percent) will offer an advance loan on a regularly scheduled direct deposit.

**QVIII B-3. Figure 1. All Checks**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	22	220	59.3
	Yes	14	151	40.7
	Total	36	370	100.0
Missing	System	2	27	
Total		38	398	

**QVIII B-3. Figure 4. Payroll Checks Only**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	33	342	92.3
	Yes	3	28	7.7
	Total	36	370	100.0
Missing	System	2	27	
Total		38	398	

**QVIII B-3. Figure 2. Business Checks, but Not Personal Checks**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	35	369	99.7
	Yes	1	1	.3
	Total	36	370	100.0
Missing	System	2	27	
Total		38	398	

**QVIII B-3. Figure 5. Regularly Scheduled Direct Deposits**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	21	188	50.8
	Yes	15	182	49.2
	Total	36	370	100.0
Missing	System	2	27	
Total		38	398	

**QVIII B-3. Figure 3. Government Checks**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	26	256	69.2
	Yes	10	114	30.8
	Total	36	370	100.0
Missing	System	2	27	
Total		38	398	

**QVIII B-3. Figure 6. Other**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	34	356	96.0
	Yes	2	15	4.0
	Total	36	370	100.0
Missing	System	2	27	
Total		38	398	

Banks that indicate “other” state the following:

- ACH deposits qualify for advances (\$500 or 50 percent of monthly ACH payments can be accessed, whichever is less).
- Deposit accounts must be in good standing to qualify for an advance loan.
- “We are a ‘Pay All Bank’ that will also permit ATM and debit card ODs for satisfactory accounts opened over 60 days.”

There are minimal differences among regions or tiers for types of checks that qualify for advance loans.

There is little difference between urban and rural banks in the types of checks that qualify for advance loans.

## Credit Products

This chapter examines the following topics:

- Closed-End Unsecured Loans
- Small Dollar Loans
- Tax Refund Anticipation Loans
- Consumer Credit Cards

*These questions address aspects of the Congressional Question 4: transaction costs and policies for credit accounts for the un/underbanked.*

### Summary

**The most commonly offered credit product is an unsecured closed-end personal loan of up to \$5,000.** Other credit products are offered by fewer than half of the banks. The majority (an estimated 69 percent) of banks offer closed-end personal loans, 36 percent offer consumer credit cards, and 11 percent offer tax refund anticipation loans. When assessing eligibility for a closed-end personal loan, 94 percent of banks require a review of an individual's credit history, 76 percent of banks look at proof of income, and 50 percent have a minimum credit score requirement. The median minimum loan size for an unsecured closed-end loan is \$1,000, and the median maximum term is 36 months. Eighty percent of banks are able to originate these loans in less than 24 hours.

**To qualify for a credit card, an estimated 78 percent of banks require a social security number, 77 percent require a review of an individual's credit history, 52 percent set a minimum credit score requirement, and 48 percent require a proof of income.** Of the banks that offer credit cards, 42 percent indicate that having a deposit relationship with the bank improves an individual's ability to obtain a credit card, typically through a review of a the individual's account history to asses their ability to repay. Of the banks that offer credit cards, one-fourth offer secured cards, and of these, 96 percent allow customers to graduate from the secured card to a traditional card once customers establish an acceptable credit history after 12 to 24 months.

## Closed-End Unsecured Loans

**Question IX A. Does the bank typically offer unsecured closed-end personal loans up to \$5,000?**     Yes     No

Over two-thirds (69.3 percent) of banks offer closed-end unsecured personal loans for amounts up to \$5,000.00. Fewer than half of the banks offer small dollar loans of less than \$1,000.00 with at least a 90-day repayment term and low fees (43.5 percent) or credit cards (35.7 percent). One in ten banks offer tax refund anticipation loans (10.6 percent).

**QIXA. Figure 1. Percent of Banks Offering Credit Cards and Loans**

Type of Loan	Percent of Banks Offering
Closed-end Unsecured Loans	<b>69.3%</b>
Small Dollar Loans	<b>43.5%</b>
Consumer Credit Cards	<b>35.7%</b>
Secured Credit Cards (if offer credit cards)	<b>25.3%</b>
Tax Refund Anticipation Loans	<b>10.6%</b>

**QIXA. Figure 2. Does the bank offer unsecured loans up to \$5000?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	196	2256	30.7
	Yes	478	5094	69.3
	Total	674	7351	100.0
Missing	System	11	89	
Total		685	7440	

There are differences among regions for banks that offer unsecured consumer loans of up to \$5,000. The Pacific and Mountain regions (53.2 percent and 56.9 percent, respectively) have lower shares of banks that make these unsecured loans than banks in other regions, specifically East South Central and New England (83.1 percent and 87.7 percent, respectively).

**QIXA. Figure 3. Region**

		Does the bank offer unsecured loans up to \$5000?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	55	206	265	113	308	376	503	215	216
	%	12.3%	35.5%	30.9%	16.9%	27.1%	28.8%	36.0%	43.1%	46.8%
Yes	Count	391	374	591	556	828	929	894	285	246
	%	87.7%	64.5%	69.1%	83.1%	72.9%	71.2%	64.0%	56.9%	53.2%
Total	Count	446	581	856	669	1136	1305	1396	500	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A higher percentage of Tier 1 banks (91.7 percent) offer unsecured loans of up to \$5,000 than Tier 3 (68.8 percent) banks. A greater percentage of Tier 2 banks (74.5 percent) offer unsecured loans than Tier 3 banks.

**QIXA. Figure 4. Tier**

New Tier		Does the bank offer unsecured loans up to \$5000		
		Tier 1	Tier 2	Tier 3
No	Count	2	135	2119
	%	8.3%	25.5%	31.2%
Yes	Count	23	395	4676
	%	91.7%	74.5%	68.8%
Total	Count	25	531	6795
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks that offer unsecured loans of up to \$5,000.00. A smaller percentage of urban banks (64.2 percent) offer these loans than rural banks (73.8 percent).

**QIXA. Figure 5. Urban/Rural**

		Does the bank offer unsecured loans up to \$5000?	
		Rural HQ	Urban HQ
No	Count	1032	1224
	%	26.2%	35.8%
Yes	Count	2903	2191
	%	73.8%	64.2%
Total	Count	3935	3415
	%	100.0%	100.0%

**Question IX A-1. If yes, what are the eligibility requirements?**

- |   |   |
|---|---|
| <input type="checkbox"/> Deposit relationship with the bank | <input type="checkbox"/> Direct deposit       |
| <input type="checkbox"/> Proof of income                    | <input type="checkbox"/> Minimum credit score |
| <input type="checkbox"/> Review credit history              | <input type="checkbox"/> Other                |

Nearly all (93.6 percent) banks require a review of an individual’s credit history when determining eligibility for an unsecured loan. Proof of income is required by 75.7 percent of banks. An unspecified minimum credit score requirement is set by 50.0 percent of banks, 40.5 percent require a deposit relationship, but only 3.4 percent require direct deposit.

**QIXA-1. Figure 1. Eligibility Requirements for Obtaining an Unsecured Closed-End Personal Loan**

Eligibility Requirements	Percentage of Banks Requiring
Review Credit History	<b>93.6%</b>
Proof of Income	<b>75.7%</b>
Minimum Credit Score	<b>50.0%</b>
Deposit Relationship	<b>40.5%</b>
Other	<b>16.3%</b>
Direct Deposit	<b>3.4%</b>

**QIXA-1. Figure 2. Review of Credit History**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	28	322	6.4
Yes	447	4731	93.6
Total	475	5053	100.0
Missing System	3	41	
Total	478	5094	

**QIXA-1. Figure 4. Minimum Credit Score**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	220	2529	50.0
Yes	255	2524	50.0
Total	475	5053	100.0
Missing System	3	41	
Total	478	5094	

**QIXA-1. Figure 3. Proof of Income**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	123	1226	24.3
Yes	352	3827	75.7
Total	475	5053	100.0
Missing System	3	41	
Total	478	5094	

**QIXA-1. Figure 5. Deposit Relationship**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	305	3007	59.5
Yes	170	2046	40.5
Total	475	5053	100.0
Missing System	3	41	
Total	478	5094	

**QIXA-1. Figure 6. Direct Deposit**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	460	4868	96.6
Yes	14	171	3.4
Total	474	5039	100.0
Missing System	4	55	
Total	478	5094	

**QIXA-1. Figure 7. Other**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	385	4205	83.7
Yes	88	821	16.3
Total	473	5026	100.0
Missing System	5	68	
Total	478	5094	

For closed-end personal loans of up to \$5,000.00, other eligibility requirements reported by respondents include: sufficient debt-to-income ratio (22), source of income and ability to repay (19), and a previous relationship with the bank (10).

There are differences among regions for banks that require a deposit relationship and proof of income to obtain an unsecured personal loan. Smaller percentages of New England (21.0 percent), Mid-Atlantic (21.0 percent), and Pacific (26.6 percent) banks require a deposit relationship than banks in the West North Central (54.4 percent) and West South Central (54.6 percent) regions.

**QIXA-1. Figure 8. Region**

		Deposit Relationship								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	309	296	393	344	370	583	407	134	170
	%	79.0%	79.0%	66.5%	63.4%	45.4%	62.8%	45.6%	47.2%	73.4%
Yes	Count	82	79	198	198	445	345	486	150	62
	%	21.0%	21.0%	33.5%	36.6%	54.6%	37.2%	54.4%	52.8%	26.6%
Total	Count	391	374	591	543	815	929	894	285	232
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A smaller percentage of East South Central (62.6 percent) and West South Central (66.0 percent) banks require proof of income than Mid-Atlantic (89.6 percent), New England (98.8 percent), and Mountain (98.8 percent) banks.

**QIXA-1. Figure 9. Region**

		Proof of Income								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	5	39	79	203	277	280	280	3	59
	%	1.2%	10.4%	13.3%	37.4%	34.0%	30.2%	31.4%	1.2%	25.6%
Yes	Count	386	336	513	340	537	648	613	281	172
	%	98.8%	89.6%	86.7%	62.6%	66.0%	69.8%	68.6%	98.8%	74.4%
Total	Count	391	374	591	543	815	929	894	285	232
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between tiers for banks that require a deposit relationship, set a minimum credit score, and have other requirements to obtain an unsecured personal loan. Banks in Tier 1 (4.5 percent) are less likely to require a deposit relationship than banks in Tier 2 (22.8 percent) and Tier 3 (42.2 percent).

**QIXA-1. Figure 10. Tier**

		Deposit Relationship		
		Tier 1	Tier 2	Tier 3
No	Count	22	305	2680
	%	95.5%	77.2%	57.8%
Yes	Count	1	90	1955
	%	4.5%	22.8%	42.2%
Total	Count	23	395	4635
	%	100.0%	100.0%	100.0%

Tier 1 (81.8 percent) banks have minimum credit score requirements more often than Tier 2 (63.2 percent) and Tier 3 (48.7 percent) banks.

**QIXA-1. Figure 11. Tier**

		Minimum Credit Score		
		Tier 1	Tier 2	Tier 3
No	Count	4	146	2379
	%	18.2%	36.8%	51.3%
Yes	Count	19	250	2256
	%	81.8%	63.2%	48.7%
Total	Count	23	395	4635
	%	100.0%	100.0%	100.0%

**QIXA-1. Figure 12. Tier**

		Other		
		Tier 1	Tier 2	Tier 3
No	Count	17	291	3897
	%	72.7%	73.7%	84.6%
Yes	Count	6	104	711
	%	27.3%	26.3%	15.4%
Total	Count	23	395	4607
	%	100.0%	100.0%	100.0%

There are differences between urban and rural banks for having a deposit relationship requirement and proof of income requirement. A larger percentage of rural banks (43.1 percent) require a deposit relationship than urban banks (37.0 percent). However, a smaller share of rural banks (68.9 percent) requires proof of income, than urban banks (85.0 percent).

**QIXA-1. Figure 13. Urban/Rural**

		Rural HQ			Urban HQ		
		Deposit Relationship	Direct Deposit	Proof of Income	Deposit Relationship	Direct Deposit	Proof of Income
No	Count	1652	2794	903	1355	2075	323
	%	56.9%	96.2%	31.1%	63.0%	97.1%	15.0%
Yes	Count	1251	109	2000	795	62	1827
	%	43.1%	3.8%	68.9%	37.0%	2.9%	85.0%
Total	Count	2903	2903	2903	2150	2136	2150
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**QIXA-1. Figure 14. Urban/Rural**

		Rural HQ			Urban HQ		
		Minimum Credit Score	Review of Credit History	Other	Minimum Credit Score	Review of Credit History	Other
No	Count	1508	232	2356	1021	89	1849
	%	51.9%	8.0%	81.9%	47.5%	4.1%	86.0%
Yes	Count	1395	2671	520	1129	2061	301
	%	48.1%	92.0%	18.1%	52.5%	95.9%	14.0%
Total	Count	2903	2903	2876	2150	2150	2150
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Question IX A-2. If yes, please indicate the following:**

Minimum Loan Size	Maximum Loan Size	Origination Fee	Acct. Maintenance Fee	Minimum APR	Maximum APR	Typical APR	Maximum Term (Mos)

The average maximum size of close-end personal loans is \$13,876. The median loan maximum size is \$5,000, and the median loan minimum size is \$1,000. Although the question asked for loans up to \$5,000, some banks reported loans greater than \$5,000. Most banks do not charge an account maintenance fee. The median maximum term is 36 months. With regard to annual percentage rate (APR), banks report their rates either as percentages or as “prime plus” a percentage.

**QIXA-2. Figure 1. Statistics: Weighted**

Weighted		Minimum Loan Size	Maximum Loan Size	Account Maintenance Fee	Maximum Term (in months)
N	Valid	4003	3094	2788	4272
	Missing	1091	2000	2306	822
Mean		\$1,043.75	\$13,876.07	\$1.83	34.90
Median		\$1,000.00	\$5,000.00	\$0.00	36.00
Mode		\$1,000.00	\$5,000.00	\$0.00	36
Minimum		\$0.00	\$0.00	\$0.00	0
Maximum		\$10,000.00	\$2,500,000.00	\$100.00	120

There is a difference between tiers for minimum sizes and maximum term unsecured personal loans. The maximum term is longer for larger banks in Tier 1 (median of 60 months) than for banks in Tier 3 (median of 36 months). Larger banks also require a larger minimum loan size (median of \$2,000) than Tier 3 banks (median of \$1,000).

**QIXA-2. Figure 2. Tier 1**

		Minimum Loan Size	Maximum Loan Size	Account Maintenance Fee	Maximum Term (in months)
N	Valid	23	21	16	22
	Missing	0	2	7	1
Mean		\$1,943.18	\$41,125.00	\$0.00	54.38
Median		\$2,000.00	\$25,000.00	\$0.00	60.00
Mode		\$2,000.00	\$25,000.00	\$0.00	60
Minimum		\$250.00	\$0.00	\$0.00	26
Maximum		\$5,000.00	\$200,000.00	\$0.00	84

**QIXA-2. Figure 3.****Tier 2**

		Minimum Loan Size	Maximum Loan Size	Account Maintenance Fee	Maximum Term (in months)
N	Valid	343	243	257	354
	Missing	52	153	139	42
Mean		\$1,555.56	\$58,478.57	\$1.63	40.75
Median		\$1,500.00	\$10,000.00	\$0.00	36.00
Mode		\$1,000.00	\$5,000.00	\$0.00	36
Minimum		\$0.00	\$0.00	\$0.00	0
Maximum		\$5,000.00	\$2,500,000.00	\$75.00	120

**QIXA-2. Figure 4. Tier 3**

		Minimum Loan Size	Maximum Loan Size	Account Maintenance Fee	Maximum Term (in months)
N	Valid	3637	2830	2516	3897
	Missing	1039	1846	2160	779
Mean		\$989.76	\$9,849.51	\$1.86	34.26
Median		\$1,000.00	\$5,000.00	\$0.00	36.00
Mode		\$1,000.00	\$5,000.00	\$0.00	36
Minimum		\$0.00	\$0.00	\$0.00	0
Maximum		\$10,000.00	\$250,000.00	\$100.00	120

There are differences among regions for minimum loan sizes and maximum term limits of unsecured personal loans. The Mid-Atlantic region has a maximum term of 60 months, which is longer than the term for other regions. Minimum loan sizes in the West North Central, East South Central, Mountain, and Pacific regions have a median of \$500 which is less than the other regions (\$1,000 median).

**QIXA-2. Figure 5. New England**

		Minimum Loan Size	Maximum Loan Size	Account Maintenance Fee	Maximum Term (in months)
N	Valid	364	374	244	364
	Missing	27	17	147	27
Mean		\$1,012.68	\$6,426.86	\$0.00	37.37
Median		\$1,000.00	\$5,000.00	\$0.00	36.00
Mode		\$1,000.00	\$5,000.00	\$0.00	36
Minimum		\$0.00	\$0.00	\$0.00	0
Maximum		\$2,500.00	\$25,000.00	\$0.00	60

**QIXA-2. Figure 6. Mid-Atlantic**

		Minimum Loan Size	Maximum Loan Size	Account Maintenance Fee	Maximum Term (in months)
N	Valid	326	319	265	370
	Missing	48	55	110	5
Mean		\$1,518.31	\$21,374.65	\$0.00	49.33
Median		\$1,000.00	\$5,000.00	\$0.00	60.00
Mode		\$1,000.00	\$5,000.00	\$0.00	60
Minimum		\$0.00	\$0.00	\$0.00	24
Maximum		\$5,000.00	\$250,000.00	\$0.00	72

**QIXA-2. Figure 7. South Atlantic**

		Minimum Loan Size	Maximum Loan Size	Account Maintenance Fee	Maximum Term (in months)
N	Valid	516	303	321	523
	Missing	75	288	270	68
Mean		\$1,520.31	\$11,942.42	\$4.34	35.08
Median		\$1,000.00	\$5,000.00	\$0.00	36.00
Mode		\$1,000.00	\$5,000.00	\$0.00	36
Minimum		\$0.00	\$0.00	\$0.00	12
Maximum		\$10,000.00	\$50,000.00	\$75.00	60

**QIXA-2. Figure 8. East South Central**

		Minimum Loan Size	Maximum Loan Size	Account Maintenance Fee	Maximum Term (in months)
N	Valid	420	283	300	433
	Missing	137	274	257	123
Mean		\$1,105.05	\$13,203.09	\$4.56	33.55
Median		\$1,000.00	\$5,000.00	\$0.00	36.00
Mode		\$500.00	\$5,000.00	\$0.00	36
Minimum		\$0.00	\$0.00	\$0.00	3
Maximum		\$3,500.00	\$100,000.00	\$75.00	72

a Multiple modes exist. The smallest value is shown

**QIXA-2. Figure 9. West South Central**

		Minimum Loan Size	Maximum Loan Size	Account Maintenance Fee	Maximum Term (in months)
N	Valid	633	441	612	712
	Missing	195	387	216	117
Mean		\$889.23	\$7,966.15	\$2.68	29.98
Median		\$500.00	\$5,000.00	\$0.00	24.00
Mode		\$1,000.00	\$5,000.00	\$0.00	36
Minimum		\$0.00	\$0.00	\$0.00	3
Maximum		\$5,000.00	\$50,000.00	\$100.00	60

**QIXA-2. Figure 10. East North Central**

		Minimum Loan Size	Maximum Loan Size	Account Maintenance Fee	Maximum Term (in months)
N	Valid	659	606	448	751
	Missing	270	323	481	178
Mean		\$956.88	\$24,497.29	\$.35	40.33
Median		\$1,000.00	\$5,000.00	\$0.00	36.00
Mode		\$1,000.00	\$5,000.00	\$0.00	60
Minimum		\$0.00	\$0.00	\$0.00	0
Maximum		\$5,000.00	\$2,500,000.00	\$32.00	120

**QIXA-2. Figure 11. West North Central**

		Minimum Loan Size	Maximum Loan Size	Account Maintenance Fee	Maximum Term (in months)
N	Valid	658	452	388	702
	Missing	236	441	506	191
Mean		\$678.49	\$6,109.14	\$.35	26.75
Median		\$500.00	\$5,000.00	\$0.00	24.00
Mode		\$1,000.00	\$5,000.00	\$0.00	12
Minimum		\$0.00	\$0.00	\$0.00	12
Maximum		\$3,500.00	\$100,000.00	\$10.00	60

**QIXA-2. Figure 12. Mountain**

		Minimum Loan Size	Maximum Loan Size	Account Maintenance Fee	Maximum Term (in months)
N	Valid	244	158	92	244
	Missing	41	127	192	41
Mean		\$1,003.88	\$21,142.55	\$0.00	27.36
Median		\$500.00	\$5,000.00	\$0.00	24.00
Mode		\$500.00	\$5,000.00	\$0.00	36
Minimum		\$0.00	\$0.00	\$0.00	0
Maximum		\$3,000.00	\$100,000.00	\$0.00	60

**QIXA-2. Figure 13. Pacific**

		Minimum Loan Size	Maximum Loan Size	Account Maintenance Fee	Maximum Term (in months)
N	Valid	184	156	118	174
	Missing	62	89	128	72
Mean		\$987.94	\$11,950.76	\$3.48	42.04
Median		\$500.00	\$10,000.00	\$0.00	36.00
Mode		\$500.00	\$0.00	\$0.00	36
Minimum		\$0.00	\$0.00	\$0.00	15
Maximum		\$3,000.00	\$100,000.00	\$30.00	60

There are differences between rural and urban banks for minimum loan size and maximum term of unsecured closed-end personal loans. The median minimum loan size for rural banks is \$500, compared with \$1,000 for urban banks. The median maximum term for urban and rural banks is 36 months and 24 months, respectively.

**QIXA-2. Figure 14. Urban**

		Minimum Loan Size	Maximum Loan Size	Account Maintenance Fee	Maximum Term (in months)
N	Valid	1821	1377	1355	1889
	Missing	370	814	836	302
Mean		\$1,274.45	\$19,756.36	\$0.91	39.66
Median		\$1,000.00	\$5,000.00	\$0.00	36.00
Mode		\$1,000.00	\$5,000.00	\$0.00	36
Minimum		\$0.00	\$0.00	\$0.00	0
Maximum		\$10,000.00	\$2,500,000.00	\$75.00	120
Sum		\$2,321,307.90	\$27,207,833.33	\$1,238.21	74900

**QIXA-2. Figure 15. Rural**

		Minimum Loan Size	Maximum Loan Size	Account Maintenance Fee	Maximum Term (in months)
N	Valid	2182	1717	1433	2383
	Missing	721	1186	1470	520
Mean		\$851.13	\$9,158.34	\$2.70	31.13
Median		\$500.00	\$5,000.00	\$0.00	24.00
Mode		\$500.00	\$5,000.00	\$0.00	36
Minimum		\$0.00	\$0.00	\$0.00	0
Maximum		\$5,000.00	\$100,000.00	\$100.00	72
Sum		\$1,856,819.07	\$15,720,613.20	\$3,869.18	74196

**Question IX A-3. How long does it typically take to originate an unsecured closed-end personal loan?**

- Less than 30 minutes                       Less than 24 hours  
 Less than 48 hours                       More than 48 hours

Nearly all (97.2 percent) banks report that they can originate an unsecured personal loan in less than 48 hours, and 80.3 percent of banks are able to originate an unsecured loan in less than 24 hours.

**QIXA-3. Figure 1. How long does it take to originate an unsecured loan?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	Less than 30 minutes	102	1219	24.4
	Less than 24 hours	260	2793	55.9
	Less than 48 hours	90	849	17.0
	More than 48 hours	19	138	2.8
	Total	471	4998	100.0
Missing	System	7	96	
Total		478	5094	

There are differences among regions for the time needed to originate an unsecured loan. A larger share of banks in the West North Central (36 percent) and West South Central (36.5 percent) regions are able to originate an unsecured loan in less than 30 minutes compared with New England (0 percent in less than 30 minutes) and Pacific (1.5 percent in less than 30 minutes) region banks.

**QIXA-3. Figure 2. Region**

		How long does it take to originate an unsecured loan?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
Less than 30 minutes	Count		55	145	154	298	212	312	41	3
	%		14.6%	25.0%	28.4%	36.5%	23.1%	36.0%	14.4%	1.5%
Less than 24 hours	Count	250	105	276	343	449	563	510	185	113
	%	63.8%	28.1%	47.7%	63.3%	55.1%	61.6%	58.8%	64.8%	48.8%
Less than 48 hours	Count	138	156	157	46	51	137	44	55	64
	%	35.3%	41.8%	27.2%	8.4%	6.3%	15.0%	5.1%	19.2%	27.6%
More than 48 hours	Count	3	58			17	3		5	51
	%	.9%	15.5%			2.1%	.3%		1.6%	22.2%
Total	Count	391	374	578	543	815	915	866	285	232
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for the time it takes to originate an unsecured loan; it takes less time for banks in Tier 3 to originate a loan than banks in Tiers 1 and 2.

**QIXA-3. Figure 3. Tier**

		How long does it take to originate an unsecured loan?		
		Tier 1	Tier 2	Tier 3
Less than 30 minutes	Count	5	38	1176
	%	22.7%	9.6%	25.7%
Less than 24 hours	Count	7	229	2557
	%	31.8%	57.9%	55.8%
Less than 48 hours	Count	6	104	738
	%	27.3%	26.3%	16.1%
More than 48 hours	Count	4	24	109
	%	18.2%	6.1%	2.4%
Total	Count	23	395	4580
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for the amount of time needed to originate an unsecured closed-end personal loan. A larger percentage of urban banks take more time than rural banks.

**QIXA-3. Figure 4. Urban/Rural**

		How long does it take to originate an unsecured loan?	
		Rural HQ	Urban HQ
Less than 30 minutes	Count	964	255
	%	34.0%	11.8%
Less than 24 hours	Count	1614	1179
	%	56.9%	54.5%
Less than 48 hours	Count	243	606
	%	8.6%	28.0%
More than 48 hours	Count	14	124
	%	.5%	5.7%
Total	Count	2835	2164
	%	100.0%	100.0%

## Smaller Dollar Loans

**Question IX B. Does the bank offer affordable small dollar loans (i.e., less than \$1,000/at least a 90-day repayment term/less than 36 percent APR/no or low fees)?**  Yes  No

Fewer than half (43.5 percent) of banks offer small-size unsecured personal loans. These banks identify loans including overdraft lines of credit in their descriptions of small dollar loan products, which was not the original intention of the question. Consequently, the percentages of banks that offer affordable small dollar loans that meet the FDIC program guidelines will be lower than the estimated percentages of the survey results.<sup>7</sup>

**QIXB. Figure 1. Does the bank offer small dollar loans?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	396	4011	56.5
	Yes	260	3094	43.5
	Total	656	7105	100.0
Missing	System	29	335	
Total		685	7440	

There is a difference among regions for banks that offer small dollar loans. A greater percentage of West South Central (56.8 percent) and West North Central (56.3 percent) banks offer small dollar loans than other regions, specifically New England (21.5 percent) and Mid-Atlantic (21.8 percent) banks.

**QIXB. Figure 2. Region**

		Does the bank offer small dollar loans?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	350	444	517	354	473	674	585	304	310
	%	78.5%	78.2%	63.5%	54.1%	43.2%	53.2%	43.7%	62.1%	71.9%
Yes	Count	96	123	298	301	622	594	753	186	121
	%	21.5%	21.8%	36.5%	45.9%	56.8%	46.8%	56.3%	37.9%	28.1%
Total	Count	446	567	815	655	1095	1268	1338	490	431
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

<sup>7</sup> Key features of the FDIC Small Dollar Loan Pilot Program may include: loan amounts up to \$1,000, amortization periods longer than a single pay cycle and up to 36 months for closed-end credit or minimum payments that reduce principle (that do not result in negative amortization) for open-end credit, no prepayment penalties, origination and/or maintenance fees limited to the amount necessary to cover actual costs, and an automatic savings component. (See: <http://www.fdic.gov/small-dollarloans/index.html>.)

There is a difference between tiers for banks that offer small dollar loans. Banks in Tier 3 (45.1 percent) are more likely to offer small dollar loans than banks in Tiers 1 (20.8 percent) and 2 (25.5 percent).

**QIXB. Figure 3. Tier**

		Does the bank offer small dollar loans?		
		Tier 1	Tier 2	Tier 3
No	Count	20	395	3596
	%	79.2%	74.5%	54.9%
Yes	Count	5	135	2953
	%	20.8%	25.5%	45.1%
Total	Count	25	531	6549
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that offer small dollar loans. More than half of rural banks (58.6 percent) offer small dollar loans, compared with 26.2 percent of urban banks.

**QIXB. Figure 4. Urban/Rural**

		Does the bank offer small dollar loans?	
		Rural HQ	Urban HQ
No	Count	1573	2438
	%	41.4%	73.8%
Yes	Count	2229	865
	%	58.6%	26.2%
Total	Count	3802	3302
	%	100.0%	100.0%

**Question IX B-1. Please describe any innovative products the bank has developed to provide small dollar loans to customers (for example, applying for a six-month loan at an ATM).**

Of the surveyed banks, 260 reported that they offer small dollar loans. Of these banks, 80 described their products. Only some of the products described were new and innovative. Also, the descriptions often included overdraft programs with a line of credit. Among the programs and products that banks described:

- Three banks identified an innovative new product that included the ability to apply for a personal loan online.
- Forty-four banks reported offering loans of under \$1,000. The five most commonly mentioned situations in which banks offer these small dollar loans include: Holiday/Christmas loans, loans for college students, early tax refund loans, credit development loans, and loans to military personnel.
- Thirty banks reported offering some form of credit line as a smaller dollar loan, including 19 banks that reported overdraft lines of credit.

- Two banks described credit development loans. For example, a savings or CD secured loan could help customers establish or re-establish credit history. The customer borrows money and the proceeds are deposited to a savings or CD account.

## Tax Refund Anticipation Loans

### Question IX C. Does the bank offer tax refund anticipation loans?

Yes  No

Only an estimated 10.6 percent of banks offer tax refund anticipation loans.

#### QIXC. Figure 1. Does the bank offer tax refund anticipation loans?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	610	6521	89.4
	Yes	59	774	10.6
	Total	669	7295	100.0
Missing	System	16	145	
Total		685	7440	

A greater percentage of banks in the West North Central region (22.8 percent) offer tax refund anticipation loans than banks in any other region, specifically New England, Mid-Atlantic, and Pacific (all 0.0 percent).

#### QIXC. Figure 2. Region

		Does the bank offer tax refund anticipation loans?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	446	581	760	652	1078	1033	1065	459	448
	%	100.0%	100.0%	91.8%	97.4%	92.9%	79.8%	77.2%	93.7%	100.0%
Yes	Count			68	17	82	261	314	31	
	%			8.2%	2.6%	7.1%	20.2%	22.8%	6.3%	
Total	Count	446	581	829	669	1160	1294	1379	490	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of Tier 3 banks (11.4 percent) offer tax refund loans than banks in Tier 2 (1.3 percent).

#### QIXC. Figure 3. Tier

New Tier		Does the bank offer tax refund anticipation loans?		
		1	2	3
No	Count	23	524	5975
	%	95.7%	98.7%	88.6%
Yes	Count	1	7	766
	%	4.3%	1.3%	11.4%
Total	Count	24	531	6740
	%	100.0%	100.0%	100.0%

There is a difference between rural and urban banks for banks that offer tax refund anticipation loans. A larger percentage (18.7 percent) of rural banks offer these loans, compared with 1.3 percent of urban banks.

**QIXC. Figure 4. Urban/Rural**

		Does the bank offer tax refund anticipation loans?	
		Rural HQ	Urban HQ
No	Count	3170	3352
	%	81.3%	98.7%
Yes	Count	728	46
	%	18.7%	1.3%
Total	Count	3898	3397
	%	100.0%	100.0%

**Question IX C-1. If yes, please indicate the following:**

Minimum Loan Size	Maximum Loan Size	Origination Fee	Acct. Maintenance Fee	Minimum APR	Maximum APR	Typical APR	Maximum Term (Mos)

Based on the survey results, the fees for tax refund loans vary from \$0 to \$129 and can be outstanding from one to 60 months.

