

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

FDIC Consumer Research Symposium
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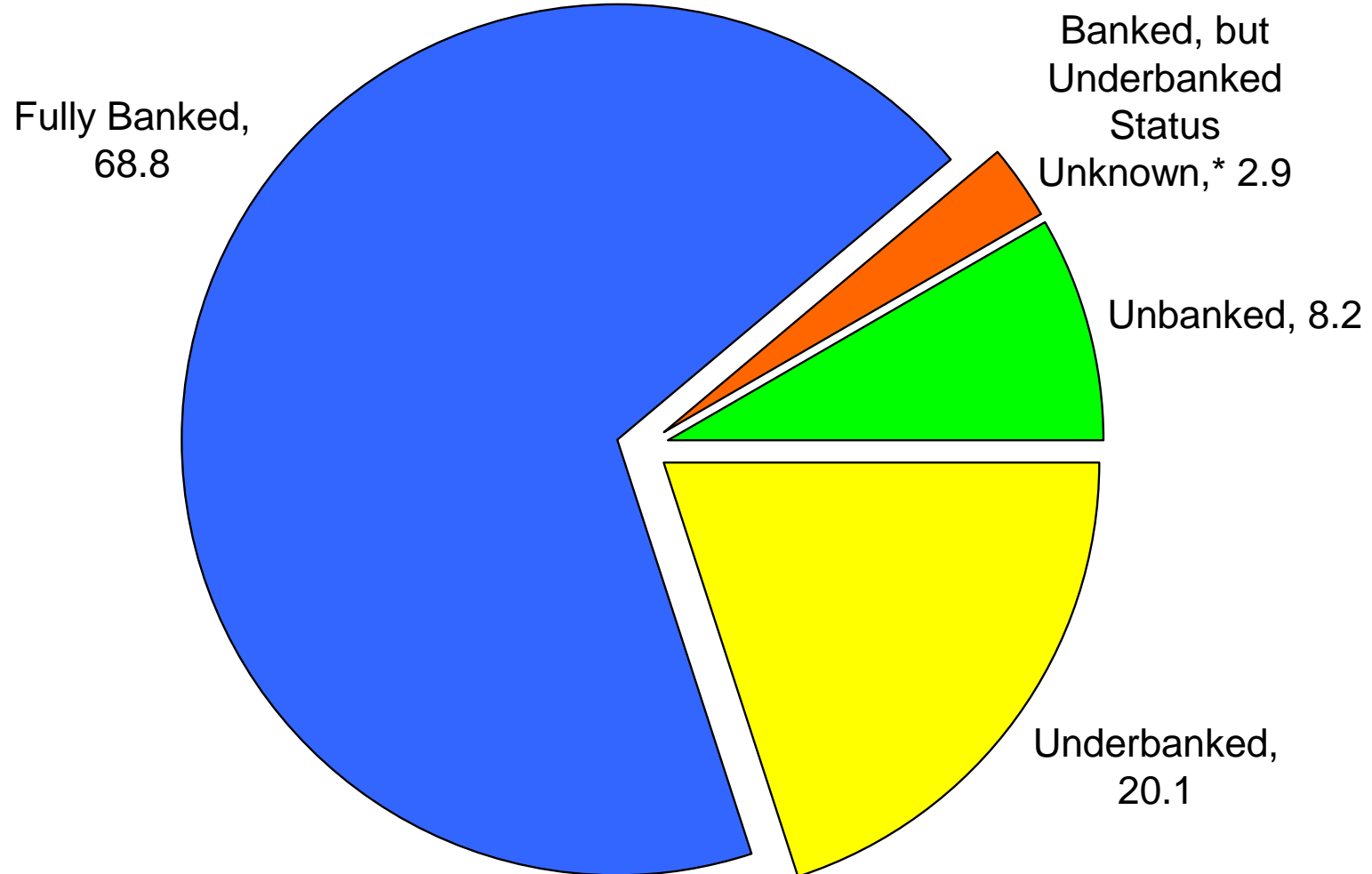
Background

- Objectives and statutory mandate
- FDIC household survey
 - Administered in June 2011 as a supplement to the Census CPS to nearly 45,000 households (84% of CPS respondents)
 - Designed to yield estimates of the number of unbanked and underbanked households; their demographic characteristics, and the reasons why they are unbanked and underbanked
 - First survey administered in January 2009 and released in December 2009
- FDIC bank survey
 - Results scheduled to be released in 2012

Banking Status

A horizontal bar consisting of three equal-width segments. The left segment is yellow, the middle segment is blue, and the right segment is orange.

Distribution of Household Banking Status



Notes: Percentages are based on 120.4 million U.S. households. Percentages may not sum to 100 because of rounding. ⁴

