

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

FDIC Consumer Research Symposium  
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# Background

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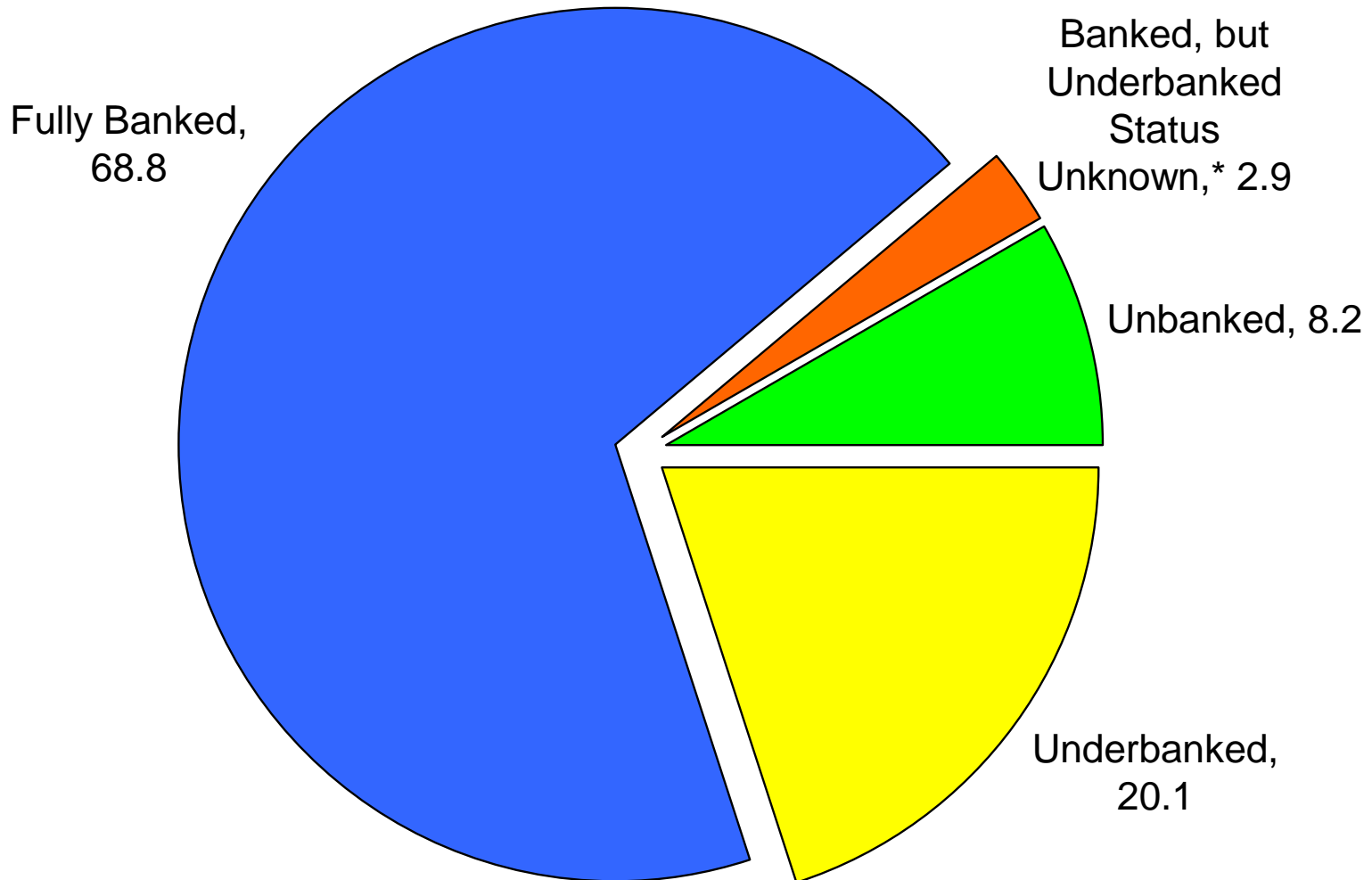
- Objectives and statutory mandate
  
- FDIC household survey
  - Administered in June 2011 as a supplement to the Census CPS to nearly 45,000 households (84% of CPS respondents)
  - Designed to yield estimates of the number of unbanked and underbanked households; their demographic characteristics, and 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 colored segments: yellow on the left, blue in the middle, and orange on the right. The bar is positioned below the title 'Banking Status'.

