



# **MASSACHUSETTS COMMUNITY & BANKING COUNCIL Basic Banking Surveys**

# Basic Banking for Massachusetts

- ❖ Launched by the Massachusetts Community & Banking Council in 1994
- ❖ Objective: to provide low-cost checking and savings accounts for customers with limited banking needs
- ❖ Guidelines established by representatives of financial institutions and community organizations
- ❖ Unique, voluntary program; cited as national model
- ❖ Promoted by the Massachusetts Bankers Association, the Massachusetts Credit Union League and the Massachusetts Division of Banks
- ❖ 2012: 128 participating financial institutions

# How Was the Information Gathered?

## Online Surveys

The image shows a screenshot of a survey form titled "MCIBC Basic Banking for Massachusetts Survey (Savings and Checking) 2012". The form is for "Basic Banking Checking Account Features". It includes a header with the MCIBC logo and the text "MASSACHUSETTS COMMUNITY & BANKING COUNCIL". The survey questions are as follows:

Basic Banking Guidelines:

- Requires no more than \$25.00 to open the account
- Charges a monthly fee of no more than \$3.00
- Provides at least 15 free withdrawals, including at least eight (8) checks, per month
- Charges no more than \$1.00 for each withdrawal over the allowable number of free withdrawals

1. What is the name of the account (if any)?

No, the account is unnamed.

Yes, the account has a name.

If yes, please specify the name of the account:

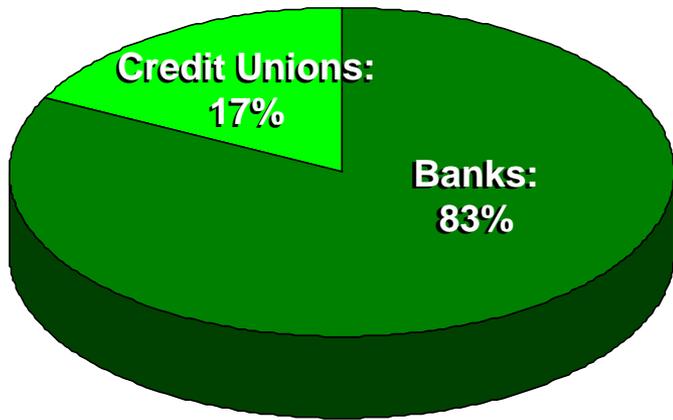
**Program  
Participants:  
41**

- ❖ Bankers were invited to respond to survey
- ❖ Banker survey focused on Basic Banking

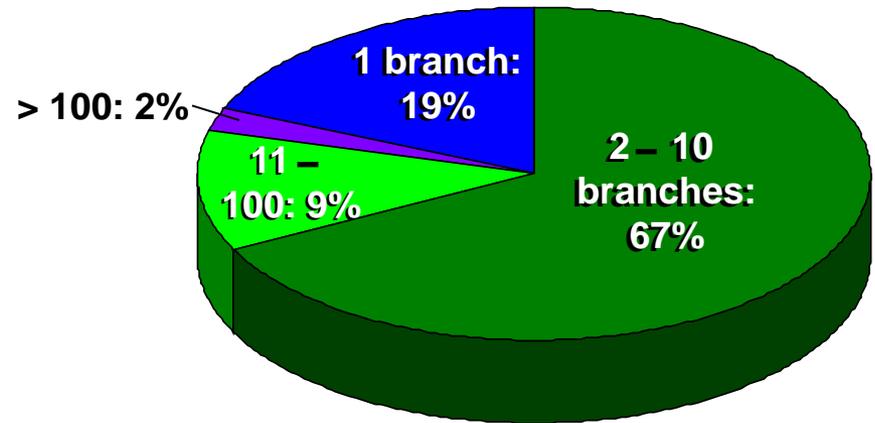
**Consumers:  
193**

- ❖ Survey promoted through community organization websites
- ❖ Respondents were well distributed across the state, diverse locations

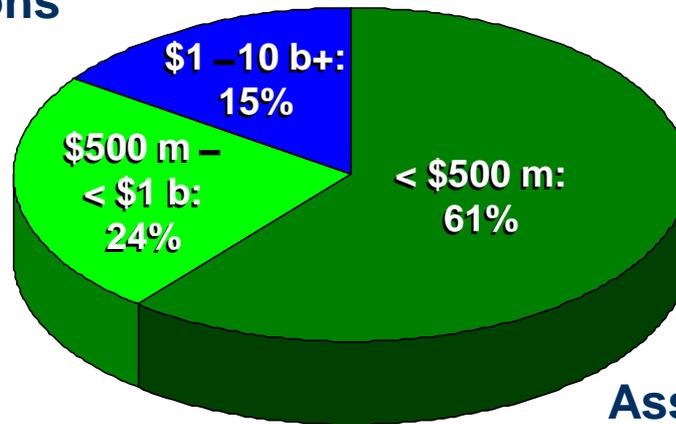
# Profile of Bank Respondents



**Banks vs. Credit Unions**



**# of Branches**



**Asset Category**

# Key Findings — Banks' Experience

- ❖ Majority are content with current guidelines
- ❖ Participating banks and credit unions find Basic Banking to be a positive experience