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

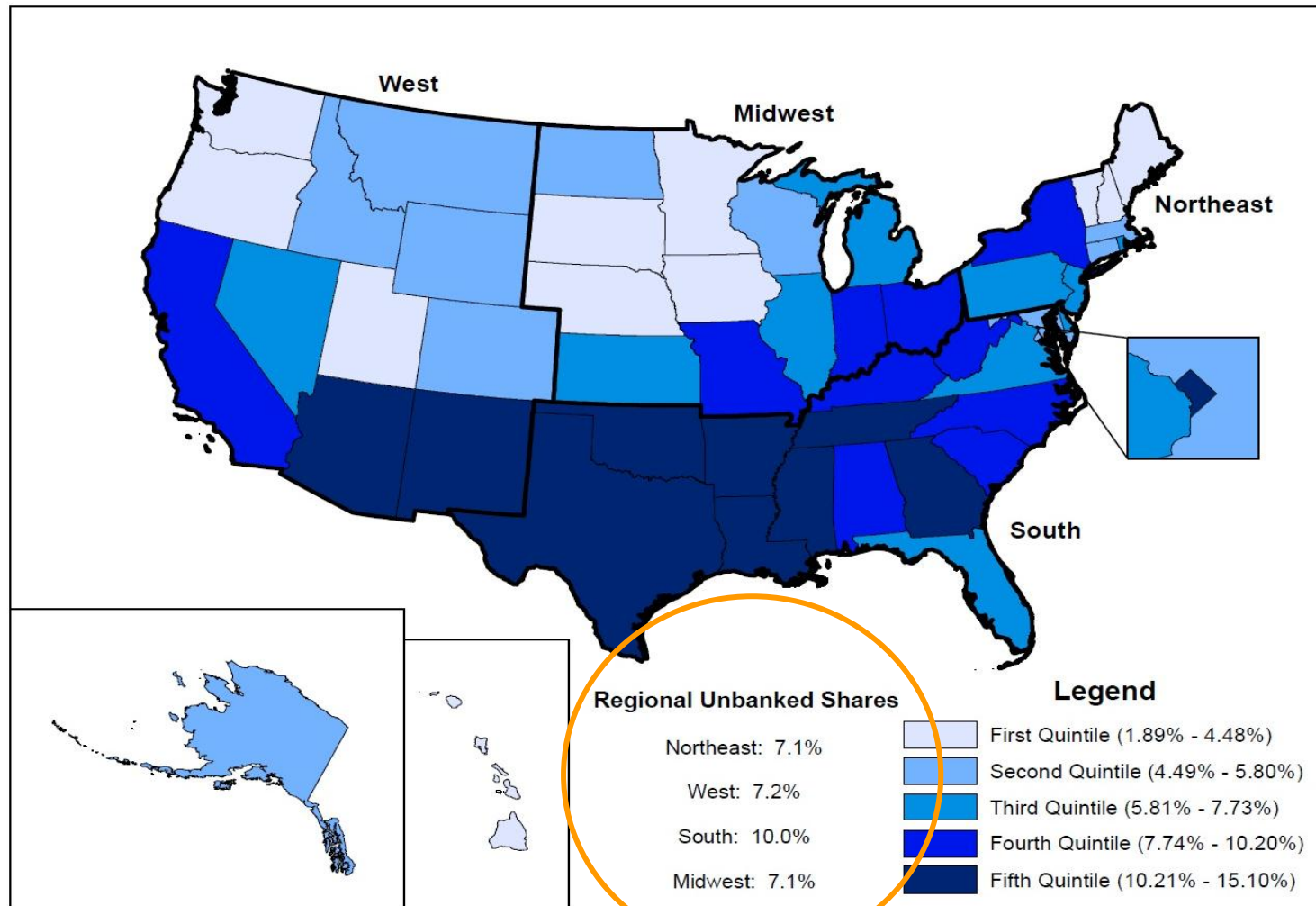
Revised Underbanked Definition

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

Unbanked and Underbanked Rates for Select Groups

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

Unbanked Households by Region and State

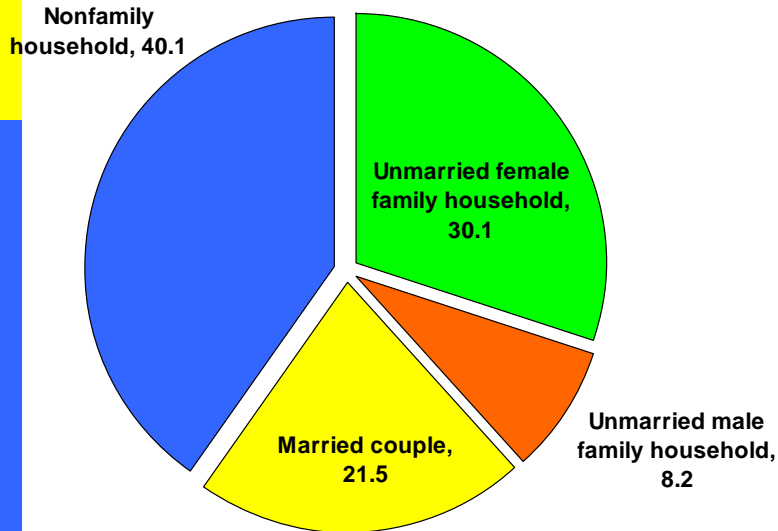


Household Composition by Banking Status

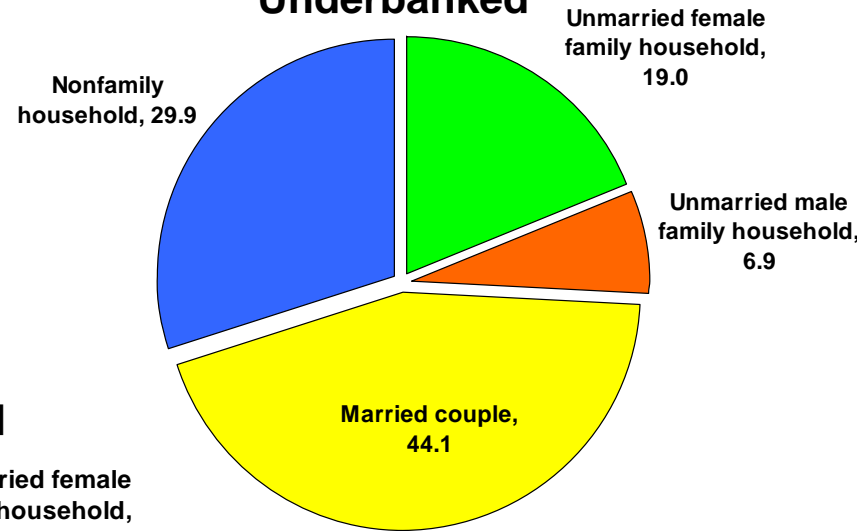
- There are stark differences between the unbanked and banked
- Along some dimensions, the underbanked seem to be a blend of the unbanked and fully-banked populations: race, age, family type
- b Along other dimensions, the underbanked seem much more similar to the fully-banked: employment and income