**QIXC-1. Figure 1. Statistics**

Weighted		Minimum Size	Maximum Size	Origination fee	Account Maintenance Fee	Maximum Term (in months)
N	Valid	456	346	524	360	605
	Missing	318	427	250	414	169
Mean		\$414.93	\$7,552.30	\$29.73	\$3.13	8.09
Median		\$250.00	\$5,000.00	\$25.00	\$0.00	6.00
Mode		\$500.00	\$5,000.00	\$0.00	\$0.00	6
Minimum		\$0.00	\$1,000.00	\$0.00	\$0.00	1
Maximum		\$2,500.00	\$50,000.00	\$129.00	\$50.00	60

Because only 59 banks in the sample reported offering tax refund loans, it is difficult to draw meaningful inferences to the bank population. However, the sample data suggest that there may be substantial differences among regions and tiers, and between urban and rural locations, for loan fees and restrictions.

## Consumer Credit Cards

**Question IX D. Does the bank offer consumer credit cards (e.g., Visa, MasterCard)?**

Yes  No

Over a third (35.7 percent) of banks offer consumer credit cards, either issued by the bank or by a third party.

**QIXD. Figure 1. Does the bank offer consumer credit cards?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	405	4673	64.3
	Yes	262	2597	35.7
	Total	667	7270	100.0
Missing	System	18	170	
Total		685	7440	

A smaller percentage of New England banks (13.3 percent) offer consumer credit cards than banks in the East North Central region (45.8 percent) and the Pacific region (52.2 percent).

**QIXD. Figure 2. Region**

		Does the bank offer consumer credit cards?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	386	409	574	412	811	701	879	280	220
	%	86.7%	72.1%	68.2%	62.8%	70.7%	54.2%	63.6%	59.0%	47.8%
Yes	Count	59	158	268	244	335	593	504	195	241
	%	13.3%	27.9%	31.8%	37.2%	29.3%	45.8%	36.4%	41.0%	52.2%
Total	Count	446	567	842	655	1146	1294	1383	475	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of banks in Tier 1 (86.4 percent) offer consumer credit cards than smaller banks in Tier 2 (47.4 percent) and Tier 3 (34.6 percent).

**QIXD. Figure 3. Tier**

		Does the bank offer consumer credit cards?		
		Tier 1	Tier 2	Tier 3
No	Count	3	281	4389
	%	13.6%	52.6%	65.4%
Yes	Count	20	253	2324
	%	86.4%	47.4%	34.6%
Total	Count	23	534	6713
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks that offer consumer credit cards. About a third (33.9 percent) of rural banks offer credit cards, compared with 37.8 percent of urban banks.

**QIXD. Figure 4. Urban/Rural**

		Does the bank offer consumer credit cards?	
		Rural HQ	Urban HQ
No	Count	2557	2115
	%	66.1%	62.2%
Yes	Count	1313	1284
	%	33.9%	37.8%
Total	Count	3870	3400
	%	100.0%	100.0%

**Question IX D-1. If yes, what is required for someone to qualify for a traditional credit card? (Check all that apply)**

- Social Security number                       Minimum credit score  
 Review of credit history                       Proof of income                       Other

The majority of banks require a Social Security number, credit history review and/or minimum credit scores in order for individuals to qualify for a traditional credit card.

**QIXD-1. Figure 1. Summary of Bank Requirements for Credit Cards**

Eligibility Requirements	Percent of Banks Requiring
Social Security Number	77.5%
Review of Credit History	77.4%
Minimum Credit Score	52.1%
Proof of Income	48.1%
Other	29.6%

**QIXD-1. Figure 2. Social Security Number**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	55	576	22.5
Yes	202	1983	77.5
Total	257	2559	100.0
Missing System	5	38	
Total	262	2597	

**QIXD-1. Figure 5. Proof of Income**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	134	1323	51.9
Yes	123	1226	48.1
Total	257	2549	100.0
Missing System	5	48	
Total	262	2597	

**QIXD-1. Figure 3. Minimum Credit Score**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	114	1220	47.9
Yes	143	1329	52.1
Total	257	2549	100.0
Missing System	5	48	
Total	262	2597	

**QIXD-1. Figure 6. Other**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	183	1777	70.4
Yes	72	745	29.6
Total	255	2522	100.0
Missing System	7	75	
Total	262	2597	

**QIXD-1. Figure 4. Review of Credit History**

	Frequency	Weighted Frequency	Weighted Percent
Valid No	55	576	22.6
Yes	202	1973	77.4
Total	257	2549	100.0
Missing System	5	48	
Total	262	2597	

The most frequently mentioned categories under “other” are: credit card offered through a third party (46), source of income and ability to repay (8), debt-to-income ratio (5), and proof of residency (5).

There are few differences among regions or tiers for eligibility requirements to qualify for a consumer credit card.

There are few differences between urban and rural banks for requirements to qualify for a consumer credit card.

**Question IX D-2. If yes, for your “basic” credit card, please indicate the following:**

Initiation Fee	Annual Fee	Acct. Maintenance Fee	Late Payment Fee	Over the Limit Fee	Typical Credit Limit	Min. APR	Max. APR	Typical APR	Maximum Term (Months)

For banks that offer credit cards, both the median and mode for initiation fees, annual fee, and account maintenance fees are \$0.00. Late payment and over-the-limit fees are much more common, with a mean of \$22.17 for late payment and \$25.37 for over-the-limit (OTL) fees.

**QIXD-2. Figure 1. Statistics**

Weighted		Initiation Fee	Annual Fee	Account Maintenance Fee	Late Payment fee	Over-the-limit Fee
N	Valid	1120	1305	1096	1617	1582
	Missing	1477	1293	1501	980	1016
Mean		\$.37	\$8.42	\$.04	\$21.54	\$23.45
Median		\$.00	\$.00	\$.00	\$20.00	\$25.00
Mode		\$.00	\$.00	\$.00	\$25.00	\$25.00
Minimum		\$.00	\$.00	\$.00	\$.00	\$.00
Maximum		\$30.00	\$55.00	\$6.00	\$39.00	\$50.00

There is a difference between tiers for OTL fees on credit cards. Larger banks have higher OTL fees, with Tier 1 banks charging an average of \$34.44, compared with \$27.43 in Tier 2 and \$22.74 in Tier 3.

**QIXD-2. Figure 2. Tier 1**

		Initiation Fee	Annual Fee	Account Maintenance Fee	Late Payment Fee	Over-the-limit Fee
N	Valid	14	14	14	15	17
	Missing	6	6	6	5	3
Mean		\$ .00	\$1.15	\$ .00	\$22.64	\$34.44
Median		\$ .00	\$ .00	\$ .00	\$24.00	\$37.00
Mode		\$ .00	\$ .00	\$ .00	\$19.00(a)	\$39.00
Minimum		\$ .00	\$ .00	\$ .00	\$ .00	\$15.00
Maximum		\$ .00	\$15.00	\$ .00	\$39.00	\$39.00

Multiple modes exist. The smallest value is shown.

**QIXD-2. Figure 3. Tier 2**

		Initiation Fee	Annual Fee	Account Maintenance Fee	Late Payment Fee	Over-the-limit Fee
N	Valid	163	170	166	194	198
	Missing	90	83	87	59	55
Mean		\$ .00	\$6.57	\$ .15	\$23.81	\$27.43
Median		\$ .00	\$ .00	\$ .00	\$23.50	\$29.00
Mode		\$ .00	\$ .00	\$ .00	\$15.00	\$39.00
Minimum		\$ .00	\$ .00	\$ .00	\$ .00	\$ .00
Maximum		\$ .00	\$45.00	\$6.00	\$39.00	\$39.00

**QIXD-2. Figure 4. Tier 3**

		Initiation Fee	Annual Fee	Account Maintenance Fee	Late Payment Fee	Over-the-limit Fee
N	Valid	943	1121	916	1408	1367
	Missing	1381	1203	1408	916	957
Mean		\$ .43	\$8.79	\$ .03	\$21.22	\$22.74
Median		\$ .00	\$ .00	\$ .00	\$20.00	\$25.00
Mode		\$ .00	\$ .00	\$ .00	\$25.00	\$25.00
Minimum		\$ .00	\$ .00	\$ .00	\$ .00	\$ .00
Maximum		\$30.00	\$55.00	\$1.75	\$39.00	\$50.00

There is a difference among regions for OTL fees on credit cards. The East North Central (\$27.09) and Mountain (\$27.04) regions have higher OTL fees than the West South Central (\$18.25), West North Central (\$20.58), and New England (\$20.92) regions.

**QIXD-2. Figure 5. New England**

		Initiation Fee	Annual Fee	Account Maintenance Fee	Late Payment Fee	Over-the-limit Fee
N	Valid	18	32	18	32	32
	Missing	41	27	41	27	27
Mean		\$ .00	\$23.36	\$ .00	\$14.48	\$20.92
Median		\$ .00	\$25.00	\$ .00	\$10.00	\$15.00
Mode		\$ .00	\$18.00(a)	\$ .00	\$29.00	\$29.00
Minimum		\$ .00	\$ .00	\$ .00	\$ .00	\$10.00
Maximum		\$ .00	\$45.00	\$ .00	\$29.00	\$29.00

a Multiple modes exist. The smallest value is shown.

**QIXD-2. Figure 6. Mid-Atlantic**

		Initiation Fee	Annual Fee	Account Maintenance Fee	Late Payment Fee	Over-the-limit Fee
N	Valid	82	85	82	111	112
	Missing	76	73	76	48	47
Mean		\$ .00	\$14.85	\$ .00	\$20.78	\$21.57
Median		\$ .00	\$20.00	\$ .00	\$20.00	\$20.00
Mode		\$ .00	\$ .00	\$ .00	\$35.00	\$35.00
Minimum		\$ .00	\$ .00	\$ .00	\$ .00	\$ .00
Maximum		\$ .00	\$35.00	\$ .00	\$35.00	\$39.00

**QIXD-2. Figure 7. South Atlantic**

		Initiation Fee	Annual Fee	Account Maintenance Fee	Late Payment Fee	Over-the-limit Fee
N	Valid	109	137	109	143	116
	Missing	159	131	159	125	152
Mean		\$ .00	\$6.71	\$ .00	\$19.44	\$24.69
Median		\$ .00	\$ .00	\$ .00	\$19.00	\$29.00
Mode		\$ .00	\$ .00	\$ .00	\$19.00	\$29.00
Minimum		\$ .00	\$ .00	\$ .00	\$ .01	\$ .00
Maximum		\$ .00	\$34.00	\$ .00	\$39.00	\$39.00

**QIXD-2. Figure 8. East South Central**

		Initiation Fee	Annual Fee	Account Maintenance Fee	Late Payment Fee	Over-the-limit Fee
N	Valid	113	116	113	172	158
	Missing	131	128	131	72	86
Mean		\$ .00	\$ 1.77	\$ .00	\$ 24.81	\$ 25.59
Median		\$ .00	\$ .00	\$ .00	\$ 25.00	\$ 29.00
Mode		\$ .00	\$ .00	\$ .00	\$ 19.00	\$ 29.00
Minimum		\$ .00	\$ .00	\$ .00	\$ 10.00	\$ 10.00
Maximum		\$ .00	\$ 12.00	\$ .00	\$ 39.00	\$ 35.00

a Multiple modes exist. The smallest value is shown.

**QIXD-2. Figure 9. West South Central**

		Initiation Fee	Annual Fee	Account Maintenance Fee	Late Payment Fee	Over-the-limit Fee
N	Valid	178	202	164	202	229
	Missing	157	133	171	133	106
Mean		\$ .00	\$ 7.41	\$ .00	\$ 19.14	\$ 18.25
Median		\$ .00	\$ .20	\$ .00	\$ 15.00	\$ 15.00
Mode		\$ .00	\$ .00	\$ .00	\$ 15.00	\$ 10.00
Minimum		\$ .00	\$ .00	\$ .00	\$ .00	\$ .00
Maximum		\$ .00	\$ 25.00	\$ .00	\$ 39.00	\$ 39.00

**QIXD-2. Figure 10. East North Central**

		Initiation Fee	Annual Fee	Account Maintenance Fee	Late Payment Fee	Over-the-limit Fee
N	Valid	244	299	271	391	394
	Missing	349	294	321	202	198
Mean		\$ .00	\$ 6.57	\$ .00	\$ 23.19	\$ 27.09
Median		\$ .00	\$ .00	\$ .00	\$ 19.00	\$ 29.00
Mode		\$ .00	\$ .00	\$ .00	\$ 15.00	\$ 39.00
Minimum		\$ .00	\$ .00	\$ .00	\$ .00	\$ 5.00
Maximum		\$ .00	\$ 55.00	\$ .00	\$ 39.00	\$ 39.00

**QIXD-2. Figure 11. West North Central**

		Initiation Fee	Annual Fee	Account Maintenance Fee	Late Payment Fee	Over-the-limit Fee
N	Valid	189	206	148	329	292
	Missing	315	298	356	174	212
Mean		\$ .00	\$7.48	\$ .00	\$19.49	\$20.58
Median		\$ .00	\$ .00	\$ .00	\$20.00	\$20.00
Mode		\$ .00	\$ .00	\$ .00	\$10.00	\$10.00
Minimum		\$ .00	\$ .00	\$ .00	\$1.00	\$ .00
Maximum		\$ .00	\$55.00	\$ .00	\$39.00	\$50.00

**QIXD-2. Figure 12. Mountain**

		Initiation Fee	Annual Fee	Account Maintenance Fee	Late Payment Fee	Over-the-limit Fee
N	Valid	69	82	82	110	110
	Missing	127	113	113	86	86
Mean		\$ .00	\$7.48	\$ .04	\$27.96	\$27.04
Median		\$ .00	\$ .00	\$ .00	\$29.00	\$29.00
Mode		\$ .00	\$ .00	\$ .00	\$25.00	\$25.00
Minimum		\$ .00	\$ .00	\$ .00	\$10.00	\$ .00
Maximum		\$ .00	\$35.00	\$1.00	\$39.00	\$39.00

a Multiple modes exist. The smallest value is shown.

**QIXD-2. Figure 13. Pacific**

		Initiation fee	Annual Fee	Account maintenance fee	Late payment fee	Over the limit fee
N	Valid	118	145	108	128	138
	Missing	123	96	133	113	103
Mean		\$3.48	\$15.39	\$ .42	\$20.49	\$23.51
Median		\$ .00	\$15.00	\$ .00	\$19.00	\$25.00
Mode		\$ .00	\$ .00	\$ .00	\$10.00	\$25.00
Minimum		\$ .00	\$ .00	\$ .00	\$7.00	\$10.00
Maximum		\$30.00	\$50.00	\$6.00	\$39.00	\$39.00

There is no difference between urban and rural banks for over-the-limit fees on credit cards.

**Question IX D-3. Does having a deposit account with the bank improve a customer’s ability to receive a credit card?**

Yes  No

Forty-two percent (42.0 percent) of banks that offer credit cards improve a customer’s ability to receive a credit card if they have a deposit account with the bank.

**QIXD-3. Figure 1. Does having a deposit account improve a customer's ability to receive a credit card?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	138	1388	58.0
	Yes	102	1003	42.0
	Total	240	2391	100.0
Missing	System	22	207	
Total		262	2597	

There is no difference among regions or tiers for a customer’s ability to receive a credit card.

There is no difference between urban and rural banks for a customer’s ability to receive a credit card.

**Question IX D-3a. If yes, how?**

Ninety banks explained how having a deposit account improves a customer’s ability to receive a credit card.

The comments indicate that it is beneficial for customers who are looking to open a credit card account to have a deposit account with the bank. Respondents reported that having a deposit account improves a customer’s ability to obtain credit because it shows that the customer already has a banking relationship and allows the bank to review account history. Through this account history, banks can determine the customer’s “stability” and assess their ability to repay. Some sample banks reported that they do not offer unsecured loans because their policies require a banking relationship in order to receive a credit card. Therefore, non-customers will not be approved for credit cards at these banks.

**Question IX D-4. Does the bank offer secured credit cards for established customers who do not qualify for a traditional credit card?  Yes  No**

About a quarter (25.3 percent) of all banks that offer credit cards offer a secured credit card.

**QIXD-4. Figure 1. Does the bank offer secured credit cards for customers who don't qualify for a traditional one?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	173	1836	74.7
	Yes	75	623	25.3
	Total	248	2459	100.0
Missing	System	14	138	
Total		262	2597	

There are differences among regions for banks that offer secured credit cards. No banks in New England report offering secured credit cards, which is different than Pacific region banks (51.4 percent).

**QIXD-4. Figure 2. Region**

		Does the bank offer secured credit cards for customers who don't qualify for a traditional one?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	59	98	212	169	260	401	404	130	104
	%	100.0%	68.3%	85.7%	79.1%	80.8%	68.1%	84.7%	66.6%	48.6%
Yes	Count		46	35	44	62	188	73	65	110
	%		31.7%	14.3%	20.9%	19.2%	31.9%	15.3%	33.4%	51.4%
Total	Count	59	144	247	213	322	589	476	195	214
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A smaller percentage of banks in Tier 3 (12.6 percent) offer secured credit cards than banks in Tier 1 (30.0 percent).

**QIXD-4. Figure 3. Tier**

		Does the bank offer secured credit cards for customers who don't qualify for a traditional one?		
		Tier 1	Tier 2	Tier 3
No	Count	15	264	3609
	%	70.0%	69.7%	87.4%
Yes	Count	6	114	520
	%	30.0%	30.3%	12.6%
Total	Count	21	378	4129
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that offer secured credit cards. A lower percentage (12.5 percent) of rural banks offer secured cards, compared with 16.0 percent of urban banks.

**QIXD-4. Figure 4. Urban/Rural**

		Does the bank offer secured credit cards for customers who don't qualify for a traditional one?	
		Rural HQ	Urban HQ
No	Count	2110	1778
	%	87.5%	84.0%
Yes	Count	301	339
	%	12.5%	16.0%
Total	Count	2411	2117
	%	100.0%	100.0%

**Question IX D-4a. If yes, please indicate the following:**

Minimum Credit Score	Initiation Fee	Annual Fee	Acct. Maintenance Fee	Late Payment Fee	Over the Limit Fee	Typical Credit Limit	Min. APR	Max. APR	Typical APR

Most banks that offer secured credit cards charge annual fees and over-the-limit fees. The median annual fee is \$20, and the median over-the-limit fee is \$29.

**QIXD-4a. Figure 1. Statistics**

Weighted		Minimum Credit Score	Initiation Fee	Annual fee	Account Maintenance Fee	Over-the-limit Fee
N	Valid	144	286	367	249	377
	Missing	479	338	257	374	246
Mean		263.90	\$14.73	\$20.14	\$1.11	\$25.45
Median		.00	\$0.00	\$20.00	\$0.00	\$29.00
Mode		0	\$0.00	\$0.00	\$0.00	\$39.00
Minimum		0	\$0.00	\$0.00	\$0.00	\$0.00
Maximum		700	\$300.00	\$65.00	\$17.00	\$39.99

There are minimal differences among regions or tiers for secured credit card fees and requirements.

There are no differences between urban and rural banks for secured credit card fees and requirements.

**Question IX D-5. Can a cardholder “graduate” from a secured credit card to a traditional credit card?  Yes  No**

Of the banks that offer a secured credit card, 96.3 percent allow cardholders to “graduate” to a traditional credit card.

**QIXD-5. Figure 1. Can a cardholder 'graduate' from a secured card to a traditional credit card?**

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	3	21	3.7
	Yes	66	531	96.3
	Total	69	551	100.0
Missing	System	6	72	
Total		75	623	

There are no differences among regions or tiers for customers being able to graduate from a secured card.

There is no difference between urban and rural banks for customers being able to graduate from a secured card.

**Question IX D-5a. If yes, how?**

Sixty-six banks respondents described how cardholders can graduate from a secured credit card to a traditional credit card.

Banks explained that this transition is possible when customers establish an acceptable credit history. Accounts must be in good standing, and customers need to make payments on time for a particular period of time, depending on each bank’s policy. In doing so, individuals can improve their credit score to satisfy the bank’s specific standards. Variations in the length of time required for assessment by banks are as follows:

- Thirteen banks reported that they permit individuals to apply for a traditional credit card after 12 months of good standing.
- Four banks require 18 months of good standing.
- Two banks require 22 months of good standing.
- Four banks require 24 months of good standing
- Three banks require between 6 and 24 months of good standing, depending on each customer’s circumstances.

In addition, banks that only offer credit cards through a third party report having no control over such situations because all decisions are made at the discretion of the third-party provider.



## Case Studies

In addition to administering and reporting results from the *Survey of Banks' Efforts to Serve the Unbanked and Underbanked*, Dove Consulting also developed 16 **Case Studies**. The purpose of the case studies is to highlight a variety of successful strategies that banks have developed to bring unbanked and underbanked individuals into the conventional banking system. These case studies permit deeper analysis of the different business models used to serve these households and provide insight into the experiences of a range of commercial banking and savings institutions that offer innovative approaches to serving unbanked and underbanked individuals.

This chapter provides information about the process used to select case study banks, summary tables to highlight basic characteristics of the banks, and three- to five-page descriptions which detail each bank's situation, target population, innovative approaches, and lessons learned. Although case study banks employ a variety of approaches, they are categorized in this chapter by three primary strategies:

- Financial Education and Outreach
- Obstacles and Access
- Targeted Products and Services

These case studies are based on information gathered from survey responses, secondary research, and most importantly, in-depth interviews with bank managers to more fully understand how these banks have developed and implemented innovative and successful strategies to serve the unbanked and underbanked population.

### Case Study Methodology

In order to capture a broad range of innovative and successful bank strategies for serving the unbanked and underbanked, Dove Consulting and the FDIC teams worked collaboratively to compile a list of prospective case study candidates. Candidates were required to pass both “good standing” criteria with compliance and provide a balance across geographic area and bank size.

#### Selection Process

A limited number of case studies were developed to provide information about specific strategies that some financial institutions have implemented to expand their customer base and serve underbanked consumers. Case study banks were selected on the basis of a variety of different types of information, including industry research and bank survey questionnaire responses. The final selection of banks reflects a variety of strategies to serve the unbanked as well as types of FDIC-insured institutions.

The banks chosen for case studies were selected in a two-stage process. The first set of potential case study banks were identified by the FDIC based on industry research prior to survey administration. These banks were reviewed against certain good standing criteria which included regulatory ratings of 1 or 2 for compliance, Community Reinvestment Act (CRA), and composite safety and soundness.

The second set of potential case study banks was identified by Dove Consulting based on Dove's confidential review of banks' survey responses. Banks that revealed innovative and successful strategies to converting unbanked and underbanked individuals into the conventional banking mainstream in their survey responses and that met the FDIC good standing criteria were added to the potential case study bank list.

## Selection Criteria

Approval of proposed case study candidates was based on fulfillment of two criteria.

- **Good Standing Criteria:** Compliance screenings were conducted by the FDIC team. The FDIC evaluated case study candidates based on good standing criteria, including Compliance Rating, Composite CRA Rating, and Soundness Rating of either 1 or 2 as of Q1 2008.
- **Diversity of Example Criteria:** Candidates proposed for the case study during the pre-survey selection phase were screened on their innovative approaches and strategies applied to serving the unbanked and underbanked. In addition, candidates selected on the basis of survey responses were screened on the diversity of market served, geography, and size and type of institution. The following tables detail each diversity factor considered and the distribution of these factors across the 16 case study banks interviewed.

## Invitation Process

Potential case study banks were invited to voluntarily participate by Dove Consulting. Dove contacted each potential bank by mail, seeking to obtain agreement to participate from a senior manager in each targeted organization. Banks that consented to be case study candidates were asked to complete the survey questionnaire and were interviewed at least once by Dove Consulting. Draft case studies were submitted to participating banks for their approval and consent.

## Interview Process

Once a bank agreed to participate as a case study, Dove Consulting scheduled an interview with the bank's managers and subsequently conducted an interview. Dove Consulting conducted most interviews via telephone and conducted two in person. The interviews were based on the bank's survey responses and gathered relevant background information about the bank's strategy, including target population, initiatives, and lessons learned. Development of case study drafts followed a common template. After an internal review process, drafts were submitted to the participating banks for their approval and consent.

## Distribution of Case Study Banks

Collectively, case study banks cover a variety of strategies for serving the unbanked and underbanked that reflect the unique needs of their markets. The table below highlights the variety of initiatives described in each case study.

**CS. Figure 1. Strategy**

	Education and Outreach					Obstacles and Access						Products and Services		
	Education Program	Non-Profit/Community Partnership	Government Agency Partnership	School Partnership	Employer Partnership	Branch Configuration	Bilingual Staff	Technology	Identification	Location	Extended Hours	Transaction Products	Credit Products	Asset-Building Products
Amalgamated Bank	X	X								X		X		
Artisans Bank	X	X	X									X	X	X
Bancorp South	X			X	X							X	X	X
Bangor Savings Bank		X			X			X			X	X		X
Carver State Bank	X	X		X								X	X	X
Central Bank of Kansas City	X	X				X						X		
Citibank	X	X										X		X
Citizens Union Bank of Shelbyville	X	X	X			X	X			X	X	X	X	X
The Commerce Bank of Washington		X				X								
Fort Morgan State Bank					X		X			X	X	X		
International Bank of Commerce	X			X		X	X	X		X	X	X	X	
KeyBank	X				X			X				X		X
Mitchell Bank	X	X		X		X			X			X	X	
Monroe Bank and Trust	X				X							X		
Ridgewood Savings Bank	X	X	X	X		X	X			X	X			
Second Federal Savings of Chicago	X		X				X		X		X	X	X	

Financial institutions selected for inclusion as case studies also demonstrate diversity in their target market, asset size, and institution type. By highlighting variations in institutional characteristics, the case studies demonstrate how different types of banks approach common challenges in serving the unbanked and underbanked.

**CS. Figure 2. Institutional Characteristics**

	Target Market		Asset Size			Institution Type		
	Immigrant/ Minority	Non- Immigrant	Tier 1	Tier 2	Tier 3	National	Regional	Community
Amalgamated Bank	X	X		X			X	
Artisans Bank		X			X			X
Bancorp South	X	X		X			X	
Bangor Savings Bank		X		X				X
Carver State Bank	X	X			X			X
Central Bank of Kansas City	X				X			X
Citibank	X	X	X			X		
Citizens Union Bank of Shelbyville	X	X			X			X
The Commerce Bank of Washington		X			X			X
Fort Morgan State Bank	X	X			X			X
International Bank of Commerce	X			X			X	
KeyBank	X	X	X			X		
Mitchell Bank	X				X			X
Monroe Bank and Trust		X		X				X
Ridgewood Savings Bank	X	X		X				X
Second Federal Savings of Chicago	X				X			X

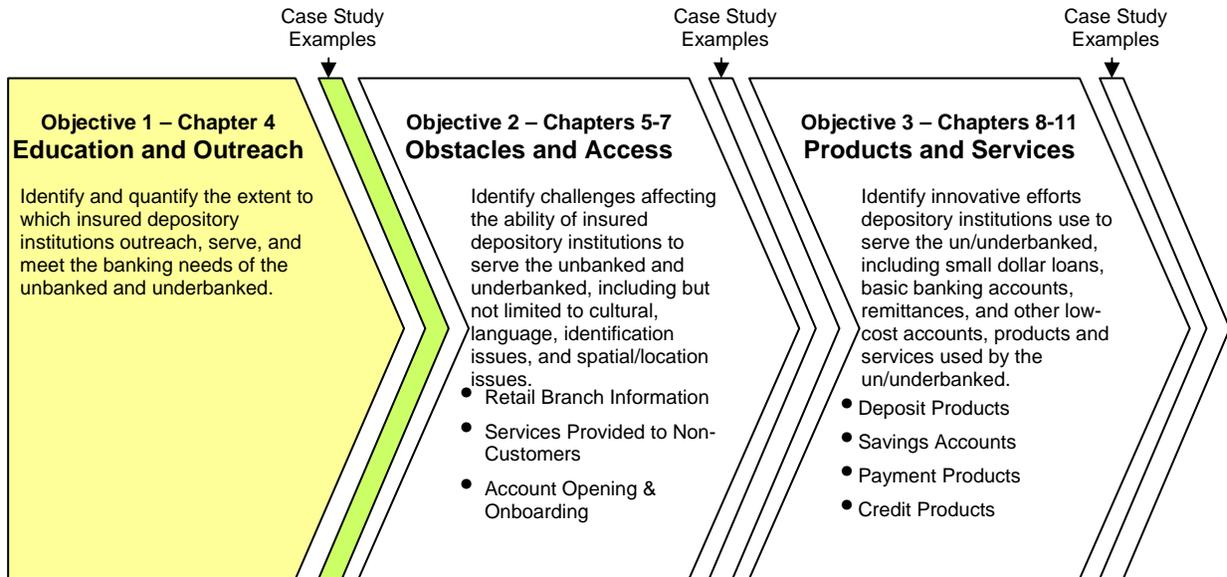
Case study candidates were also evaluated on geographical diversity to ensure representation from each regional division and to compile a complete perspective of banks' challenges and approaches in a variety of markets. The following table details the distribution of the 16 case study banks across the country.

**CS. Figure 3. Geography**

	New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
Amalgamated Bank		X							
Artisans Bank			X						
Bancorp South				X					
Bangor Savings Bank	X								
Carver State Bank			X						
Central Bank of Kansas City							X		
Citibank		X							
Citizens Union Bank of Shelbyville				X					
The Commerce Bank of Washington									X
Fort Morgan State Bank								X	
International Bank of Commerce					X				
KeyBank						X			X
Mitchell Bank						X			
Monroe Bank and Trust						X			
Ridgewood Savings Bank		X							
Second Federal Savings of Chicago						X			



# Banks' Efforts with Education and Outreach



## Education and Outreach

The seven case studies featured in this section highlight a variety of effective approaches that leverage partnerships with third-party organizations, such as employers, schools, nonprofit organizations, and assistance agencies.

Institution	Target Population	Initiative
Amalgamated Bank (New York, NY)	Union workers, primarily immigrant and low income	Created educational curriculum specific to needs of target market; partners with union and local government agencies to deliver outreach and products
Citibank, NA (New York, NY)	Low-income, urban individuals in their area	Leverages United Way case management and outreach expertise in area to market, educate, and open entry-level accounts for clients
The Commerce Bank of Washington (Seattle, WA)	Homeless population, mentally ill individuals	Automated check cashing processes and improved access to banking services for “unbankable” individuals by providing back-office systems and support to The Compass Center, a nonprofit assistance agency
Fort Morgan State Bank (Fort Morgan, CO)	Employees of food processing company in Colorado	Established branch at plant facility, introduced services during new employee orientation, and opened accounts to encourage direct deposit of paychecks
International Bank of Commerce (Laredo, TX)	Elementary school students in predominantly Mexican immigrant communities in their areas	Partners with elementary schools to create student-run “micro-communities,” simulated societies in which students earn wages in mock currency, conduct banking transactions, and learn to manage finances
Mitchell Bank (Milwaukee, WI)	High school students in large Mexican and Central American immigrant communities in their areas	Partners with a local high school to establish full-service branch on campus to open accounts for students, provide financial literacy education, and build trust and awareness in wider community
Monroe Bank and Trust (Monroe, MI)	Low- to moderate-income individuals in the bank’s county, many of whom are affected by rising unemployment	Established education program, an off-shoot of its existing volunteer organization, to provide educational outreach in its markets by bringing seminars and programs to faith-based organizations, service agencies, and high schools

### Common Lessons Learned

- Financial education is the primary vehicle for serving the unbanked and underbanked populations and is essential to helping them make informed decisions.
- Employers and community organizations can provide important insights to banks seeking to assess and understand the needs of the unbanked market.
- Partnerships with third-party organizations that leverage core competencies can supplement and complement bank initiatives to provide outreach and serve the community.
- Building strong relationships with trusted community organizations presents valuable opportunities for banks to establish their presence and increase awareness in their service areas, which are particularly important when working with unbanked populations.
- Developing and executing a successful strategy requires innovative approaches that involve stakeholders both within and outside of the bank.