# Current Guidelines — Checking

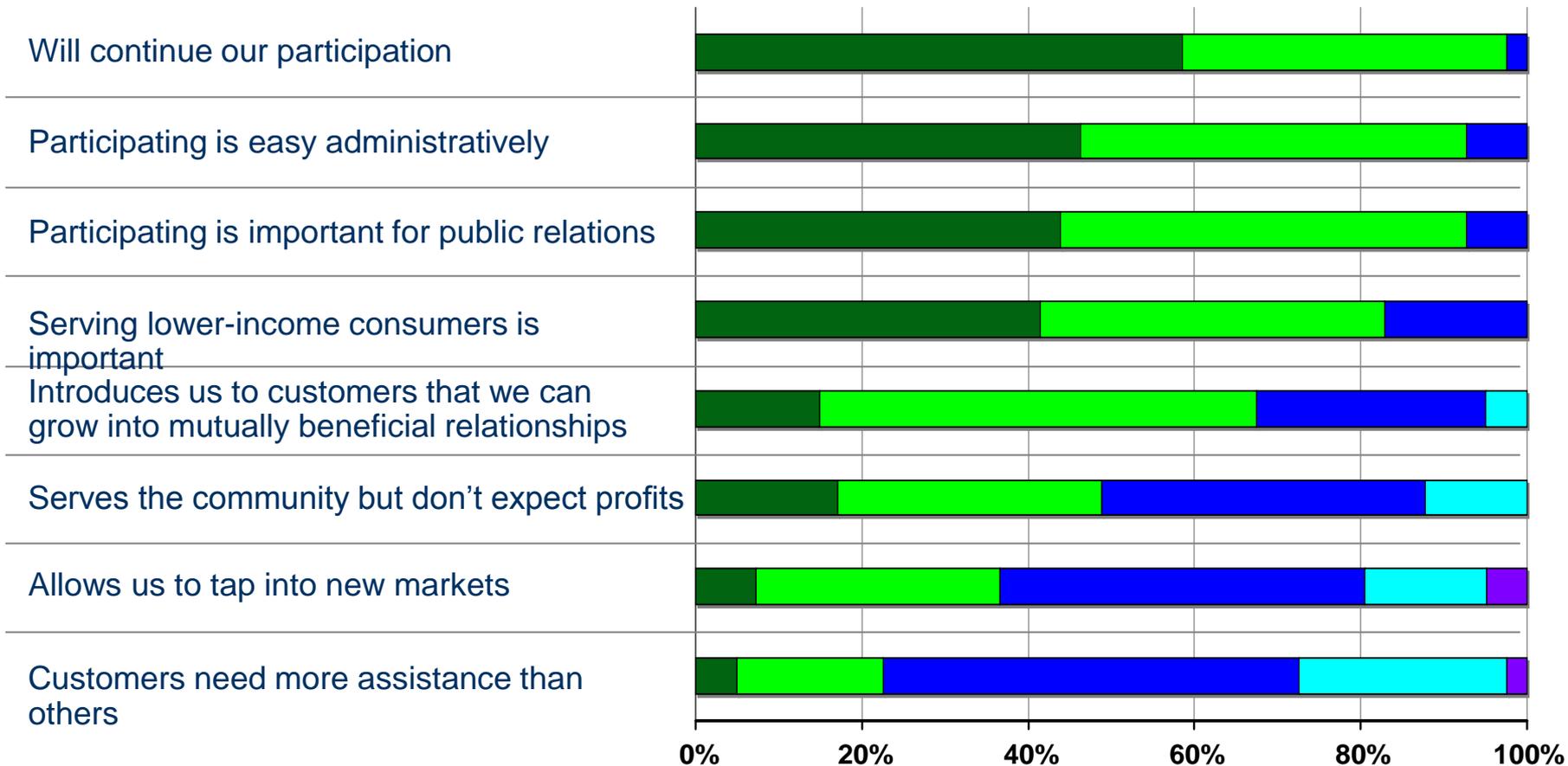
Guideline	Current Practice	Majority Response
Maximum \$25 to open account	66% = \$10	Keep As Is
Maximum monthly fee of \$3	80% = \$0, 2nd is \$3	Keep As Is
Minimum 15 free withdrawals monthly	89% = unlimited, 2nd is 15	Keep As Is

# Current Guidelines — Savings

Guideline	Current Practice	Majority Response
Maximum \$10 to open account	88% = \$10, 2nd is \$1	Keep As Is
Maximum monthly fee of \$1	86% = \$0, 2nd is \$1	Keep As Is

# How Do Bankers View Basic Banking?

■ Strongly Agree  
 ■ Agree  
 ■ Neutral  
 ■ Disagree  
 ■ Strongly Disagree



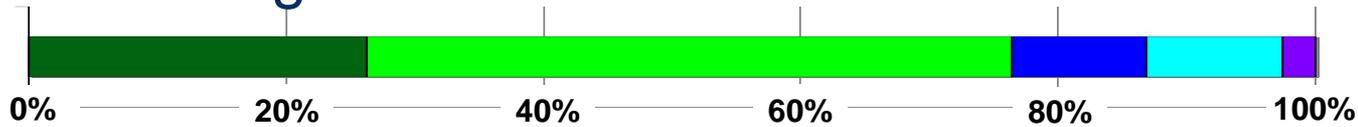
# How Do Banks Promote Basic Banking?

## ❖ Just under half actively promote Basic Banking Accounts

- Top Tools Used:
  - Website Ads
  - Door Decals
  - Brochures
  - Listing on BasicBanking.org
  - Outreach to Community-based Organizations
- Seen as Most Effective: Financial Literacy Classes

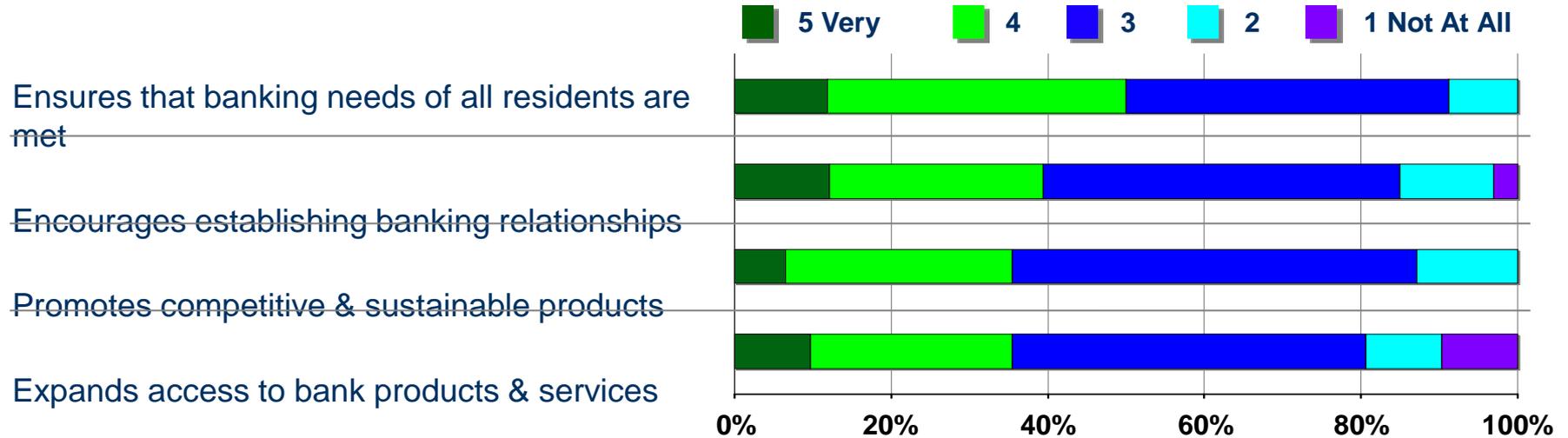
# Effectiveness of Basic Banking

Are the goals established in 1994 still relevant?