Distributions by Household Type

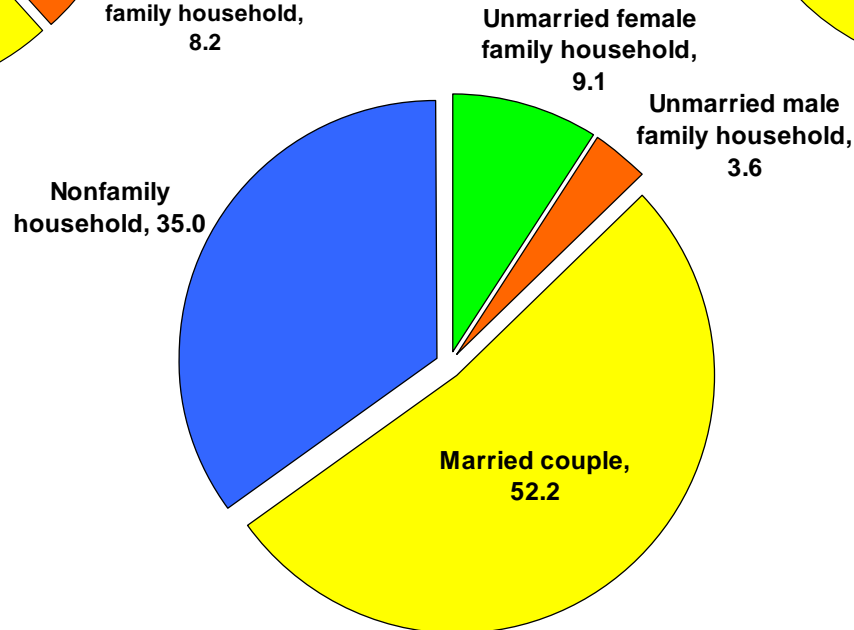
Unbanked



Underbanked

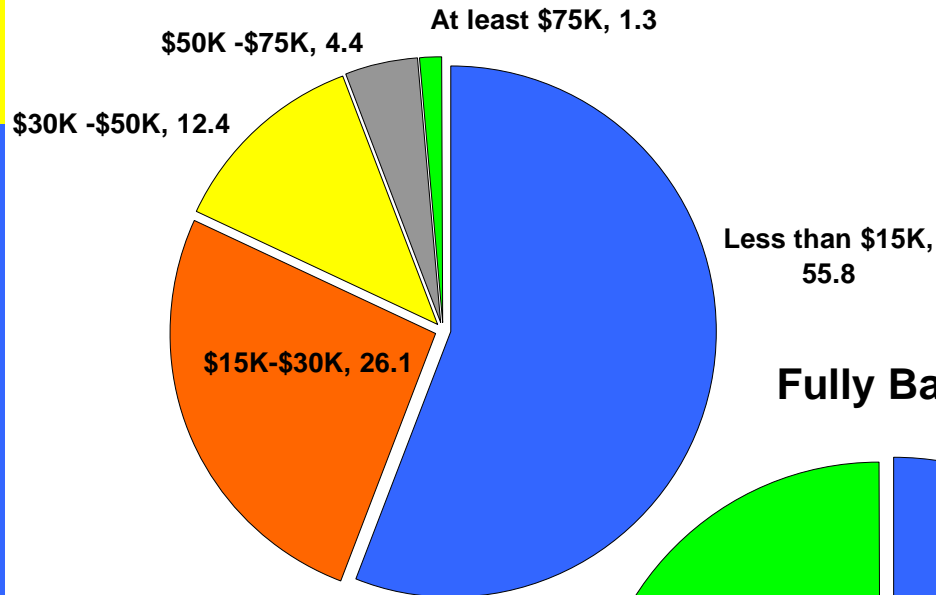


Fully Banked

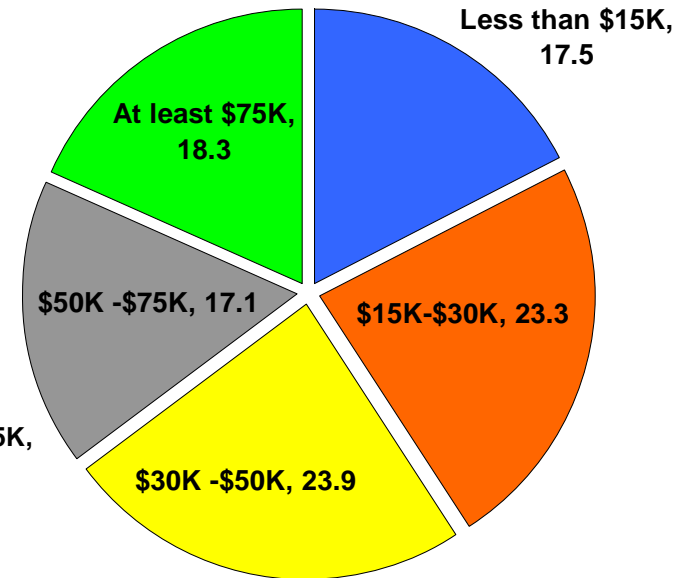


Distribution by Income

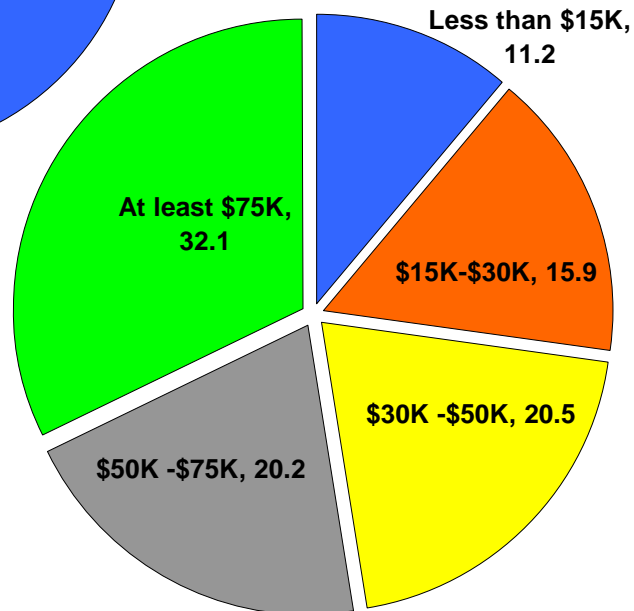
Unbanked



Underbanked

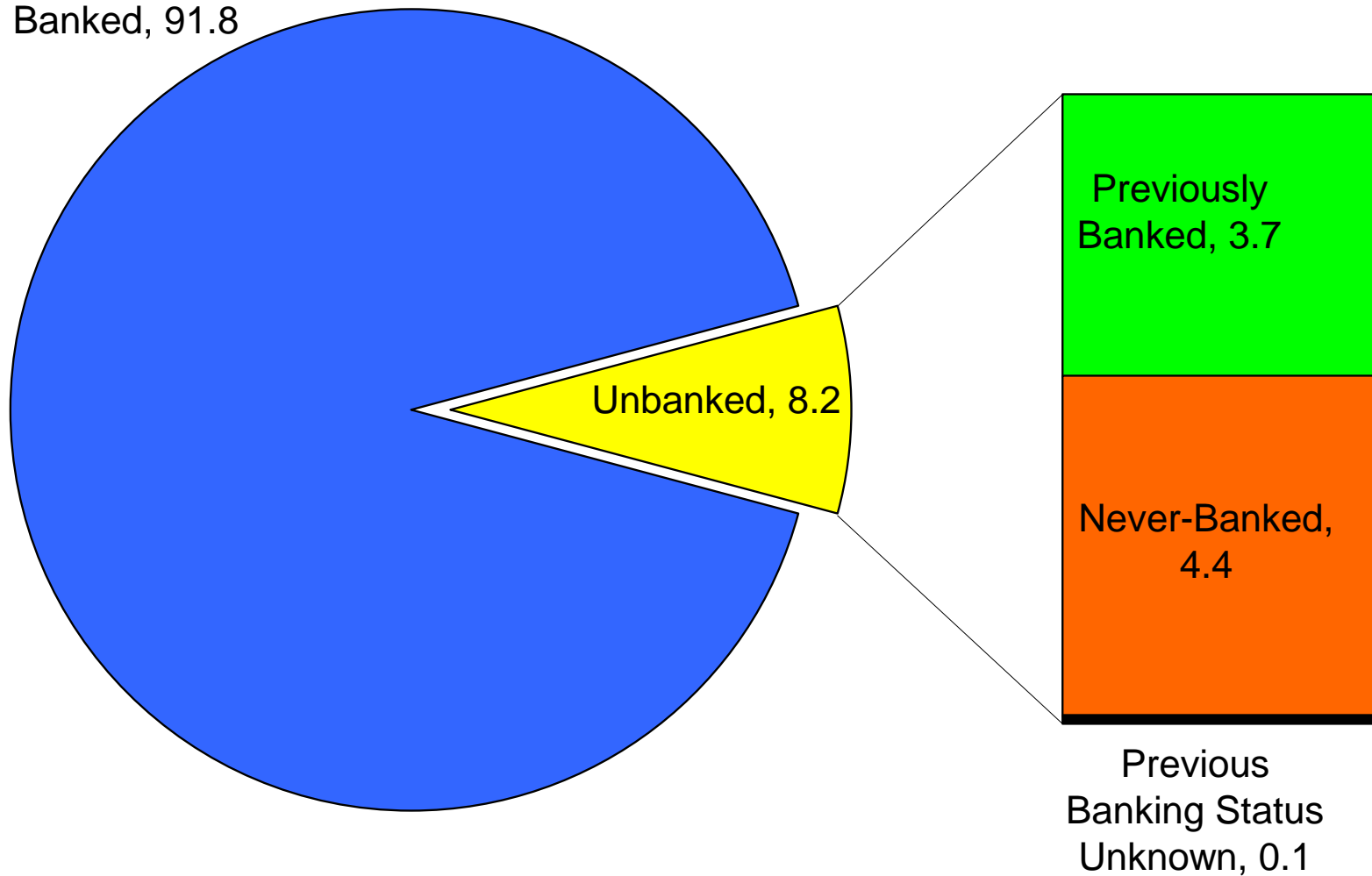


Fully Banked