## **A m a l g a m a t e d   B a n k**

Amalgamated Bank relies on strategic partnerships with community organizations and government agencies to tailor and deliver educational outreach and banking services to different unbanked populations in its service areas. In addition to creating a comprehensive financial literacy curriculum, the bank also developed a specialized package of banking services for its union members, other working class individuals, and recent immigrants. The bank continues to evolve its offerings and approaches according to the needs of each community.

*“From our perspective, serving the unbanked segment is a challenge that we take seriously, and we are still testing and refining different approaches. Nevertheless, financial education is a strong component of the overall value we strive to deliver.”*

*Keith Pilkington, EVP and Chief Marketing Officer  
Peter Mosbacher, CRA Officer, Head of Community Development and SVP*

### ***I. Target Population***

As the nation’s only union-owned bank, Amalgamated Bank tailors and targets its products and services to members of UNITE HERE (formed from the merger of the Union of Needletrades, Industrial and Textile Employees and Hotel Employees and Restaurant Employees International Union), other working class individuals, and recent immigrants. UNITE HERE represents more than 450,000 active members and more than 400,000 retirees throughout North America. Its membership is composed largely of immigrant workers and includes a high proportion of African Americans, Hispanic Americans, and Asian Americans.

The bank primarily serves working class residents and small businesses in New York City, and many low- and moderate-income families. Since early 2007, Amalgamated Bank has operated four branches in neighborhoods identified as Banking Development Districts (BDD) by the New York State Banking Department. These communities are typically underserved by the banking industry and dominated by alternative service providers, such as check cashers. The bank has also begun expanding outside of New York City to reach union members outside of its primary branch footprint. As of September 2008, the bank operates three supermarket-based branches in Las Vegas to serve the large population of culinary union members in that market area, as well as one branch in each of the following markets: Pasadena, CA; Lyndhurst, NJ; and Washington, D.C.

### ***II. Initiatives***

Amalgamated Bank sees financial education as an integral part of its approach to serving unbanked individuals. Education provides consumers with the necessary tools to understand how the banking system works, and to manage accounts responsibly and comprehensively. In addition, it also helps the bank ensure that it opens accounts for customers who have the requisite knowledge to handle banking products and reduce the risk of loss due to mismanagement.

## Money Sense

In the summer of 2006, the bank introduced **Money Sense**, an in-house branded financial education program developed in partnership with LaGuardia Community College. The college not only contributed to the creation of the **Money Sense** curriculum but also trains bank employees to conduct sessions and effectively deliver information. Presented in four modules lasting 90 minutes each, the **Money Sense** curriculum covers basic banking, credit, savings, and home ownership. Upon successful completion of the program, the bank offers a small cash bonus toward a new no-fee, no minimum balance checking account. While potential customers must still undergo the normal account approval and opening process, the bank believes that the bonus provides additional incentive for opening an account at Amalgamated Bank.

The bank typically offers the program in four concurrent sessions on Saturday from 9:30 a.m. to 3:30 p.m. and provides free lunches as an additional accommodation. Branches also have the option of offering morning or evening sessions, depending on what branch personnel deem to be most feasible and useful. All branches conduct **Money Sense** financial education, with an average of two to three programs offered by each branch annually.

To optimize the impact and effectiveness of **Money Sense**, Amalgamated Bank advises its branch employees to conduct education sessions only after establishing strong partnerships with third-party community organizations. These partnerships can involve faith-based organizations, local development corporations, and other nonprofit organizations. The bank often holds its education sessions at the organization's site to encourage participation in the program. Community partners also help by sending marketing materials to its client base to raise awareness of upcoming **Money Sense** seminars and other bank-related events. By leveraging community partnerships, the bank has been able to attract between 30 and 50 individuals to each session.

For residents in the bank's Las Vegas service area, educational sessions have been particularly valuable. Led by a full-time community development officer, Amalgamated Bank launched a Home Ownership and Empowerment Center in 2007 to assist the approximately 60,000 union members and working class customers residing in the Las Vegas area. Financial education programs offer the four **Money Sense** modules in addition to a session focused specifically on foreclosure prevention. Clark County, in which Las Vegas is located, has faced some of the highest home foreclosure rates in the country, deeply affecting union members and low-income families. In response to these major issues and the immense need for education on foreclosures, the seminars provide individuals with an overview of the situation, help them determine what stage of the process they are in—delinquency, verge of delinquency, or beginning of foreclosure proceedings—and inform them of available options for their situation. The bank also invites local credit counseling and housing agencies to provide additional insight during the seminars. Given the impact of home foreclosures in the Las Vegas area, the sessions have been well-attended by local residents seeking assistance and information. In the past year, Amalgamated Bank has conducted eight foreclosure seminars, attracting 50 to 75 attendees to each session.

## Local Partnerships

The bank partners with a wide range of local community agencies and organizations to provide additional financial education opportunities to unbanked populations.

In collaboration with the East River Development Alliance (ERDA), Amalgamated Bank has augmented the alliance's existing Wealth Building Academy with financial education programs that help unbanked individuals feel comfortable and welcome in bank branches. The objective is to mitigate fears or misperceptions about banks as a first step to ease the unbanked into the financial mainstream. Through this partnership, the bank also promotes the academy's education program to low-income residents in public housing projects and delivers **Money Sense** seminars through the auspices of ERDA.

The bank currently participates in two pilot programs offered through the New York City Department of Consumer Affairs' Office of Financial Empowerment (OFE). In spring 2007, the bank joined the **Opportunity NYC** program, the nation's first conditional cash transfer program, in an effort to encourage account opening and enable individuals and families on public assistance to receive and safely access payments through direct deposit.<sup>8</sup> Amalgamated Bank and seven other local banks and credit unions offer **Opportunity NYC** savings accounts, an entry-level account with no minimum opening balance, no monthly service fees, and a \$50 bonus upon opening. In another joint effort with the OFE, Amalgamated Bank offers the **Save NYC Club Account** for residents receiving Earned Income Tax Credit (EITC). This interest-bearing account offers a 0.5 percent rate and a city-funded 50 percent match of initial deposits up to \$250 to help low- to moderate-income families build savings. To qualify for the account and for the match, customers must save at least \$100 for up to one year. When the pilot program first began in the 2008 tax season, Amalgamated Bank succeeded in opening 20 **Save NYC Club Accounts**. Based on this initial success, the bank plans to expand the program during the 2009 tax season.

In October 2008, Amalgamated Bank will launch a pilot program for rent payments in partnership with the New York City Housing Authority. Unbanked residents often pay their rent by cashing checks at alternative service providers and incurring high fees to purchase money orders and make payments. To reduce service fees and make the process more affordable for residents, Amalgamated Bank and two other New York City-based financial institutions signed an agreement with New York City Housing Authority to accept rent payments in cash for a smaller fee at branch locations, process the payments for remote capture, and transfer the payments to New York City Housing Authority. To facilitate the process, New York City Housing Authority has provided the bank with two scanners. The bank will introduce the pilot program at its Long Island City BDD branch, and if successful, the bank will expand the program to additional branches in 2009.

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<sup>8</sup> Conditional cash transfer (CCT) programs are designed to alleviate poverty in the short-term by providing additional income to poor families, and to break the intergenerational cycle of poverty in the long-term by promoting greater investments in human capital.

## Union Outreach and Group Advantage Banking

In an effort to serve its core customer base, Amalgamated Bank provides specific banking services that address the needs of union members. During outreach sessions, the bank combines education with financial incentives for establishing customer relationships. Amalgamated Bank tailors education classes to its audience of union members in a particular industry and delivers seminars at the workplace to improve convenience and accessibility. In addition, outreach visits serve as an opportunity to inform them about the Group Advantage Banking, a package of services specially priced and specifically packaged for union members with direct deposit. Group Advantage Banking offers benefits not available to the general public, including a free checking account with a \$50 bonus for direct deposit, free savings account with a \$25 bonus for establishing automatic savings deductions from an Amalgamated checking account, unlimited check writing, free first order of 50 checks, higher relationship rates on qualified savings accounts, and preferred rates on loan products.

In its Las Vegas market area, Amalgamated Bank plans to launch a payroll card product in October 2008. As hotels, casinos, and other major employers begin moving toward mandatory direct deposit of paychecks, UNITE HERE has expressed strong interest in the bank offering a payroll card product because it will provide workers with an alternative to deposit accounts while meeting direct deposit requirements. The bank developed the product in close communication with the union, informing union leadership of associated fees and pricing structure and providing them with opportunities to review and provide input for refining the product. In an effort to provide competitive and favorable pricing for union members, the bank also deployed an ATM at the UNITE HERE headquarters, where payroll card customers pay a reduced surcharge of 50 percent below market rates to withdraw funds. This enables workers to avoid using alternative service providers to cash paychecks without having to manage conventional deposit accounts. The product will serve as an entry point for transitioning unbanked union members into deposit account customers and the economic mainstream.

### *III. Lessons Learned*

- **Banks cannot effectively reach out to unbanked individuals without the support of a strategic nonprofit or government partner.** Identifying, addressing, and serving this segment poses a daunting task for banks that choose to work independently. Community partnerships can provide critical assistance by helping banks navigate this complex and dynamic population.
- **Strong community partners are well-respected, fiscally sound, and have a solid reputation in the community.** They must also recognize and understand the bank's business needs and obligations. Community partnerships exhibiting these characteristics and founded on mutual understanding provide a strong platform for developing and delivering joint efforts to serve the unbanked and underbanked.
- **Providing education to unbanked individuals provides mutual benefit for consumers and institutions.** Financial literacy training and banking education equip unbanked individuals with the knowledge to responsibly and comprehensively manage accounts and make informed financial decisions. Banks benefit from improved financial management practices, as it reduces risk and increases the number of customers and deposits.

## About Amalgamated Bank

Amalgamated Bank, headquartered in New York, New York, was established in 1923. Originally chartered by the Amalgamated Clothing Workers of America Union (ACWA), the bank's mission was to provide affordable banking services to working men and women. In 1995, the Amalgamated Clothing & Textile Workers Union and the International Ladies Garment Workers Union merged in order to form the Union of Needletrades, Industrial and Textile Employees (UNITE!). In 2004, UNITE! and the Hotel Employees and Restaurant Employees International Union (HERE) merged. The Bank is now owned by UNITE HERE.

Currently, Amalgamated Bank operates out of 19 branches in New York, NY. The bank also maintains one branch in Lyndhurst, NJ; one branch in Pasadena, CA; one branch in Washington, D.C.; and three supermarket branches in Las Vegas, NV. The bank offers a variety of consumer and commercial credit and deposit products, as well as financial services. Available credit products include home equity loans, auto loans, personal loans and lines of credit, commercial mortgages, commercial loans and lines, as well as standby letters of credit. Examples of deposit account offerings include regular savings accounts, club accounts, checking accounts, money market accounts, CDs, and IRAs. Other provided services include direct deposit and safety deposit box rental, as well as the sale of travelers and gift checks, money orders, and United States Savings Bonds. The bank faces intense competition in its service areas from many large money-center institutions, national and regional banks, savings and loan associations, and mortgage brokers.

**Assets, \$Th, as of September 30, 2008: \$4,573,953**



## Citibank, NA

Citibank's citizenship work in the United States focuses broadly on community revitalization and preservation, asset building, and financial education, particularly for unbanked and underbanked, and low- to moderate-income (LMI) individuals. To achieve these objectives, Citibank relies on partnerships with many local nonprofit and community organizations to deliver specialized services, education, and bank products to the people in these groups. Citibank also invests in market research to increase the banking industry's understanding and awareness of unbanked and LMI populations and to inform and refine its strategies for serving these segments of the population.

*"Products and services do not make a difference if they're not culturally relevant to the community you are serving."  
– Victor Ramirez, Citi Community Relations*

### **I. Target Population**

Citibank's efforts through the Saving for the American Dream program focus on low-income, EITC-eligible residents of the Greater Los Angeles area, many of whom are unbanked. IDA participants can be EITC-eligible or earn less than 200 percent of the Federal Poverty guidelines, delineated by the Department of Health and Human Services (DHHS). In Los Angeles, that translates to approximately 60 percent to 80 percent of the area median income. Citibank makes appropriate products available to people in this group and works to facilitate their access to these products. For example, Citibank opens accounts at VITA sites, including community and neighborhood centers, libraries, schools, shopping malls, and other convenient locations. (VITA is the IRS's Volunteer Income Tax Assistance Program for low-income, elderly, disabled, and limited English-speaking individuals.)

As of August 30, 2008, Citibank had 463 IDA accounts in the Greater Los Angeles area that had been opened through the Saving for the American Dream program, as well as 77 Ramp Up Accounts. Citibank also offers the IDA program in other markets across the country. Nationally in 2007, Citibank maintained over 50 separate IDA programs with about 4,000 IDA accounts active in its branches, exceeding \$3 million.

### **II. Initiatives**

One of Citibank's primary partnerships in Los Angeles is with the United Way of Greater Los Angeles (UWGLA) in its Saving for the American Dream asset-building program. Saving for the American Dream promotes the Individual Development Account (IDA) to low-income working families that include unbanked recipients of the Earned Income Tax Credit (EITC), the refundable federal income tax credit for low-income working individuals and families. The IDA is a savings account, incentivized with matching funds provided by a variety of government and private sector sources, for "working poor" families who are building toward a specific asset goal, such as a home.

IDA account holders also are offered financial education through the Saving for the American Dream program. This helps them understand the benefits of a mainstream savings account and teaches skills for responsible money management.

## Initial Efforts

Citibank committed to participating in and raising awareness about the EITC and VITA programs in Los Angeles. Citi employees participate through VITA volunteer tax assistance and encourage EITC recipients to engage in mainstream banking by opening free checking accounts and direct-depositing their tax refunds.

Initially, the bank's strategy was to make its branch employees available to open accounts at VITA sites and to offer a \$20 to \$25 incentive for new deposit customers. However, Citibank employees faced difficulties in attracting interest and describe being hampered by the identification and due diligence process required for account opening. In 2005, Citibank's first year working with EITC/VITA in Los Angeles, the bank opened only ten accounts. Further, these new customers withdrew all funds from their accounts soon after opening, resulting in account closure due to lack of use and insufficient deposit balance.

Consequently, Citibank developed an approach that would more effectively promote the saving of EITC funds and the development of long-term banking relationships with recipients. This approach would be based on partnerships with established, local nonprofit organizations.

## Community Partnerships

Citibank tapped into the resources of its primary partner in Los Angeles, the UWGLA, and their asset-building partnership collaborative. This partnership allows for a division of tasks that capitalizes on each partner's respective strengths. UWGLA's partners have substantial experience in case management and outreach work and, once trained about banking products, can comfortably present information and provide guidance to clients. For its part, Citibank takes responsibility for program management and provides educational materials and training to UWGLA staff and partners.

Additionally, UWGLA—as a well-established and reputable community organization—can independently raise matching funds for IDAs.

The benefits of Citibank's partnership with UWGLA, and with third-party community organizations in general, go beyond process efficiency. The diverse demographics of Los Angeles County allowed the Los Angeles EITC Campaign Partnership to expand outreach to various ethnic communities through their partners, including the Chinese, Hispanic, Filipino, Armenian, and Korean communities. The local partner can help Citibank mitigate language and cultural barriers. Its staff can translate banking information and can build trust with immigrant clients. This helps Citibank establish a strong local community connection and deliver services and programs tailored to the needs and preferences of the local market segments.

Citibank's IDA-based asset-building initiative in the Greater Los Angeles area, which began in the 1990s, is county-wide. The large-scale program is delivered through 19 local nonprofit organizations, with UWGLA serving as the lead coordinating agency of the program. UWGLA provides the participating nonprofits with training, capacity building, data collection, and account management for the program. Citibank offers financial support in the form of grants from Citi and the Citi Foundation, technical assistance, and overall program management.

## Challenges of the IDA Program

In the past five years, Citibank identified new challenges facing program participants and the bank. For instance, participants in this federally funded IDA program were permitted to use accrued funds only toward the purchase of new homes, small businesses, and/or post-secondary education. While many participants initially planned to use the IDA to fund a home purchase, currently there are few affordable housing options in the Los Angeles area. After years of making regular deposits and participating in financial education courses, participants finally reached their savings goals only to find that the “qualified asset” they had in mind—a home—was unavailable to them due to a lack of affordable housing on the one hand and insufficient capital or credit on the other. Beyond the immediate setback this situation created, the concern to Citibank was that the clients’ discouragement would negatively affect their relationship with and perception of financial institutions in the future.

Saving for the American Dream also incurred high administrative costs. Citibank reports that the annual costs for case management, tracking and recording of participants’ savings, and conducting education classes average \$1,400 per account.

To mitigate participants’ frustration and the program’s high overhead, Citibank helped developed a new kind of account, the Ramp Up Accelerated Savings Account.

## Ramp Up Accelerated Savings Accounts

Ramp Up Accelerated Savings Accounts were introduced in the Greater Los Angeles area for the first time in May 2007. The savings account offers both a subsidized annual interest rate of up to 21 percent on initial deposits and monthly contributions to the Ramp Up accounts as incentives for LMI individuals to save money. The Ramp Up account has a 15-month period, at the conclusion of which the account holders are encouraged to transfer their savings into an investment account, typically an IDA. Ramp Up accounts, as compared with the IDA, permit a greater range of asset types to be acquired from the accrued funds. In addition, the Ramp Up program, with average overhead of \$300 per account, is more cost-effective than the IDA program.

Case managers and tax preparers working under the auspices of Citibank’s nonprofit community partners promote Ramp Up Accounts to unbanked, EITC-eligible individuals at VITA sites. These workers can open accounts through Citi’s business banking online system using the CitiEscrow product. The direct deposit account information is then immediately entered on the participant’s tax forms so that, as a result of this streamlining and integration, the tax refunds can be sent directly to the new account.

Ramp Up Accounts are a kind of “trustee account,” to be implemented in a nonprofit setting. The case managers serve as agents of Citibank and collect all identification and other necessary documentation (including representative payee forms and W9s), so the identification and verification process for account opening is streamlined and expedited. In addition, since the product is not a checking account, ChexSystems (a check verification service and consumer credit reporting agency for deposit accounts) is not consulted and any negative history on the ChexSystems database is not an impediment, as it was in earlier initiatives to open free checking accounts for unbanked individuals.

Through the 2007 and 2008 tax seasons, Citibank opened a total of 77 Ramp Up accounts in the Los Angeles area. As of August 2008, the bank has 57 active Ramp Up Accounts in Greater Los Angeles amounting to \$64,350 in cumulative deposits. Since introducing Ramp Up Accounts, Citibank has observed that participating account holders save more consistently and are less likely to withdraw all of their money after receiving their tax refunds. During the summer of 2007, the bank opened 42 accounts, with an average of \$600 saved per account after the first 180 days and with 80 percent of participants making regular monthly deposits. Because most Ramp Up participants are co-enrolled in an IDA program, they also receive that program's financial literacy training.

Citibank plans to survey Ramp Up account holders as well as IDA account holders to determine asset-building and purchasing trends under the program. Anecdotally, bank employees and community organization staff observe that many EITC recipients spend their refund, which averages \$4,000 to \$5,000, on basic necessities such as food, clothing, and medical expenses.

## **Market Research**

Citibank invests in market research to assess and refine its strategies for serving the unbanked and underbanked. For instance, the bank supported the Center for Financial Services Innovation's (CFSI) Underbanked Consumer Study, which was the first comprehensive national segmentation study of the underbanked market. With a cohort of 2,800 unbanked and underbanked adults, the study revealed detailed behavior profiles that outline market size, current use of financial products and services, interest in financial products, preferred marketing and communication approaches, and desired financial experience.

Citibank also supported the development of a research tool that goes beyond Census data to develop a picture of a community's economic activity. This was accomplished through the services and tools developed by Social Compact, a nonprofit organization. The tool measures economic opportunity and investment incentive by looking at data from supermarkets and utility bills. This study helps identify effective approaches to bringing unbanked individuals into the economic mainstream.

## **Future Initiatives**

Following their successful efforts on behalf of the unbanked and underbanked in the Los Angeles area, Citibank and UWGLA are exploring other markets in which to establish similar programs.

Citibank also has begun working with other financial institutions nationwide, to share insights and best practices related to serving the unbanked and underbanked.

### **III. Lessons Learned**

- **Banks can rely on partners to deliver connections to the community by virtue of their local experience, subject matter expertise, staff resources, and fundraising capability.** Leveraging strategic long-term partnerships with strong community organizations has been integral to the success of Citibank's asset-building initiatives.
- **Honing the knowledge of regional and local markets guides the development and implementation of products and services that meet the needs of each market area.** Offerings are only valuable if they address the specific needs of a target population.
- **Flexibility and a willingness to innovate help overcome the obstacles to serve traditionally unbanked communities.** Tailoring products and services to lower-income communities ensures that their unique needs and preferences will be met. Identifying and addressing these nuances play an important role in a bank's success in serving people in this population segment.

### **About Citibank, NA**

Found in more than 100 countries, Citibank delivers a wide array of banking, lending and investment services to individual consumers, as well as to small businesses with up to \$10 million in annual sales. Citibank also offers a full range of financial services products to serve the needs of small and large corporations, governments, and institutional and individual investors. The Financial Center Network is composed of local offices and complemented by electronic delivery systems, including ATMs and the Internet.

Specific products and services include basic banking accounts, investment services through Citicorp Investment Services, life insurance, telephone banking, and accounts which integrate banking, borrowing, and investing services. Client Financial Analysts are available in branches and trained to use Citibank's financial needs analysis tools that enable bank staff to recommend tailored solutions for every customer.

**Assets, \$Th, as of September 30, 2008: \$1,207,007,000**



## The Commerce Bank of Washington

The Commerce Bank of Washington transformed and modernized banking services offered by The Compass Center (TCC), a nonprofit homeless service provider. The Commerce Bank of Washington provides funding, technical assistance, and banking processing services for TCC for homeless clientele and individuals with permanent disabilities in Seattle. Clients also benefit from financial education and counseling resources, which can also help them move into the economic mainstream.

*“We thought outside-the-box and got everyone involved—from service providers to non-profit organizations to regulators.” – Ron Lynch, Chief Operating Officer*

### **I. Target Population**

The Compass Center (TCC) is a multi-service agency that assists homeless individuals in Seattle, with an estimated population of 8,000 individuals. Most TCC clients earn less than 30 percent of the service area’s median income and need assistance in seeking or maintaining housing, as they do not have a physical address or location to receive a check. In addition, some of TCC’s clients have been deemed by the state as mentally ill or incapable of handling their own finances, however, they can benefit from deposit accounts to receive government benefits. Because homeless individuals primarily operate in a cash economy, TCC recognized that they were a financially vulnerable population within a predatory environment. While most nonprofit organizations provide representative-payee services, homeless clients, who are not only unbanked but often deemed “unbankable,” use check cashing agencies that charge high fees for their services. TCC addresses one of their critical financial needs by providing assistance in cashing disability, Social Security, veterans’ benefits, and other assistance payment checks for clients without bank accounts.

### **II. Initiatives**

The Commerce Bank of Washington began working with TCC in 1999 when a number of bank employees expressed interest in volunteerism and organized a community service effort to repaint and clean the TCC’s facility. During their visit, bank employees noticed that TCC provides “quasi-banking services” to Seattle’s homeless community. These services were arranged by case managers and social workers in response to clients’ needs. At the time, the U.S. Treasury Department announced that recipients of federal government benefit checks would be paid electronically unless they could submit documentation that explained why payments could not be received through electronic methods. This presented challenges to homeless and other disadvantaged individuals who did not qualify for bank accounts or did not feel comfortable with this payment method.

Recognizing the community’s need and TCC’s concerns about this federal mandate, The Commerce Bank of Washington worked with local organizations and the Federal Reserve Board to develop a solution. They devised an approach that would allow The Commerce Bank of Washington to act as a conduit for TCC’s financial services. In establishing TCC Bank, The Commerce Bank of Washington would enable it to receive electronic payments from the government on behalf of homeless individuals and allow them to maintain accounts for their funds. TCC would have access to the banking system and platform, the Federal Reserve, and knowledgeable personnel without having to handle overhead costs and regulatory issues.

The bank helped TCC set up their systems to allow customers to receive ACH<sup>9</sup> payments through a second ABA Routing Transit Number<sup>10</sup> for The Commerce Bank of Washington and assigned specifically to TCC, which would allow transactions to route through that number and post to individual accounts in the institution. The bank also gave TCC access to the necessary hardware platform and core banking software to enable it to efficiently manage accounts and provide banking services. By partitioning part of its mainframe, creating a separate cable and firewalled data network within the bank's existing infrastructure, TCC could utilize The Commerce Bank of Washington's core demand deposit account (DDA)<sup>11</sup> banking system. With support from a second bank, The Commerce Bank of Washington equipped TCC with an automated cash dispensing unit purchased at wholesale from the manufacturer and maintained by services donated by an armored car company. Bank employees trained TCC staff to properly verify customers and checks, operate the machine, and open individual accounts for clients.

While The Commerce Bank of Washington provides back-office systems and support, TCC staff and case workers perform the front-office functions, such as opening accounts, verifying identification, and cashing checks. New TCC clients must provide a form of identification when seeking banking services for the first time, and a photograph of the individual is placed in a book linking the individual to their account. Accounts offered to TCC clients are similar to passbook savings accounts in that clients can verify their balance and withdraw cash but are prohibited from writing checks. As part of its assistance services, TCC staff help clients determine account restrictions, which typically allow one withdrawal per day for a predetermined amount. Since most clients receive recurring government and benefit payments on a monthly basis, building parameters enables clients to spend their money incrementally and prevent impulsive withdrawals, with sufficient funds to subsist before receiving their next payment. While clients with extenuating circumstances, such as mental illness-related issues, emergencies, and other case management-related exceptions, are afforded flexibility at the discretion of TCC's personnel, those who no longer wish to abide by these conditions can dissolve their account relationship with TCC at any time. To date, TCC has opened 1,600 accounts for its clients.

Clients who do not have accounts either have experienced account closure, typically due to inability to maintain their account balance, or solely prefer to use check cashing services. Decisions on the types of checks accepted for check cashing services are made at the discretion of TCC staff. In general, government and payroll checks are commonly accepted and cashed for a fee of 2 percent for checks over \$300. Although the bank acknowledges the inherent risks involved in check cashing operations, the bank cites that losses incurred from providing these services have been fewer than expected.

From the bank's perspective, partnering with TCC provided mutual benefits. TCC staff have deep understanding and knowledge of its client base and a strong foundation in case management, which creates a strong position from which TCC and the bank can jointly outreach and assist homeless

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<sup>9</sup> The Automated Clearing House (ACH) Network is a nationwide batch-oriented electronic funds transfer system. ACH payments include: direct deposit of payroll, Social Security and other government benefits, and tax refunds; direct payment of consumer bills such as mortgages, loans, utility bills and insurance premiums; business-to-business payments; e-checks; e-commerce payments; and federal, state and local tax payments.

<sup>10</sup> The ABA Routing Transit Number (ABA/RTN) serves to identify the specific financial institution responsible for the payment of a negotiable instrument. Originally designed to identify only check processing endpoints, the ABA Routing Number has evolved to designate participants in automated clearinghouses, electronic funds transfer, and online banking.

<sup>11</sup> An account from which a depositor may withdraw funds immediately without prior notice, commonly known as a checking account

individuals. Employees note that new clients often hear about TCC by word-of-mouth, which also reflects its impact on the community. On the other hand, The Commerce Bank of Washington's capabilities as a financial institution provide valuable services to TCC's clients, in addition to credibility and reputation for this community organization. The bank also cites its culture of community involvement and investment as important drivers for this initiative. The Commerce Bank of Washington and its employees dedicate time and effort to provide staff support, IT support, accounting and reporting, bank processing, data processing, and mainframe updates for TCC. In 2006, this amounted to \$18,000 of hard cost to The Commerce Bank of Washington. Other service providers have also contributed to TCC, including donations from vendors of teller software, courier services, and armored car services.

The bank believes that its work with TCC has been successful from both a social assistance and a community reinvestment perspective and continues to seek new and innovative ways to serve its local community. Currently, the bank is exploring the possibility of establishing a similar relationship with The Chief Seattle Club, which provides assistance for homeless and at-risk Native American individuals, and extending its work with TCC to serving the needs of this population.

### ***III. Lessons Learned***

- **The bank's partnership with TCC leveraged core competencies of each organization to create a more valuable approach to serving the unbanked community.** Using the bank's unutilized capacity core banking system and available software enabled the automation of TCC's manual check cashing process, improving access and efficiency for unbankable individuals. Concurrently, TCC's case workers support account opening and the identification and verification process, facilitating compliance with Know Your Customer regulations.
- **Banks can address common needs for banking services among homeless populations in every major city and market.** The Commerce Bank of Washington met with a group of CRA officers, all of whom identified similar problems facing homeless individuals, who are often unable to open bank accounts and have no means for safe-keeping the funds they receive from benefit payments. Providing services for these individuals has a significant impact in serving the unbanked.
- **Developing and executing a successful strategy requires innovative approaches involving stakeholders both within and outside of the bank.** Support from other nonprofit organizations and businesses enabled The Commerce Bank of Washington to equip TCC with a broad range of capabilities, which helped to improve the agency's effectiveness and efficiency. Collaborating with regulators, such as the Federal Reserve Board, not only provided valuable insight but also credibility when exploring approaches that diverge from conventional methods of outreach and assistance to the unbanked and underbanked.

## **About The Commerce Bank of Washington**

The Commerce Bank is the Washington banking subsidiary of Zion's Bancorporation. The bank is a \$900 million institution, operating out of a single office in downtown Seattle. Its single office organization is enhanced by a courier service which in effect gives it a "messenger service branch" wherever its customers have local offices, or needs. This concept was approved by the Office of the Comptroller of the Currency (OCC) in 1993. Since its opening on July 1, 1988, The Commerce Bank has maintained a primary market focus on locally owned businesses and their principals, in the greater Seattle, Bellevue, Mercer Island, and Kirkland metropolitan areas (and to a lesser extent the rest of King County). Primarily a commercial bank, relationship managers handle all sizes of businesses, bringing their experience and skills to bear on the business with less than \$1 million in revenues as well as to one with \$50 million. The bank's relationship managers are senior professionals with an average of 25+ years experience in commercial lending.

**Assets, \$Th, as of September 30, 2008: \$846,491**

## Fort Morgan State Bank

Fort Morgan State Bank opened a branch at the Cargill Meat Solutions facility to provide banking services and education to its 2,000 employees, many of whom are unbanked and/or new immigrants. The bank tailors its workplace branch operations to specific needs and behaviors of the employees and provides a package of targeted products and services to serve this population and to compete with alternative service providers.

*“While we expected that challenges would arise, our approach to serving the unbanked was to remain flexible, accommodate the process, and learn.” - John Sneed, President and CEO*

### **I. Target Population**

For its workplace branch, Fort Morgan State Bank targets Cargill employees, many of whom are new immigrants lacking financial literacy and banking relationships. The bank reports that approximately 60 percent of Cargill’s employees are immigrants with high turnover rates, and there is a constant cycle of new employees of different nationalities and ethnicities, including Guatemalans, Puerto Ricans, and Somalians. The remaining 40 percent is composed of long-term employees, many of whom were customers of Fort Morgan State Bank prior to the opening of its Cargill branch.

### **II. Initiatives**

#### **Market Research**

In 2002, Fort Morgan State Bank began investigating ways to better serve unbanked individuals through a variety of research initiatives. The bank researched other banks’ approaches, successes, and failures by visiting a bank in Scotts Bluff, Nebraska that had opened a Hispanic-focused branch in its service area and consulting with banks that had established workplace branches in packing plants. In addition, the bank conducted a focus group to identify the needs of underbanked individuals in its service area and met with Hispanic community leaders to gain their perspective on what products and services banks should offer to the community.