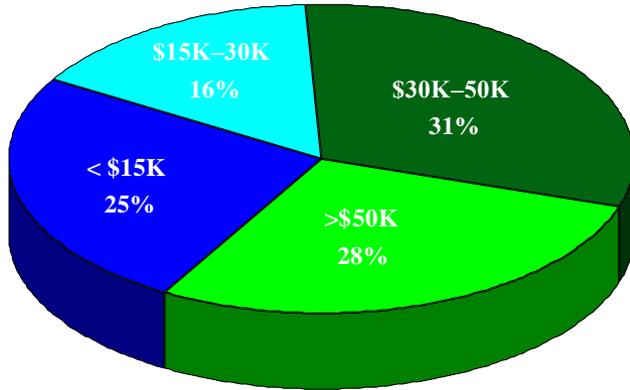


**76% say  
YES!**

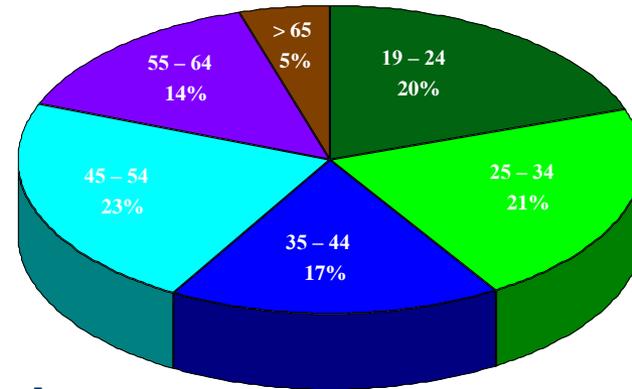
Basic Banking has been effective in meeting the objectives