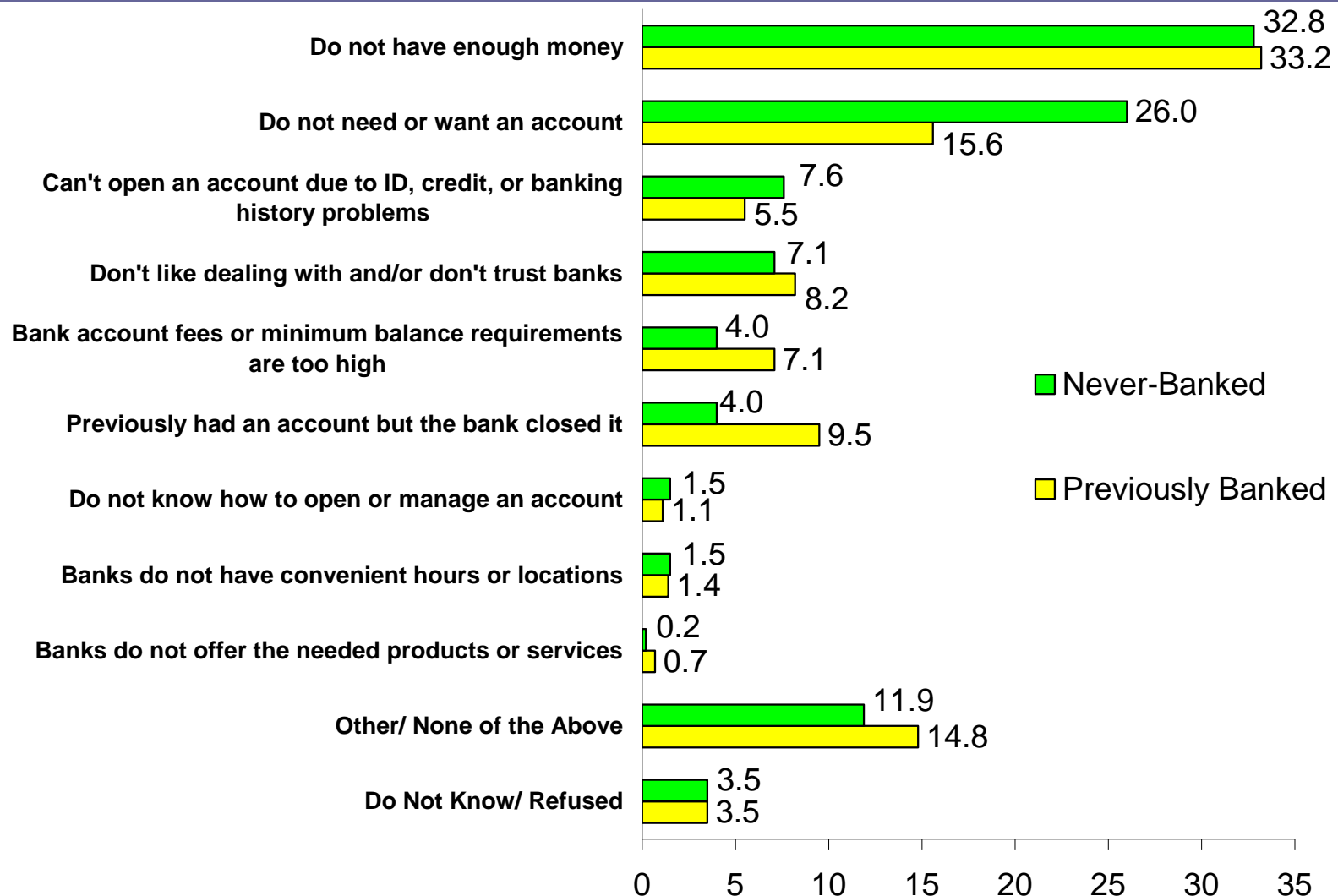


Previous Banking Status of Unbanked Households

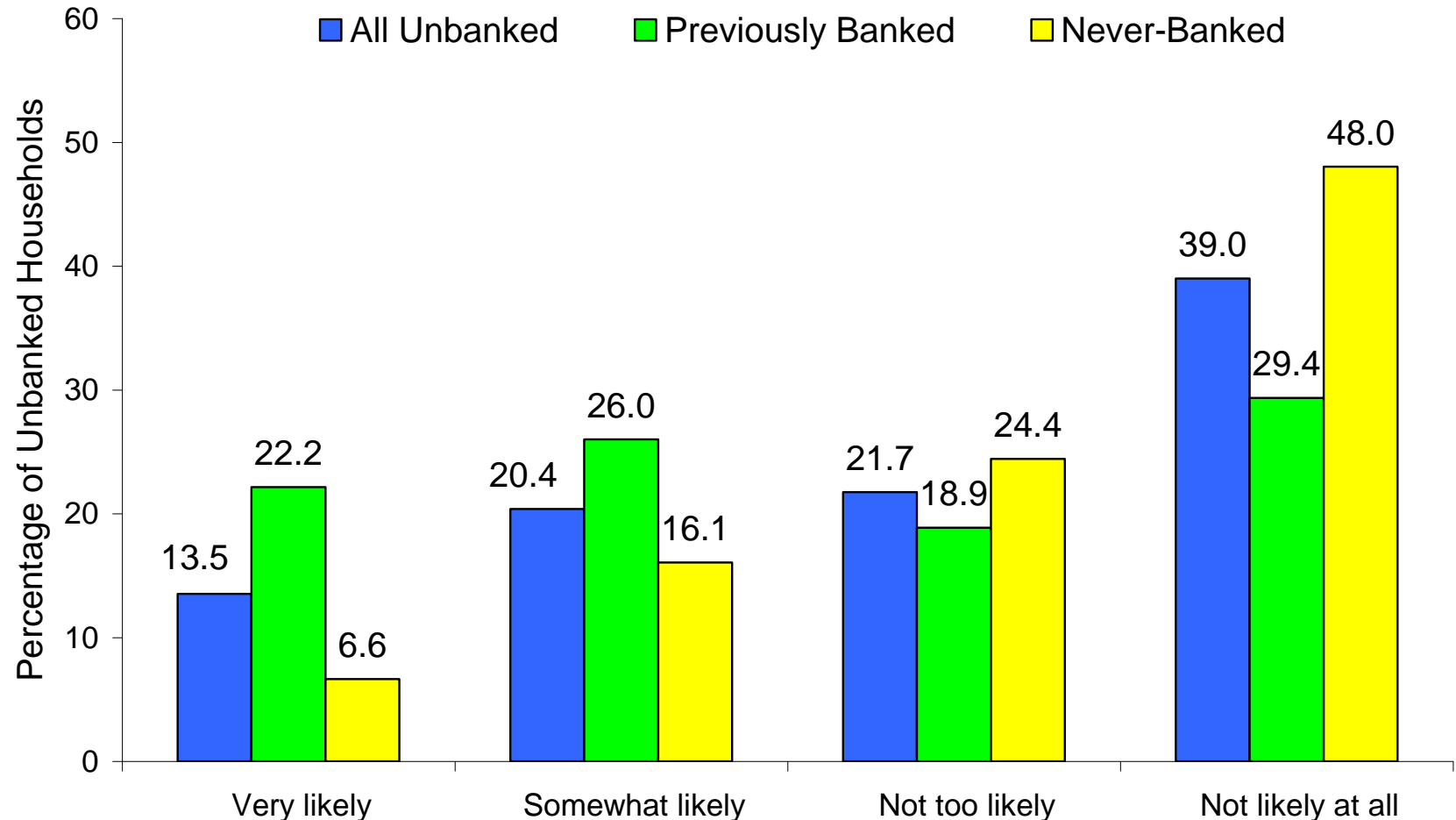
Banked, 91.8



Main Reason Households are Unbanked

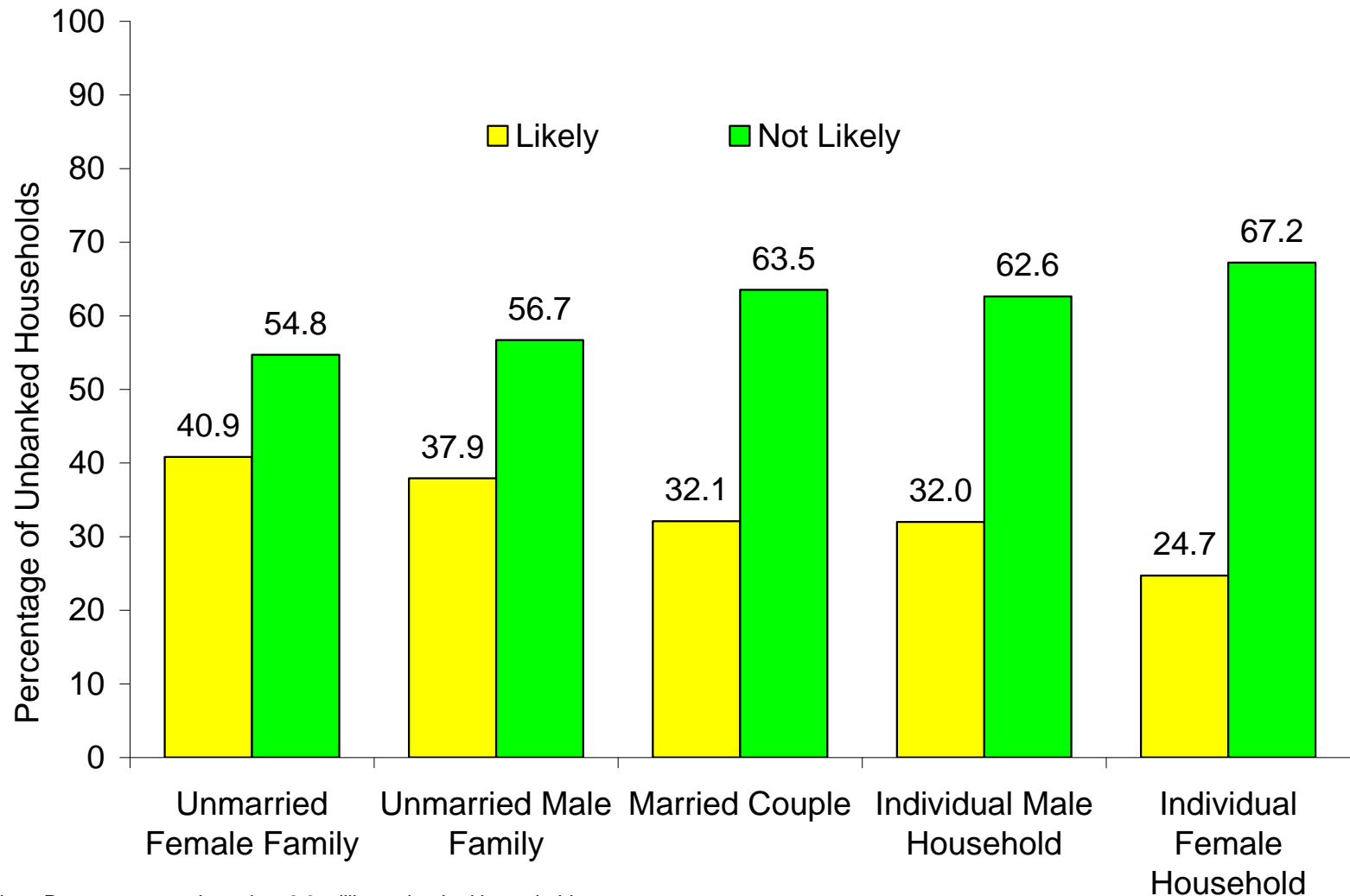


Unbanked Households' Likelihood of Opening Account



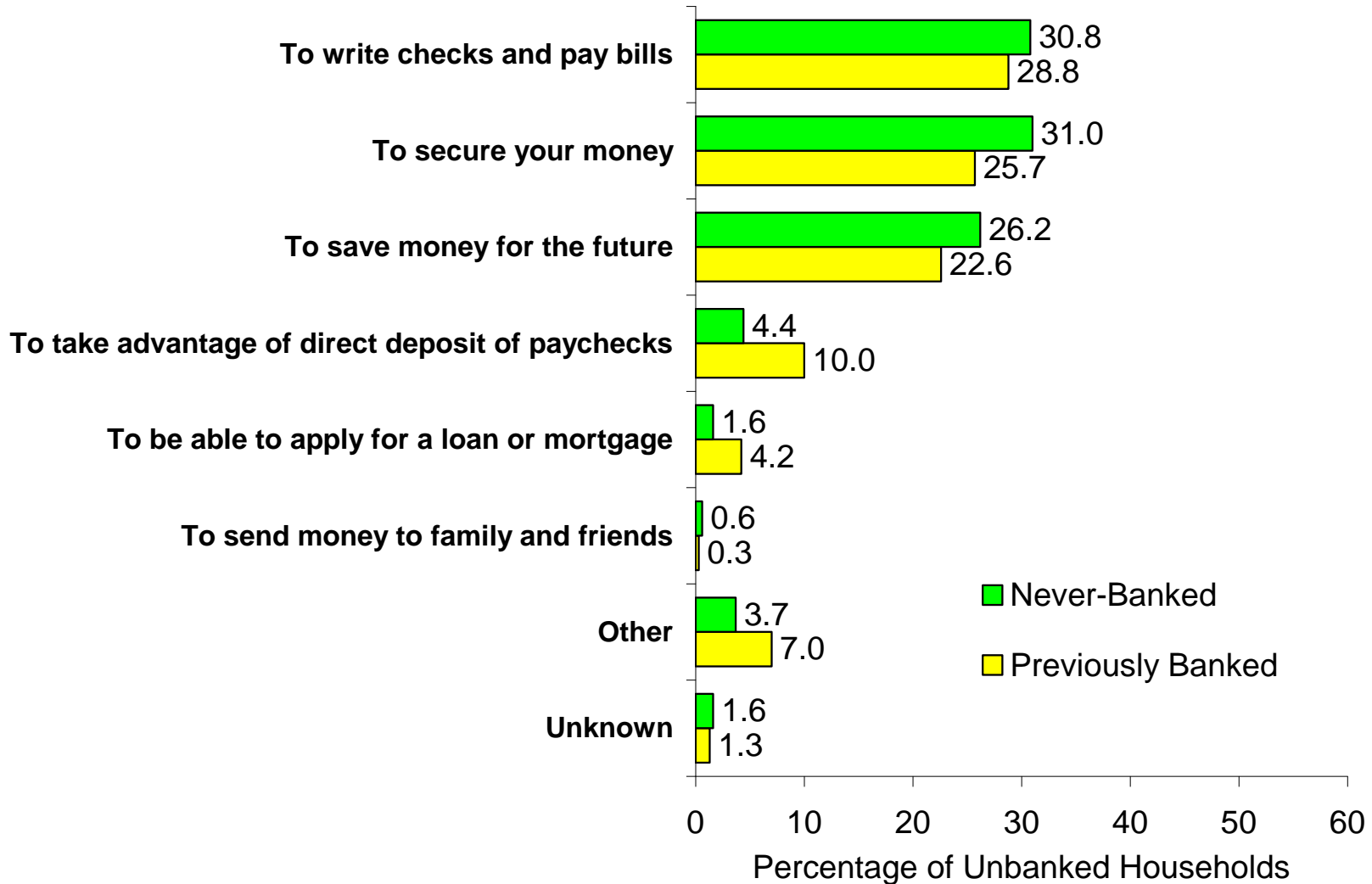
Note: Percentages are based on 9.9 million unbanked households