# Distribution of Household Banking Status

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

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

# Revised Underbanked Definition

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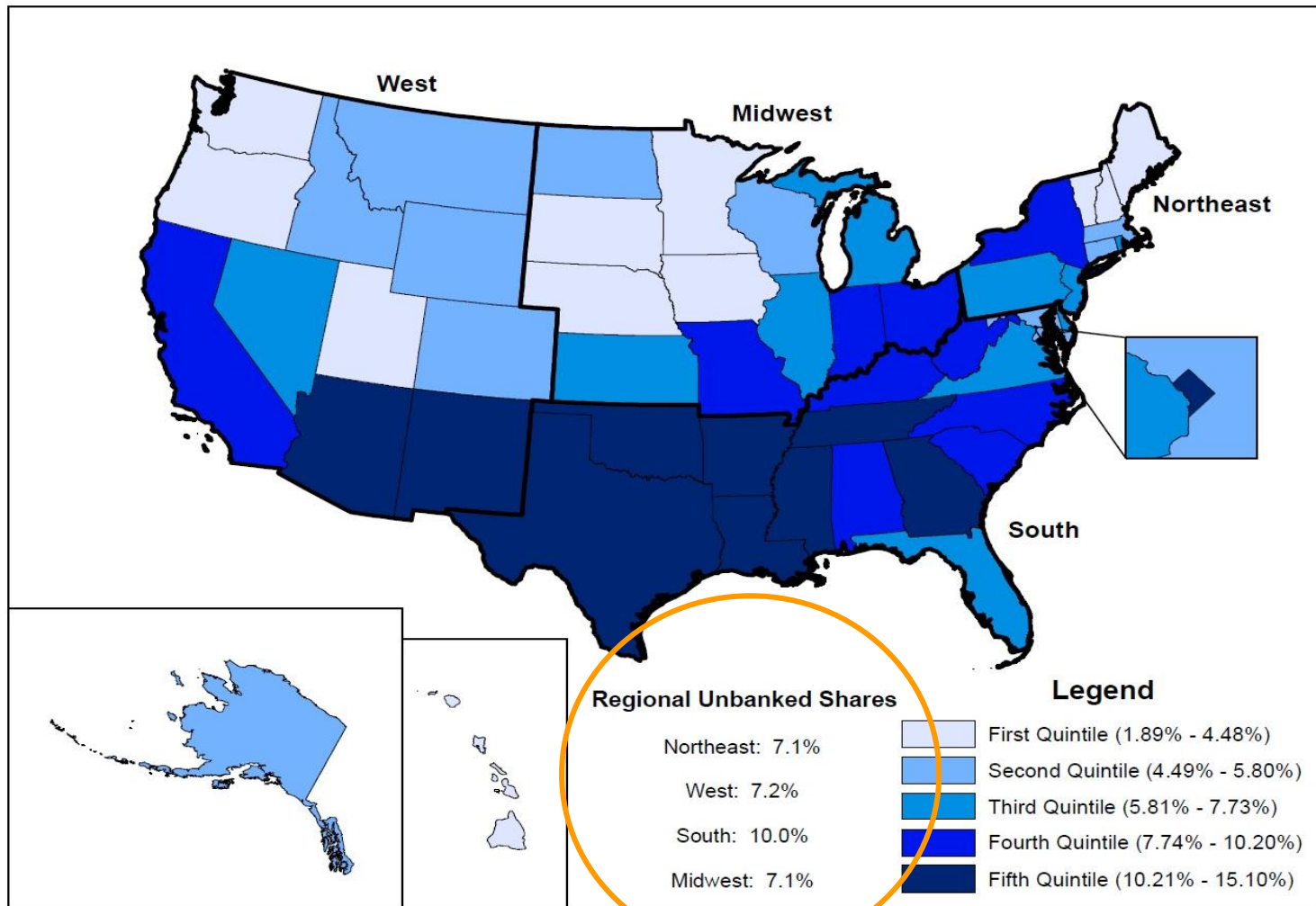
AFS	Timing of Use	
	2009	2011
Non-Bank Money Orders Non-Bank Check Cashing Payday Lending Pawn Shops Rent-to-Own	Used at least once or twice a year	Used in the last year
RALs	Used in the last 5 years	
Non-Bank Remittances	Not included	

