



Presented by FDIC Consumer News:

A Resource for Bankers



FEDERAL DEPOSIT
INSURANCE CORPORATION

Households May Need to Change How They Conduct Financial Transactions During the COVID-19 Pandemic

In the face of the COVID-19 pandemic, it is recommended or required that households remain home as much as possible and limit contact with others to prevent the spread of the virus. While essential services, such as banking, will continue, face to face interaction may be unavailable or undesirable, and households may need to change the way they conduct their finances. As banks adjust operations and develop strategies for serving consumers, they may want to consider how social distancing and other restrictions could affect some bank customers' ability to conduct financial transactions. It is important for banks to continue communicating with their customers on the options they have available to conduct their banking transactions. Some of these strategies may include:

- reaching out to customers that might not be enrolled in mobile and online banking and helping them set up their online credentials.
- reaching out to customers that are not currently using banking features, such as bill pay, person-to-person payments, or mobile deposits.
- communicating about online account opening capabilities to facilitate onboarding of new customers.

- ensuring that routing and account numbers are safely, but easily, accessible to customers that need to set up direct deposit.
- ensuring that customer services personnel is equipped to handle a higher volume of customers requesting help setting up and using online and mobile banking capabilities, locating drive-thru services, or completing transactions via phone.
- identifying additional customer segments that could need support. Branch staff, in particular, might have insights into the types of customers and services that might be most affected and could help inform strategies to help support these consumers.
- closely monitoring and communicating any challenges that banks and their customers might have at this time and sharing their experiences and suggestions with industry and regulators.
- posting clear directions on the bank's website regarding opening accounts online, setting up online credentials, and warning customers

of potential scams, which will help consumers know they are dealing with a trusted site.

The largest challenges may be for consumers who typically engage in financial transactions in person and may lack familiarity with or access to other banking channels. This includes households that disproportionately rely on bank branches to access their accounts, those who pay bills in person, or those who use other nonbank financial services, such as check cashing or money orders.

Customers reliant on bank branches

To protect employees and customers, banks are making changes to limit branch accessibility. Precautions such as closing branch lobbies and reducing hours help minimize interpersonal interaction, but may cause disruptions for customers that solely or primarily rely on bank branches to access their bank accounts. While most households have visited a bank branch to access their account at some point in the past 12 months, one quarter (24.3 percent) of banked households rely on branches as their primary account access method, including *12.6 percent who use bank tellers as their only banking channel.*

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- Use of bank tellers as the primary means of account access remains quite prevalent among certain segments of the population including:
 - older households: 37 percent of households age 55+
 - households in rural areas: 38 percent
 - lower-income households: 38 percent of banked household below \$30K income
 - less-educated households: 46 percent of households with no high school diploma

Customers who conduct other in-person financial transactions

There is also a segment of bank customers who conduct financial transactions in person at nonbank locations who may also need to change the way they transact. These include bank customers that use alternative financial services like check cashing, nonbank money orders, or remittances (i.e., transaction AFS), and those who pay bills in person.

- About 16 percent of banked households used transaction AFS in the past 12 months. Populations that are more likely to use these nonbank services include:
 - black or Hispanic households: nearly one-third
 - lower-income households: about one in five banked households with income below \$30K
 - younger households: about one quarter of banked households under age 24
- Also a portion of bank customers regularly go to stores and payees to pay their bills.

Source: 2017 FDIC Survey of Unbanked and Underbanked Households.

Switching to alternative channels can be challenging

Bank customers might be looking to find alternative ways to conduct their transactions to reduce personal contact. Most customers have access to other banking channels including telephone banking, ATMs, mobile banking and online banking. Banks are promoting the availability of drive-thru tellers and ATMs that might serve many of these consumers, and may substitute for branch services in many cases. Banks are also recommending that customers increase use of online and mobile services, which can be useful for households that need or desire to remain at home. For example, consumers that are used to depositing checks via bank teller or ATM, or visiting check cashers, may choose to try bank mobile deposit services instead.