Research participants emphasized the importance of utilizing bilingual branch employees to encourage and assist unbanked immigrants in the bank’s service area by providing education about bank products and services. In response, the bank hired three bilingual employees and notes that this addition to its staff has resulted in a significant improvement in its ability to outreach and serve unbanked, immigrant individuals. Fort Morgan State Bank reports that while its research did not define a complete and clear strategy for effectively serving the unbanked and underbanked, it provided helpful insight and ideas for further consideration.

## Workplace Branch

As the bank continued to evaluate potential strategies based on its informative research findings, the large Cargill facility presented an opportunity to establish a workplace banking program for unbanked and underbanked employees. In 2006, Cargill contacted Fort Morgan State Bank about the possibility of opening a branch at the local facility and providing banking services to its employees. Cargill observed that during the course of the workday, employees tend to damage paper checks. This causes inconvenience to the employer's payroll staff, which must then reissue paper checks to replace damaged ones unfit for deposit or cashing. Cargill sought to reduce distribution of paper checks by encouraging direct deposit and promoting the convenience and benefit of banking relationships. The bank capitalized on the opportunity to reach a ready-made customer base of unbanked employees through a partnership with Fort Morgan State Bank.

In 2007, the bank opened a two-station branch at the Cargill plant in a hallway that employees frequent at the beginning of each shift. Unlike Fort Morgan State Bank's main branch, the Cargill branch operates 25 hours per week, with hours accommodating employees' lunch and break periods and the influx of payday transactions on Thursday afternoons and Fridays. Deposit customers can access funds through teller services during operating hours or through the on-site ATM 24 hours a day, seven days a week. Due to the size of Cargill's facility, the bank plans to deploy another ATM at the other end of the plant, improving accessibility and convenience for employees who usually walk a long distance to the branch to conduct transactions during their lunch break. The bank also offers fee-based check cashing for non-deposit customers, with an average of 200 checks cashed per month.

Fort Morgan State Bank presents its services as part of Cargill's orientation program for new employees. Cargill allocates 20 to 30 minutes for the bank to explain the Cargill Banking Benefit Plan. The package of banking services available to employees includes a free checking account, a complementary first box of checks, free debit card transactions for the first year, an additional 0.5 percent interest rate bonus for savings accounts, and a prepaid debit card. At the conclusion of the presentation, the bank gathers information from employees who would like to open deposit accounts. Since employers verify customer identity, direct deposit is the only eligibility requirement for account opening, regardless of the individual's ChexSystems record. The bank activates new accounts upon the direct deposit of employees' first paychecks. The bank reports that high visibility among Cargill employees, convenience of the branch, and trust built through its partnership with the employer has been helpful in establishing customer relationships.

Among new employees, few have had prior relationships with financial institutions, and most are not familiar with the banking system. To improve financial literacy and provide basic banking education, the bank offers financial education classes for Cargill employees and is currently developing a joint initiative with One Morgan County, a grant-funded assistance organization for new immigrants, to provide a financial training program using the FDIC Money Smart curriculum.

At its Cargill branch, Fort Morgan State Bank reports 400 active accounts as of August 2008, representing about 20 percent of Cargill's 2,000 total employees. While slower than expected, the Cargill branch has steadily increased the number of accounts opened. The bank continues to evaluate and develop approaches to make the Cargill operation a more profitable enterprise, but it is satisfied that the branch has broken even in its first year of operation.

The bank attributes profitability challenges to a number of concurrent factors. The rapid turnover of employees at Cargill results in a high number of closures within six months of account opening, as employees end their relationship with the bank upon leaving the company. In addition, the majority of accounts have low balances due to the prevalence of low-income workers living paycheck to paycheck, and many employees still use a combination of financial service providers (such as check cashers), depending on their immediate needs. These factors limit bank revenues from these new accounts. Although account closures due to negative balances occur more frequently at the Cargill branch than at the bank's main location, the bank makes a concerted effort to collect charge-offs to limit losses incurred.

Fort Morgan State Bank emphasizes that although these initiatives have not translated into profits in the short term, serving this segment will have a significant, long-term effect on its bottom line because providing banking services presents a clear value proposition to unbanked and underbanked employees and will gradually build a strong customer base. By establishing a relationship with their employer, the bank can also offer better flexibility and accommodation to customers by providing quicker funds availability than from alternative financial providers. The bank prices its products and services below that of alternative service providers as another competitive measure. In addition to offering the same services available from check cashers, payday lenders, and other providers, the bank also offers mechanisms for Cargill employees to enter the economic mainstream by providing information and applications for its loan and credit products at the workplace branch. (Bank employees can then transfer applications received at the workplace branch to the main branch for approval and processing.) Fort Morgan State Bank observes that its partnership with Cargill has increased traffic at the bank's main branch, signifying that some of its Cargill customers have been transitioning into more extensive banking relationships.

### ***III. Lessons Learned***

- **Offering banking services through their employers can be an effective approach to serving unbanked individuals.** Through employers, banks can access a pool of potential customers with steady income and a specific set of financial needs, which allows banks to tailor offerings accordingly. Banks can also leverage its relationship with an employer to build trust with unbanked employees and improve its ability to establish customer relationships.
- **Building a customer base in the unbanked and underbanked population requires patience and management of expectations.** Profitability issues may challenge banks in the short term, but raising financial awareness and developing customer relationships over time eventually leads to long-term benefits to both banks and customers.

- **Banks can more effectively compete with alternative service providers by becoming knowledgeable about the unbanked segment and being willing to adapt and adjust in accordance to their needs.** Fort Morgan State Bank developed and refined its products, pricing, and procedures as a conscious effort to challenge check cashing services and payday lenders and to provide greater benefits and incentives to unbanked individuals. As a result, it has gradually built a customer base both among unbanked Cargill employees and within the wider community.

### **About Fort Morgan State Bank**

Fort Morgan State Bank is a one-office institution located in the town of Fort Morgan in Morgan County, Colorado. With \$48.8 million in assets, the bank also operates six ATMs in its service area. Fort Morgan State Bank focuses primarily on residential and commercial lending but has a well-diversified portfolio. Morgan Capital Corporation, a one-bank holding company, owns 100 percent of the institution's stock.

**Assets, \$Th, as of September 30, 2008: \$50,994**

## **I n t e r n a t i o n a l   B a n k   o f   C o m m e r c e**

International Bank of Commerce (IBC) strives to improve access to banking services by providing full-service, seven-day-a-week banking in grocery stores and shopping malls. IBC has reported success with outreach efforts, particularly in the Hispanic community. The bank visits high schools, vocational schools and colleges, workplaces, community-based organizations, and has two branch locations that operate mock banking services as part of an educational program at elementary schools.

*“Each of the products we offer accomplishes a particular goal. Together, they help build awareness and trust in the community.” - George E. Daves, First Vice President and Corporate Compliance Officer*

### ***I. Target Population***

#### **Serving the Mexican Community**

International Bank of Commerce (IBC) serves a large and growing Mexican immigrant community. In Laredo, Texas, where the bank’s main office and 17 of its branches are located, the local community is bilingual and transacts business in English and Spanish. Communities in IBC’s other markets share similar cultural and social characteristics to Laredo, and for this reason, many branch employees of IBC are bilingual, and of Hispanic descent.

The cultural and demographic makeup of its service areas presents particular challenges for IBC. First, the bank encounters mistrust of financial institutions within the Mexican immigrant community. Branch employees use IBC’s community outreach efforts as opportunities to build trust among the target population. Second, in some markets, such as Laredo and the Rio Grande Valley, many members of the community operate primarily with cash due to the prevalence of lower wage manual labor jobs. Workers often live paycheck to paycheck, so they need immediate access to funds. On payday, workers proceed to their nearest check cashing business and are charged 1 to 3 percent of their check to obtain the funds to pay bills and buy groceries. IBC instead offers to cash on-us checks free-of-charge for both customers and non-customers. Although non-customers cannot cash checks not drawn on IBC, tellers encourage non-customers to open an account with direct deposit so payroll can be accessed the morning of payday, rather than at the end of the day when receiving paper checks. Free Check Card access is available at IBC’s ATMs, as well as point-of-sale locations.

## ***II. Initiatives***

### **Free Banking Services**

As part of its initiative to serve the unbanked and underbanked, in November of 1998 IBC's executive management decided to bundle a range of banking services and offer them free-of-charge, making them accessible to individuals who have not had a banking relationship. IBC's checking account product, which is free for customers, includes access to free bill pay, online banking, ATM use at all of its more than 400 ATMs, IBC Voice (a free 24/7 telephone banking service that allows customers to check their account balance and the last ten deposits and checks written), and IBC Mobile Banking. The program has been a successful strategy for serving the unbanked and underbanked community.

Because IBC attracts individuals who come in to cash on-us checks, the bank has also trained and mobilized its retail force to seek opportunities to establish banking relationships with non-customers, promote the free services package, and to cross-sell other products to existing customers.

### **Micro-Community Program**

In 1995, IBC partnered with an elementary school to provide resources and guidance for the creation and operation of a student-run micro-community. This community's economy operates on a mock financial currency, "Cougar Cash." Students elect public officials, apply for jobs, earn wages, purchase goods, and pay taxes. The centerpiece of the micro-community is the on-campus IBC bank, where students can open accounts, make deposits, write checks, balance checkbooks, and withdraw their "Cougar Cash." Trained by IBC employees, students run the micro-community's branch and determine the bank's policies, operations, and procedures. At a young age, students gain exposure to financial institutions and education on personal finance in addition to leadership skills and responsibility. IBC's strong relationship with the school has also provided opportunities for outreach to parents, and branch employees have given financial education presentations to parents at PTA meetings.

IBC has developed micro-communities in three other schools, with each establishing and following its own curriculum. In the fall of 2008, IBC implemented a corporate-wide micro-community initiative to expand the program to one micro-community in each of its 11 regions.

### **Education and Outreach**

IBC offers a variety of education and outreach programs in its service areas.

Like its micro-community program, Money Buzz educates children about personal finance. The bank conducts at least one free public seminar, which is based partly on FDIC Money Smart modules, in every market at local branches and malls. During the Money Buzz seminar, branch employees teach lessons on currency and the importance of savings. In addition, children learn through hands-on exercises and receive beehive-shaped coin banks with which they can begin saving. Money Buzz events attract good turnout and media attention that helps expose the community to the financial institution and its services.

In 2007, the bank conducted 30 FDIC Money Smart presentations. In addition, the bank sends employees into the community and surrounding businesses to make personal contact, deliver presentations to local employees about the benefits of banking services, and encourage account opening. Customers must visit one of the bank's branches to open an account. Branch employees have found that these outreach programs have been successful in acquiring new customers. As of July 2008, IBC has made 5,870 presentations to 28,492 local employees, many of whom were unbanked or underbanked individuals.

### **Extended Hours and Convenient Branch Locations**

In focus groups conducted by IBC every 12 to 18 months, participants commonly cite "convenience" as the primary factor in determining which bank they select. To meet this need, in 1997, the bank launched seven-day banking in Laredo and McAllen, and customers responded positively to the extended hours, citing the convenience of the branches being open longer and more often. In markets where the bank has just recently expanded hours, branch employees have noted that building awareness of the branch's extended hours can be difficult. However, once customers are accustomed to having banking services available seven days a week, use and retention are very high.

Seven-day branches located in grocery stores, Wal-Mart stores, and shopping centers expand the accessibility and convenience of IBC's services. Customers who work late on weekdays can bank at those store locations during the weekend. For unbanked and underbanked customers, these locations also tend to be a more comfortable setting than the conventional brick-and-mortar financial institution. Bank employees also help create a welcoming environment by informally interacting and connecting with customers, walking the aisles of grocery stores, and offering to help them bag groceries. Making these potential customers comfortable is a key to getting them to open bank accounts.

### **Mobile ATMs**

IBC operates four mobile ATMs that travel to different locations within its assessment areas, including street festivals and county fairs. The service enables customers to withdraw cash free-of-charge at the ATM van's location. Some of the newer models have ATMs on both sides of the van and are handicap accessible.

### **Mobile Banking**

In June 2008, IBC introduced a free mobile banking service to help customers manage their finances and prevent overdrafts. Customers register for the service online or by phone and receive alerts via text message when their account balance falls below a specific amount determined by the customer.

### ***III. Lessons Learned***

- **Employing bilingual staff who understand the challenges and complexities of a bi-cultural community improves the effectiveness and impact of the bank's outreach to the unbanked and underbanked.** The bank uses education and outreach in a variety of forums, such as schools and workplaces, to familiarize the community with the institution and the benefits of developing a banking relationship.
- **Offering education and outreach along with a bundle of free banking services can provide the unbanked with tools to enter and remain in the banking mainstream.** When equipped with available tools and timely account information provided by the bank, customers can take full advantage of the bank's products and services.
- **According to the bank's research and experience, customers value the convenience of extended hours and branch locations in grocery stores and malls.** IBC accommodates the needs of its customers by providing services when practical and where customers are most comfortable. Once they become aware of and accustomed to these conveniences, the bank reports success in achieving customer satisfaction and retention.

#### **About IBC**

IBC was founded in 1966 to meet the needs of the small businesses of Laredo, Texas. Since its opening 40+ years ago, IBC has grown from less than \$1 million in assets to \$11.5 billion in assets. IBC serves over 100 communities throughout Texas and Oklahoma with more than 260 branches and over 400 ATMs. IBC is the largest minority-owned bank in the United States.

IBC's motto is "We Do More," and it has opened full-service, seven-day-a-week banks in grocery stores and shopping malls with the goal of improving customer access. IBC is a leader in delivering post-North American Free Trade Agreement (NAFTA) banking services in Texas, with 30 percent of the company's deposits coming from clients in northern Mexico. The bank strives to provide a quality banking experience and environment for anyone who walks in the door, regardless of whether they are a banked, unbanked, or underbanked individual.

**Assets, \$Th, as of September 30, 2008: \$9,821,668**

## Mitchell Bank

Mitchell Bank responded to changing demographics in its service area by establishing a branch, branded as Cardinal Bank, in a high school located in a predominantly Latino neighborhood. Cardinal Bank is a student-operated branch now open four days a week. Through this branch, Mitchell Bank is able to successfully provide products and financial education to both students and parents. Since it began, Cardinal Bank has opened more than 800 new accounts, of which 90 percent are from unbanked households.

*“In order for a product to be successful, you must remove the barriers that prevent the unbanked from becoming customers.”- James P. Maloney, Chairman*

### **I. Target Population**

When an influx of immigrants from Mexico and Central America began moving into the bank’s urban Milwaukee markets in the 1990s, Mitchell Bank decided to continue serving the area and adapt by targeting its marketing and outreach efforts to the Latino community. The bank also changed its focus to serve the unbanked and underbanked, the vast majority of whom were Latino. This focus put the bank in direct competition with check cashers and payday lenders. According to the 2000 Census, residents of Latino descent or origin comprise 75 percent of the population in Mitchell Bank’s service area. The bank estimates that 50 percent to 60 percent of the population in its service area is unbanked and 70 percent to 80 percent is underbanked, with alternative service providers conducting the vast majority of financial transactions prior to Mitchell Bank’s involvement in outreach.

The bank aims to position itself as the primary destination for all individuals seeking financial services. With 50,000 residents within a two-square mile area surrounding the bank, the heavy concentration of consumers and alternative service providers presents valuable opportunities for the bank to understand and serve the market. Mitchell Bank identified the types of services offered by alternative providers—such as check cashing, lending, and sale of bus passes and phones cards—and tailored and augmented its services accordingly. By offering the services available from alternative providers at lower cost, Mitchell Bank improved its ability to market and capture the business of the unbanked and underbanked population. As of June 30, 2007 and for the past several years, the bank has and maintains the largest deposit market share in its service area.

### **II. Initiatives**

#### **Outreach to Latino Community**

Because the bank had little experience in working with the Latino community, bank management and employees reached out to community groups and formed relationships with nonprofit organizations, nongovernmental organizations, community organizations, politicians, and religious leaders to determine what products and services community leaders believed the bank should offer to best serve the Latino community. Community groups and representatives identified three primary obstacles hindering the unbanked population’s relationship with financial institutions: 1) lack of

trust, 2) identification and documentation issues, and 3) readily available access to alternative financial service providers in a cash economy.

Based on this feedback, Mitchell Bank developed a targeted approach. The bank sought to create a more inviting environment at its branches, both internally and externally. In addition to adorning branches with Spanish-language banners promoting banking services, the bank also offered an open invitation to the community, welcoming them to the bank, and displayed cultural symbols important to many in the Latino community, including the bank's lobby shrine to the Virgen de Guadalupe. The bank also hired a fully bilingual staff to remove language barriers.

The bank has found that once individuals recognize that the bank could offer the same services as alternative financial service providers, and at a lower cost, they are generally more amenable to exploring other banking products and services. Branch employees cross-sell products, provide face-to-face counseling, and explain how and why developing a banking relationship is a more beneficial, cost-effective, and safer way to conduct financial transactions. For example, non-customers pay higher fees for remittance services than customers, and after a non-customer uses the service once or twice, bank staff will encourage them to open a small bank account, which allows them to pay lower fees and eliminates restrictions on the amount of money they can send per transaction. However, the bank understood that these initial changes alone were not enough to overcome the community's mistrust of financial institutions and held community meetings to determine other ways to outreach and serve the needs of the Latino population.

### **Cardinal Bank**

Introduced in 2000, **Cardinal Bank** is a full-service branch of Mitchell Bank located on the campus of a local high school with a need for education in and exposure to personal finance and banking services. The branch is operated by eight to ten students trained and supervised by Mitchell Bank employees. Most of the school's students were earning money working in co-op programs with employers or other part-time work. Many of the students used check cashers instead of banks to cash their paychecks, so the school requested that Mitchell Bank open a branch at the school where students could open deposit accounts. This allowed the bank to develop banking relationships with students and staff at the school and also provided a point of entry to the rest of the community by leveraging its partnership with the school. The community's trust in the school and its administration presented a valuable opportunity for the bank to build trust within the community. Furthermore, **Cardinal Bank's** physical location at the school created an atmosphere that was viewed as less intimidating than that of traditional banks.

Through its presence at the school, Mitchell Bank teaches students about financial literacy and reaches parents in a more amenable way than through conventional outreach methods. The bank is in contact with the school's administration on a regular basis to organize events and education sessions for the community. The generational dynamics within immigrant families have also been an important avenue for outreach to the unbanked, albeit indirectly. High school students from the second generation tend to be more acclimated and acculturated than their first generation immigrant parents and often become *de facto* financial advisors to their families. Equipped with education and regular banking habits through their experience with **Cardinal Bank**, students encourage parents to become part of the financial mainstream.

During **Cardinal Bank's** opening week, one student's parent arrived at the branch with cash wrapped in aluminum foil, which had been stored in the family's freezer for safekeeping. Although the parent wanted to open an account at **Cardinal Bank**, branch employees had to wait until the money thawed before it could be deposited. This experience, and other similar observations, exemplifies the need for banking services that can provide financial benefit and mitigate issues of theft and safety for the Latino community.

In the eight years since **Cardinal Bank's** inception, Mitchell Bank has opened more than 800 accounts for students and staff. Minors can open accounts without parental approval but are restricted from debit card access. Once students graduate from high school, they can request an upgrade to a regular checking product at Mitchell Bank's office, which transfers the account to the main bank rather than **Cardinal Bank**. The bank has not suffered any loss and is not aware of any incidents of account misuse.

### **Identification and Documentation Assistance**

In response to the obstacle of documentation requirements noted by community groups, Mitchell Bank actively sought to assist individuals in the Latino community obtain forms of identification that would allow them to open accounts and establish banking relationships. In 2003, the bank began tackling this problem by providing Spanish-language brochures and conducting community events to inform potential customers about ways to obtain identification. Potential customers who did not have sufficient documentation for account opening were encouraged to obtain state-issued identification since they were eligible for drivers' licenses even without Social Security numbers under state law.

Rather than turning away individuals who did not meet the bank's identification requirements, Mitchell Bank took initiative to help them obtain the identification they needed. The bank communicated with the Department of Motor Vehicles (DMV) to confirm eligibility rules and relayed information and provided relevant forms to customers. This program successfully addressed a primary concern of the community and built awareness and trust in the institution. Mitchell Bank continued the program until a new law was enacted in March 2007, which stipulated that Social Security numbers were required in order to apply for state-issued identification.

Adapting to its market, Mitchell Bank also modified its own identification requirements for banking services. The bank began accepting the Matrícula Consular card and sponsored the Mexican Consulate to visit its Milwaukee location and issue Matrícula Consular cards. The event attracted over 1,500 individuals to the branch, and many opened bank accounts during their visit. Mitchell Bank was also one of the first financial institutions in the nation to become a certifying Individual Tax Payer Identification Number (ITIN) acceptance agent. As an agent for IRS, the bank will process an ITIN application, without charge, to allow individuals without a Social Security number to open an interest-bearing account and pay their taxes. From 2003 through September 2008, the bank processed over 3,200 ITIN applications, each representing a new account for a formerly unbanked consumer. Offering these services to the community has been critical to bring unbanked individuals into the banking system.

## Remittances

Mitchell Bank participates in Appleseed's Fair Exchange program,<sup>12</sup> and since 2005 the bank has been and remains the largest volume user of Directo á Mexico,<sup>13</sup> in the nation. The bank prides itself on its transparency and disclosure practices, particularly due to the prevalence of hidden fees and high rates among alternative service providers. On a daily basis, the bank posts foreign exchange rates for all of its products and that of its competitors in branch lobbies, which informs customers of how much money their family will receive upon transfer and allows them to comparison shop for the most favorable product and provider. The bank's transparency has been well-received, and the community has appreciated that the bank provides information on fees, charges, and rates upfront.

## Small Dollar Loan Program

Mitchell Bank participates in the FDIC's Small Dollar Loan Program Pilot Program.<sup>14</sup> Initially, the bank limited its Small Dollar Loan product to customers with at least a six-month relationship with Mitchell Bank due to concerns regarding the customer's ability to repay and lack of collateral. However, the institution recently decided to begin a pilot program that will offer small dollar loans to ITIN borrowers and non-customers in order to increase volume and exposure in the market. To mitigate its increased risk, the bank reduced the size of the loan to non-customers and ITIN borrowers from \$1000 to \$500. This change has provided new marketing avenues and the bank has experienced an increase in loan inquires and activity.

### III. Lessons Learned

- **The bank employed an effective and informative strategy for determining how to best serve the unbanked and underbanked by asking community members and organizations for their insight on the types of products needed and how the bank should provide these offerings.** Mitchell Bank also gained immediate acceptance from the community because the bank demonstrated a willingness to listen, modify their offerings, and execute successfully.
- **Once the bank gained the community's trust, customers became more willing to open depository accounts and develop deeper banking relationships.** The bank is able to leverage this trust as an opportunity to suggest other ways to conduct financial transactions that are more affordable, safer, and effective. Employing a knowledgeable bilingual staff has helped the bank become a source of information for banking products, guidance, identification assistance, and financial management to the community.

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<sup>12</sup> In 2007, Appleseed, a national legacy advocacy organization, partnered with financial institutions to develop a "Fair Exchange" brand that designates services that voluntarily disclose all fees, exchange rates, and other services that enable consumers to make informed decisions. Consumers can then identify the most favorable remittance fees and exchange rates and participating institutions who present clear, up-front information on their remittance products are rewarded for their transparency with greater market share.

<sup>13</sup> "Directo a México" is a payment system established by the Federal Reserve and Banco de México that enables consumers to transfer funds from a bank account in the United States to any bank account in Mexico.

<sup>14</sup> Key features of the FDIC Small Dollar Loan Pilot Program may include: loan amounts up to \$1,000, amortization periods longer than a single pay cycle and up to 36 months for closed-end credit or minimum payments that reduce principle (that do not result in negative amortization) for open-end credit, no prepayment penalties, origination and/or maintenance fees limited to the amount necessary to cover actual costs, and an automatic savings component. (See: <http://www.fdic.gov/smalldollarloans/index.html>.)

- **Continually evaluating and developing products and services enables the bank to meet the changing needs of its market.** Despite its success in outreach to the unbanked and underbanked, Mitchell Bank seeks new and better ways to serve the community, learning constantly from its past experiences and those of other institutions.

### **About Mitchell Bank**

Founded in 1907, Mitchell Bank is an \$81.8 million family-owned community bank that is wholly owned by Mitchell Bank Holding Company, a one-bank holding company located in Milwaukee, Wisconsin. The bank operates out of 11 banking offices in Milwaukee County and Waukesha County. Mitchell Bank is at the forefront of the push to reach Latino communities and is a leader in reaching unbanked individuals.

**Assets, \$Th, as of September 30, 2008: \$78,750**



## Monroe Bank & Trust

Monroe Bank & Trust has developed a strong community presence in its service area through its extensive employee volunteer program, which assists over 100 nonprofit organizations in its local market. By leveraging relationships with local agencies and community organizations, the bank is currently expanding its education and outreach efforts to include financial education programs delivered in neighborhoods with high unbanked populations and a “Learning Bank” to provide financial literacy training for low-income individuals. In addition, the bank offers a transitional, second chance deposit account, Opportunity Checking, for customers ineligible for standard checking accounts.

*“Being a publicly conscious organization has motivated us to expand and tailor our education and outreach efforts and to offer a targeted product for the unbanked.” – H. Douglas Chaffin, President and CEO*

### **I. Target Population**

Monroe Bank & Trust’s primary service area is Monroe County, Michigan, where 20 of its branches are located. The bank also has five additional branches in Wayne County. Some of these branches serve low- to moderate-income Census tracts, where minorities represent a significant portion of the population; in one specific zone known as Orchard East, African Americans represent 31 percent and a growing Hispanic community represents 5.2 percent, according to 2000 Census tract data. The bank cites local economic and employment issues as main drivers for population trends, and long-time residents have begun leaving the area in response to rising unemployment and plant closings in the automobile industry.

### **II. Initiatives**

#### **Volunteer Organization: ENLIST**

To encourage bank employees to serve their local communities, Monroe Bank & Trust established **Employees Now Linked in Service Together (ENLIST)**, a unique bank-sponsored volunteer organization that rewards employees with additional time-off for participation. For every 25 hours employees volunteer for bank-approved projects in the community, they receive one vacation day up to a maximum of five days per year. Currently, out of the bank’s 380 total employees, 300 participate in **ENLIST** and volunteer their time assisting about 100 different nonprofit agencies for a total of approximately 9,000 man hours annually.

Monroe Bank & Trust leverages its strong community relationships to develop, refine, and validate its approaches. Community leaders have identified financial literacy as a primary need in low- to moderate-income areas, and in response, the bank has made financial education a priority in its efforts to serve the unbanked and underbanked. For many years, the bank has provided educational sessions on basic banking, home ownership and mortgage products, and savings programs both at the bank and through outreach programs at high schools, employer sites, public events, and community organizations, either on a scheduled or ad hoc basis.

As an extension of **ENLIST**, Monroe Bank & Trust is currently developing **MBTeach**, a financial literacy program that would provide similar incentives for bank employees to volunteer. Designed as

a formalized approach to the bank's existing educational outreach programs, bank employees participating in **MBTeach** will deliver seminars based on the FDIC Money Smart curriculum in market areas where such programs would be most valuable, such as faith-based organizations, service agencies, and high schools in low- to moderate-income Census tracts. Topics will expand upon those covered in previously offered seminars, such as basic banking, mortgages, and first-time home purchases.

In addition, the bank is working with local agencies, city officials, community centers, and a community college, to convert a former branch facility into a "Learning Bank," which will offer adult continuing education courses, including financial literacy training, for low-income residents. The "Learning Bank" will also serve as a platform for marketing the bank's entry-level checking product, which is described in greater detail below. Monroe Bank & Trust reports receiving support and positive feedback from the community throughout the developmental and planning stages, and plans to launch the center in 2009.

### **Bank at Work**

Branch managers leverage their close ties to commercial and business customers in the community to deliver education and services to employees, at the employer's request or via the bank's initiative. On occasion, Monroe Bank & Trust sends branch employees to facilitate **Bank at Work** programs at employer sites where they conduct informational sessions, market relevant products to employees, and open accounts on-site. Bank employees observe that **Bank at Work** programs have been somewhat successful in initiating new customer relationships; however, statistics have not been systematically tracked.

### **Opportunity Checking**

After attending presentations on entry-level and second chance deposit accounts, Monroe Bank & Trust decided to design their own formal checking product for unbanked and underbanked customers seeking to enter the economic mainstream. The bank launched its **Opportunity Checking** product in January 2008. At the discretion of branch managers, **Opportunity Checking** may be offered to customers, who would otherwise have been automatically rejected based on ChexSystems, as a stepping stone in transitioning to a more traditional checking account. Restrictions placed on these accounts include no overdraft privileges, no deposit transactions through ATM or debit cards, \$10 monthly service fee, and \$300 maximum ATM withdrawal. After 12 months, customers exhibiting proper account management can request an upgrade to the bank's standard checking product.

As of August 2008, the bank has 28 active **Opportunity Checking** accounts. While the bank does not engage in advertising this second chance checking product, branch employees are expected to determine customer needs and refer products, such as **Opportunity Checking**, when appropriate. The bank also seeks to expand customer acquisition through its planned educational outreach efforts in unbanked and underbanked communities.

### **III. Lessons Learned**

- **Strong relationships with community leaders and organizations can help banks build trust among unbanked populations and maximize the impact of their outreach efforts.**

In response to feedback from community leadership, the bank expanded and formalized its financial education offerings and is developing a financial literacy training center specifically for low-income residents. These educational efforts have been developed and will be delivered in close partnership with community organizations, which the bank believes will improve their effectiveness and reach among unbanked populations.

- **Banks must develop broad and varied strategies to reach out and deliver education and services in the neighborhoods where unbanked and underserved consumers reside and frequent.** Banks cannot expect to successfully outreach these individuals by utilizing a single approach or single location. Instead, a variety of outreach and educational approaches adapted to the community can enable banks to deliver information and services relevant to specific segments of unbanked populations and be more effective in encouraging them to establish banking relationships. A product like **Opportunity Checking** in the bank's product portfolio can help unbanked individuals ease back into the banking system.

### **About Monroe Bank & Trust**

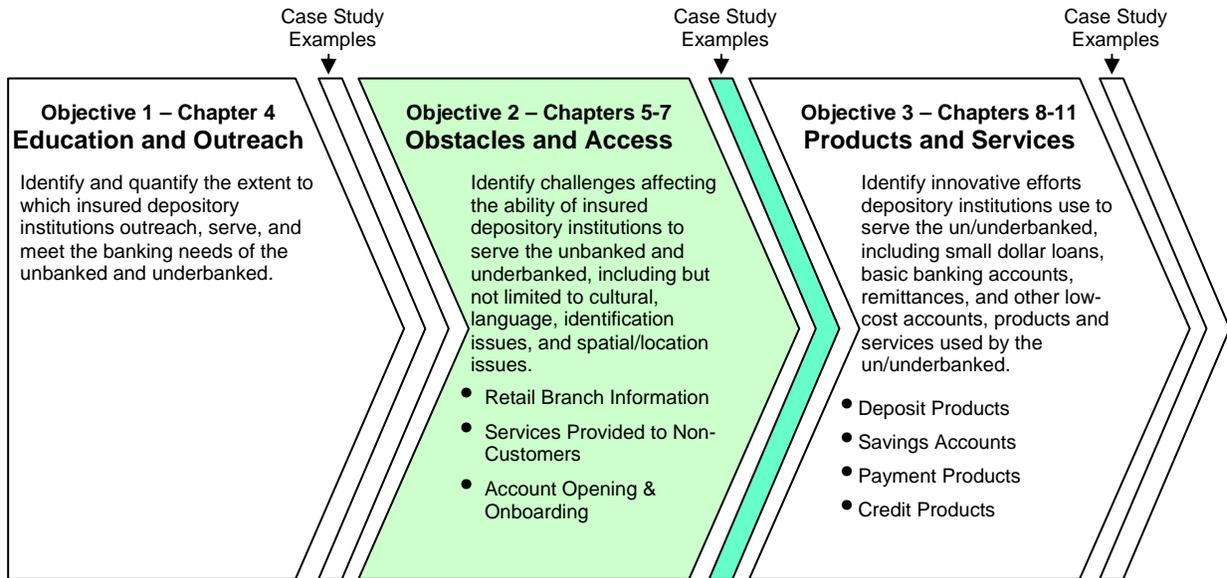
Monroe Bank & Trust is a commercial bank headquartered in Monroe, Michigan. It is wholly owned by MBT Financial Corporation, a one-bank holding company also located in Monroe, Michigan. Monroe Bank & Trust opened a mortgage subsidiary, MBT Credit Company, Inc. on February 25, 2002. MBT Credit Company, Inc. is 100 percent owned by the bank. Monroe Bank & Trust operates 25 full-service offices and 41 ATMs.