# Unbanked and Underbanked Rates for Select Groups

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

# Unbanked Households by Region and State



# Household Composition by Banking Status

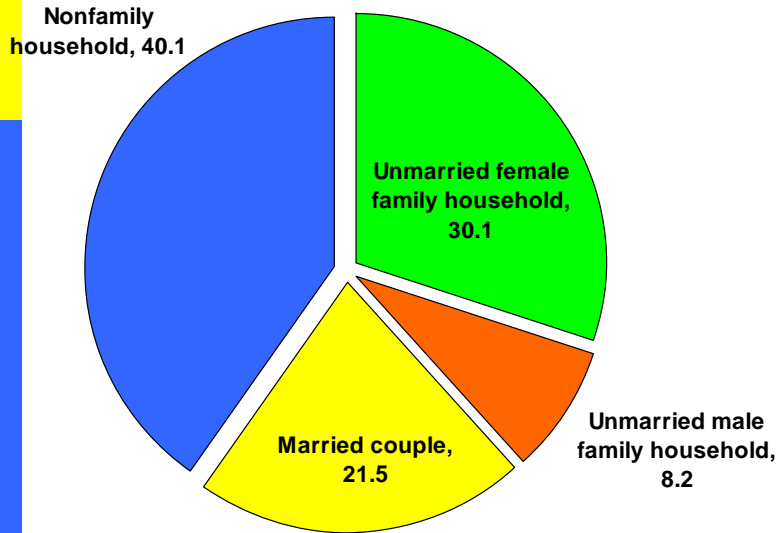
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- There are stark differences between the unbanked and banked
- Along some dimensions, the underbanked seem to be a blend of the unbanked and fully-banked populations: race, age, family type
- b Along other dimensions, the underbanked seem much more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