Switching to online and mobile banking could be a convenient way to conduct financial transactions from home. However, this may not

be a smooth transition for many. Over three quarters of banked households that primarily rely on bank tellers do not use either mobile or online services. In fact, almost a quarter don't have access to a mobile phone or internet at home and would likely have to rely more heavily on other banking channels, such as telephone banking, ATMs and drive-thrus.

FDIC Resources

As circumstances evolve, the FDIC will continue to support banks in their efforts to adjust operations and provide banking services to all consumers.

Through Money Smart, the FDIC offers non-copyrighted, high-quality, free financial education resources for banks and other stakeholders to train people of all ages and small businesses. Access [FDIC Money Smart for Adults modules](#) to develop messaging and provided financial education to consumers. See table:

| Module of Money Smart for Adults | Key Topics |
|--|---|
| Module 14: Disasters-Financial Preparation and Recovery | <ul style="list-style-type: none">• Consider Arranging for Online or Mobile Banking• Watch Out for Scams |
| Module 5: Your Savings, Section 3: <ul style="list-style-type: none">– Try It: Unexpected Expenses– Apply It: My Emergency Savings Fund Plan– Apply It: Estimating Savings for Changes in My Income and Expenses | <ul style="list-style-type: none">• My Emergency Savings Fund Plan• Estimating Savings Needs |
| Module 2: You Can Bank On It | <ul style="list-style-type: none">• Managing a Bank Account• Using a Bank Account. |

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Parent/Caregiver guides are also available to offer ideas to help young people learn about money.

Other resources of interest:

- [Press release: FDIC: Insured Bank Deposits are Safe; Beware of Potential Scams Using the Agency's Name](#)
 - [Frequently asked questions for bank customers](#)
 - [The FDIC's website on COVID-19](#)
- [Coronavirus disease 2019 \(COVID-19\): What do Older Adults and People with Disabilities Need to Know?](#)
- FDIC Disaster Impact on Banking Operations webpage: www.fdic.gov/news/disaster/
- FDIC Consumer Protection webpage: www.fdic.gov/consumers
- FIL-11-2020: FDIC Statement on Financial Institutions Working with Customers Affected by the Coronavirus and Regulatory and Supervisory Assistance; March 13, 2020, <https://www.fdic.gov/news/news/financial/2020/fil20017a.pdf>
- FDIC Electronic Deposit Insurance Estimator (EDIE) <https://edie.fdic.gov/>

- FDIC toll-free Customers Hotline 1-877-ASK-FDIC or 1-877-275-3342 or TDD 800-925-4618 for information about accessing banking services or how to reach their bank. This hotline operates from 8:00 a.m. to 8:00 p.m. Eastern Time Monday through Friday and 9:00 a.m. to 5:00 p.m. on Saturday and Sunday.
- Consumers whose personal information has been misused should contact the local authorities and file a complaint with the Federal Trade Commission by phone at 877-IDTHEFT or 1-877-438-4338 or TDD 1-866-653-4261 or on the Internet at www.identitytheft.gov/.
- Equifax: 1-800-525-6285; www.equifax.com/; P.O. Box 740241, Atlanta, GA 30374-0241
- Experian: 1-888-EXPERIAN or 1-888-397-3742; www.experian.com/; P.O. Box 9554, Allen, TX 75013
- TransUnion: 1-888-909-8872; www.transunion.com/; Fraud Victim Assistance Department, P.O. Box 2000, Chester, PA 19016

HOW TO REACH US

If you have a complaint or inquiry, you can submit it using our online form, which can be found at <https://ask.fdic.gov/fdicinformationandsupportcenter/s/>

To reach us by phone, call toll-free: 1-877-275-3342 (1-877-ASK-FDIC)

Regular hours of operation are Monday through Friday from 8:00 a.m. to 8:00 p.m. (EST).

For more current financial information, check out Federal Deposit Insurance Corporation **Consumer News** at <https://www.fdic.gov/consumers/consumer/news/> or