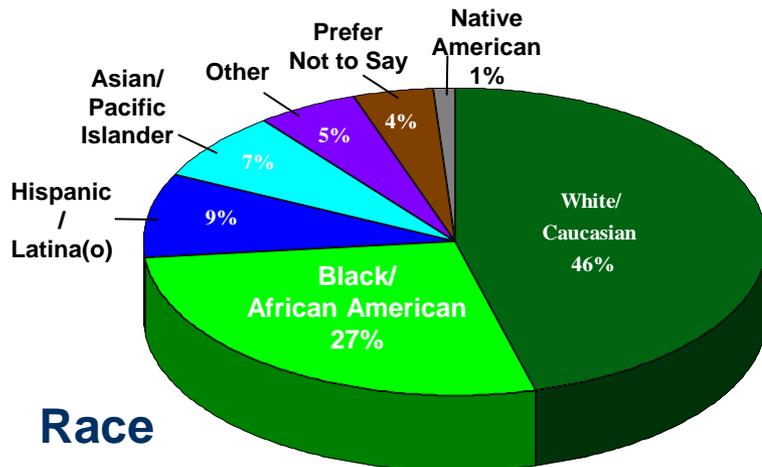
# Profile of Consumer Respondents



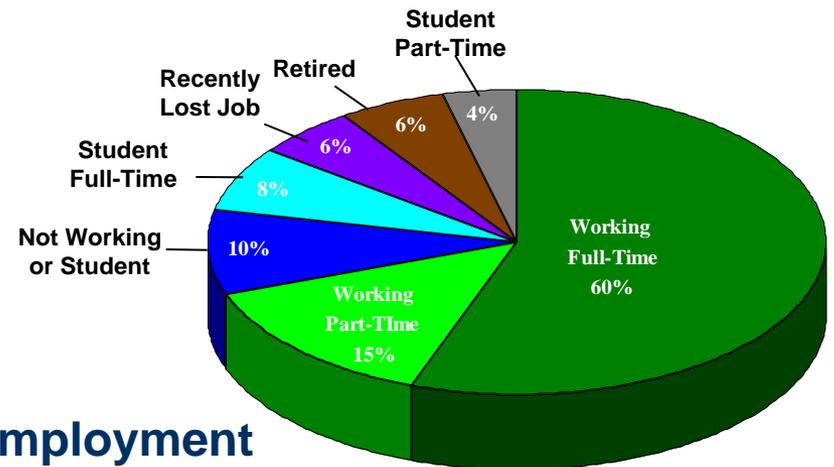
Income



Age

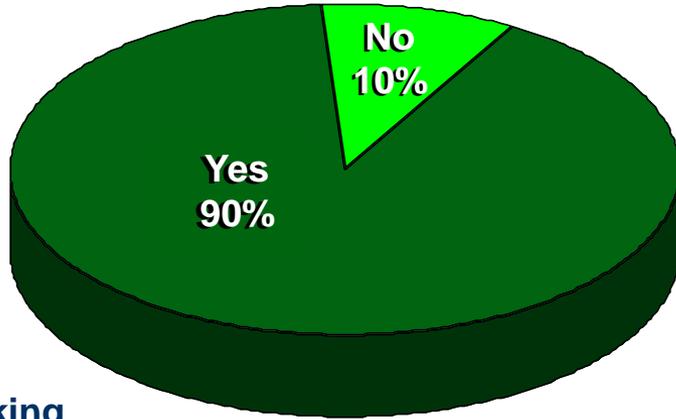


Race

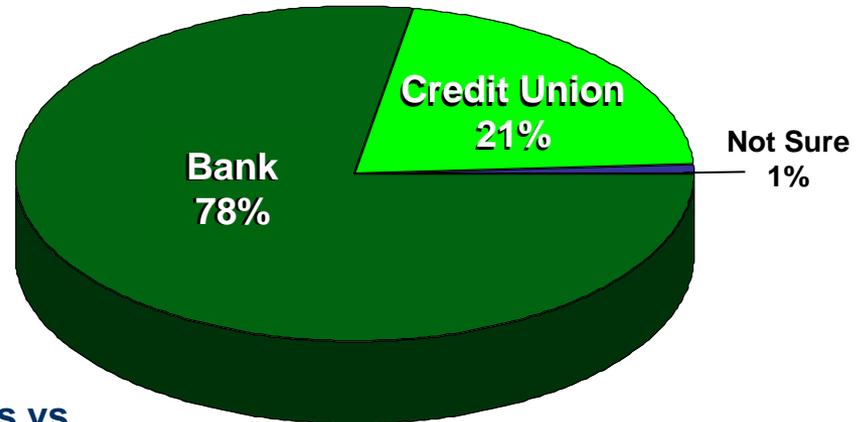


Employment

# Do Consumer Respondents Have Checking?



Checking Account Holders

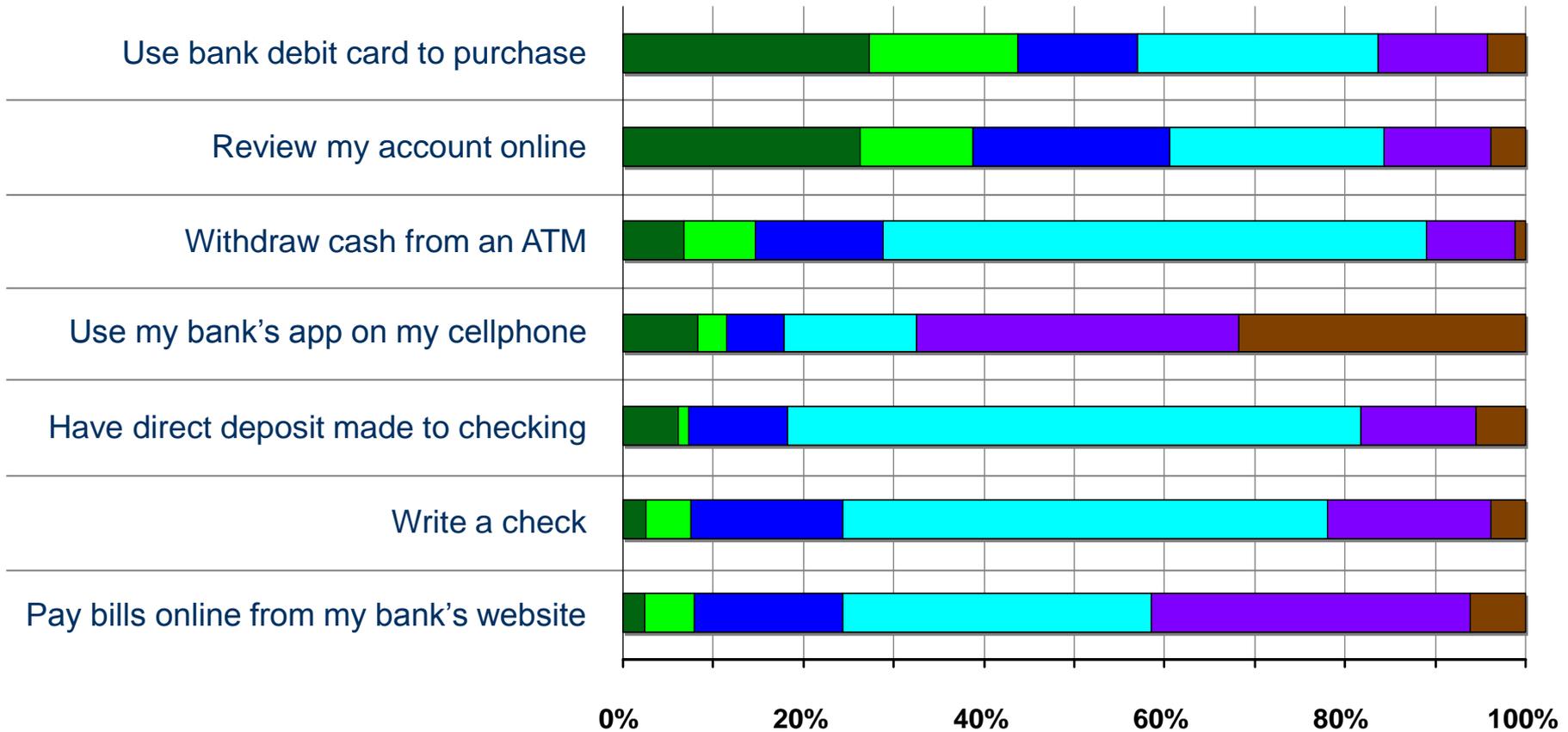


Banks vs. Credit Unions

[Click here for more details](#)