Monroe Bank & Trust's customer base consists primarily of consumer and residential borrowers and area small- and medium-sized businesses. The bank's primary business strategy is that of a "community bank" with a primary business focus on residential real estate mortgages and small business lending. All branches offer full lines of deposit products and loans, such as commercial loans, mortgage and home improvement loans, lines of credit, and consumer installment loans. The bank is also active in the secondary mortgage market through the sale of qualified residential real estate mortgages with its mortgage subsidiary MBT Credit Company, Inc.

**Assets, \$Th, as of September 30, 2008: \$1,504,721**



# Banks' Efforts to Address Obstacles and Access



## Obstacles and Access

The four case study banks highlighted in this section utilize a variety of approaches to mitigate barriers and overcome obstacles faced by unbanked and underbanked individuals in their service areas.

Institution	Target Population	Initiative
Bangor Savings Bank (Bangor, ME)	Low- to moderate-income individuals in primarily rural areas	Mitigates geographic barriers and improves accessibility of banking services by offering extended service hours, account access via Web and telephone, and full refunds on surcharges incurred when using any bank's ATM
Citizens Union Bank of Shelbyville (Shelbyville, KY)	Hispanic community in Kentucky MSAs	Opened Hispanic-focused branch, <i>Nuestro Banco</i> , which accommodates customers by employing bilingual staff, operating during non-traditional hours, and adopting a more casual and culturally-sensitive environment
Ridgewood Savings Bank (Ridgewood, NY)	Diverse immigrant and retiree populations in Queens and Bronx boroughs of New York City	Hires bilingual staff, publishes bilingual marketing materials, and advertises in local ethnic newspapers according to demographics of each branch's market area; provides full range of banking services in mobile branch that regularly visits elderly communities and other locations with limited access to branches
Second Federal Saving (Chicago, IL)	Mexican immigrant and Mexican-American population in Chicago's South Side	Helps undocumented individuals obtain identification required to open accounts by sponsoring visits by the Mexican Consulate to issue Matrícula Consular cards at the bank and by becoming an Individual Taxpayer Identification Number (ITIN) acceptance agent
<b>Common Lessons Learned</b>		
<ul style="list-style-type: none"> <li>▪ Recognize changes in customer demographics, assess obstacles in your market, and address them accordingly.</li> <li>▪ Offering banking services in a less formal setting or more convenient location can help the unbanked and underbanked feel more comfortable with financial institutions.</li> <li>▪ Providing greater and more varied means of access (e.g., extended hours, web/phone access) also encourages unbanked and underbanked individuals to become customers.</li> <li>▪ Bank employees play an important role in welcoming unbanked customers and making them feel at ease by assuaging misperceptions about banks, showing sensitivity to their needs, and communicating in their native languages.</li> </ul>		

## **Bangor Savings Bank**

Bangor Savings Bank has developed a business model that encourages inclusion, lowers barriers for developing customer relationships, and provides opportunities to help unbanked and underbanked individuals enter the mainstream banking system. In particular, the bank focuses on providing its regular products with greater accessibility and improved service as part of a sustainable model for outreach and inclusion.

*“Overcoming the barriers of time, geography, and access and connecting customers to today’s economy are essential to the prosperity of our communities and the sustainability and growth of our institution.”*

*- John Moore, Senior Vice President of Community Development Lending*

### **I. Target Population**

Bangor Savings Bank serves more than 125,000 households across Maine, representing about 20 percent of the state. The bank’s geographic service area incorporates the State of Maine including three metropolitan statistical areas: Bangor, Lewiston- Auburn, and Portland. However, most of the 16 Maine counties represented are rural, characterized by economies based on natural resources and modest household incomes. The bank notes that while the state reports low- to moderate-income overall, rural communities typically exhibit incomes lower than the state average, with many unbanked and underbanked residents within that demographic. Furthermore, rising energy costs and an aging population have had a notable effect on the state’s economy and the financial situation of its residents. Unbanked and underbanked individuals served by the bank include clients served by social service programs, youth, Native Americans, and other low-income individuals.

### **II. Initiatives**

#### **Increased Accessibility**

Given its rural customer base, Bangor Savings Bank has sought to mitigate geographic barriers and other customer considerations, such as disabilities or nontraditional working hours, by offering multiple methods of access to the bank and its services free-of-charge. Bangor Savings Bank emphasizes that its customers need not visit one of its bank branches in order to access their funds. Nevertheless, for customers who prefer face-to-face interaction, branches in certain markets have extended hours up to 60 hours per week, open from 7:30 a.m. to 5:30 p.m. on weekdays and until 5:30 p.m. on Saturdays to accommodate commuters and full-time workers. The bank also offers the option of free ATM banking and drive-up windows at most retail branch locations.

The bank has found that offering account access through electronic banking services is an important tool for providing services to customers and for encouraging unbanked and underbanked individuals to become customers. Bangor Savings Bank reports that electronic banking, specifically direct deposit, promotes savings because customers can allocate and deposit a portion of their paycheck into a savings account before they receive the money in a tangible form. This capability is particularly important for individuals of low- to moderate-income who are less likely to save on a regular basis, as it helps them easily create a personal savings plan that requires minimal effort.

To further facilitate access, the bank offers free ATM access anywhere in the world. Not only does Bangor Savings Bank not charge fees to customers who use other bank ATMs, it refunds surcharges assessed by the other banks. Free ATM services are available to all customers, with no limitation on type of account, frequency of use, or amount of ATM fees. Customers can use banking services where it is most convenient for them without having to visit a Bangor Savings Bank branch or ATM. The bank incurs costs of over \$1 million per year to support this service.

The bank also regards its Web portal as an “electronic branch” where customers can obtain information and access services. Online capabilities are available free-of-charge to all customers and include bill payment, credit approval, and consumer and mortgage information. The bank has found that retired customers, in particular, have benefited from online access, citing that it allows them to stay connected while using contemporary banking services.

Automated phone services are available toll-free 24 hours a day and enable customers without access to online banking to conduct basic banking transactions and inquiries, such as transferring funds and checking balances. For customers in need of more personalized service, a voice-to-voice phone call connects them directly to a customer service representative who can provide live assistance for their banking needs six days a week. The bank has found that phone-accessible services are particularly helpful for customers with disabilities or geographic limitations.

## Reducing Overdrafts and Fees

The bank also emphasizes its efforts to lower barriers through its business practices and customer service, rather than offering specialized products, as a way to respectfully and purposefully encourage unbanked individuals to develop a customer relationship. For example, the bank encourages direct deposit by offering a no-service-charge checking account. In total, Bangor Savings Bank provides direct deposit and free online banking to 70,000 Social Security and SSI recipients.

Bangor Savings Bank offers products and services to help minimize overdrafts, which is a common obstacle for unbanked and underbanked individuals. Overdraft protection programs include **StandBy Money Line of Credit**, which offers up to \$1,000 to cover overdrafts, and **Savings Account Link**, which automatically transfers funds from savings accounts to cover the overdraft amount. The Bank also offers **No Return Benefit (NRB)**, a courtesy overdraft program that allows customers to pay checks in excess of their balance up to a predetermined limit. The bank also systematically identifies accounts with excessive overdrafts in order to provide personal coaching and improve financial management. Customers can also enroll in a **Fresh Start Program** to repay their overdraft balances, which allows them to maintain checking account privileges while receiving coaching from a bank employee.

Observing that competing banks may process items in order of largest to smallest check amounts, Bangor Savings Bank elects to pay checks sequentially, in the order in which they were written. The bank believes that ordering checks paid by amount can create more overdraft situations and cause overdraft fees to be incurred on more checks. By using a sequential order, the bank hopes to reduce the number of bounced checks and respect the intent of the customer.

## Benefit Checking

**Benefit Checking** is an entry-level account geared to students and customers who tend to maintain lower balance or earn lower incomes. For this product, the bank lowered the opening deposit

requirement from \$100 to \$25, and waived minimum balance restrictions, service charges, and monthly fees. However, **Benefit Checking** customers still have access to all of the same services and methods of access, including online banking and billpay, as other Bangor Savings Bank customers. The bank cites this product as one way in which it lowers financial obstacles that prohibit unbanked and underbanked individuals from opening an account.

### **Bangor Workplace Advantage**

As part of its outreach efforts, the bank offers **Bangor Workplace Advantage** to employees of its business customers, bringing information, education, and banking services to the workplace. For employees who do not have an existing banking relationship with Bangor Savings Bank, the bank offers to open a free **Benefit Plus Checking** (i.e., premium NOW account) account on-site and provides the initial \$25 required as an opening deposit. Customers benefit from direct deposit of their paychecks. The bank reports that since the program's inception, more than 175 workplace outreach efforts have been conducted resulting in nearly 600 new accounts. Employees realize that they qualify for an account and can become a banking customer.

### **Individual Development Accounts (IDA)**

Bangor Savings Bank partners with other organizations in Maine that provide financial literacy and career development training. Through relationships with local community groups, foundations, and nonprofit organizations, the bank initiates, sponsors, and runs the IDA program. This provides another opportunity for these organizations to assist their clients. In turn, the bank gains a foothold in the community as a trusted partner and service provider for both the organization and for unbanked individuals.

The bank's IDA programs span a variety of target groups. The Maine Youth Opportunities initiative focuses on adolescents in foster care and provides them with access to checking accounts, free ATM, and online banking services. The Jobs for Maine Graduates organization incorporates Bangor Savings Bank's IDA into its financial literacy and career development program. Aspiring first-time home owners can also participate in the IDA program through local community organizations.

### **Partnerships with Third-Party Organizations**

Community outreach efforts are primarily delivered through third-party organizations that already have relationships and connections with a particular population segment. The community groups include Coastal Enterprises Inc., Women Work & Community, Four Directions Development Corporation, and Jobs for Maine Graduates. As part of the bank's relationships with these organizations, bank employees support and participate in the community group's educational outreach programs. In turn, the organizations inform and encourage their clients to bank with Bangor Savings Bank, which then becomes the face of the banking industry for these groups. Bangor Savings Bank opens several hundred accounts annually as a result of community outreach efforts through third-party partnerships.

Bangor Savings Bank also helps nonprofit organizations operate their programs by providing technical assistance and financial services to streamline and manage their operations. For example, the bank set up a cash management system for an organization that provides financial literacy training and matched savings for youth receiving foster care services. The system includes ACH

origination capacity that allows the organization to efficiently send out electronic stipends to participants at any financial institution statewide instead of writing a high volume of small checks. As a result, funds can be easily moved, tracked, and recorded from the organization to program participants. By utilizing electronic banking services to optimize efficiency, nonprofit organizations can improve their ability to serve a broader rural geography. Bangor Savings Bank regards this as a sustainable approach since it helps community organizations increase their client base and provides the bank with more opportunities to build customer relationships with unbanked and underbanked individuals.

Needs assessment and feedback from nonprofit community partners have also resulted in the bank developing new services to improve access. For example, the bank is working to provide and coordinate multiple language translation and interpretive services and provide support for both hearing impaired and visually impaired customers.

### ***III. Lessons Learned***

- **Providing greater and more varied means of access to dispersed, rural communities encourage unbanked and underbanked individuals to become customers.** The bank has expanded branch hours, free ATM, free Electronic Benefits Transfer (EBT) ATM access, free online banking, and services via Web and telephone to overcome common barriers for using banking services and to improve convenience and comfort level to potential customers.
- **Implementing business strategies that bring value to the unbanked and underbanked is integral to the bank's ability to grow and sustain its customer base.** Increased accessibility and improved banking products and services not only serve the unbanked and underbanked, but also the bank's entire customer base. Furthermore, the bank views this as a more respectful and effective approach to bringing unbanked individuals into the economic mainstream.
- **Forming mutually beneficial partnerships with nonprofit organizations promotes a sustainable business model for serving unbanked and underbanked individuals.** The bank leverages established organizations' connection and presence in the community to maximize the effectiveness of its outreach efforts. Its nonprofit partners, on the other hand, benefit from improved operational efficiency through the bank's technical assistance and financial services.

## **About Bangor Savings Bank**

Bangor Savings Bank, headquartered in Bangor, Maine, is a \$2.3 billion retail financial institution that operates as a state mutual savings bank. It offers retail banking and trust services to Maine consumers as well as large commercial, corporate, and small business banking services to Maine businesses at its 51 deposit branches. Established in 1852, the institution expanded its service area throughout the state through mergers with regional banks and acquisition of offices. In its most recent FDIC CRA Public Performance Evaluation, the bank received the highest possible “Outstanding” rating.

**Assets, \$Th, as of September 30, 2008: \$2,318,810**



## Citizens Union Bank of Shelbyville

In July 2007, Citizens Union Bank opened a branch called *Nuestro Banco* (“Our Bank”), a Division of Citizens Union Bank, to target the Hispanic community. A major component of their strategy to reach the Hispanic market is its branch configuration. *Nuestro Banco* provides a welcoming environment to enhance the banking experience. It competes with small check cashers and large payday lenders. Citizens Union Bank also offers two affordable small dollar loan programs and provides extensive outreach to underserved populations.

*“The more we learn about our market, the more we try to reach out and cater to their needs. It’s a good business decision to do this, but more importantly, as an organization we believe it is the right thing to do.”*  
- Kimberly Davis, First Vice President

### I. Target Population

#### Serving the Hispanic Community

In 2004, the bank started seeking better ways to serve its local Hispanic population and has significantly expanded its efforts in recent years. This effort came about, in part, due to observations by bank employees suggesting that members of the Hispanic community in Shelbyville, Kentucky, used high-cost alternative financial service providers, such as check cashers, and obtained financing through used car dealerships. In addition, a review of local population trends by the bank revealed that the Hispanic community was the largest unbanked demographic in its service area. Armed with this information, bank staff took the initiative to develop specific outreach strategies to address the financial product and service needs within Shelbyville’s Hispanic community. After three years, the bank decided to expand its efforts beyond Shelbyville, beginning with Louisville. Today, Citizens Union Bank has Hispanic-targeted outreach strategies across its 20 branches.

The bank also recognizes that Hispanics are not the only populations that are unbanked and underbanked within its service area. To become more inclusive in their outreach efforts, the bank has included additional programs that address the diverse needs of the wider community, including African Americans, single parents, U.S. military personnel, and any other unbanked and underbanked residents.

### II. Initiatives

#### Nuestro Banco

In July 2007, Citizens Union Bank opened the first known Hispanic-focused branch in Kentucky. The branch, **Nuestro Banco**, a Division of Citizens Union Bank, is completely bilingual; employees answer telephones in Spanish. Operating hours differ from that of other branches, staying open until 7:00 p.m. on Friday and from 9:00 a.m. to noon on Saturday. In addition, Citizens Union Bank paid attention and care to the physical aspects of **Nuestro Banco**, which looks markedly different than Citizens Union Bank’s other branches. With the help of its Hispanic employees, the bank decorated **Nuestro Banco** with familiar cultural objects and a traditional color scheme to create a casual and welcoming environment for its customers.

The bank introduced new banking products that were responsive to the banking needs of the Hispanic community. Aware that some in the Hispanic community are unable to open accounts because of the lack of traditional identification, the bank offers check cashing services as an alternative. If the bank can verify the check presented, non-customers can cash the check at a lower fee than at local check cashers. If an individual opens or already has a bank account, they can utilize Directo a México, in which Citizens Union Bank is enrolled, to send money.<sup>15</sup> Using Directo a México, customers can transfer money from their bank account to that of their relatives in Mexico at a better exchange rate than elsewhere in the community and for a smaller fee (\$2.50 to transfer less than \$400, and 2.5 percent for amounts above \$400).

Due to the range of valuable services provided to the Hispanic community, **Nuestro Banco** has succeeded in opening more new accounts than any other branch in the Citizen Union Bank's network since its opening. The branch averages 65 account openings per month, totaling 1,861 checking and savings accounts through June 2008. Only three accounts have been closed in the 11 months since the branch's opening.

## Education and Outreach

To increase the reach of its financial education programs, Citizens Union Bank partners with community organizations, including local churches, Catholic Charities, the Kentucky Council on Economic Education, Centro Latino, the Housing Partnership, and Kentucky Housing. Bank employees meet with community organizers to determine how the bank's programs can best meet the needs of its organization's members. Bank employees help the organizations determine which classes from the FDIC Money Smart curriculum the bank offers. Financial education sessions are frequently held off-site to encourage attendance in a more comfortable setting. In addition to education, the bank also conducts extensive outreach efforts in the communities it serves to promote account opening and offers to open accounts off-site.

Financial education programs are well-attended, with classes normally attracting 12 to 20 people. Some classes, such as one geared to school teachers seeking guidance on how to educate students on personal finance, has attracted nearly 400 attendees. The bank found that the FDIC Money Smart program works well because it provides all materials needed to teach the course. Attendees receive handouts and participate in a Q&A session at the conclusion of the class.

Organizing these financial education programs is a joint effort between the bank and local community organizations. While the bank often reaches out to organizations to offer its services and programs, community members also take initiative to request help from the bank. For example, customers may come into the branch to inquire about a local event that would benefit from a financial education session, or community members may approach branch personnel during other events, such as community fairs. To gain further insight into the needs of different constituencies within the community on how to tailor the bank's education programs, the bank works closely with members of both the bank's Hispanic Advisory Council and the African-American Advisory Council.

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<sup>15</sup> *Directo a México* is a payment system established by the Federal Reserve and Banco de México that enables consumers to transfer funds from a bank account in the United States to any bank account in Mexico.

## Secured Checking Account

In February 2003, Citizens Union Bank of Shelbyville began offering **Secured Checking Accounts** to help people who have mismanaged past accounts or are in ChexSystems re-establish themselves in the banking mainstream. Working in tandem with branch personnel for counseling and education, customers must demonstrate an intention and willingness to work toward restoring a good history. With cash or direct deposit of \$100 and a \$10 monthly service charge, they can open a **Secured Checking Account** that allows unlimited transactions, no minimum balance, access to a Citizens Union Bank Check Card, and free internet banking. However, the account does not allow online bill pay or check writing. After six months in **Secured Checking**, customers can transition to **Freedom Checking Accounts**, the bank's regular checking account product. **Secured Checking** provides a valuable opportunity to bring customers back to creditworthy standing. As of June 2008, the bank had 185 **Secured Checking** Accounts outstanding.

## Fresh Start Program

If a customer continually has a negative balance, they can transition to **Fresh Start**, a repayment program for overdrafts on accounts. Customers usually request assistance to correct their account, and after review, branch personnel may refer them to the program. Payments are made over the course of six months on a monthly, semi-monthly, bi-weekly, or weekly basis, depending on customer preference. At any time, customers can pay the remaining balance. **Fresh Start** does not charge fees or interest, so the customer pays only the principal balance due while their account remains open and active. The bank currently has 322 active accounts in **Fresh Start**.

Neither **Secured Checking** nor **Fresh Start** is actively marketed by the bank. Instead, customers are informed of the programs' availability by employees when they come in to open an account or are referred on a case-by-case basis.

## FDIC Small Dollar Loan Pilot Program

Citizens Union Bank has been selected to participate in the FDIC's Small Dollar Loan Pilot Program, a project intended to identify ways in which banks can incorporate affordable, small dollar loans into their menu of banking services.<sup>16</sup> As part of this program, the bank designed **Payday Alternative Loans (PAL)** around the FDIC's affordable small dollar loan guidelines. These loans are available for customers looking for smaller loans but who do not qualify for regular loans. **PAL** allows first-time borrowers to borrow \$300 to \$600, which is repaid over the course of six months. Each customer can receive a maximum of three loans per year but can only have one **PAL** outstanding at a time. The bank takes borrowers through counseling prior to getting the loan, but if a borrower exhibits a pattern of continual mismanagement, branch personnel will offer financial education and one-on-one budget counseling. Since the program's launch in June 2007, the bank has closed one **PAL**.

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<sup>16</sup> Key features of the FDIC Small Dollar Loan Pilot Program may include: loan amounts up to \$1,000, amortization periods longer than a single pay cycle and up to 36 months for closed-end credit or minimum payments that reduce principle (that do not result in negative amortization) for open-end credit, no prepayment penalties, origination and/or maintenance fees limited to the amount necessary to cover actual costs, and an automatic savings component. (For more information, see: <http://www.fdic.gov/small-dollarloans/index.html>)

## Outreach to Military Personnel

In May 2007, Citizens Union Bank acquired Fort Knox National Bank, now rebranded *Fort Knox Bank, a Division of Citizens Union Bank*. Seeking opportunities to serve members of the military at Fort Knox, the bank has begun offering small **PALs** at the branch. They have also created the **Hero Rewards Account**, designed specifically for members of the military. This interest-bearing checking account requires no minimum opening deposit, offers unlimited rebates on other bank's ATM fees, provides direct deposit from Defense Finance and Accounting Service (DFAS) payroll accounts, and charges a \$5 fee for balances below \$100. As of June 10, 2008, the bank has opened 814 **Hero Rewards Accounts**.

## Financial Counseling for Mortgage Programs

The bank offers mortgage programs to help otherwise ineligible homebuyers become qualified for home loans. Through a series of step-by-step educational programs, the bank provides applicants with vital information on how to handle loan products while assuring the bank that applicants possess the necessary financial understanding when considering their mortgage applications.

The bank has also begun a pilot program which offers financial counseling to single parents seeking to become eligible for a home owner's loan. As of June 2008, four single mothers have participated in the pilot program's financial counseling program to qualify them to become homebuyers, and eight more applications to the counseling program are in progress.

## Regulatory Challenges

Because the bank serves a community that includes a sizeable population of undocumented residents, bank employees face some challenges in providing the community with valuable financial services while continuing to respect the regulatory considerations and sensitivities involved. In accordance with the Bank Secrecy Act (BSA) and the U.S. Patriot Act, particularly the Customer Identification Program (CIP), the bank follows strict guidelines for identification and verification of potential customers. However, the bank recognizes the variety of identification types that exist and accepts Matrícula Consular cards, foreign government identifications, and Individual Taxpayer Identification Number (ITIN), in addition to more traditional forms of identification, for account opening. Citizens Union Bank also partners with its local consulates to help potential customers obtain Matrícula Consular cards and has sponsored consulate visits to the bank.

Citizens Union Bank has also become an ITIN Acceptance Agent to help customers without Social Security numbers obtain an ITIN. Once customers have opened an interest-bearing account, they can obtain an ITIN through the bank without paying a fee for the service.

### III. Lessons Learned

- **Having bilingual employees has been the lynchpin of the bank's success.** Regardless of the products and services a bank has to offer, the ability to connect with the community and speak to them determines how well the products are received, understood, and handled.

- **Offering banking services in a more casual or convenient setting can help the unbanked and underbanked feel more comfortable using banking services.** In addition to the specially designed and decorated Nuestro Banco, the bank also has a branch at a local Wal-Mart store in Shelbyville, which is a more convenient and comfortable setting to reach out to the unbanked and underbanked. The bank is also rebranding one of their current branch locations as a Citizens Union Bank and a Nuestro Banco, a Division of Citizens Union Bank.
- **Working with businesses and employers can present more opportunities to learn about, outreach, and cater to the needs of the community.** The bank's next area of focus is to work with local Hispanic businesses to help them with their unique funding needs and those of their employees. This will enable the bank to gain further traction and trust within the community and utilize another outlet to provide education and information.

### **About Citizens Union Bank of Shelbyville**

Citizens Union Bank of Shelbyville is a \$764 million financial institution headquartered in Shelbyville, Kentucky, a community of 10,085. The institution presently operates from 20 offices in seven counties throughout the Commonwealth of Kentucky, and is currently constructing its 21<sup>st</sup> location in another county. Additionally, the bank operates 19 ATMs throughout its service area. The bank's primary lending focus is construction, home mortgage, and commercial.

**Assets, \$Th, as of September 30, 2008: \$595,124**



## Ridgewood Savings Bank

Ridgewood Savings Bank's approach to serving unbanked and underbanked communities focuses on increasing access to banking services and conducting outreach and education. Since 2006, the bank has opened two branches in Bronx neighborhoods with significant populations of unbanked and underbanked residents. In May 2005, Ridgewood launched a full-service mobile branch that brings banking services to people and places that otherwise would not have them, such as assisted living facilities. In addition, the bank offers an array of educational programs targeting first-time homebuyers, low-income residents, and students.

*"Our decisions are driven by a mutual philosophy to do what is right for our customers and community."  
– Edward F. O'Brien, Vice President and CRA Officer*

### **I. Target Population**

Until mid-2006, Ridgewood Savings Bank had 23 branches, all located on geographic Long Island (Brooklyn, Queens, Nassau, and Suffolk counties). As a result of long-range strategic planning, increased lending, and business opportunities, the footprint of the bank has expanded as of early 2008. Specifically, the bank now has 36 branches spread among seven counties, including the additional Manhattan, Bronx, and Westchester branches.

These changes required the bank to be proactive in its efforts to address the underbanked and unbanked. Ridgewood has always been sensitive to diversity since their service area included ethnic communities of African, African-American, Chinese, Croatian, German, Hispanic, Italian, Polish, and Romanian, Russian and Serbian immigrants. In consideration of the aforementioned expansion, the bank broadened its innovative approach via the strategies and initiatives described below, paying special attention to the Bronx, whose residents are largely of low- to moderate-income and where many neighborhoods are underbanked or unbanked.

### **II. Initiatives**

#### **New York State Banking Development District (BDD) Program**

In an effort to enhance service and access to unbanked/underbanked communities, Ridgewood Savings Bank participates in the New York State Banking Department's Banking Development District ("BDD") program. BDD designations are given to unbanked/underbanked communities with significant unemployment rates and a majority of Census tracts classified as low- to moderate-income. The objective of BDD branches is to bring banking services to these underserved areas and help banks effectively compete with alternative service providers as well as to provide avenues for unbanked individuals to enter the financial mainstream and stimulate long-term economic and community development. The New York State BDD designation provides participating banks throughout New York City with state and local incentives, allocating more than \$100 million in public funds deposits for new BDD branches, property tax reductions for the branches, and assistance in locating suitable commercial space.

Responding to this opportunity to serve unbanked and underbanked communities with support from local stakeholders such as the Borough President's Office and Community Boards, Ridgewood Savings Bank successfully applied for the BDD Initiative. As a result, Ridgewood Savings Bank received two of the three BDD designations granted in the Bronx service area and opened two branches. In September 2006, the bank opened its White Plains Road Branch, followed by its Soundview Branch in April 2007. The Bank continues to build upon its presence in the market and increase its customer base but notes that it faces a "challenging environment." These branches are located in a low- to moderate-income level area, which consequently results in low balances in checking and savings accounts. Nevertheless, Ridgewood Savings Bank emphasizes that it maintains a long-term commitment to developing its BDD branches and to serving these communities.

### **Mobile Banking Center**

In May 2005, Ridgewood Savings Bank introduced a Mobile Banking Center to serve residents who are unable to access banking services due to mobility constraints or distance from brick-and-mortar branches. The Mobile Banking Center's motto, "*Bringing the Branch to You*," encapsulates its objectives and capabilities. Customers can open accounts and conduct transactions at the full service Mobile Banking Center, which is also equipped with an ATM. In order to offer a full range of products and services, the bank submitted a branch application with the FDIC and the New York State Banking Department for approval. As a result, the Mobile Banking Center is considered an official branch of Ridgewood Savings Bank and has \$3 million in deposits as of July 2008. The custom-built, handicap-accessible Mobile Banking Center currently visits 15 sites, mainly senior citizens' residences, on a bi-weekly basis. Visits by the Mobile Banking Center will vary from 90 to 120 minutes, depending on the amount of banking activity at each facility. Occasionally, a facility is selected due to the close proximity to a full-service branch and, therefore, many residents can continue to enjoy a banking relationship with Ridgewood by means of the Mobile Banking Center. Residents are made aware of the Mobile Banking Center's scheduled visits through weekly announcements made by the facility. The branch employs a full-time staff of one assistant manager and two savings counselors. While the Mobile Banking Center is not very profitable, bank management believes that the value delivered to the community justifies and validates the continued investment. Mobile branch employees note that customers appreciate having their "financial independence" and the ability to access the many banking services. As a result, the Mobile Banking Center staff has developed a strong relationship with the residents as well as the staff members of these facilities.

### **Financial Literacy and Outreach Programs**

Beginning in 1999, Ridgewood Savings Bank has offered First Time Homebuyers' Workshops to help individuals make informed decisions regarding mortgages and home purchases. To market its workshops, the bank places advertisements in local community newspapers, inviting individuals to attend regardless of their banking relationship. The bank also provides free refreshments and giveaways to attract attendees. Each two-hour workshop includes presentations from an attorney on the legal aspects of home ownership, an engineer on home inspections, and a mortgage consultant on the application and qualification process. Workshops conclude with a question and answer session, and attendees receive informational booklets and bilingual materials created by Ridgewood Savings Bank. The Bank has conducted over 75 workshops, with an average of 35 attendees in low- to moderate-income communities and 15 attendees in more affluent neighborhoods.

Since 2005, Ridgewood Savings Bank has partnered with local elementary, middle, and high schools to educate students about personal finance and savings through the ABA Education Foundation's "Teach Children to Save Day." To date, these outreach efforts have reached 3,200 students in 27 public and private schools in the bank's service area. The bank has also implemented a banking program at a number of schools to teach students how to manage bank accounts and to encourage regular deposit and savings habits. Through this program, students can open a savings account with no minimum deposit. Teachers collect students' deposits on a periodic basis, and bank messengers transfer them to the local branch for deposit into student accounts. As of August 2008, Ridgewood Savings Bank maintains over 3,220 accounts through its school banking program, amounting to \$1.15 million. In addition, the bank has taken opportunities to conduct outreach sessions for parents. Leveraging its relationship with local schools, Ridgewood Savings Bank has conducted educational programs for parents during PTA meetings.

In 2008, the bank began a partnership with ARIVA, a Bronx-based nonprofit organization specializing in financial services and education for low-income residents. Ridgewood Savings Bank hosted ARIVA Free Tax Preparation Day at its two Bronx BDD branches. ARIVA provided IRS-certified tax preparation professionals to offer free services to Bronx residents earning annual income of \$45,000 or less. The bank assigned three employees at each location to develop rapport with attendees, cross-sell relevant banking products, and engage in subtle marketing for the bank. As a result of these events, ARIVA staff processed a total 80 tax returns amounting to \$120,000 in refunds. Encouraged by the program's success and the potential outreach opportunities, Ridgewood Savings Bank plans to offer ARIVA Free Tax Preparation Day in three or four branches in 2009.

Ridgewood Savings Bank also offers "Money Matters" workshops to the general public. During these one-hour educational sessions, branch employees present information on the benefits of deposit accounts in comparison to check cashing services, the importance of savings in reaching financial goals, account management, and information about obtaining a mortgage. Introduced in early 2008, the bank has conducted four workshops at branches located in low- to moderate- income areas, attracting an average of 25 attendees per session.