Unbanked Households' Likelihood of Opening an Account by Household Type



Note: Percentages are based on 9.9 million unbanked households.

Unbanked Households' Reasons for Wanting to Open an Account

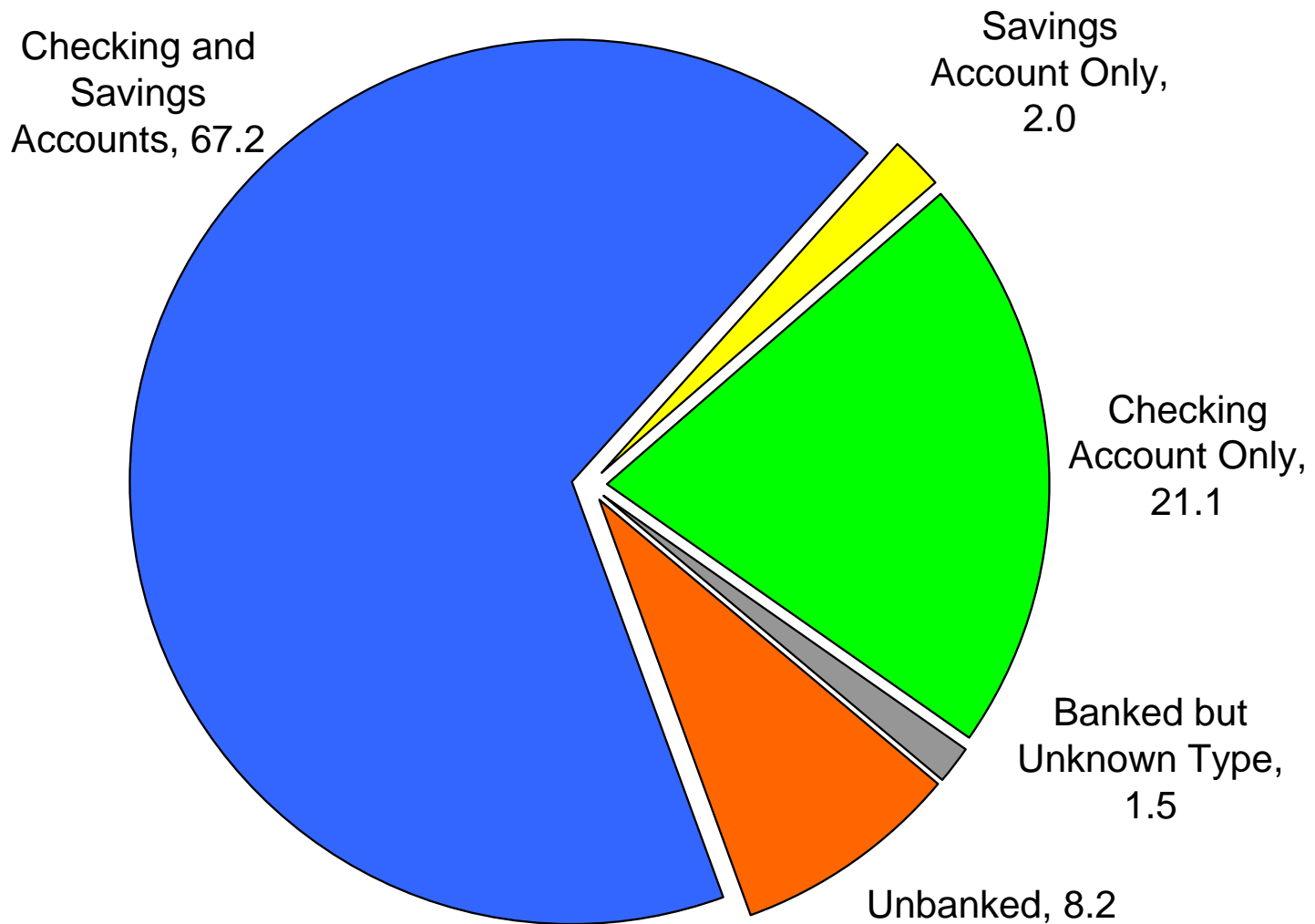


Note: Percentages are based on 5.3 million never-banked and 4.4 million previously-banked households.