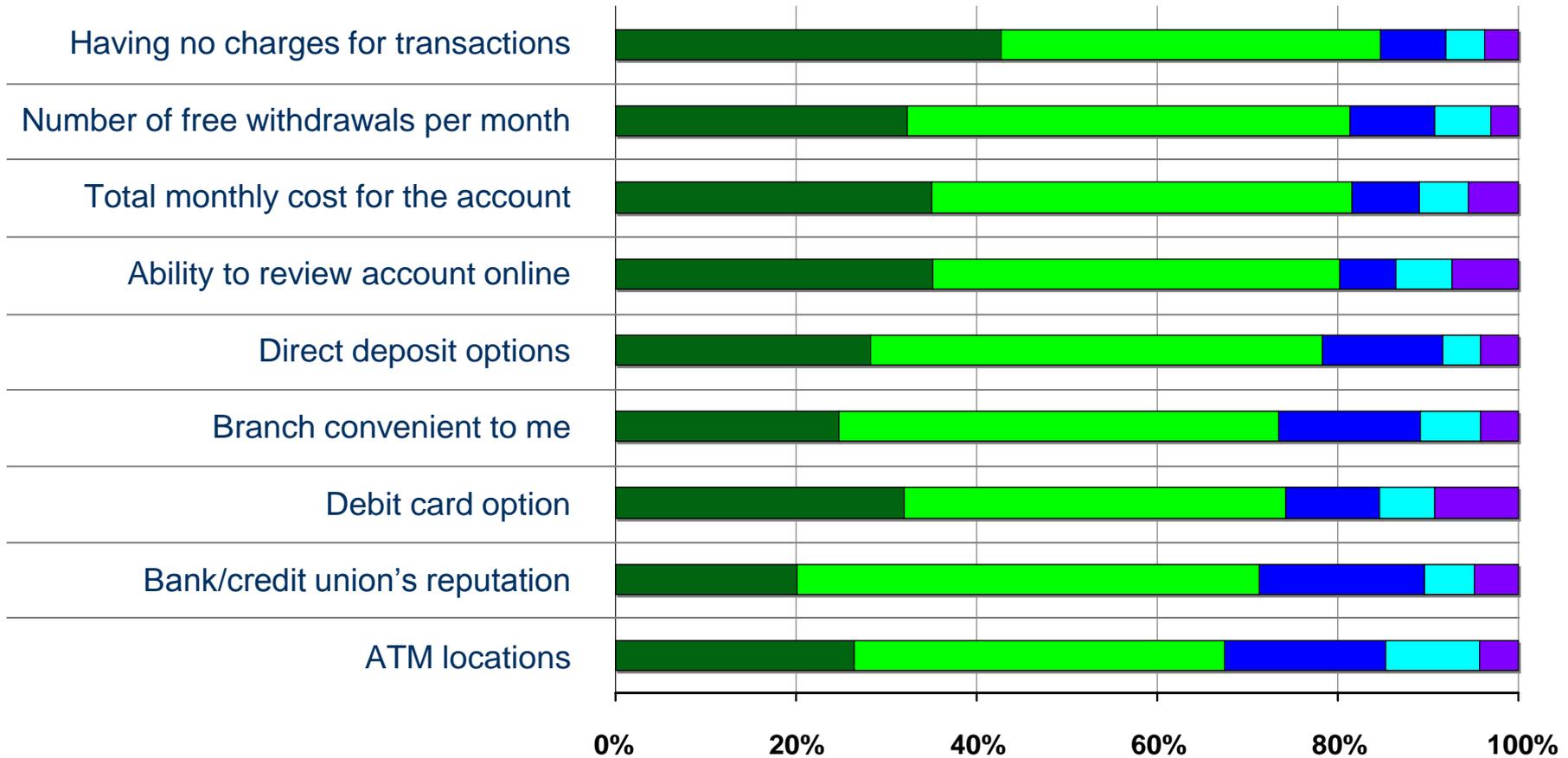
# Consumers' Transaction Usage

■ More than 12   
 ■ 9–12   
 ■ 5–8   
 ■ 1–4   
 ■ None   
 ■ Don't Have Feature

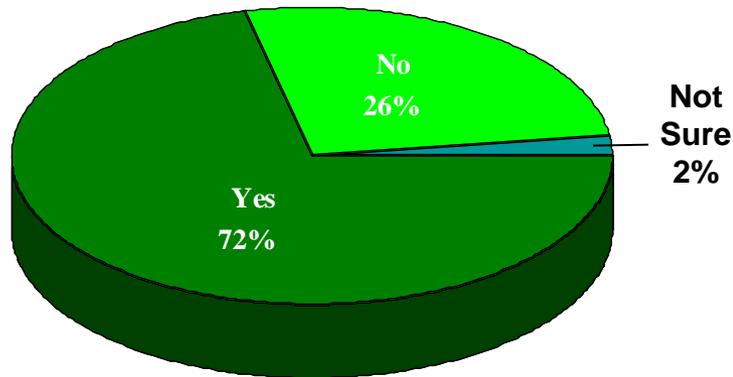


# What's Important in Choosing a Checking Account?

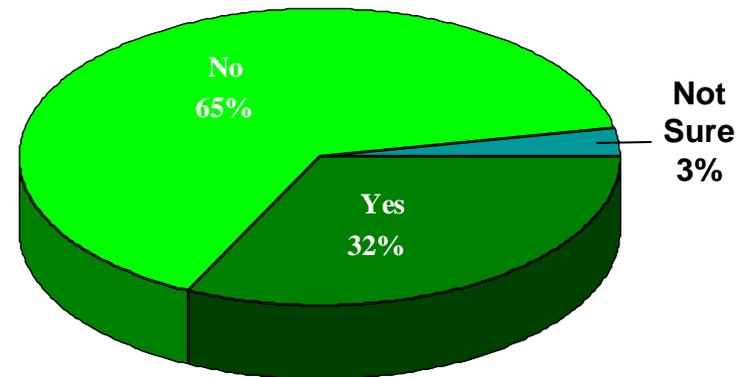
Very Important 5   4   3   2   Not Important 1