## **Multicultural Marketing**

Ridgewood Savings Bank's branch locations span a diverse array of ethnic communities throughout the New York City metropolitan area, with significant populations of immigrant families in its service areas. In order to provide services for these non-English speaking communities, the bank creates in-language print ads for various local ethnic newspapers. Additionally, the bank has created Spanish radio and cable TV commercials which are broadcast on Spanish radio and cable TV stations. Telephone and ATM banking services, as well as its website, are also available in Spanish. The bank currently has employees who speak a total of eight foreign languages. However, changing demographic trends and greater emphasis on outreach to unbanked immigrants has resulted in the need for even more bilingual staff. In response, Ridgewood Savings Bank has modified requirements for new hiring at branches located in ethnic neighborhoods or areas with sizeable immigrant communities. Job applicants must speak the language of the predominant ethnic population in a particular branch's footprint. The bank cites these efforts as an integral part of its outreach and service to the unbanked and underbanked.

### **III. Lessons Learned**

- **Opening branches in underserved communities improves access to banking services.** By establishing a physical presence in these neighborhoods, the bank has increased its visibility and convenience of providing products and services. The bank can demonstrate the benefits of establishing banking relationships in direct competition to alternative service providers in the branch's footprint.
- **Combining local and state initiatives with internal business strategies to reach underbanked populations can help banks establish relationships with unbanked individuals.** The bank's BDD branch designation is a critical component in its efforts to deliver beneficial banking services to underserved consumers and provide additional government resources and guidance that facilitate bank profitability and presence in these communities.
- **Maintaining ongoing dialogue with the community helps the bank assess and evaluate the effectiveness of its programs and offerings within each branch footprint.** The bank relies on its strong relationships with community organizations and neighborhood presence to identify each community's needs and to address them accordingly.
- **Flexibility to continually adapt to changing demographics is necessary in order to offer valuable and relevant services to its customers.** In a dynamic setting like the New York City metropolitan area, the ability to remain attuned and flexible to change helps the bank attract new groups of unbanked and underbanked individuals.

### **About Ridgewood Savings Bank**

The largest mutual savings bank in New York State and the second largest in the nation, Ridgewood Savings Bank was established in 1921. Headquartered in Ridgewood New York, the bank operates 36 branches in Queens, Brooklyn, the Bronx, Manhattan, Nassau, Suffolk, and Westchester Counties. This network includes a Mobile Banking Center introduced in 2005 and 12 branches resulting from the acquisition of City and Suburban Federal Savings in July 2007. In addition, the bank operates a consumer loan center, two mortgage loan centers, and a retirement plan service center.

The bank offers a variety of consumer and commercial credit and deposit products, as well as financial services. Available loan products include one to four family residential mortgages, multi-family mortgages, cooperative loans, commercial real estate loans, home equity loans, and consumer loans. Examples of deposit account offerings include regular savings, club accounts, checking accounts, money market accounts, certificates of deposit, and individual retirement accounts. Other services include direct deposit and safe deposit box rental, as well as, the sale of travelers' checks, money orders, and United States Savings Bonds. The bank faces intense competition in its service area from many large money-center institutions, national and regional banks, savings and loan associations, credit unions and mortgage brokers.

**Assets, \$Th, as of September 30, 2008: \$4,101,225**

## Second Federal Savings of Chicago

Headquartered in the South Side of Chicago, Second Federal targets the Mexican immigrant community. Second Federal was one of the first banking institutions in the United States to accept the Matrícula Consular card as a valid form of identification. In order to serve unbanked and underbanked populations, the bank provides money transfer and bill payment services to non-deposit customers. Second Federal also developed a remittance product based on a dual ATM card program.

*“We are focused on understanding and serving the changing needs of our community; we have the ability to recognize when outside influences affect us and transition with them.” - Mark T. Doyle, CEO and Chair*

### I. Target Population

#### Understanding the Mexican Immigrant Population

In 1992, Second Federal’s management determined that there was an adequate business case for targeting its marketing efforts solely to the Mexican immigrant community, which now comprises its primary customer base. The bank closed two branches located in more affluent, less diverse neighborhoods and opened a new branch in the suburb of Cicero, which has a significant Mexican immigrant population that has increased from 40 percent Mexican to 80 percent since the branch’s opening.

In an effort to deepen its understanding of this segment, the bank engaged a research firm to study the changing demographics of the Chicago Metropolitan Area and consequently discovered that 48 percent of residents within its branch network were undocumented immigrants, and therefore unlikely to be banked. Through its knowledge and understanding of the market, Second Federal is more responsive to the needs of its community. As a result, free services such as money orders and utility bill payments have become principal offerings to bank customers.

In the past five years, bank employees have noted that the Mexican immigrant community has become increasingly aware of banking services and their value. The education and assimilation of second and third generation immigrants have contributed to the community’s increased understanding of and receptiveness to banking. Increased competition has also played a major role in driving this change. In a community of 175,000 residents, several larger banks have entered the market. These banks have undertaken initiatives to provide education, targeted marketing, and product offerings to the local Mexican immigrant population, thereby escalating the community’s level of sophistication toward banking services. In response, Second Federal has also begun to offer a broader range of services, including internet banking, interest bearing checking accounts, bill pay services, and credit cards, while continuing to cater to first generation immigrants and those who are still unbanked and underbanked.

## ***II. Initiatives***

### **Matrícula Consular**

Obtaining a Matrícula Consular card is a top priority for undocumented individuals because it is a form of identification they can use to open deposit accounts and to obtain an Individual Taxpayer Identification Number (ITIN). Understanding the importance of the Matrícula Consular card to the community, Second Federal has built a strong relationship with the Consulate to facilitate the identification process and invites the Mexican Consul to its branch locations for the purpose of issuing Matrícula Consular cards.

### **Individual Taxpayer Identification Number (ITIN)**

Second Federal has also registered with the IRS to become an ITIN acceptance agent. Customers who have an account at the bank can obtain an ITIN at bank branches free of charge. The Mexican immigrant community has responded positively to this initiative. Within the first year of offering this service, the bank opened nearly 600 bank accounts. Although, many clients already obtained ITIN numbers, the vast majority were a result of the acceptance agreement with the IRS. These customers have since become part of Second Federal's regular customer base. The program's success garnered attention in the wider banking community, and Second Federal participated in the Federal Reserve Bank of Chicago's monthly seminars to inform other banks about ways to reach out to the unbanked population.

### **Extended Hours**

Second Federal's locations are open seven days a week. Through the addition of walk-up and drive-thru operations at its facilities, the bank serves customers until 7:00 p.m. Monday through Thursday, 8:00 p.m. on Friday, 4:00 p.m. on Saturday and 2:00 p.m. on Sunday. The extended business hours accommodate customers who cash payroll checks on Friday evenings and Saturday, when volumes tend to be highest. Although the bank's extended hours cater to customer banking preferences, it has not differentiated Second Federal in its service area because many of its competitors are also open every day of the week.

### **Dual ATM Card Program**

In 2001, Second Federal introduced a lower cost method to send money to Mexico and other countries through the use of dual ATM cards, believed to be the first program of its kind in the United States. Customers can send one ATM card to relatives in their home country, which enable them to withdraw funds directly from the account and eliminate the need to use wire transfers. Second Federal's fee ranges from \$1.50 to \$2.00, substantially lower than the \$20 to \$30 typically charged by alternative providers.

## **Check Cashing**

Although Second Federal offers check cashing for individuals without account relationships, the bank recognized that many residents in the community prefer to cash their checks at local businesses, such as grocery stores. Second Federal has begun to receive more business from small businesses and is now registering them as money service businesses, with the bank accepting double endorsed checks.

## **ITIN Loans**

Second Federal began to aggressively market ITIN loans in the first quarter of 2004. At that time, private mortgage insurers would not provide coverage for this product. Moreover, there was not a secondary market available to buy them. The bank believed, however, that the market was composed of creditworthy borrowers. When the bank first added ITIN loans to its portfolio, it faced a number of challenges. First, they needed to design the program and underwrite the loan, which required six hours per loan. Second, the product was so well-received by the community that the number of loan applications overwhelmed the bank. With over \$40 million in its pipeline for applications, the bank was unable to handle the volume. Finally, the rapid growth of product originations and corresponding regulatory scrutiny necessitated discussions between the bank and its regulator with regard to the purpose and direction of the product. The bank's ability to resolve these issues allows them to continue offering ITIN lending today, which currently totals \$70 million in its portfolio. However, because of factors relating to the uncertainty of immigration reform, as well as economic factors, delinquencies are expected to become a major concern. As unemployment rises, many undocumented borrowers may be unable to keep their mortgages current. This market is not insulated from the many problems in today's economy.

## **Education and Outreach**

In addition to outreach efforts to non-English speakers and first generation immigrants, the bank has also begun focusing on the large and emerging second generation, who tend to be bilingual and have a better grasp of banking concepts. Targeting this more educated and more assimilated generation has become an important part of the bank's outreach efforts, as it represents a market for which the bank wants to develop products and services that will bring immigrants into the banking mainstream.

While their parents and grandparents may come from a culture where a very large percentage of the population is unbanked and not familiar with basic banking concepts, the second and third generations are more likely to be accustomed to the idea that finances should be handled through bank accounts and hence to ultimately become part of the banking mainstream. Furthermore, the younger generation's access to and skills in using technology create more avenues to utilize banking products and services. Adapting to the community's increased gentrification and technology savvy, the bank has worked with community groups to develop a Spanish-language curriculum for teaching individuals to use internet banking services. The evolution of education and outreach programs is driven by Second Federal's larger goal to offer the types of services and products needed by the community.

## Regulatory Challenges

Second Federal determined that for their market a crucial part in understanding their customer base was recognizing that the unbanked and the undocumented were virtually the same. As a result of local municipalities passing their own immigration regulations, the bank reports that many immigrants have become reluctant to save money in banks and use banking services.

### *III. Lessons Learned*

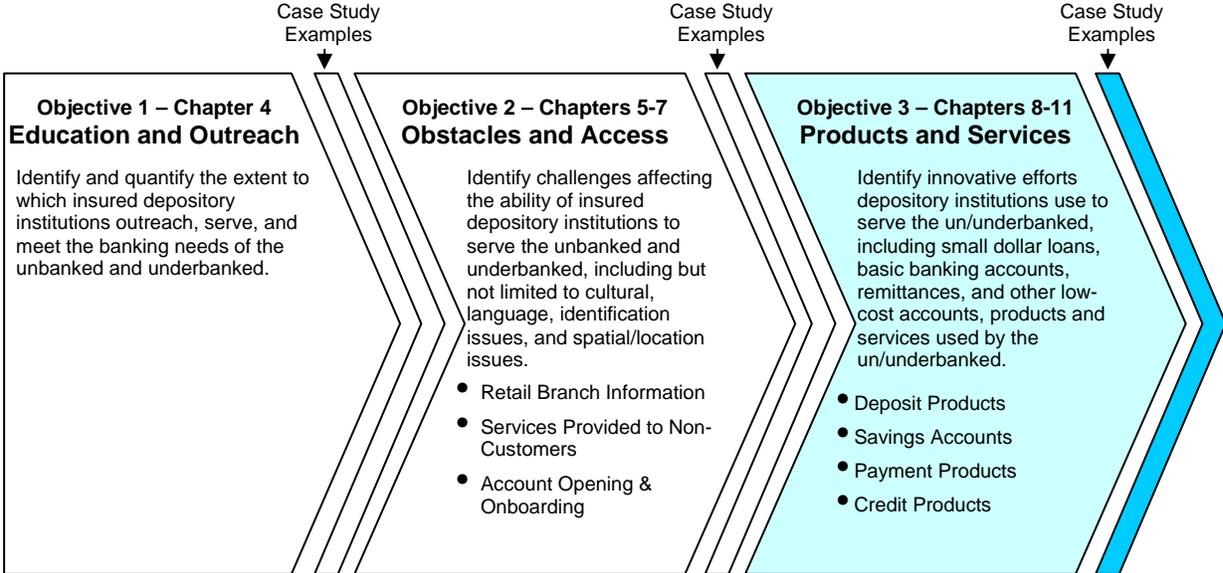
- **The first and most important step in serving the unbanked and underbanked is to understand the needs of your market.** For Second Federal Savings, hiring a research firm to study its market area provided valuable insight that informed the types of products and services that should be offered.
- **Recognize changes and obstacles in your market and address them accordingly.** Shifting demographics as well as external factors (e.g., economic, state, and federal regulations, competition) can dramatically change the marketplace and affect a bank's ability to serve its community. The ability to remain cognizant, flexible, and innovative enables banks to effectively modify their focus and better serve their communities.
- **A major part of Second Federal's success has been its efforts to assist the broad range of unbanked immigrants who want to have a banking relationship.** For Mexican immigrants, obtaining the Matrícula Consular card and ITIN is a crucial step in the path to becoming banked. The bank's willingness to facilitate the issuance of these important forms of identification on-site at no charge and to accept them as sufficient identification for new account opening removes significant obstacles for the unbanked.

### **About Second Federal Savings of Chicago**

Second Federal Savings is a \$256 million financial institution with five offices and seven ATMs located in Chicago. It has served the financial needs of its local communities for the past 125 years, and the Mexican immigrant population since their arrival in the late 1960s. In 1992, the bank officially decided to market its services solely to the immigrant population, both documented and undocumented.

**Assets, \$Th, as of September 30, 2008: \$258,896**

# Banks' Efforts to Provide Products and Services



## Products and Services

Five case study banks offer innovative transaction products, credit, and asset-building products that meet the needs of unbanked individuals and serve as a mechanism for entering the economic mainstream.

Institution	Target Population	Products
Artisans' Bank (Wilmington, DE)	Low- to moderate-income individuals in their area with poor credit history or past experience with financial mismanagement	<ul style="list-style-type: none"> <li>▪ Credit Builder Program provides a 12-month loan while customers place proceeds in deposit account held as collateral and replay loan from cash flow.</li> <li>▪ Delawareans Save IDA helps customers set and achieve monthly savings goals over three-year period and provide up to a 3:1 match if savings targets are met.</li> </ul>
Bancorp South (Tupelo, MS)	African American and Hispanic American communities of urban and rural markets in the South	<ul style="list-style-type: none"> <li>▪ Second Chance Checking restricts access (check writing and debit cards) for customers ineligible for standard checking product.</li> <li>▪ Smart Saver IDA combines a mortgage and a savings product with eight hours of financial education to provide resources toward purchase of home.</li> </ul>
Carver State Bank (Savannah, GA)	Multi-cultural community in Savannah, including African Americans, Hispanics, Iranians, and Chinese	<ul style="list-style-type: none"> <li>▪ Small Business IDA provides 4:1 match to local entrepreneurs and requires applicants to take classes and develop business plan to qualify.</li> <li>▪ Credit Rebuilder Loan pairs loan of \$1,000 to \$10,000 with CD; approval based on debt to income ratio rather than credit history.</li> </ul>
Central Bank of Kansas City (Kansas City, MO)	Diverse immigrant and minority population, including African Americans, Vietnamese, Sudanese, and Mexicans	<ul style="list-style-type: none"> <li>▪ Payroll Cards allow low- to moderate-income employees to receive income without needing to cash checks or access to direct deposit while preventing them from overdrawing on account and incurring NSF or merchant fees.</li> </ul>
KeyBank (Cleveland, OH)	Low- to moderate-income populations, including African Americans, Hispanic Americans, working poor, and urban residents	<ul style="list-style-type: none"> <li>▪ Low-cost (1.5 percent up to \$22.50) check cashing services for non-depository clients bring unbanked into branches and create opportunities to transition them to deposit accounts; biometric technology verifies customer identity, lowering cost and increasing efficiency.</li> </ul>
<b>Common Lessons Learned</b>		
<ul style="list-style-type: none"> <li>▪ Entry-level products provide valuable opportunities for unbanked individuals to re-establish credit-worthiness and re-enter the economic mainstream while increasing control and reducing risk to banks.</li> <li>▪ Rather than closing accounts due to mismanagement, second chance accounts help banks retain existing customers.</li> <li>▪ The advantages of beneficial and relevant banking products, when compared to alternative service providers, pose an important value proposition for unbanked individuals.</li> <li>▪ Banks can better serve unbanked and underbanked consumers by developing debit card-based accounts and prepaid cards to meet their needs.</li> </ul>		

## Artisans' Bank

Artisans' Bank offers a Credit Builders Program targeted to low- and moderate-income borrowers with less than perfect credit. The proceeds of a small dollar loan are deposited into an Artisans' Bank savings account, which serves as the collateral. Artisans' Bank also offers free checking accounts and individual development accounts for low- and moderate-income consumers. In 2003, the bank started a "branch" at an elementary school where fourth graders learn about savings and make weekly deposits. Artisans' Bank is also active in providing financial education through its partnerships with the City of Wilmington and the Delaware Money School.

*"We take a hard look at what we can do to make a difference in our community; even though we lack the ability as a small bank to say 'yes' to every request that comes our way." – Joel Schiller, CRA Officer*

### I. Target Population

Artisans' Bank does not engage in targeted marketing and direct outreach to the unbanked and underbanked. Instead, the bank promotes its innovative products and services through partnerships with community organizations and assistance agencies, such as the YWCA of Delaware, Boys and Girls Clubs, and the Delaware CRA Council, that serve the unbanked and underbanked populations. Artisans' Bank provides general banking information and personnel support on financial education and banking products to the organizations, which refer potential clients to the bank. This partnership model enables Artisans' Bank to develop relevant products while utilizing community organizations' deep relationships and experience with the target population to effectively educate and outreach to unbanked and underbanked individuals.

### II. Initiatives

#### Credit Builder Program

Artisans' Bank designed a **Credit Builder Program** for potential homebuyers needing assistance to become creditworthy. The **Credit Builder Program** enables individuals to build savings and accumulate funds to meet down payment or settlement cost responsibilities. Artisans' Bank funds a 12-month loan between \$500 and \$2,000 and places the proceeds in a deposit account, which is held as collateral. Customers repay the loans on a monthly basis from their cash flow. Interest is fixed at a flat 9 percent rate, and the bank waives all other fees. By making loan payments to their savings account, customers develop a routine of saving. At the end of the year, customers receive their deposit principal plus accrued interest earned on the deposit account. To date, Artisans' Bank has not reported any defaults on **Credit Builder Program** accounts.

When the product matures and the loan is paid off, customers are encouraged to maintain their banking relationship and continue building assets through regular savings habits. Branch personnel make the effort to contact each **Credit Builder Program** customer individually by letter or by phone. In most cases, the bank has found that spending a few minutes with customers to inform them of both the opportunities and benefits of continuing their banking relationship has been successful in retaining customers.

Artisans' Bank does not market its **Credit Builder Program** directly to the public. Instead, the bank promotes the product through community organizations and social service agencies that work with financially challenged individuals. The bank provides information to the organizations about the products and services available to the unbanked and underbanked and leverages these relationships to receive referrals for potential customers. For example, **Credit Builder Program's** initial customers were individuals who were working toward first-time home ownership and were referred by housing counseling agencies in the community. The bank also encourages agencies to establish and maintain mentoring relationships and to educate their clientele about fiscal responsibility and the importance of saving. Strong relationships with community agencies have helped Artisans' Bank outreach to the unbanked and underbanked, and as a result, the **Credit Builder Program** product has been well-received, averaging 25 to 50 accounts per year.

Artisans' Bank credits the product's success to three main factors. First, customers are required to become educated on **Credit Builder Program** before opening an account. Second, community agencies play a crucial role in referring clients whom they deem to have the potential to use the product successfully. Third, the bank recently shifted its focus to giving customers with no credit or severely damaged credit the opportunity to establish or restore a more positive record on their consumer report. **Credit Builder Program** provides customers who intend to return to the banking mainstream an opportunity to re-establish disciplined and structured banking habits.

## **SEED Accounts**

In a partnership with a local inner-city Boys and Girls Club, Artisans' Bank sponsors a youth savings program, called the **SEED Initiative** (Saving for Education, Entrepreneurship, and Development). Led by the Corporation for Economic Development (CFED), the Center for Social Development at Washington University in St. Louis, the Initiative on Financial Security of the Aspen Institute, the New America Foundation, and the University of Kansas School of Social Welfare, the program began as a national pilot program operated by the Boys and Girls' Club with an investment banking house. When that institution found the program to be too burdensome to continue, Artisans' Bank assumed administrative responsibilities for the accounts in 2006, accepting and housing the 65 youth accounts in the program. Similar to an IDA, **SEED Accounts** are deposit accounts geared to middle school students that encourage regular deposits and restrict withdrawals. Upon reaching the age of 18, the students will receive matching funds of deposits made over the course of their school years. The SEED Initiative is funded by the Ford Foundation, the Schwab Foundation, and nine other foundations.

## **Delawareans Save IDA**

Through the **Delawareans Save** IDA initiative, Artisans' Bank will process over \$1.5 million of public and private sector money in matching funds to low- and moderate-income savers who have participated in this structured asset-building savings program conducted by the First State Community Loan Fund. Previously offered by the bank in conjunction with the YWCA, the **Delawareans Save** initiative involves consumers who agree to participate in financial literacy classes, save between \$1,500 and \$3,000 over a three-year period, make monthly deposits, and refrain from withdrawing money unless for emergencies, which require dual authorization from local agency and bank personnel. Many of the product's customers are minorities based in urban settings, including single parents.

If customers achieve their pre-established savings goal, they receive additional funding at the end of three years, up to a 3:1 match. Thus, customers have an additional incentive to save on a monthly basis. If customers fail to save monthly, they are removed from the program. **Delawareans Save IDA** has been met with great success, and the bank has received three more rounds of government funding due to the volume of account openings. Now in its fourth IDA round, the program has served over 1,000 consumers.

The bank has also created a parallel savings account for IDA customers. This enables IDA customers to deposit into a savings account other than their IDA. In emergency situations, customers can obtain funds by tapping their parallel savings account instead of withdrawing money from their IDA and thereby violating the terms of the **Delawareans Save IDA** program.

## **Education and Outreach**

Like other small community banks, Artisans' Bank faces the challenge of not having a full-time CRA officer and limited internal resources to devote to market their CRA programs or perform consumer education. The bank recognizes the value and importance of education to the unbanked and underbanked community. Education and literacy programs provide the understanding and guidance that individuals need to properly handle the responsibilities of having a bank account and avoid fraud or mismanagement.

Educational sessions are generally one-on-one. Employees involved in the retail and account-opening side of the bank, such as Customer Service Representatives or Managers, usually conduct the sessions and generally use materials created by other banking or community organizations.

Artisans' Bank relies on partnerships with third-party organizations in its education and outreach efforts, working with community agencies on different programs and local savings incentives such as the Delaware Financial Literacy Institute. To maximize the impact of these programs, the bank stresses the effectiveness of educational sessions held on a recurring basis, much like a school curriculum, rather than a single two-hour class. Repetition and reinforcement of knowledge over the course of many months and meetings increases the likelihood of raising awareness, and the bank actively seeks to partner with agencies that already have these types of programs in place.

### ***III. Lessons Learned***

- **Offering education in a series of classes, rather than as a single session, is a more successful and effective approach to promoting financial literacy.** Reinforcing information improves individuals' ability to retain and apply it to financial decision-making.
- **Incorporating education into targeted products for the unbanked and underbanked improves their potential for success.** The bank requires an educational component to its loan and IDA products because education equips customers with the knowledge and discipline to responsibly handle products and to re-enter the banking mainstream.

- **Partnerships with other community organizations toward a common objective can supplement and complement bank initiatives to outreach and serve the community.**

Community agencies interact regularly with potential customers and become a valuable source for insight into the needs of the community. They can also be an important partner in education programs and provide referrals for tailored products offered by the bank.

### **About Artisans' Bank**

Artisans' Bank is a mutually owned, full-service commercial bank. The bank is headquartered in Wilmington, New Castle County, Delaware. As of December 31, 2007, Artisans' Bank's assets totaled \$592.4 million. The bank currently operates 13 branch locations in Delaware; nine branches, including the main office branch, are located in New Castle County, two branches are located in Kent County, and two branches are located in Sussex County. The bank also operates three loan production offices, with one in each county.

**Assets, \$Th, as of September 30, 2008: \$596,298**

## **BancorpSouth**

Outreach and financial education are at the core of BancorpSouth's efforts to serve the local unbanked and underbanked population, with programs conducted in and tailored to each market. The bank also offers a Second Chance Checking product designed to assist people who have struggled with successfully maintaining a checking account in the past, affordable mortgage products targeted to customers with blemished credit, and free tax preparation at VITA sites. The bank employs bilingual, Spanish-speaking staff at branches located in areas with a sizable Spanish-speaking population.

*"We're a community bank, and we're very much focused on the communities that we're in. That's how we make a name for ourselves and carry out education programs."  
- Monica Aldridge, First Vice President*

### **I. Target Population**

BancorpSouth focuses marketing and outreach efforts to urban, rural, African-American, and Hispanic-American segments in its service areas. The Hispanic population, in particular, has become an important demographic for the bank due to the growth of this community and its heavy concentration of unbanked and underbanked individuals. Within these population segments, BancorpSouth targets unbanked and underbanked adults with ties to community organizations, as most outreach efforts are conducted in partnership with and at the site of local nonprofit organizations, government assistance agencies, and adult education centers.

### **II. Initiatives**

#### **Education and Outreach**

BancorpSouth reports that it has been carrying out extensive outreach programs in its community since 1993. The bank states that it "desires to help the unbanked and underbanked obtain credit and become better banking citizens," and basic financial education serves as the crucial first step in this process. Bank employees observe that many of these individuals do not use banks for their financial transactions because they are not aware of the products and services available to them. They do not know that banks offer more than just checking and savings accounts but also insurance, mortgages, and other loans. Bridging this information gap has become a primary focus in the bank's efforts to bring the unbanked and underbanked into the economic mainstream.

The bank's education and outreach program began as a way to help first-time homebuyers attain the financial literacy certification required for some loan applications in BancorpSouth's markets. By partnering with local governments and nonprofit organizations, the bank created an educational program that enabled people to successfully secure funds to purchase a home.

Today, each of BancorpSouth's main offices conducts at least two education programs annually, with many exceeding this minimum. More than 680 financial education programs reaching more than 40,000 individuals were conducted from September 2007 to June 2008. While the needs of each community within the institution's service area vary, efforts usually focus on K-12 schools and adult education programs. Hundreds of employees across the organization are involved with education programs, with at least one employee working on these initiatives at each location.

Because the FDIC's Money Smart curriculum is written at a level that can be understood by a wide range of audiences and is readily accessible to banks, BancorpSouth uses the curriculum universally as the foundation of its educational programs for middle school and high school students as well as for adults. The bank's own brochures, which are distributed as financial education materials, can also be used by audiences of varying ages and reading levels. The educational brochures detail products available to the unbanked and underbanked and also cover topics such as identity theft, fraud alerts, and online fraud. To serve the Spanish-speaking community, the bank also offers 11 Spanish-language educational brochures that provide information on checking and savings accounts, mortgage loans, bank fees, and other subjects.

The bank asks all main locations to offer at least one education session focusing on home ownership in order to educate community members about down payment assistance and the bank's IDA product. However, local branches also have flexibility to develop and conduct additional sessions on other topics, such as checking, savings, and identity theft prevention.

BancorpSouth reports that a major key to its success in reaching out to adults has been the decision to hold more programs outside of bank branches. The bank has found that branch-based programs attract very few attendees, if any. Branch employees note that this is likely due to apprehension toward bank facilities felt by unbanked and underbanked individuals. By relocating education programs to churches and community centers, bank employees have experienced greater receptiveness and found more opportunities to educate the unbanked and underbanked. Typical outreach programs average 20 attendees, with some attracting nearly 400 people.

Branch personnel coordinate with local pastors, work with the community's Head Start Center to reach out to parents, collaborate with the Department of Human Services to identify people on temporary or welfare assistance, or partner with nonprofit organizations like Habitat for Humanity to introduce home ownership programs and other banking products and services to clients. Most programs include refreshments to accommodate attendees coming after work and offer door prizes, which can be helpful for encouraging attendance.

Recently, the bank has begun working with employers to bring financial education to the workplace. During bank-sponsored lunches, branch personnel provide valuable information on topics for employees, such as investment and 401(k) plans, in a convenient time and place. These lunchtime sessions typically last 30 to 45 minutes and are held on a monthly or quarterly basis. Employers do not need to be business customers of BancorpSouth to arrange employee education sessions. The bank also works with local government groups, such as the police and fire departments, to offer similar educational programs.

For youth outreach, branches work with local schools to organize “Teach Children to Save Day” and utilize a variety of materials from the American Bankers Association, National Jump\$tart’s “Personal Finance Curriculum,” and Bank of America’s “Financial Fitness for Life.” Branch personnel may take the initiative to design more creative programs, using puppet shows, stories incorporating the Berenstain Bears, or skits starring the employees. BancorpSouth cites its long-standing relationship with local schools as an integral part of their success, since it enables branches to easily contact teachers and organize educational visits.

Although the bank lacks a formal tracking system to measure the results of its outreach efforts, employees observe a general correlation to the bank’s success in customer acquisition, which further motivates their efforts to deliver value and benefit to the community. Furthermore, BancorpSouth cites that financial education and outreach allows the bank to make direct contact with potential customers and inform unbanked individuals of what BancorpSouth can offer them. These efforts play an integral role in expanding the bank’s customer base and, therefore, its business.

## **Second Chance Checking**

In January 2007, BancorpSouth introduced a transitional checking product, **Second Chance Checking**, which sought to address the needs of a segment of the population that had mismanaged checking accounts in the past but wanted to return to the banking mainstream.

When Customer Service Representatives find that a potential customer is ineligible for a standard checking account, they offer **Second Chance Checking** as a way to facilitate moving back into a regular checking product. Typically, **Second Chance Checking** customers have ChexSystems screenings that are not high enough to qualify for the bank’s standard checking product but have not had fraud, closures, or negative history in the past three years. For a \$6.99 monthly fee, the product allows customers to write checks and use debit cards. After one year, **Second Chance Checking** customers with good history are eligible for a standard free checking account. As of December 31, 2007, the bank reported 1,537 **Second Chance Checking** accounts, with most customers transitioning to regular checking after one year.

## **Loan Programs**

On the credit side, BancorpSouth helps unbanked and underbanked individuals borrow needed funds for home purchases through a combination of loans, counseling, and financial education. Once a customer is pre-approved for a home purchase loan, the bank will offer income-qualified customers the opportunity to also open a **Smart Saver Individual Development Account (IDA)**, which is similar to a money market account. In addition to combining mortgage products with a savings product, the program also includes eight hours of financial education to ensure that customers understand how to handle the products. While there are restrictions tied to the account to discourage early withdrawal of funds, the account proves to be a useful tool in assisting customers with reaching their savings goals. A five-year deed restriction, which is a condition of receiving matching funds under the Smart Saver program, encourages customers to focus on long-term wealth building.

Not only are customers eased back into the banking mainstream through improved awareness and responsibility, they also receive funds toward the purchase of a home. To further encourage customers to save and to make progress toward achieving their goals under the Smart Saver IDA, the bank offers a 3:1 match toward a home purchase to be used for down payment and/or closing costs once customers save \$1,000 in 12 months. In 2007, ten customers participated in the loan program, and BancorpSouth has already exceeded this number through the first half of 2008.

In addition, the loan program can be used in conjunction with the Federal Home Loan Bank HELP grant program in which a first-time homebuyer agrees to education and a five-year deed restriction. Customers applying for Federal Home Loan Bank HELP grant money can qualify for up to an additional \$7,000 toward their down payment and closing costs. As of June 2008, the bank has already awarded all of the Federal Home Loan's \$60,000 allocation. (For 2008, Federal Home Loan Bank of Dallas allocated \$60,000 to each Member Bank for HELP grant funding.) In some areas, customers can pair BancorpSouth's products with state programs to secure more funds. In total, some homebuyers can potentially receive over \$20,000 toward the purchase and closing of their new home.