Types of Bank Accounts Owned by US Households

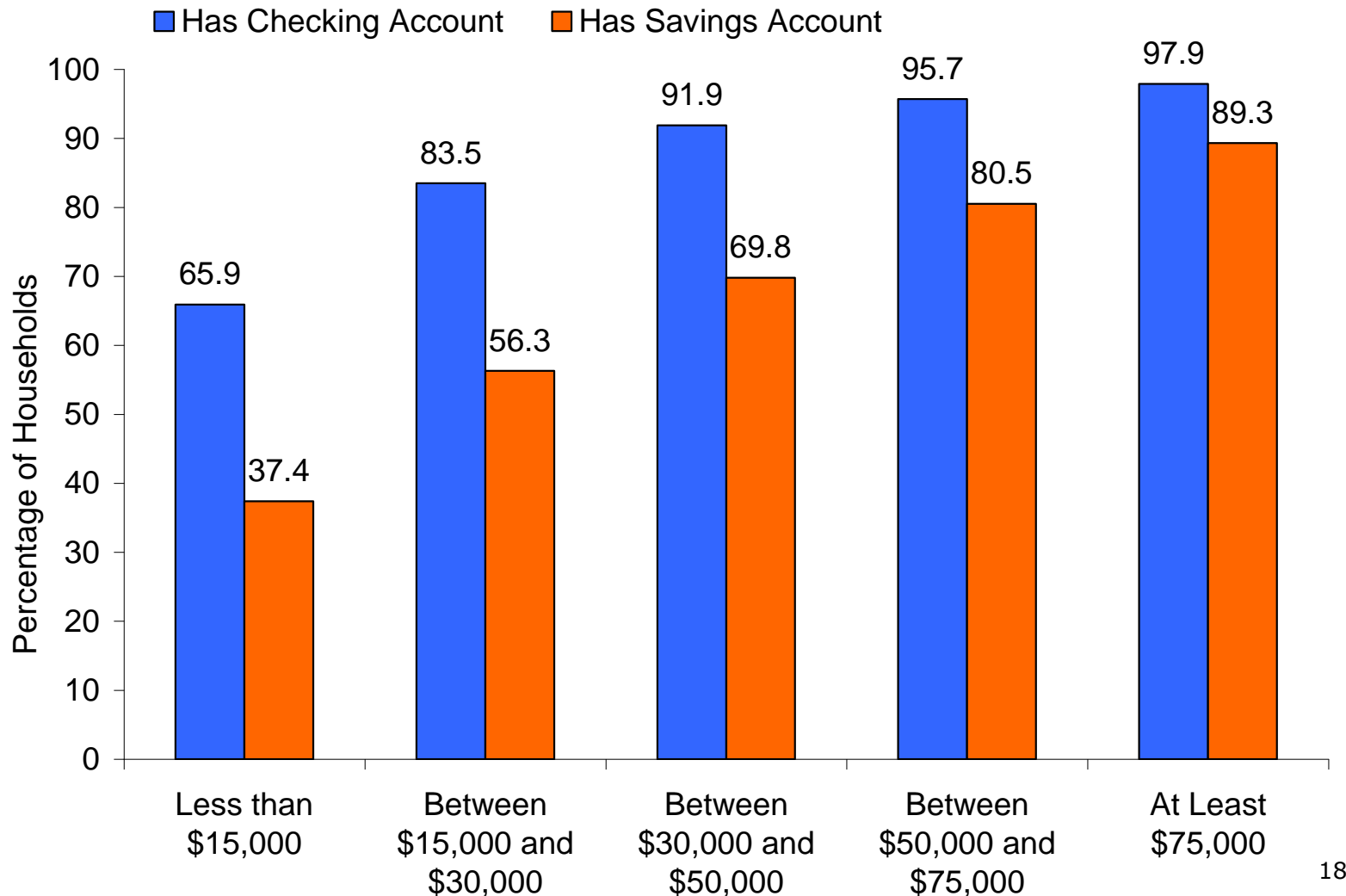


Account Ownership



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

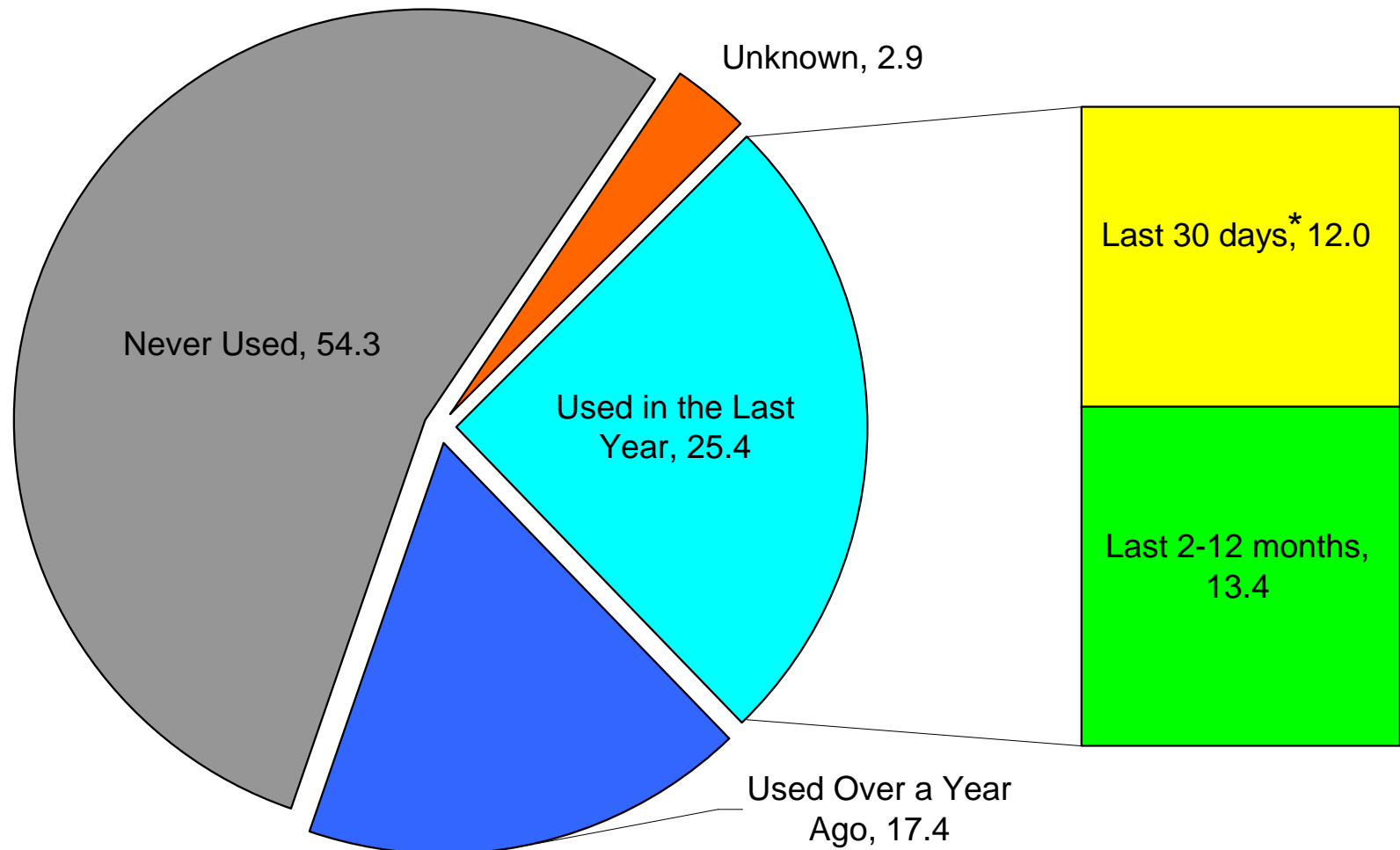
Account Ownership by Income