# Do Consumer Respondents Have Savings Accounts?

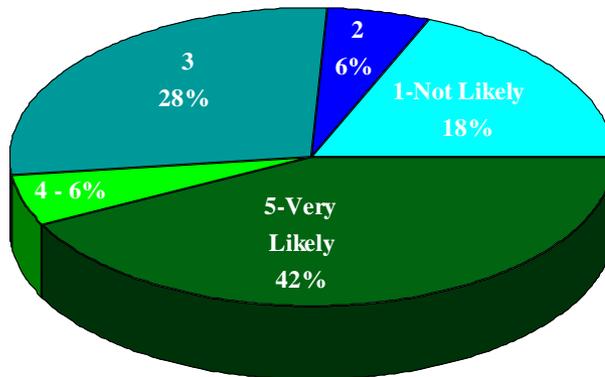


Those with Savings Accounts



Those with Savings Accounts at Work

Those Planning to Open a Savings Account

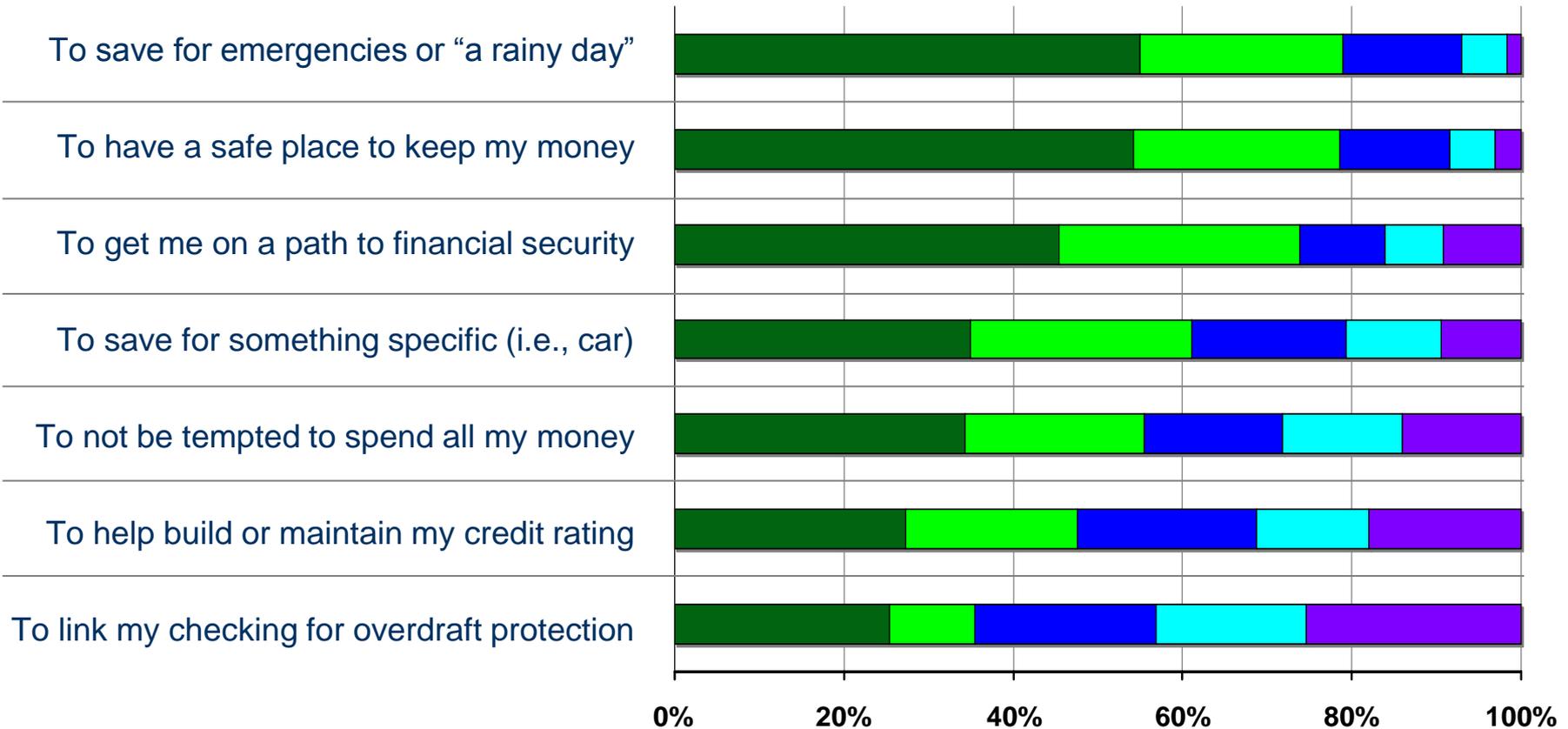


*There are significant, large differences between income groups.*

# Why Do Consumer Respondents Have a Savings Account?

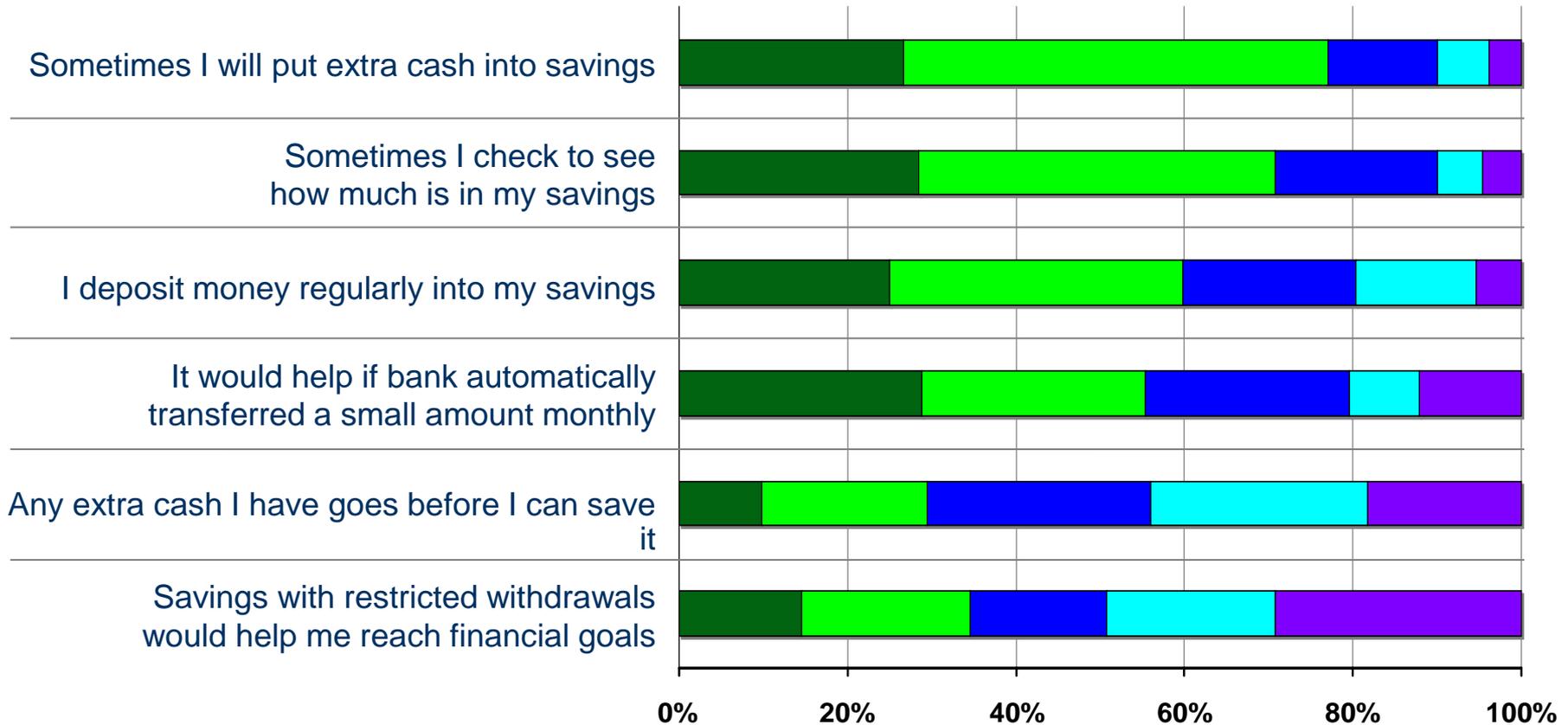