### **III. Lessons Learned**

- **Unbanked and underbanked individuals do not use banking services because they are often unaware of what is available, and relying solely on marketing efforts often fails to address their needs.** These individuals comprise an entire segment of the population that needs financial literacy training in order to make informed decisions. Targeted educational sessions best inform the unbanked and underbanked of what banks can offer them.
- **Partnering with other community organizations and conducting outreach visits help lay the groundwork for providing financial education programs and building trust within the community.** Hosting education sessions in a comfortable and familiar environment outside of the branch is the best way to encourage attendance and interaction between the attendees and bank employees.
- **Targeted entry-level products provide opportunities for unbanked and underbanked customers to develop sound financial management practices and transition into the economic mainstream.** The bank offers an array of deposit accounts, loans, and asset-building products that encourage and enable unbanked customers to achieve their financial goals.

### **About BancorpSouth**

BancorpSouth, Inc. is a financial holding company headquartered in Tupelo, Mississippi, with approximately \$13.3 billion in assets. BancorpSouth Bank, a wholly-owned subsidiary of BancorpSouth, Inc., operates approximately 300 commercial banking, mortgage, insurance, trust, and broker/dealer locations in Alabama, Arkansas, Florida, Louisiana, Mississippi, Missouri, Tennessee, and Texas. BancorpSouth Bank also operates an insurance location in Illinois.

**Assets, \$Th, as of September 30, 2008: \$13,293,708**

## Carver State Bank

Carver State Bank targets the unbanked and underbanked population in the Savannah, Georgia, area with active outreach, second chance checking products, a credit rebuilder program, first-time homebuyers' seminars and individual development accounts.

*"We pride ourselves on building personal relationships with our customers and build our outreach around this philosophy. Our motto is, 'Money matters, but people really count.'"*

*- Claudia Clarke, Vice President and Senior Lending Officer*

### **I. Target Population**

Carver State Bank's main office is one of only two commercial banking facilities located in one of Savannah's three low-income Census tracts. This ultra modern banking facility is in an inner-city area near downtown Savannah, and serves primarily an African-American population. There are two large HUD-sponsored housing projects bordering this banking facility to the south and west. Even so, the demographic, social, and economic makeup of the community primarily on the north and east has changed in recent years, as the town has undergone gentrification. On December 11, 2007, the bank opened a branch in a diverse, multi-cultural neighborhood, which includes African Americans, Caucasians, Hispanics, Iranians, Chinese, and retirees. Carver State Bank is currently developing outreach programs targeting this new multi-cultural market and plans to hire multilingual staff.

### **II. Initiatives**

#### **Community Involvement and Outreach**

As a locally owned bank, Carver State Bank notes its strong ties to the community. Board members are long-time residents of Savannah, and the bank has worked closely with city officials to determine how to serve the community. For example, one of the mayor's goals is to encourage more unbanked individuals to use financial services provided by banks rather than check cashers and other alternative service providers, a goal that aligns with Carver State Bank's continuing initiatives. The bank's President is currently serving as Treasurer of Savannah's nationally acclaimed Step Up Poverty Reduction Program.

Within the community, the bank conducts outreach and provides basic banking education as part of economic uplift and training programs sponsored by local government, nonprofit organizations, and faith-based groups. The bank reports that these efforts have been successful in encouraging attendees to open accounts at Carver State Bank. Outreach efforts also include working with first-year students of Savannah State University and students at a local elementary school to improve financial literacy and awareness. The bank also actively promotes the personalized service it can provide to customers, especially senior citizens.

## Fresh Start Program

To help ex-convicts re-integrate themselves into mainstream society, Carver State Bank partners with Savannah Impact to teach basic banking and financial management classes based on the FDIC Money Smart curriculum. Topics include opening and maintaining deposit accounts, managing credit, and budgeting. These classes are part of the financial education component of Savannah Impact's **Fresh Start Program**, which provides ex-convicts with a wide range of educational courses upon their release. Additionally, the bank recently helped the Old Savannah City Mission receive a \$250,000 award from the Federal Home Loan Bank to assist with the housing of the students who participate in the Mission's program designed to help ex-offenders become productive members of society.

## First-Time Homebuyers Program

Carver State Bank's **First-Time Homebuyers Program** is offered through partnerships with the city government and neighborhood improvement agencies and provides assistance of up to \$8,000 for individuals who qualify. Informational seminars are provided on a quarterly basis in the lobby of the bank's main office. The sessions typically reach capacity of 125 attendees. Carver State Bank markets the **First-Time Homebuyers Program** and seminar through advertisements in local newspapers. However, bank employees also cite Carver State Bank's reputation in the community as a reason for the program's success.

## Small Business IDA

For start-up and small businesses, Carver State Bank offers Individual Development Accounts to local entrepreneurs. These IDAs are a joint effort between the bank, Economic Opportunity Authority, and the Savannah city government, which matches each participant's savings at a 4:1 ratio up to a maximum of \$4,000 per person. In order to qualify for the account, customers must take a series of classes and develop a business plan. The IDA is held at Carver State Bank, and the city provides matching funds when the IDA matures based on the amount saved over the course of the account.

## Second Chance Accounts

Account-opening procedures at Carver State Bank include ChexSystems references, but individuals with a prior history of closure can qualify for a **Second Chance Account** at the discretion of the Customer Service Representative or Branch Manager. The **Second Chance Account** provides the same services and access available through a regular checking account product, but with additional monitoring by bank employees to ensure proper management and use. To facilitate this process, these accounts are opened with a special numbering system that allows bank employees to distinguish the accounts easily. However, individuals outside of the bank are not able to use the checks to identify these customers. The Carver State Bank customer service representatives provide one-on-one training on how to use the account, avoid overdraft and NSF fees, and all of the negative consequences of mismanaging the account. Since Carver introduced its **Second Chance Account** in September 2003, the bank reports that almost 70 percent of these accounts are still open.

## Credit Rebuilder Loan

Another product offered to unbanked and underbanked customers is the **Credit Rebuilder Loan**, which the bank cites as one approach to transition these individuals from alternative service providers, such as payday lenders, to financial institutions. The **Credit Rebuilder Loan** deposits funds from the loan into a Certificate of Deposit (CD), which is used as collateral. The interest rates for both products are priced at the current CD rate plus 3 percent. The loan can range from \$1,000 to \$10,000, and approval is based on the individual's ability to repay the loan (i.e., debt to income ratio) rather than credit history or credit score. Customers can access the funds once the CD matures, which can range from one to five years. In many instances, the **Credit Rebuilder Loan** customers use the savings as a stepping stone to home ownership by using the savings as a down payment for a mortgage or to cover home furnishing and other move-in costs. Furthermore, since the loans are secured by cash, Carver State Bank limits its risk of incurring a major loss if the customer fails to repay the loan.

### III. Lessons Learned

- **Developing a strong community presence through different outreach strategies enables the bank to attract unbanked individuals.** Through its partnerships with local government agencies, nonprofit organizations, and community and faith-based groups, the bank positions itself as a trusted member of the community that serves the interest of its market.
- **Working with unbanked and underbanked customers requires devoting a significant amount of time and labor to counseling, assisting, and training customers.** Carver State Bank emphasizes its focus on creating personal relationships with its customers, which helps them feel more comfortable in a traditional banking environment. The bank found that unbanked customers often prefer speaking to a bank employee in person or by phone rather than using online or automated phone services, even for routine inquiries.
- **Emphasizing the advantages of developing a customer relationship with a financial institution instead of using alternative service providers is an important value proposition for unbanked and underbanked individuals.** The bank trains its employees to encourage account-opening so that customers can avoid the high fees charged by check cashing businesses. The bank's new branch is directly across the street from two check cashing facilities, and the branch staff has already been able to convince many individuals of the advantages of opening accounts and using the bank instead of the more costly check cashing services.

## About Carver State Bank

Carver State Bank opened in 1927 as a private bank for a small African-American community in Savannah. The bank is located in Chatham County, which contains the City of Savannah, and is predominantly urban. All 13 low-income Census tracts that the bank serves are located in or near downtown Savannah. Currently, Carver State Bank operates one full-service location and three ATMs: one ATM is located at its main office; one at the branch; and the other is located at the Savannah/Hilton Head International Airport. Carver State Bank reports that approximately 16 percent of its current deposit account customers were previously unbanked.

**Assets, \$Th, as of September 30, 2008: \$40,750**



## Central Bank of Kansas City

Central Bank of Kansas City (CBKC) is a Community Development Financial Institution (CDFI) that works to develop products to serve the unbanked and underserved. Despite struggling in the past, CBKC remains committed to achieving its goal of developing programs that resonate with and deliver value to the community. As a result, the bank has created more effective approaches, including its payroll card program for low-income employees and participation in wider community events for educational outreach, informed by past experiences and continued insight into its dynamic market.

*“You better make sure you know your market and who you are serving.” – Bill Dana, CEO*

### **I. Target Population**

#### **Serving a Diverse Immigrant Population**

When the bank was founded in 1951, it served the local Italian community, but since then, the demographic make-up of its market area has changed significantly. As one of the oldest suburban communities in its region, the immigrant and minority population has steadily grown and currently boasts a demographic mix that includes African Americans, Vietnamese, Sudanese, Somalians, and Mexicans. In response to the recent influx of Mexican immigrants, the bank hired eight Spanish-speaking tellers in its lobby as well as Spanish-speaking employees in its New Accounts and Loans departments. The diversity of cultures in CBKC’s community presents challenges in developing effective marketing approaches, as the bank continues to target and outreach to the variety of members in its community.

### **II. Initiatives**

In response to the changing demographics of its market, CBKC has taken a number of approaches to serving unbanked individuals, including innovative product offerings and branch configuration strategies, and the bank continues to refine its programs, which have achieved varying degrees of success.

#### **Hispanic-Focused Branch and Offerings**

One of the bank’s initial efforts was to serve the growing Hispanic immigrant and Hispanic-American community. In 2003, CBKC opened a Hispanic-focused branch and launched a multi-product approach for transitioning this segment of unbanked individuals into the banking mainstream. The bank envisioned offering a prepaid card product with remittance functionalities that would form the foundation for establishing a deeper banking relationship. The bank anticipated that the prepaid card would meet immediate financial needs—accessing funds and transferring money to relatives quickly and affordably—while connecting customers with the banking system. Once customers felt comfortable with the institution, the bank could then promote deposit accounts and credit products. Despite this methodical approach, transaction volumes and adoption of prepaid cards did not meet the bank’s expectations, limiting customer acquisition at the branch. The bank decided to close its Hispanic-focused branch and realigned its strategy by focusing on products and outreach to the unbanked community.

From its prepaid card product experience, CBKC has gained insight about the needs and behaviors of the Hispanic customer segments and has utilized this knowledge to improve subsequent offerings and initiatives. Cultural and social barriers, in particular, presented unforeseen challenges that the bank needed to address. Specifically, the bank had not anticipated the multiple sub-segments within the Hispanic community, which require identifying and responding to generational needs and ethnic nuances represented in the market. For example, the use of financial services differs greatly between first and second generation immigrants. Among first generation immigrants, mistrust of financial institutions, concerns around documentation, and financial dependence of family in their native country influence decisions about financial services and providers. In comparison, the second generation tends to be more acculturated and knowledgeable about banking services. CBKC currently applies this understanding about the diversity and complexity of the Hispanic community to provide more effective marketing and product development.

## **Payroll Cards**

The bank successfully leveraged the knowledge gained from the initial prepaid card product offering into a new payroll card program, which was introduced in March 2007. This refined approach of reaching unbanked individuals at the workplace resulted from the bank's joint efforts with employers to set up payroll accounts for low- to moderate-income employees. Although the program is fairly new, its initial success has been encouraging and has maintained a steady pace, which allows the bank to accurately predict volumes and transaction. As of September 2008, the bank has issued 1,500 payroll cards.

In the bank's payroll card program, employers become the de facto card distributor. Currently, payroll cards are distributed at 34 employer sites, with an average of 44 employees participating per site. Issuing and then reloading cards rather than issuing paychecks benefits employers, since they do not need to write weekly checks for unbanked employees who do not have access to direct deposit. For consumers, these payroll cards provide the major advantage of preventing individuals from overdrawing on their account. If a customer uses the payroll card at the point-of-sale, they do not get charged NSF fees or merchant fees. For the bank, offering payroll cards necessarily increases card volume, but because the bank does not charge any initiation or transaction fees to generate revenue, the bank faces concerns with regard to the program's profitability and viability.

## **Education and Outreach**

CBKC believes that education is a key component to helping the unbanked community, providing the requisite discipline, knowledge, and wherewithal to use banking products wisely. Although the bank has sought to increase its reach by providing educational programs through community services, churches, and social service organizations, it faced challenges in attracting attendees. Fewer than ten people attended the sessions, despite the bank's efforts to partner with other community organizations and to provide the convenience of free meals and babysitting services.

For this reason, the bank has taken initiative to modify its approach to education, working with different organizations and community groups to conduct more effective outreach. It participates in larger community events that attract a broader audience, such as the local “Get Smart About Credit Day” and “Financial Fitness Week,” which is led by the Federal Reserve Bank of Kansas City and the FDIC in partnership with CBKC, United Way, and the Mexican Consulate. The bank also began offering financial education classes at a home for abused women who lack the know-how to handle and manage finances.

A statewide financial education requirement in high schools provides another channel through which to educate the community. CBKC was involved in advocacy efforts for mandatory financial education, and in 2005, the State Board of Education added a one-semester personal finance course to its graduation requirements for all public high school students, beginning with the Class of 2010.

### ***III. Lessons Learned***

- **Multiple segments exist within the Hispanic market, which need to be addressed in order to successfully serve the unbanked.** Many intricacies and complexities exist within the immigrant communities, which require a thorough understanding in order to tailor products to meet the specific needs of various generational and ethnic sub-segments.
- **There is no silver bullet that will resolve the various challenges in the unbanked and underbanked population.** Banks should continually develop a variety of outreach programs and refine products and services which help unbanked individuals enter the banking mainstream.
- **Lack of financial literacy is often at the root of financial mismanagement, so education and outreach, particularly through community partnerships, are imperative to developing better banking customers.** Immigrant sub-segments have different levels of understanding and comfort with the banking system, and banks must assess and address their financial literacy through partnerships with community organizations in order to build trust and provide understanding, which will encourage their use of banking services.

### **About Central Bank of Kansas City**

Central Bank of Kansas City is a \$162 million CDFI located in the Kansas City metropolitan area. Three of their six locations are in Kansas City’s urban core. Its Kansas City footprint is located on the east side of the city, a geography that produces a preponderance of low- to moderate-income or distressed Census tracts. The bank also operates six ATMs located at all of the locations except for its Archie facility. In addition, the bank operates three ATMs at off-premise locations—one at a local university in Kansas City’s urban core and two at convenience stores in distressed communities. The bank’s largest loan products by dollar volume are commercial loans, including commercial and industrial loans and commercial real estate loans, and residential real estate loans. The bank’s lending emphasis is on commercial and retail (small business) lending. Central Bank of Kansas City is owned by Central Bancshares of Kansas City, Inc., Kansas City, Missouri, a one-bank holding company.

**Assets, \$Th, as of September 30, 2008: \$165,010**



# KeyBank

KeyBank's strategy for serving the unbanked and underbanked populations consists of an integrated approach that includes product development, technology, modified retail operations, outreach, financial education, and strong management support. The KeyBank Plus program offers low-cost check cashing and money orders for non-customers and was developed as a way to attract clients to the bank with the goal of converting them to deposit account customers over time.

*"We believe the unbanked/ underbanked constitute a significant market and that we are able to meet their needs in a reasonably price, profitable and respectful way."*

*– Michael Griffin, SVP, Community Development Banking*

## I. Target Population

One-quarter of KeyBank's branches are located in low- to moderate-income Census tracts, and the bank reports that its management team constantly seeks new and better ways to make those branches more effective and profitable. In addition, KeyBank has learned that many of their branches in middle and upper income areas can be productive locations for these programs. The unbanked and underbanked segments targeted include working poor, urban residents, African Americans, and Hispanic Americans.

## II. Initiatives

### KeyBank Plus Program

KeyBank believes that unbanked and underbanked individuals in their service areas need different products and approaches than what is offered to mainstream customers. Bank executives initially planned to center outreach efforts on marketing savings accounts with a minimum balance and free checking accounts that would be affordable and easy to use. However, the bank quickly realized that it would first need to recognize and identify the reasons why individuals were unbanked. Employees observed that individuals often prefer alternative service providers to financial institutions either because they do not understand how bank accounts work or because they have had negative experiences with banks in the past. Based on this understanding, KeyBank decided to change its outreach approach by offering check cashing services at a low price, as a means to bringing the unbanked into branches. Check cashing is an important first step in establishing a comfort level between the unbanked and the financial institution before offering other, more economical banking products.

In 2004, the bank began offering check cashing services through a pilot program for the **KeyBank Plus Program**, which involved five branches in Cleveland and soon expanded to 26 branches in and around the Cleveland area. KeyBank currently offers check cashing in 177 branches, branded as **KeyBank Plus**, in six different markets in Cleveland, Akron, Upstate New York, Colorado, and Oregon. The program provides fee-based check cashing to non-depository clients. In three of the markets, the fee is 1.5 percent with a \$22.50 maximum fee and 1 percent in the remaining markets with a \$25 maximum fee. Since its inception, the bank has enrolled over 22,000 people and cashed over \$58 million in checks, with check size averaging about \$700.

To enable the bank to offer low-cost check cashing, KeyBank utilizes a biometric technology system for authentication of repeat check cashing customers to expedite the process and reduce risk for repeat check cashing customers. Enrolled check cashing customers simply swipe state-issued identification cards (e.g., drivers' licenses) and place their finger on a scanning device to validate their identity for the bank teller. To use this service, customers must enroll in the program so that their checks can be cashed quickly, usually in about a minute. Customers have reacted positively to the authentication system because they feel it provides security for them and prevents other people from stealing and cashing their checks at the bank. The system will also alert tellers if a particular transaction deviates from a behavioral norm and allows the teller to determine whether or not the check should be cashed. For example, if a customer cashed checks for \$500 every two weeks over a long period of time, the system would recognize that cashing a \$1,000 check would be outside of the normal parameters.

As KeyBank introduces check cashing services to more branches, one of the bank's goals is to transition unbanked and underbanked customers from check cashing to mainstream banking products and services. However, the bank is cautious in its approach because "the reality of the situation is that some people are only comfortable with check cashing, so we need to manage our expectations and respect their preferences." The bank refrains from pressuring check cashing customers to use other banking products if they feel uncomfortable with changing the way they handle their finances. As part of this approach, the bank also offers five free money orders for each check cashed, which provides an affordable and convenient way for customers to pay bills without a deposit account.

Branch managers have observed that when new customers seeking check cashing services learn that they qualify for a checking account, the majority decide to open an account instead of cashing their check. (The bank does not record the number of accounts opened by new customers who come to the bank with the original intention of cashing their checks.) In addition, the bank estimates that 20 percent of its check cashing customers also have an account at KeyBank, which classifies them as underbanked individuals. Bank employees explain that although these customers have accounts, they may cash some of their checks because it allows for an immediate availability of funds, an advantage relative to depositing funds in checking or savings accounts.

Currently, KeyBank cashes government and payroll checks but does not accept third-party checks, with the possible exception of existing customers cashing checks issued by insurance companies. The general guidance is that checks should be pre-printed, but if branch managers or personnel have previous experience with a local employer who typically issues handwritten checks, they will permit those checks to be cashed. Importantly, the bank does not restrict check cashing to on-us checks.

The bank reports that check cashing services have been a successful venture for KeyBank, and it has incurred a minimal loss compared to the standard check-cashing business. Branch managers have welcomed this approach because they view check cashing as income that feeds directly to their bottom line. Opportunity in the market exists because managers see the potential profitability and ability to attract new customers who would not otherwise come into the bank. Furthermore, because the bank already had the necessary brick-and-mortar branches and personnel, it was also able to make the business case to offer services at a lower price than traditional check cashers without major investment. New challenges in the marketplace compel KeyBank to evaluate and evolve its products and services, however. For instance, the state of Ohio recently passed a 28 percent interest rate cap on payday lending. Restricting interest rates may influence unbanked and underbanked individuals' use of payday lending and alternative service providers overall, particularly check cashing behavior. While the implications of this new restriction have yet to be determined, it could potentially have a positive effect on KeyBank's check cashing volumes and service to unbanked and underbanked populations in its Ohio markets.

## Education and Outreach

KeyBank utilizes two different approaches in its efforts to reach out to the unbanked and underbanked. To target consumers, the bank advertises in radio, buses, transit stops, community newspapers, and neighborhood development group newsletters. To attract customers within the vicinity of bank locations, **KeyBank Plus** branches announce the availability of their check cashing service with banners stating "Check Cashing: No Account Required, ChexSystems Welcome." Radio remotes are also scheduled inside some branches. KeyBank also partners with faith-based organizations, schools, and community development organizations to provide financial education and information about products and services at the organization's location.

On the payroll side, KeyBank utilizes a program called **Key at Work** to provide services to employees of employers that are KeyBank customers. In addition to providing free checking and savings accounts to employees, the bank also offers discounts on other bank products. For employees who do not have, or cannot establish, a traditional bank account, the bank offers **PayWorks**, a reloadable payroll card through which they can access their salary.

One of the bank's branches has a financial education center at the location. At the center, customers are encouraged to set financial goals and are given \$250 to deposit once they achieve their goals. The center also provides IDA education, with a focus on home purchases and eligibility for Earned Income Tax Credits (EITC). In addition to informing people that they qualify for EITC and can avoid refund anticipation loans (RAL), the bank also offers free tax preparation services, in cooperation with EITC Coalitions across its footprint, when the customer opens an account. The bank also has staff on hand to open accounts for direct deposit and to present information about other bank products. For alternative service providers, tax season presents the most opportunities to acquire new clients for check cashing services. Over time, the bank hopes to increase awareness in the community so that individuals who come to the center for tax preparation services plan to set aside 25 percent of their tax refund toward savings rather than spending the entire amount.

## Future Products

KeyBank plans to offer remittance products in the future and believes that it is something that they “need to offer” due to customer demand.

KeyBank identified that offering bill payment services, while valuable to the community, is a more difficult endeavor for the bank. KeyBank offered utility bill payment in the past, but the service required that tellers undertake the daunting task of aggregating and tallying a large volume of bills at the end of each day. The bank is trying to find an alternative technology solution for bill payment, possibly full-service kiosks located in branches.

## Market Research

To gain insight into the unbanked and underbanked population, KeyBank meets regularly with local nonprofit organizations and community development corporations and conducted several focus groups with customers and non-customers to determine whether KeyBank’s products and services meet the community’s needs. Findings from these research efforts helped form the bank’s outreach efforts and measure the effectiveness of current offerings, so as to help identify successes and concerns in the banks’ approach. Anecdotally, one focus group asked people to identify characteristics of check cashers and bankers. Respondents described check cashers as comfortable and familiar members of their communities and neighborhoods, while bank employees were perceived to be corporate outsiders who did not belong to their neighborhood and made them feel uncomfortable. To overcome client misperceptions, KeyBank encouraged unbanked customers to come into the branch, see that they can be comfortable with branch personnel, who often live in the community, and overcome their ideas of what the bank is and what kind of clientele the bank looks for.

While the unbanked and underbanked had their own misperceptions of bank employees as unwelcoming and unfamiliar, some bank employees also had their own views of check cashing customers. Some employees had characterized these customers as less honest and less trustworthy than mainstream, conventional account-holding customers. To combat these notions and to improve their relationship with and understanding of customers, KeyBank’s leadership sought to change employees’ perceptions by holding training sessions on-site.

KeyBank has also promoted research by and provided funding to other organizations. In 2007, it sponsored a study with the Ford Foundation and the Center for Financial Services Innovation to segment check cashing behavior, determine how likely customers would be interested in banking products, and identify whether these preferences were due to convenience or price sensitivity. In 2007, the bank made investments in a fund that focuses on investing in technology and programs that develop products for the underbanked.

### **III. Lessons Learned**

- **Break down misperceptions on both the client and employee sides through education and awareness.** KeyBank accomplished this by identifying unbanked individuals' misgivings about financial institutions and their employees, addressing their concerns, and inviting them to branches to establish a personal connection with bank staff. On the other hand, the bank also educated its employees about check cashing customers in an effort to overcome negative misperceptions and to facilitate respectful customer interaction that would enable the bank to deliver value to unbanked individuals.
- **Check cashing clients represent a similar segment of the population as those who use deposit accounts but have simply chosen to manage their finances in a different way.** Some prefer to use check cashers, despite the higher service fees, because they know the exact costs involved, can receive the money tangibly and immediately, and know how much they have available to use until they receive their next paycheck. Offering and marketing products and services, such as check cashing, that provide the same conveniences and benefits enables banks to provide immediate value to unbanked individuals, in addition to mechanisms for transitioning into the financial mainstream.
- **Financial education is essential to help the unbanked make informed decisions.** Without knowledge of how banking products work, consumers may not be willing to deal with banks and will continue to use traditional check cashing services.

#### **About KeyBank**

KeyBank is a nationally-chartered bank headquartered in Cleveland, Ohio. The bank was formed in 1994 through the merger of Society Corporation of Cleveland and KeyBank Albany, New York. KeyBank has approximately 18,400 employees and 2.2 million retail, small business, and corporate and investment clients. Its 965 branches and 1,444 ATMs are located in Alaska, Colorado, Idaho, Indiana, Kentucky, Maine, Michigan, New York, Ohio, Oregon, Utah, Vermont, and Washington. KeyBank is owned by KeyCorp.

**Assets, \$Th, as of September 30, 2008: \$97,811,238**



# Survey Instrument





# Federal Deposit Insurance Corporation Survey of Banks' Efforts to Serve the Unbanked & Underbanked

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*Please mark any edits here*

Bank Name:

Bank Holding Company:

Assets (as of Dec. 31, 2007)

Number of Deposit Branches (as reported on June 30, 2007  
*Summary of Deposits* (Non OTS-supervised institutions) or *Branch  
Office Survey* (OTS-supervised institutions)):

Full-Service (Brick and Mortar) Offices:

Full Service Retail (In-Store) Offices:

Limited Service Offices (Drive-thru facilities, mobile or seasonal  
offices, military facilities):

Other offices:

Respondent Name:

Respondent Title:

Address:

Telephone Number:

*Please return completed survey by **June 6<sup>th</sup>** to:*

[FDICsurvey@doveconsulting.com](mailto:FDICsurvey@doveconsulting.com)

**Dove Consulting, 2 Atlantic Ave., Boston, MA 02110  
(617) 482-2100 (telephone) / (617) 482-1470 (fax)**

[www.doveconsulting.com](http://www.doveconsulting.com)

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## **PUBLIC BURDEN STATEMENT**

This survey collects information to fulfill a mandate in Section 7 of the Federal Deposit Insurance Reform Conforming Amendments Act of 2005 (Pub. L, 109-173) that the FDIC conduct ongoing surveys and submit periodic reports to Congress on efforts by insured depository institutions to bring unbanked and underbanked individuals into the conventional finance system. The FDIC believes this survey takes an average 290 minutes per response to complete. Send comments regarding the estimate or any other aspect of this form, including suggestions for reducing completion time, to the Office of Management and Budget, OIRA, Washington, D.C. 20503, or the Paperwork Clearance Officer, FDIC, 550 17<sup>th</sup> Street, N.W., Washington, D.C. 20429. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

## **CONFIDENTIALITY NOTICE**

Any information you provide will be strictly confidential. Individual responses to the survey will not be shared with the public or the industry. The FDIC will be informed of your bank's participation, but your responses will only be used in the aggregate with responses from other banks to ensure the confidentiality of your submission.

## **SURVEY CONTACTS AND ASSISTANCE**

If you have any questions or concerns about the survey, please call:

**Ed Bachelder** at (617) 753-9223 or FDIC contacts:

**Barbara A. Ryan**, Deputy to the Vice Chairman, (202) 898-3841

**Angelisa M. Harris**, Senior Community Affairs Specialist, Division of Supervision & Consumer Protection, (202) 898-6645

**Yazmin E. Osaki**, Special Assistant to the Deputy to the Vice Chairman, (202) 898-6553

## SURVEY INSTRUCTIONS

Your bank has been selected for the FDIC Survey of Banks' Efforts to Serve the Unbanked & Underbanked. The FDIC would appreciate your confidential participation in this important effort.

We have provided a few guidelines to help you complete this survey below:

1. Please review all of the survey sections first to best assess the effort and input that your bank will require to complete the survey. FDIC ran a Pilot Test of the survey in November 2007 and most participating banks found that they required the input of several groups or departments within their bank to successfully complete all of the questions.
2. Please provide all responses for your bank on one copy of the survey (either in hard-copy or electronic form). However, *if policies, product & service offerings, and/or pricing structures vary significantly across your retail bank operations, please complete a separate survey form for each entity. To limit the effort needed to participate, large banking organizations do not need to fill out more than three surveys.*
3. For an electronic MS-Word version of the survey please email Ed Bachelder at [ebachelder@doveconsulting.com](mailto:ebachelder@doveconsulting.com).
4. Please return your completed survey to Dove Consulting in the business reply envelope provided, fax it to 617-482-1470, or email it to [FDICsurvey@doveconsulting.com](mailto:FDICsurvey@doveconsulting.com).

### Important:



For additional survey forms or assistance please contact Ed Bachelder at (617) 753-9223 or [ebachelder@doveconsulting.com](mailto:ebachelder@doveconsulting.com)



Please return your completed survey by **June 6<sup>th</sup>, 2008**

## SURVEY TERMS & DEFINITIONS

Term	Definition
Bank	An FDIC-insured financial institution (bank or thrift)
Bank Footprint	Census tracts in the bank's current CRA evaluation area
Conventional Checking Account	Checking, NOW, DDA, MMDA
Debit Card	Card linked to a transaction account
Established Customer	An individual who has had a deposit account for more than 30 days
Full-Service (Brick and Mortar) Offices	SOD office service type code 11 (not reported in the Branch Office Survey (OTS-supervised institutions); see <a href="http://fdic.gov/sod/pdf/SOD_2007_Instructions.pdf">fdic.gov/sod/pdf/SOD_2007_Instructions.pdf</a> )
Full-Service Retail (In store) Offices	SOD office service type code 12 (not reported in the Branch Office Survey (OTS-supervised institutions); see <a href="http://fdic.gov/sod/pdf/SOD_2007_Instructions.pdf">fdic.gov/sod/pdf/SOD_2007_Instructions.pdf</a> )
Limited Service Offices	SOD office service type codes 22, 23, and 29 (not reported in the Branch Office Survey (OTS-supervised institutions); see <a href="http://fdic.gov/sod/pdf/SOD_2007_Instructions.pdf">fdic.gov/sod/pdf/SOD_2007_Instructions.pdf</a> )
Low and Moderate Income (LMI)	Low income: Income equal to or less than 50% of the median income of the local metropolitan area (MSA) or appropriately defined rural area Moderate income: Income from 50% to 80% of the median income of the local metropolitan area (MSA) or appropriately defined rural area
Non-Customer	An individual who does not have a deposit account or credit relationship with your bank
Number of Deposit Branches	As of June 30, 2007, as reported in the Summary of Deposits (SOD) submitted to the FDIC or in the Branch Office Survey (reported to the OTS by OTS-supervised institutions)
Other offices reported on the Summary of Deposits	SOD office service type codes 13, 21, and 30 (not reported in the Branch Office Survey (OTS-supervised institutions); see <a href="http://fdic.gov/sod/pdf/SOD_2007_Instructions.pdf">fdic.gov/sod/pdf/SOD_2007_Instructions.pdf</a> )
Prepaid Card	Not linked to a transaction account. Money can be loaded onto the card. Excludes gift cards
Savings Account	Statement savings, Passbook, Certificates of Deposit, etc.
Unbanked	Individuals who do not have an account with a depository institution (a commercial bank, savings institution or credit union) or a transaction account with a money market mutual fund or brokerage firm
Underbanked	Individuals who have a deposit account but also rely on alternative non-bank financial service providers (such as check cashing firms or payday lenders) for transaction or credit services

STRICTLY CONFIDENTIAL. Responses to the survey will not be shared with the public or the industry. Responses will be aggregated to ensure confidentiality.