Use of Alternative Financial Services



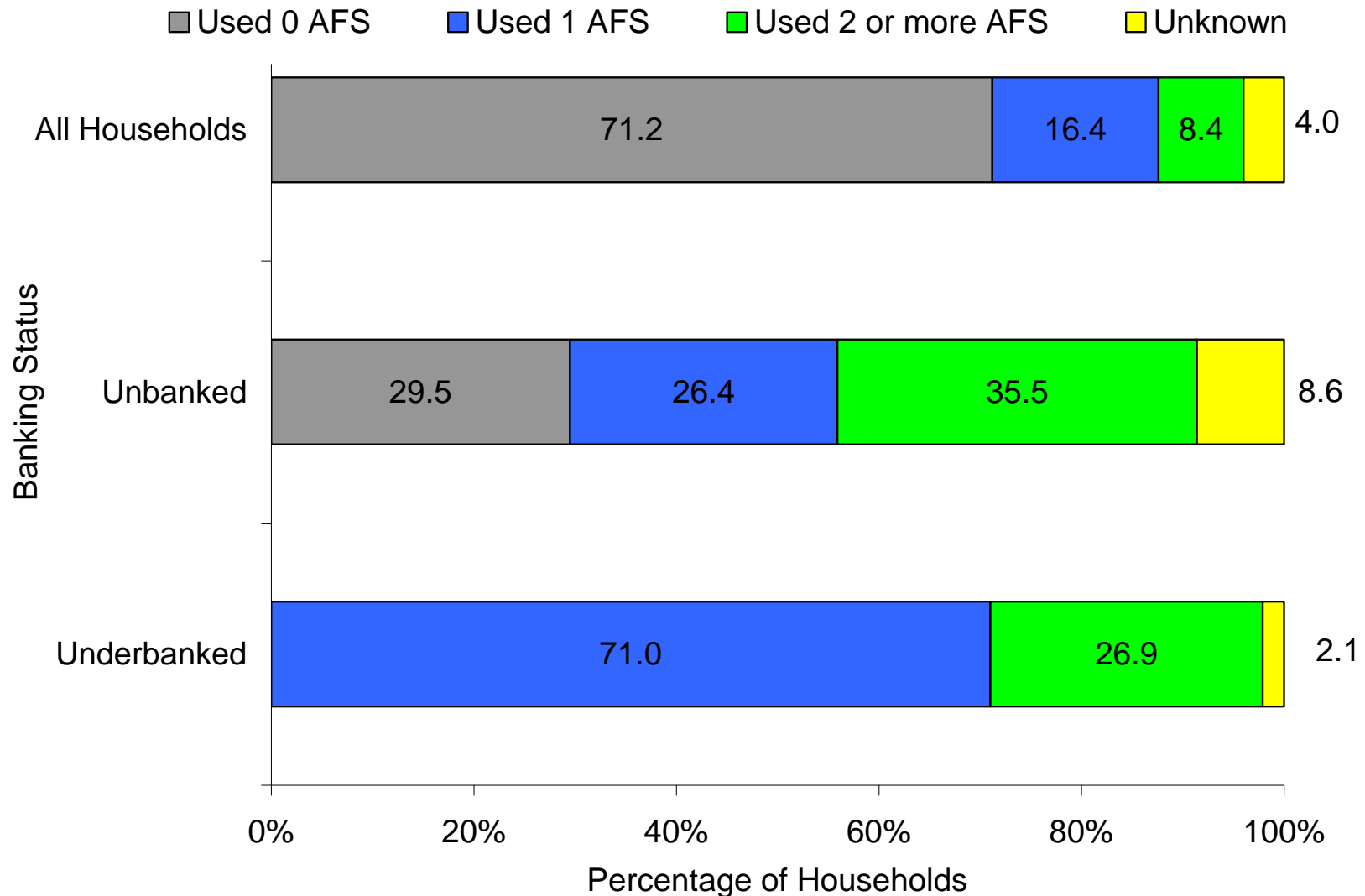
Timing of AFS Use



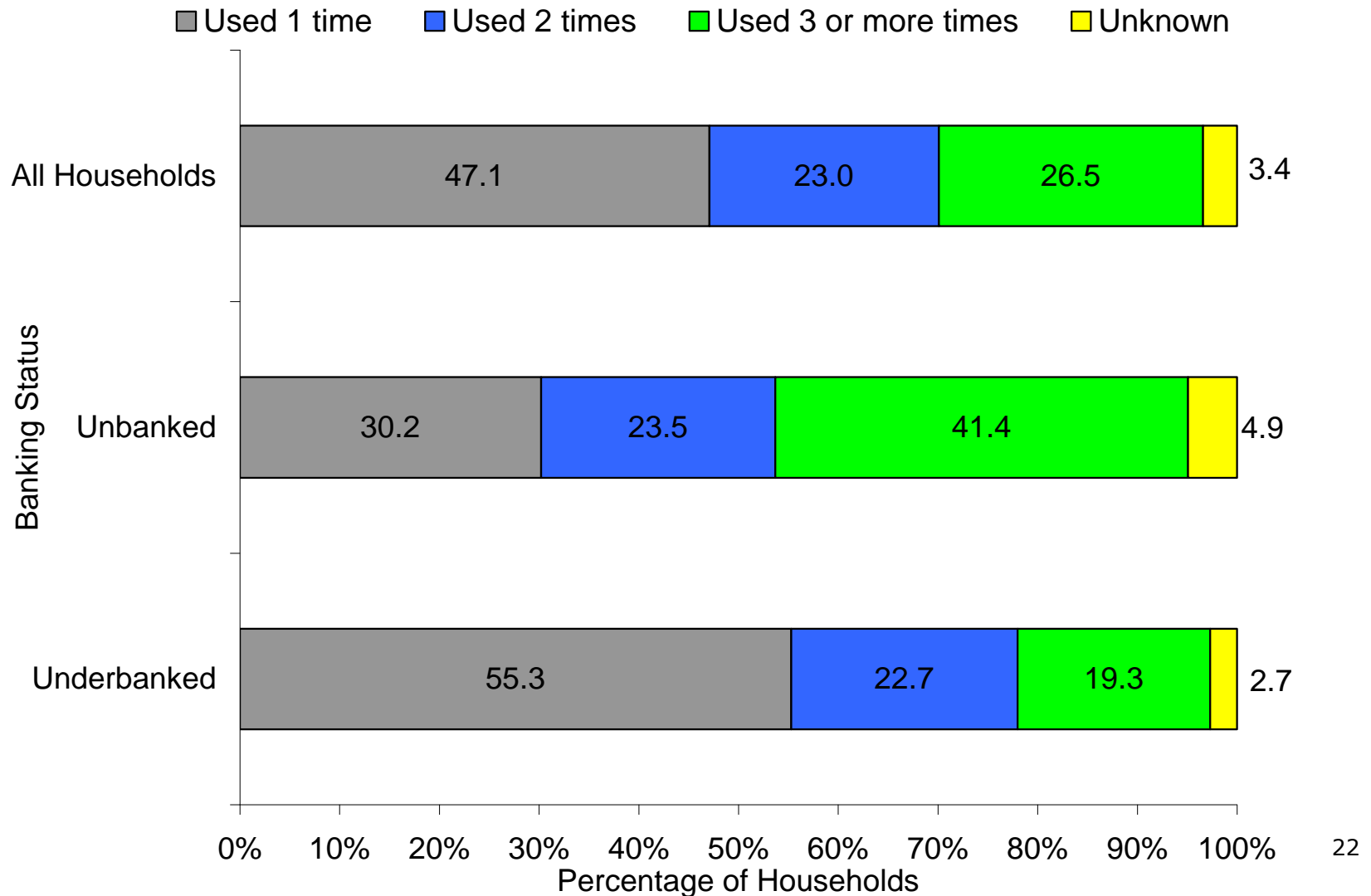
Notes: Percentages are based on 120.4 million U.S. households. Percentages may not sum to 100 because of rounding.