## Consumers With Savings

■ Very Important 5 ■ 4 ■ 3 ■ 2 ■ Not Important 1



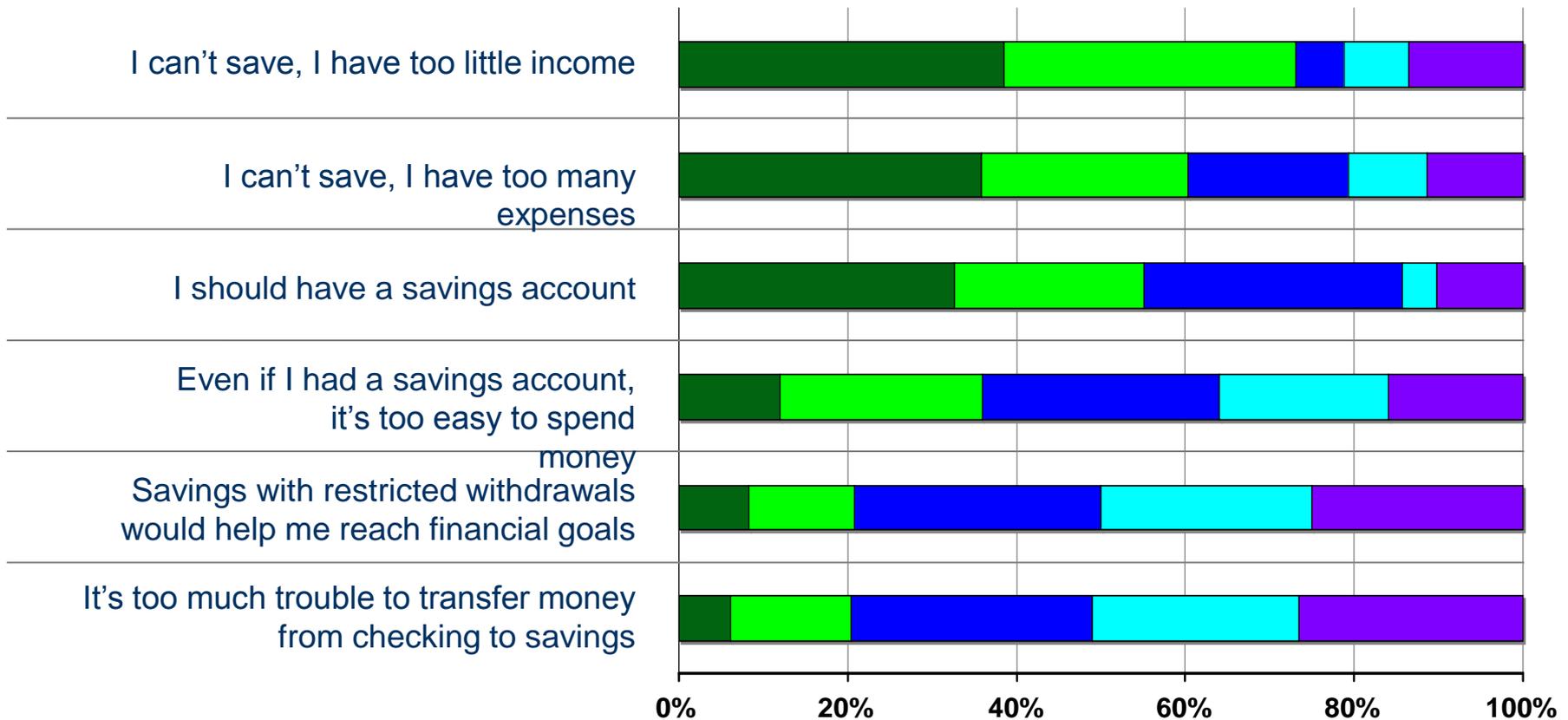
# What Are Respondents' Savings Habits?

**Consumers With Saving** ■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly Disagree



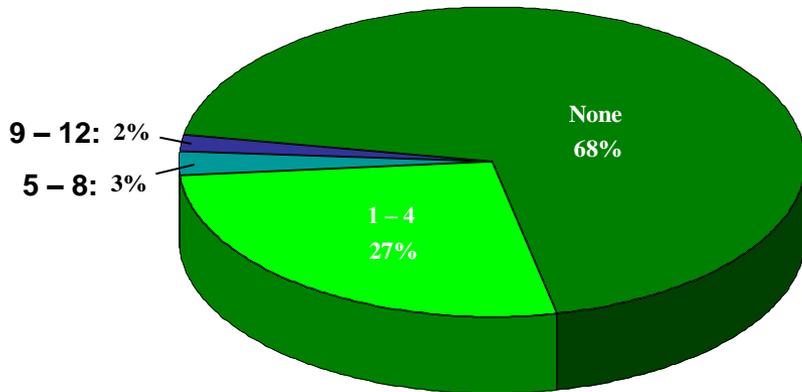
# What Are Respondents' Reasons & Intentions?