## II. RETAIL BANK INFORMATION

Please provide the following information related to consumer accounts/cards as of December 31, 2007:

1. Number of conventional transaction accounts  
 (e.g., checking, DDA, NOW, MMDA):.....
2. Number of non-transaction savings accounts:.....
3. Number of entry deposit accounts\* designed for  
 individuals not qualified for conventional accounts:.....
4. Number of debit cards issued and active:.....
5. Number of prepaid cards issued and active:.....
6. Number of credit cards issued and outstanding:.....

Number of ATMs operated by your bank. Please indicate approximate numbers of ATMs by location and functionality:

<u>Location</u>		<u>Functionality</u>	<u>Number</u>
Inside LMI tracts.....		Basic cash dispense only.....	
Outside LMI tracts....		Basic cash dispense <u>and</u> deposit acceptance...	
		Advanced functionality with bill payment and/or automated money order and/or prepaid card....	
<b>Total ATMs</b>	=		<b>Total ATMs</b>

\* "Entry deposit accounts" may include limited features designed to serve individuals with insufficient financial history or derogatory data in ChexSystems, or similar third-party screen, needed for a conventional transaction account.

STRICTLY CONFIDENTIAL. Responses to the survey will not be shared with the public or the industry. Responses will be aggregated to ensure confidentiality.

## II. EDUCATION & OUTREACH

A. Does your bank perceive that there are **unbanked or underbanked populations in your market area?**

Yes  No  Don't know

B. Does your bank **provide financial education materials** (i.e. brochures, content on a website, etc.) aimed at the unbanked and/or underbanked on the following topics? Mark all that apply.

Financial Education Materials	For Unbanked	For Underbanked
Basic Banking (Deposit and Credit Products).....	<input type="checkbox"/>	<input type="checkbox"/>
Predatory /Abusive Lending Prevention.....	<input type="checkbox"/>	<input type="checkbox"/>
Savings Programs.....	<input type="checkbox"/>	<input type="checkbox"/>
Home Ownership/Mortgage Products.....	<input type="checkbox"/>	<input type="checkbox"/>
Credit Counseling.....	<input type="checkbox"/>	<input type="checkbox"/>
Other (Explain).....	<input type="checkbox"/>	<input type="checkbox"/>
Bank does not provide financial educational materials for This population (Skip to II.B.3 below).....	<input type="checkbox"/>	<input type="checkbox"/>

1. Please describe the types of materials provided for:

a) Unbanked:

b) Underbanked:

2. Have the financial education materials helped to establish banking relationships with:

a) Unbanked individuals?..... Yes.....  No..... Have not evaluated

b) Underbanked individuals?..... Yes.....  No..... Have not evaluated

STRICTLY CONFIDENTIAL. Responses to the survey will not be shared with the public or the industry. Responses will be aggregated to ensure confidentiality.

3. Does your bank participate in education or outreach efforts with any organizations that could bring unbanked or underbanked individuals into the conventional banking system and/or reduce the use of non-bank financial services providers for unbanked individuals? *Examples may include: employers who use payroll cards, government entities that use electronic benefit transfer (EBT) or prepaid cards, faith-based groups that provide cash assistance, etc.*  Yes  No

a. If yes, please describe.

- C. Does your bank teach (either directly or through a third-party) financial literacy and education sessions, such as classes or workshops, that target unbanked and/or underbanked individuals? Check all that apply.

Yes, at bank facilities  Yes, at off-premise locations  No

1. If yes, for how long has your bank been providing the sessions? *Years (Mark 0 if don't know)*

2. If yes, mark all types of sessions that your bank provides:

- |  |   |
|--|---|
| <input type="checkbox"/> Basic Banking (Deposit and Credit Products) | <input type="checkbox"/> Home Ownership/Mortgage Products |
| <input type="checkbox"/> Predatory /Abusive Lending Prevention       | <input type="checkbox"/> Credit Counseling                |
| <input type="checkbox"/> Savings Programs                            | <input type="checkbox"/> Other:                           |

- D. Did your bank conduct **off-premise financial education outreach visits** targeted toward the unbanked or underbanked during calendar year 2007?  Yes  No

1. Please indicate which locations your bank has visited for outreach sessions:

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> High Schools                 | <input type="checkbox"/> Employer Sites                | <input type="checkbox"/> Public Gatherings/Fairs |
| <input type="checkbox"/> Local/State Government Sites | <input type="checkbox"/> Community-based Organizations |  |
| <input type="checkbox"/> Vocational Schools/Colleges  | <input type="checkbox"/> Military Installations        | <input type="checkbox"/> Other:                  |

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E. Does the bank work with corporate or business customers to provide services for their unbanked employees?

Yes  No

1. If yes, does the bank offer payroll cards?  Yes  No

a) If yes, how many payroll cards has the bank issued during the year 2007?

b) Describe the features and fees associated with this card (if any).

F. Does the bank use targeted marketing (e.g., meetings with large employers, mailings, etc.) to reach unbanked and/or underbanked individuals?  Yes  No

1. If yes, are there particular segments of the unbanked and/or underbanked population your bank is targeting?

Yes  No

2. If yes, which segments? Mark all that apply.

Working poor  Consumers on public assistance  Post disaster assistance

Urban residents  Rural residents  Immigrants

African-Americans  Hispanic-Americans  Asian-Americans

Other:

G. Does the bank have any **other outreach and education programs** to encourage unbanked or underbanked consumers to open an account?  Yes  No *If yes, please describe.*

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H. What are the three most effective types of financial education, outreach, and marketing programs that your bank has used **to help establish account relationships** with unbanked and/or underbanked individuals? Please rank 1 to 3, where 1 = most effective, 2 = second most effective, and 3 = third most effective.

Ranking	Programs	Advantages/Disadvantages
	Financial Education Materials	
	Providing Financial Education Sessions	
	Outreach Visits	
	Participation in Other Organizations	
	Targeted Marketing	
	Other:	

I. Has your bank identified **expanding services to unbanked and underbanked individuals** in your market area as a priority in your bank's business strategy?  Yes  No  Don't know

J. Has your bank **conducted research** on unbanked or underbanked consumers in your CRA assessment area?  
 Yes  No  Don't know

1. If yes, please summarize this research.

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K. What are three activities that banks could do, in general, that would be most effective in **bringing unbanked individuals and families** into the conventional banking system?

- 1.
- 2.
- 3.

L. What challenges does your organization face in serving or targeting unbanked and underbanked individuals? *Please rank order by importance, where 1 = greatest challenge, 2 = second greatest challenge, etc.*

Profitability issues

Competition from alternative service providers

Unfamiliar with this population

High cost of customer acquisition

Internal challenges

Regulatory barriers related to customer identification

Fraud concerns

Other:

M. Does your bank perceive any **regulatory impediments** to providing/developing specialized products and services for unbanked or underbanked consumers?  Yes  No

1. If yes, please describe.

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### III. RETAIL BRANCH INFORMATION

A. Does your bank offer extended, non-traditional evening and/or weekend hours at **any** of your bank's locations?  Yes  No *If yes, check all that apply, and indicate typical hours:*

Branch Type	Extended Weekday Evening Hours (After 5 pm)	Saturday Afternoon Hours (After 1 pm)	Sunday Hours
Full Service Brick and Mortar Branches	<input type="checkbox"/> Until pm	<input type="checkbox"/> Until pm	<input type="checkbox"/> Hours to
Full Service Retail (In-store) Branches	<input type="checkbox"/> Until pm	<input type="checkbox"/> Until pm	<input type="checkbox"/> Hours to
Limited Service Branches	<input type="checkbox"/> Until pm	<input type="checkbox"/> Until pm	<input type="checkbox"/> Hours to

B. What languages, other than English, does your branch staff use to interact with customers?

- Spanish                       Chinese                       Vietnamese  
 Korean                       Tagalog                       Other:

C. Has the bank **modified its retail operations** over the past five years to make it easier or more welcoming or convenient for unbanked or underbanked consumers to take advantage of its services?  Yes  No

1. If yes, which approaches has the bank pursued? (Check all that apply)

- Extended banking hours                       Non-traditional locations (community centers, supermarkets, etc.)  
 New branch located in LMI area                       Innovative branch formats/designs (e.g. more casual lobby décor)  
 Internet or mobile banking                       External ATMs (walk-up and through the wall)  
 Off-Premise ATMs                       Other:

2. If yes, please describe what you have done.

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D. Please indicate efforts your bank makes as part of its branch strategy to serve the unbanked and underbanked in your market areas:

- Check cashing                       Money orders                                       Kiosks for check cashing  
 Bill payment services               Prepaid card issuance and reloading  Other:

#### IV. SERVICES PROVIDED TO NON-CUSTOMERS

A. If an individual **does not have an account relationship** with the bank, will the bank typically cash the following types of checks?

Type of Check	Cash Check for Non-Customer?	If Yes:	
		Is a Fee Charged?	Typical fee per check cashed by non-customers <i>Please indicate either a fixed dollar amount or percentage of face value</i>
<u>Business</u> check drawn on your bank (On-us)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<u>Personal</u> check drawn on your bank (On-us)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<u>Business</u> check <u>not</u> drawn on your bank (Local)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<u>Payroll</u> check <u>not</u> drawn on your bank (Local)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<u>Personal</u> check <u>not</u> drawn on your bank (Local)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<u>Government</u> check	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<u>Double endorsed check from a third-party</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	

1. Please describe the bank's concerns which may have led to limitations on transactions for non-customers.

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B. Does the training provided to the bank’s tellers and other customer service representatives **include strategies for reaching out** to unbanked or underbanked consumers (e.g., encouraging individuals who do not have a transaction or savings account who are cashing paychecks to open an account)?  Yes  No

1. If yes, please describe.

C. What forms of **consumer identification or validation** does the bank rely on for individuals who do not have an account relationship to cash a check?

Identification Forms	Not Accepted as ID for check cashing	Primary: Sufficient alone by itself	Secondary: Insufficient alone but acceptable with another secondary ID
Driver’s license	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
State-issued photo ID	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Social Security number	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Passport (US. or foreign)	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Military ID	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Student/school ID card	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Employer letters/pay stub	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Matrícula consular	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Utility bills/payments	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Housing lease	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Individual Taxpayer Identification Number (ITIN)	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Other:	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

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1. Does the bank issue check cashing cards to individuals who do not have an account relationship?  
 Yes  No
2. Which of the following techniques or technology does your bank use to verify the identity of individuals who do not have an account relationship for check cashing?  
 Fingerprinting  Biometrics  
 None  Other:

D. Which of the following **transaction products/services does the bank offer** to individuals who do not have an account relationship with your bank, and what would the fees be if they were customers with established deposit accounts?

Product/Service	Offer for Non-Deposit Customers?	For a Non-Customer		For Customer	
		If a fixed fee is charged per item please indicate the <i>typical</i> fee	If a fee is a percentage of the dollar amount, please indicate the <i>typical</i> percentage rate	If a fixed fee is charged per item please indicate the <i>typical</i> fee	If a fee is a percentage of the dollar amount, please indicate the <i>typical</i> percentage rate
Bank/official checks	<input type="checkbox"/> Yes <input type="checkbox"/> No		%		%
Money orders	<input type="checkbox"/> Yes <input type="checkbox"/> No		%		%
Domestic wire transfers	<input type="checkbox"/> Yes <input type="checkbox"/> No		%		%
International remittances (not ACH)	<input type="checkbox"/> Yes <input type="checkbox"/> No		%		%
International ACH transfers	<input type="checkbox"/> Yes <input type="checkbox"/> No		%		%
Foreign currency exchange	<input type="checkbox"/> Yes <input type="checkbox"/> No		%		%
Bill payment (e.g., utility)	<input type="checkbox"/> Yes <input type="checkbox"/> No		%		%
Reloadable prepaid debit cards (Visa, MasterCard, etc.)	<input type="checkbox"/> Yes <input type="checkbox"/> No		%		%

1. For any of the services above, does your bank offer lower prices for customers as an incentive to open an account?  Yes  No

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E. Is your bank concerned about offering remittances due to regulatory requirements?  Yes  No

1. If yes, please describe any regulatory concerns you may have in offering this product.

## V. ACCOUNT OPENING & ONBOARDING PROCESS FOR NEW CUSTOMERS

A. What forms of **government-issued identification** does the bank accept as part of the new account opening process?

Driver's license

US or Foreign Passport

Social Security number

Matricula consular

State-issued ID card

ITIN

Military ID

Other:

B. Which, if any, of the following **alternative sources of information** does the bank accept to verify a prospective deposit customer's identity?

Utility bills/payments

Housing lease

Employer letters/pay stub

Other:

None

C. What **account screening and risk management tools** are used for new deposit accounts?

ChexSystems/Qualifile

Early Warning Services (formerly Primary Payment Systems)

OFAC Lists

Credit Bureau Reports

None

Other:

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D. Can a new customer **open a deposit account without the bank screening the customer using ChexSystems** or a similar third-party screen being used by the bank?

Checking account:..... Yes..... No

Savings account:..... Yes..... No

E. If an applicant screening process returns a negative hit, what is the bank's policy regarding account opening/overrides?

Application is automatically rejected

Account opening decision is made at the discretion of the new account representative

Account opening decision is made at the discretion of the branch manager

Application is submitted to a centralized back office for review

Other:

F. Does the bank use **credit report or bureau scores** as part of its screening process for new checking accounts?

Yes  No

G. What are the **top three most common reasons that a new account application is declined?** Please rank the three most common reasons 1 to 3, *where 1 = the most common reason, 2 = the second most common reason, and 3 = the third most common reason.*

Insufficient identification information

Negative account screening hit due to prior account closure or mismanagement

Negative account screening hit due to potential fraud alert

No credit score/Insufficient credit history

Low credit score/ or poor credit record/credit history

Insufficient initial deposit

Other 1:

Other 2:

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H. If a new account applicant does not qualify for a conventional checking account, does the bank offer any **entry deposit accounts designed for individuals not qualified for conventional accounts that can serve as a 'stepping stone' account** (e.g., an account with debit card access but no check writing)?

Yes  No

1. If yes, please describe the alternative account(s) offered. Include information related to products, transaction restrictions, fees, etc.

*If possible, please include a copy of the product description or marketing brochure for any alternative accounts*

Account A:                      Date Introduced:

Account B:                      Date Introduced:

Account C:                      Date Introduced:

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## VI. DEPOSIT PRODUCTS

A. Does the bank's most basic or entry level checking account have a **minimum balance** requirement?

Yes       No, but only with direct deposit       No

1. If minimum balance is required, what is the minimum balance?

\$      with direct deposit / \$      without direct deposit

2. If minimum balance is not required, what other fees apply?

\$      with direct deposit / \$      without direct deposit

B. For the most basic transaction deposit account, what **payment options** are included/available?

Product	Included at No Cost	Available for a Fee	Not Offered	Monthly Fee (if applicable)	Per-Transaction Fee (if applicable)
Check writing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$
ATM card (PIN-only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$
Debit card signature (Visa/MasterCard)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$
Online bill payment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$

C. Does the bank charge a per-item **NSF fee** on its most basic (lowest cost) transaction account?  Yes  No

1. If yes, what is the standard or typical NSF fee for this account? \$

2. Does the bank offer any programs to cover or waive NSF items on this account?  Yes  No

a) If yes, please describe:

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3. Does the bank offer 'alerts' to notify customers with these accounts of low balances or NSF transactions on this account?  Yes  No

4. Will the bank automatically close this account if a threshold number of NSF items are reached or there is a persistent negative balance?  Yes  No

a) If yes, what is the monthly threshold? \_\_\_\_\_ /month

## VII. SAVINGS ACCOUNTS

A. For savings accounts with balances of \$500 or less, which, if any, of the following accounts are offered and what are the interest rates paid on the accounts?

Product/Service	Offer for Customer?	Interest Rate Offered (as of Dec. 31, 2007)
Basic Savings (non-transactional)	<input type="checkbox"/> Yes <input type="checkbox"/> No	%
Individual Development Accounts	<input type="checkbox"/> Yes <input type="checkbox"/> No	%
IRS VITA Program (direct deposit or split refund)	<input type="checkbox"/> Yes <input type="checkbox"/> No	%
Money Market Deposit Accounts	<input type="checkbox"/> Yes <input type="checkbox"/> No	%
Specialized Savings Clubs	<input type="checkbox"/> Yes <input type="checkbox"/> No	%
Workplace-based Programs	<input type="checkbox"/> Yes <input type="checkbox"/> No	%
Other (please describe):	<input type="checkbox"/> Yes <input type="checkbox"/> No	%

B. Does the **bank partner with organizations** (e.g., by operating a high school branch or employer location) to promote savings products?

Yes  No

*If yes, please describe:*

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## VIII. PAYMENT PRODUCTS

A. How soon (in terms of number of business days), beyond the \$100 specified by Reg. CC, are funds **ordinarily available for an established customer** who presents the following items?

<i>Check value is \$2,500 or less</i>	<b>Current Business Day</b>	<b>Next Business Day</b>	<b>Second Business Day</b>	<b>Three or More Business Days</b>
<u>Business</u> check drawn on your bank (On-us)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Personal</u> check drawn on your bank (On-us)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Payroll</u> check <u>not</u> drawn on your bank (Local)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Business</u> check <u>not</u> drawn on your bank (Local)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Personal</u> check <u>not</u> drawn on your bank (Local)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Government</u> check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Double endorsed check from a third-party</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B. Can a customer get an **'advance loan' on the funds from a deposited check** or a regularly scheduled direct deposit (excluding all programs to cover overdrafts and NSF transactions)?

Yes, accelerated availability of deposited check     Yes, advance for a scheduled direct deposit     No

1. Up to what dollar or percentage amount will the bank typically advance? \$            or            %

2. What fee is charged for the advance? \$            flat advance fee or            % of the amount advanced.

3. What types of checks/deposits qualify for advances?

- All checks                       Business checks, but not personal checks                       Government checks  
 Payroll checks only             Regularly scheduled direct deposits                       Other:

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## IX. CREDIT PRODUCTS

A. Does the bank typically offer **unsecured closed-end personal loans** up to \$5,000?  Yes  No

1. If yes, what are the eligibility requirements?

- Deposit relationship with the bank  Direct deposit  Proof of income  
 Minimum credit score  Review credit history  Other:

2. If yes, please indicate the following:

Minimum Loan Size	Maximum Loan Size	Origination Fee	Acct. Maintenance Fee	Minimum APR	Maximum APR	Typical APR	Maximum Term (Mos)
				%	%	%	

3. How long does it typically take to originate an unsecured closed-end personal loan?

- Less than 30 minutes  Less than 24 hours  Less than 48 hours  More than 48 hours

B. Does the bank offer **affordable small dollar loans** (i.e., less than \$1,000/at least a 90-day repayment term/less than 36% APR/no or low fees)?  Yes  No

1. Please describe any innovative products the bank has developed to provide small dollar loans to customers. (For example, applying for a six-month loan at an ATM.)

C. Does the bank **offer tax refund anticipation loans**?  Yes  No

1. If yes, please indicate the following:

Minimum Loan Size	Maximum Loan Size	Origination Fee	Acct. Maintenance Fee	Minimum APR	Maximum APR	Typical APR	Maximum Term (Mos)
				%	%	%	

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D. Does the bank offer **consumer credit cards (e.g. Visa, MasterCard)**?  Yes  No

1. If yes, what is required for someone to qualify for a traditional credit card? *(Check all that apply)*

- Social Security number history       Minimum credit score       Review of credit history
- Proof of income       Other:

2. If yes, for your 'basic' credit card, please indicate the following:

Initiation Fee	Annual Fee	Acct. Maintenance Fee	Late Payment Fee	Over the Limit Fee	Typical Credit Limit	Minimum APR	Maximum APR	Typical APR	Maximum Term (Months)
						%	%	%	

3. Does having a deposit account with the bank improve a customer's ability to receive a credit card?

- Yes  No *If yes, how?*

4. Does the bank offer secured credit cards for established customers who do not qualify for a traditional credit card?  Yes  No *If yes, please indicate the following:*

Minimum Credit Score	Initiation Fee	Annual Fee	Acct. Maintenance Fee	Late Payment Fee	Over the Limit Fee	Typical Credit Limit	Minimum APR	Maximum APR	Typical APR
							%	%	%

5. Can a cardholder 'graduate' from a secured credit card to a traditional credit card?  Yes  No

a) If yes, how?

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**Thank you for taking the time to complete this survey.**

**We appreciate your participation and input.**

*Please return completed survey by **June 6<sup>th</sup>** to:*

**[FDICsurvey@doveconsulting.com](mailto:FDICsurvey@doveconsulting.com)**

**Dove Consulting, 2 Atlantic Ave., Boston, MA 02110**

**(617) 482-2100 (telephone) / (617) 482-1470 (fax)**

**[www.doveconsulting.com](http://www.doveconsulting.com)**

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## Retail Bank and Deposit Summary Statistics

### Retail Bank Information

As previously mentioned, the data represent a substantial percentage of retail branch operations and consumer banking services in the United States.

- Responding banks operate 43,761 deposit branches, which represent about half of the bank offices at the time the sample was drawn.
- Responding banks have collectively deployed 21,325 ATMs of their total 85,164 ATMs inside LMI tracts—about 1 in 4 of their ATMs.
- The responding banks report that they have 133.4 million conventional transaction accounts and 78.7 millions savings accounts. Dove Consulting does not have any data on the income distribution of account holders.
- Banks report that they have opened 880,725 entry level deposit accounts for individuals who applied to open an account but did not otherwise qualify for a conventional account. This number of accounts suggests that there is a substantial gap between the ratio of unbanked to banked individuals (1 in 10) and the ratio of entry level deposit accounts to conventional transaction and savings accounts (1 in 240).
- The responding banks collectively have issued 70 million debit cards, 57.7 millions credit cards and 22 million open-loop prepaid debit cards.

The following tables provide a perspective on the characteristics of participating banks.

**Figure 1. Bank Size (Assets)**

Assets (in 000s) June 30, 2007

		Frequency	Weighted
N	Valid	683	7433
	Missing	2	7
Mean		\$11,961,677.89	\$1,622,680.99
Median		\$209,990.00	\$149,895.00

The data relating to the asset sizes of different segments below is not weighted: these data summarize the asset-size of responding banks and are not estimates of universe statistics. There is a difference between tiers for bank asset size, which reflects that tiers are defined by asset size. The mean asset size for the 24 Tier 1 banks is \$299 billion. The mean for the 157 responding Tier 2 banks is \$5.55 billion, and the mean for the 502 Tier 3 banks is \$226 million. Tier 3 banks account

for 73% of survey responses; median asset size of Tier 3 banks is \$137 million, which is less than the mean asset size of \$226 million.

**Figure 2. Tier 1: Bank Size**

Assets (in 000s)		
N	Valid	24
	Missing	0
Mean		\$299,358,348.88
Median		\$112,994,020.50

**Figure 4. Tier 3: Bank Size**

Assets (in 000s)		
N	Valid	502
	Missing	0
Mean		\$226,064.12
Median		\$137,280.00

**Figure 3. Tier 2: Bank Size**

Assets (in 000s)		
N	Valid	157
	Missing	2
Mean		\$5,552,493.23
Median		\$1,969,799.00

Although there is little difference between regions for bank asset size, the New England region has the smallest banks by asset size, with a mean of \$1.75 billion and a median of \$381.9 million.

The South Atlantic region has the largest banks by mean asset size.

**Figure 5. New England Division: Bank Size**

Assets (in 000s)		
N	Valid	38
	Missing	0
Mean		\$1,750,995.79
Median		\$381,946.00

**Figure 9. West South Central Division: Bank Size**

Assets (in 000s)		
N	Valid	105
	Missing	0
Mean		\$1,740,213.49
Median		\$194,490.00

**Figure 6. Middle Atlantic Division: Bank Size**

Assets (in 000s)		
N	Valid	65
	Missing	0
Mean		\$8,294,579.27
Median		\$913,943.00

**Figure 10. East North Central Division: Bank Size**

Assets (in 000s)		
N	Valid	125
	Missing	2
Mean		\$19,930,661.17
Median		\$249,230.00

**Figure 7. South Atlantic Division: Bank Size**

Assets (in 000s)		
N	Valid	79
	Missing	1
Mean		\$33,599,103.04
Median		\$241,329.00

**Figure 11. West North Central Division: Bank Size**

Assets (in 000s)		
N	Valid	113
	Missing	0
Mean		\$5,532,446.43
Median		\$98,907.00

**Figure 8. East South Central Division: Bank Size**

Assets (in 000s)		
N	Valid	60
	Missing	0
Mean		\$3,757,903.03
Median		\$212,088.50

**Figure 12. Mountain Division: Bank Size**

Assets (in 000s)		
N	Valid	44
	Missing	0
Mean		\$29,413,698.11
Median		\$194,756.50

**Figure 13. Pacific Division: Bank Size**

Assets (in 000s)

N	Valid	55
	Missing	0
Mean		\$3,917,750.80
Median		\$947,367.00

There is a difference between urban and rural banks' asset sizes. The median urban bank asset size is \$504.5 million, compared with \$120.6 million for rural banks.

**Figure 14. Urban: Bank Size -- Unweighted**

Assets (in 000s)

N	Valid	375
	Missing	3
Mean		\$21,823,307.70
Median		\$504,475.00

**Figure 15. Rural: Bank Size -- Unweighted**

Assets (in 000s)

N	Valid	309
	Missing	0
Mean		\$358,087.21
Median		\$120,642.00

## Deposit Branches

Survey respondents report that they operate 42,971 branch offices, including 37,507 full service branches, 2,945 full service offices, and 1,945 limited service offices. The following tables show response-adjusted weighted results by subgroup.

**Figure 16. Overall Branch Statistics**

		Total Number of Deposit Branches	Full Service Offices	Full Service Retail Offices	Limited Service Offices	Other Offices
N	Valid	681	649	649	648	644
	Missing	4	36	36	37	41
Unweighted Sum		42,971	37,507	2,945	1,945	286
Weighted Sum		12.39	11.24	.76	.65	.15
Weighted Median		4.00	3.00	.00	.00	.00

There is a difference between tiers for the number of all types of branches/offices. Tier 1 banks have a higher mean across all office types, compared to Tier 2 and Tier 3 banks.

**Figure 17. Tier 1: Branch Statistics -- Weighted**

		Total Number of Deposit Branches	Full Service Offices	Full Service Retail Offices	Limited Service Offices	Other Offices
N	Valid	25	25	25	25	24
	Missing	0	0	0	0	1
Mean		1,389.21	1,220.54	98.04	64.50	7.30
Median		900.50	874.00	19.00	16.50	2.00

**Figure 18. Tier 2: Branch Statistics -- Weighted**

		Total Number of Deposit Branches	Full Service Offices	Full Service Retail Offices	Limited Service Offices	Other Offices
N	Valid	544	524	524	524	513
	Missing	7	28	28	28	38
Mean		46.59	41.44	3.36	1.60	.48
Median		30.00	28.00	.00	.00	.00

Very few banks in Tier 3 have retail offices, limited service offices, or other offices.

**Figure 19. Tier 3: Branch Statistics -- Weighted**

		Total Number of Deposit Branches	Full Service Offices	Full Service Retail Offices	Limited Service Offices	Other Offices
N	Valid	6836	6481	6481	6467	6467
	Missing	27	383	383	396	396
Mean		4.63	4.13	.18	.33	.10
Median		3.00	3.00	.00	.00	.00

There are few differences among regions for the number of all types of branches and offices. The following tables are provided for reference only.

**Figure 20. New England Division: Branch Statistics -- Weighted**

		Total Number of Deposit Branches	Full Service Offices	Full Service Retail Offices	Limited Service Offices	Other Offices
N	Valid	432	374	374	374	374
	Missing	14	72	72	72	72
Mean		7.57	7.70	.85	.19	.16
Median		5.00	5.00	.00	.00	.00

**Figure 21. Middle Atlantic Division: Branch Statistics -- Weighted**

		Total Number of Deposit Branches	Full Service Offices	Full Service Retail Offices	Limited Service Offices	Other Offices
N	Valid	581	522	522	509	522
	Missing	0	58	58	72	58
Mean		17.57	17.67	.37	.61	.16
Median		9.24	9.00	.00	.00	.00

**Figure 22. South Atlantic Division: Branch Statistics -- Weighted**

		Total Number of Deposit Branches	Full Service Offices	Full Service Retail Offices	Limited Service Offices	Other Offices
N	Valid	860	819	819	819	819
	Missing	0	41	41	41	41
Mean		21.49	20.45	.98	.62	.32
Median		4.00	4.00	.00	.00	.00

**Figure 23. East South Central Division: Branch Statistics -- Weighted**

		Total Number of Deposit Branches	Full Service Offices	Full Service Retail Offices	Limited Service Offices	Other Offices
N	Valid	683	638	638	638	638
	Missing	0	44	44	44	44
Mean		10.81	10.43	.21	.70	.07
Median		3.00	3.00	.00	.00	.00

**Figure 24. West South Central Division: Statistics -- Weighted**

		Total Number of Deposit Branches	Full Service Offices	Full Service Retail Offices	Limited Service Offices	Other Offices
N	Valid	1177	1163	1163	1163	1163
	Missing	0	14	14	14	14
Mean		8.98	7.56	.62	.57	.24
Median		4.00	3.00	.00	.00	.00

**Figure 25. East North Central Division: Branch Statistics -- Weighted**

		Total Number of Deposit Branches	Full Service Offices	Full Service Retail Offices	Limited Service Offices	Other Offices
N	Valid	1295	1206	1206	1206	1191
	Missing	21	110	110	110	124
Mean		16.33	14.17	1.14	1.24	.08
Median		4.00	3.00	.00	.00	.00

**Figure 26. West North Central Division: Branch Statistics -- Weighted**

		Total Number of Deposit Branches	Full Service Offices	Full Service Retail Offices	Limited Service Offices	Other Offices
N	Valid	1410	1383	1383	1383	1379
	Missing	0	27	27	27	31
Mean		7.04	5.89	.69	.52	.03
Median		3.00	2.00	.00	.00	.00

**Figure 27. Mountain Division: Branch Statistics -- Weighted**

		Total Number of Deposit Branches	Full Service Offices	Full Service Retail Offices	Limited Service Offices	Other Offices
N	Valid	507	480	480	480	480
	Missing	0	27	27	27	27
Mean		8.36	7.89	.59	.43	.18
Median		3.00	3.00	.00	.00	.00

**Figure 28. Pacific Division: Branch Statistics -- Weighted**

		Total Number of Deposit Branches	Full Service Offices	Full Service Retail Offices	Limited Service Offices	Other Offices
N	Valid	461	444	444	444	437
	Missing	0	17	17	17	24
Mean		14.19	12.72	1.33	.36	.25
Median		4.00	4.00	.00	.00	.00

The mean number of total branches and specific types of branches is higher for urban banks than the mean for rural banks. This information indicates that banks headquartered in urban areas tend to have more branches than rural banks.

**Figure 29. Urban: Branch Statistics -- Weighted**

		Total Number of Deposit Branches	Full Service Offices	Full Service Retail Offices	Limited Service Offices	Other Offices
N	Valid	3460	3196	3196	3183	3188
	Missing	21	284	284	298	292
Mean		20.70	19.31	1.42	.92	.26
Median		4.00	4.00	.00	.00	.00

**Figure 30. Rural: Branch Statistics -- Weighted**

		Total Number of Deposit Branches	Full Service Offices	Full Service Retail Offices	Limited Service Offices	Other Offices
N	Valid	3946	3833	3833	3833	3816
	Missing	14	127	127	127	144
Mean		5.10	4.50	.21	.43	.06
Median		3.00	3.00	.00	.00	.00