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

Number of AFS Used in the Last Year



Number of Times Transaction AFS Used in the Last 30 Days

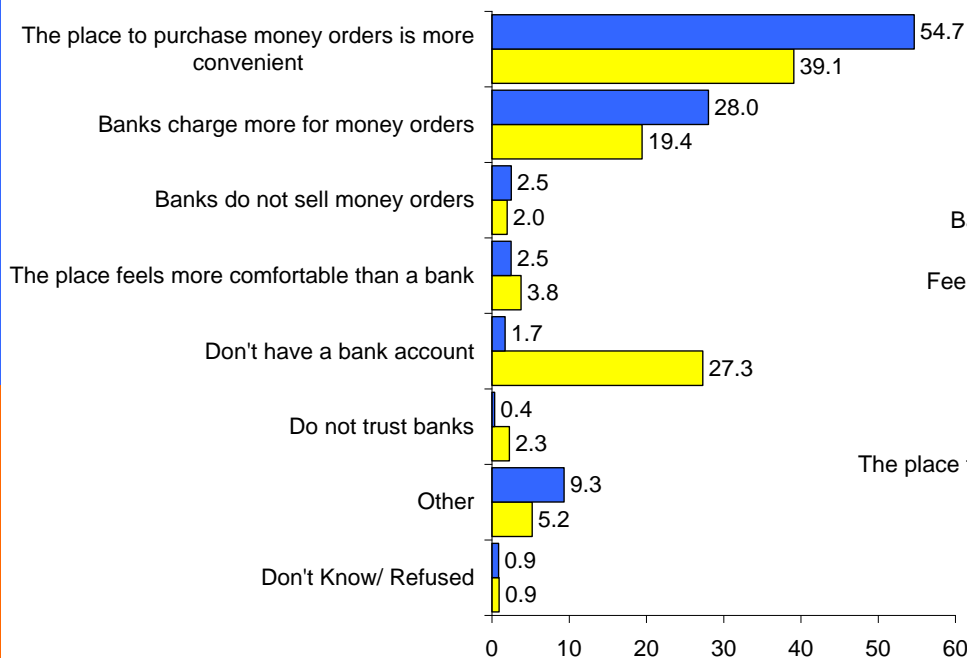


Reasons Households Use AFS – Transaction Products

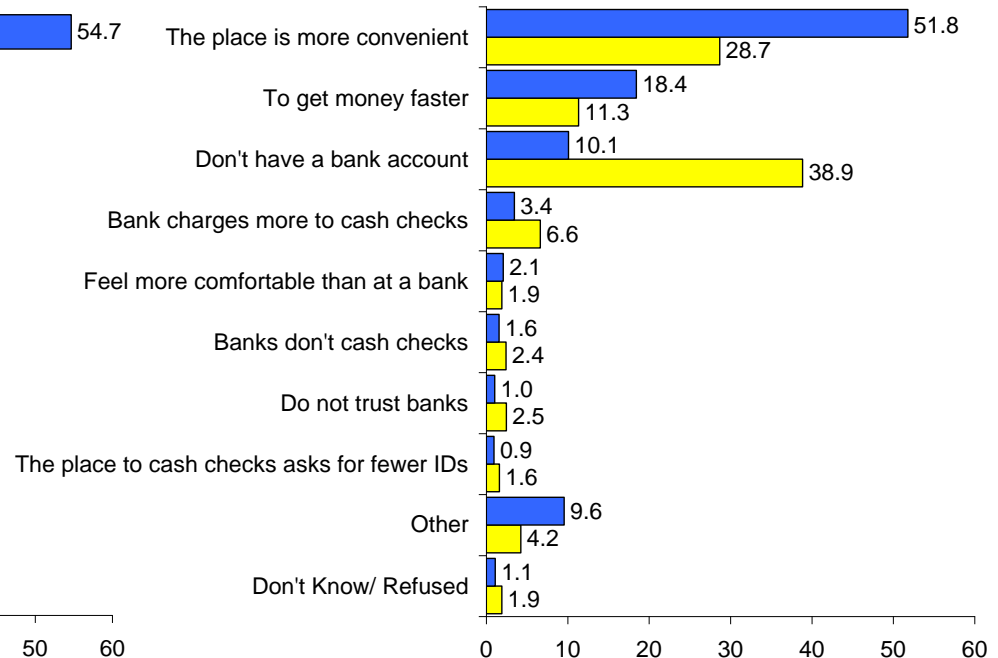
Unbanked

Underbanked

Non-bank Money Orders



Non-bank Check Cashing

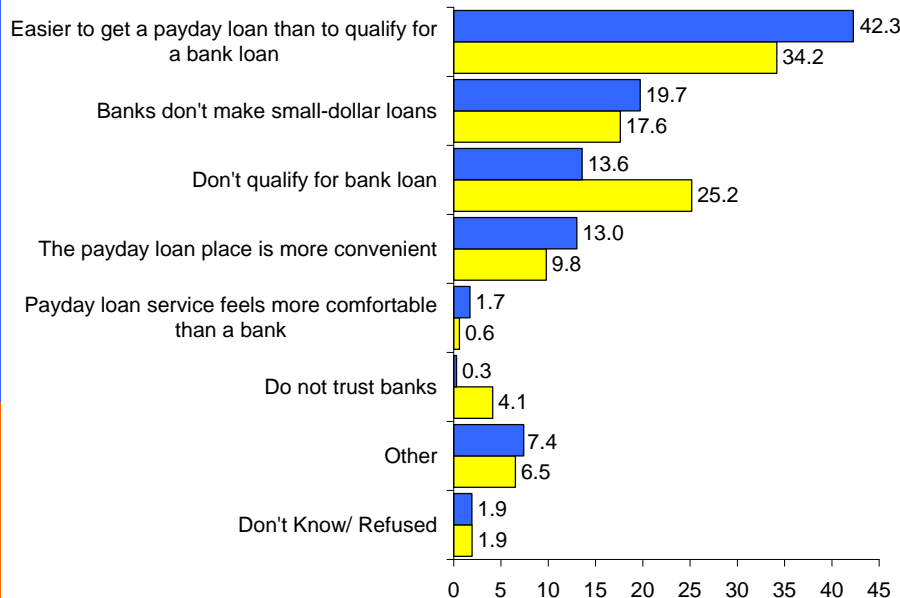


Reasons Households Use AFS – Credit Products

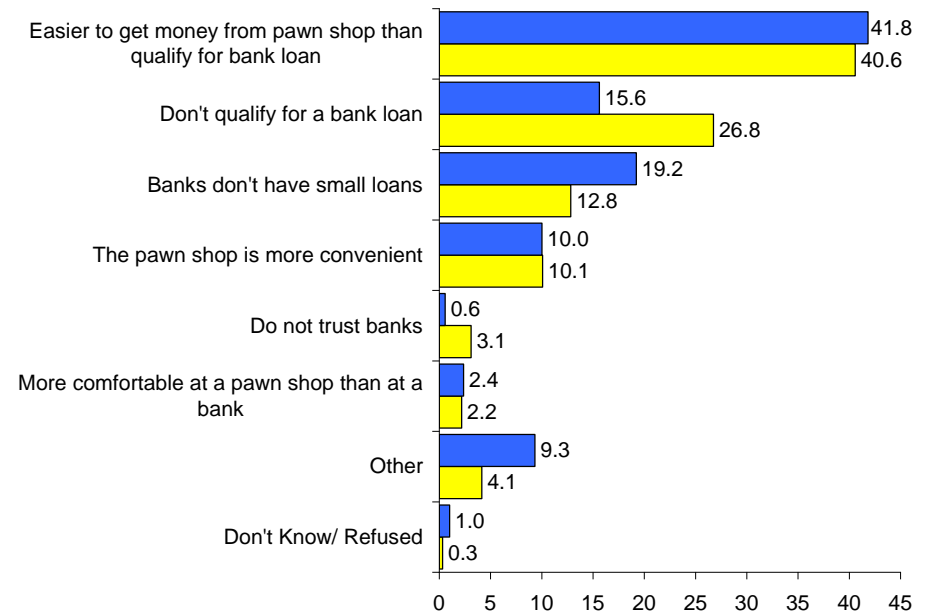
Unbanked

Underbanked

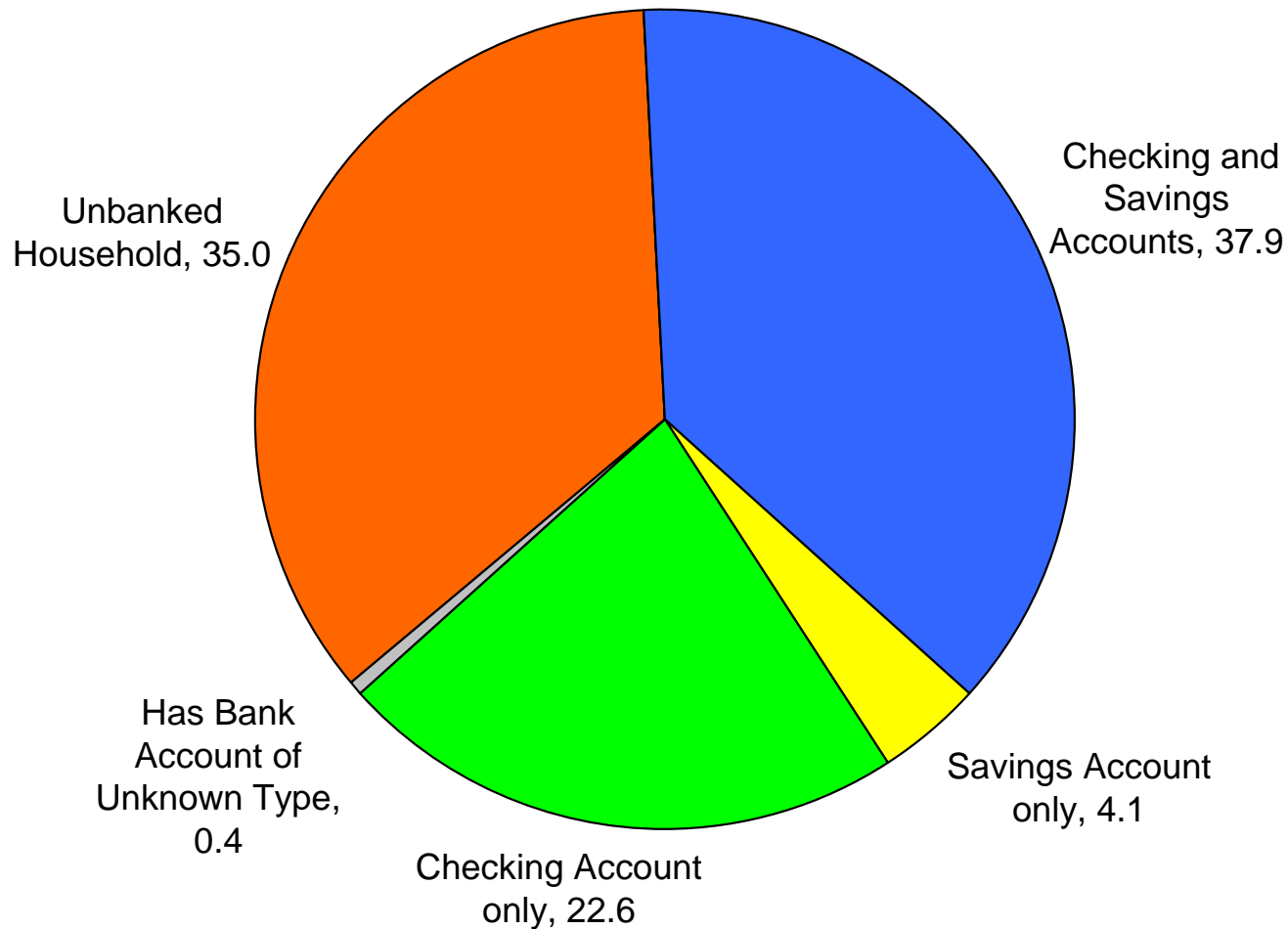
Payday Lenders



Pawn Shops



Households That Used Multiple AFS by Account Type



Notes: Percentages are based on 10.3 million households that used 2 or more AFS in the last 12 months. Percentages may not sum to 100 because of rounding.

Implications

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Implication 1

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

Implication 2

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

Implication 3

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

Implication 4

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

Thank you