**Consumers Without Savings** ■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly Disagree

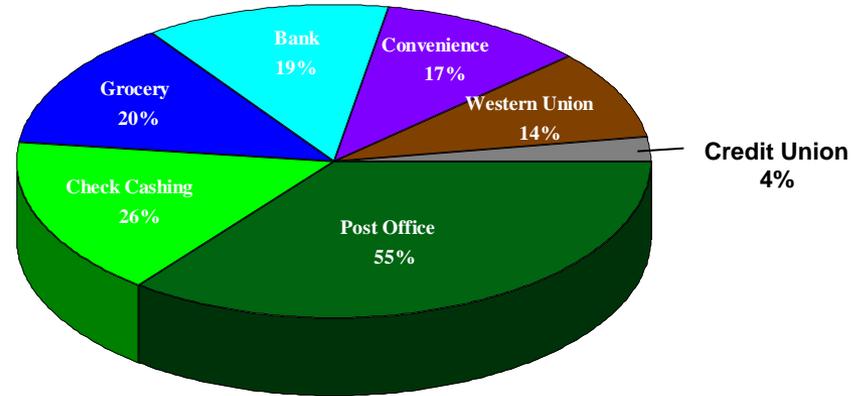


# Alternatives for Respondents

## Money Orders



# of Money Orders Purchased



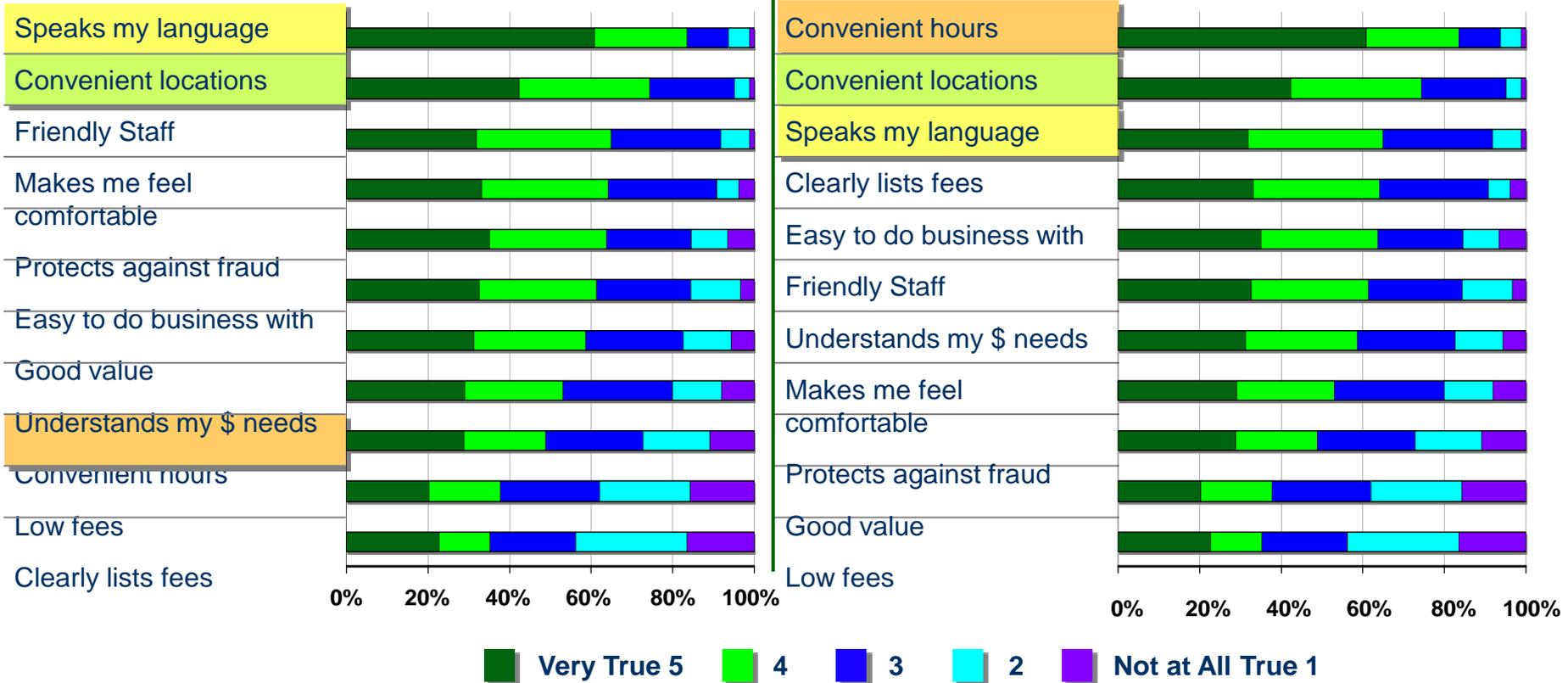
Where Purchased

*P.O. most popular, but balance is split between locations.*

# Alternatives for Respondents

**Banks**

**vs. Check Cashing Stores**



# Key Findings

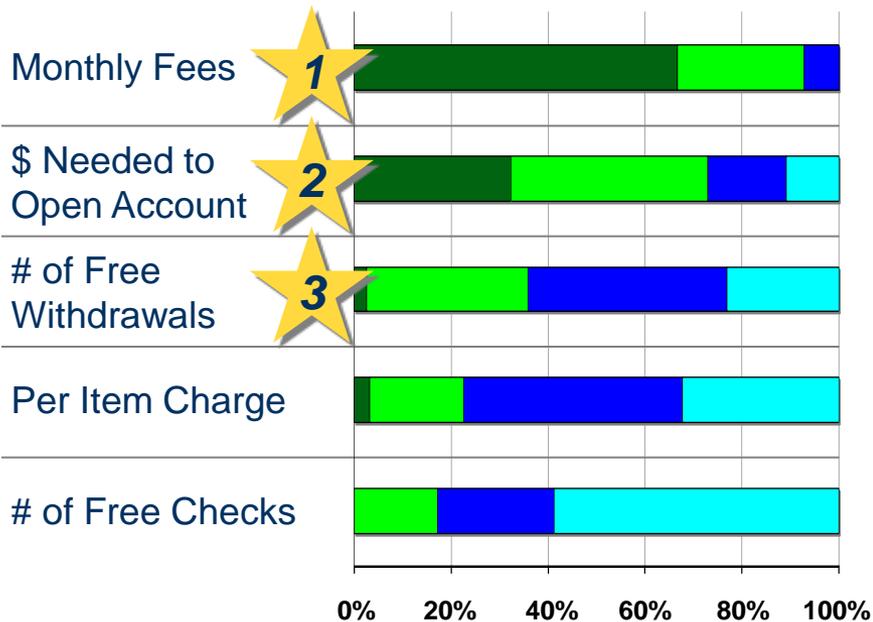
- ❖ Bankers and Consumers agree when evaluating important features in a checking account
  - Both focus on total cost of account
  - Number of allowable withdrawals is more critical than number of checks
  - Online banking is very important to consumers, although mobile banking is not yet

# What Do Bankers Feel Are Most Important to Consumers?

## Checking

## Savings

■ Rated #1   
 ■ Rated #2   
 ■ Rated #3   
 ■ Not Top 3



# More Than 50% Say That Cost Is a Key Factor

- ❖ No charge for up to 8 checks & no charge for all ATMs
- ❖ No minimum balance required to maintain the account
- ❖ No cost to order checks
- ❖ No monthly fee for a checking account
- ❖ No charge to have monthly statements available online

# Bankers and Consumers Weigh In on Additional Features for Basic Banking

Feature	Bankers	Consumers (with Checking)	Consumers (without Checking)	Current Bank Practice
Online Banking	72%	35%	44%	93% offer, almost all free
Mobile Banking	41%	10%	19%	22% offer, all free
Free Initial Checks	73%	14%	60%	50% offer free initial order
No Fee for Non-Network ATM Withdrawals	30%	20%	71%	33% no fee, typical fee is \$1 or \$1.50
Link to Savings Account for Overdraft Protection	73%	N/A	25%	24% link no fee, 42% with fees, typical charge is \$5
Waiver of Fees for Direct Deposit	75%	28%	50%	N/A

# Online Banking vs. Mobile Banking

## Online

- ❖ 3 in 4 respondents use
- ❖ When used, done frequently, most often to check balances
- ❖ Those that don't use cite:
  - Privacy
  - Safety
  - Don't like computers
  - Don't know how

## Mobile

- ❖ 1 in 3 respondents use
- ❖ Those that don't use cite:
  - Don't have a smart phone
  - Privacy
  - Safety
  - Don't like using cell phone
  - Don't know if banks offers it
  - Don't know how

# Next Steps

- ❖ **Results of surveys:** No changes in Basic Banking guidelines this year
- ❖ **November–December:** sign-up for 2013 Basic Banking program
- ❖ **January 2013:** Qualified financial institutions invited to be included in BasicBanking.org

# You're Invited to Take Part in Basic Banking

## If you are a financial institution:

- ❖ Sign up for Basic Banking for Massachusetts (form on MCBC website)
- ❖ Promote Basic Banking and BasicBanking.org

## If you are a community organization:

- ❖ Recognize local financial institutions that participate
- ❖ Download flyers promoting BasicBanking.org
  - Distribute at financial education classes
  - Post on bulletin boards