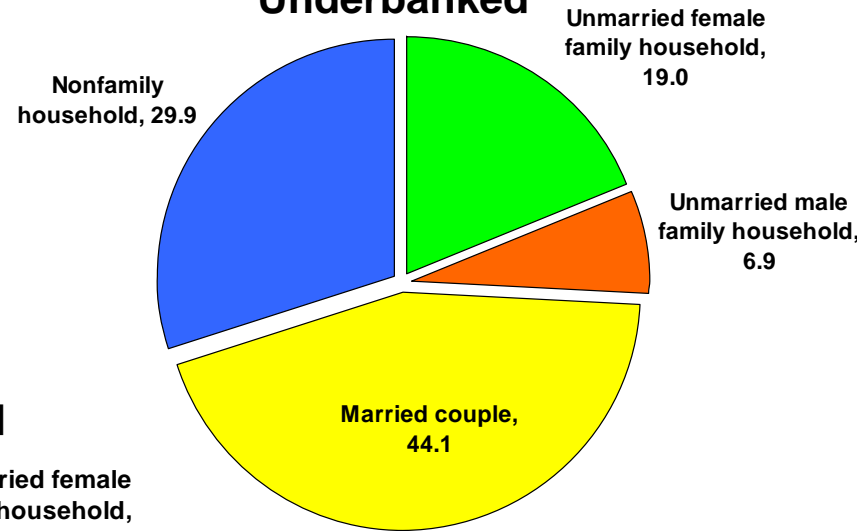


# Distributions by Household Type

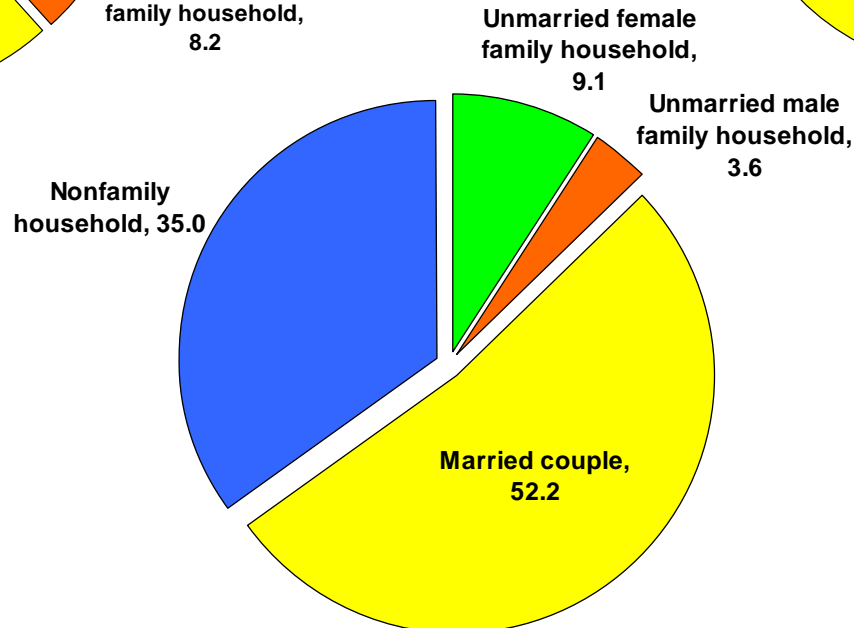
## Unbanked



## Underbanked

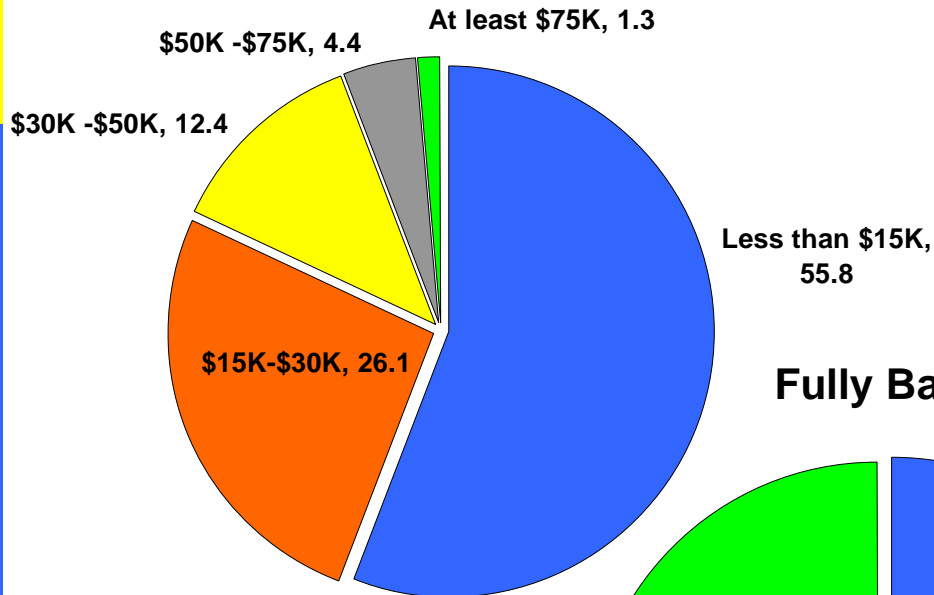


## Fully Banked

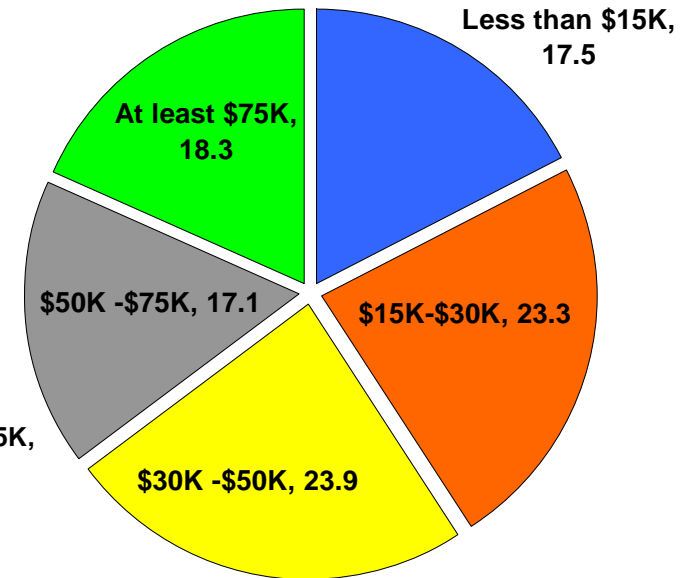


# Distribution by Income

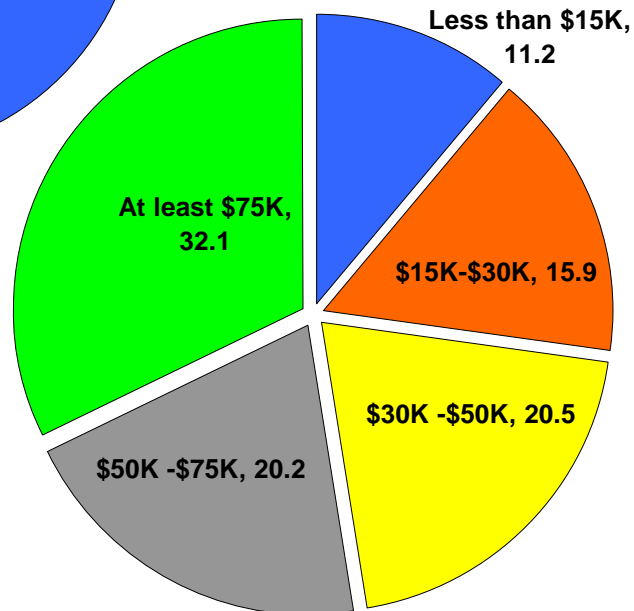
## Unbanked



## Underbanked

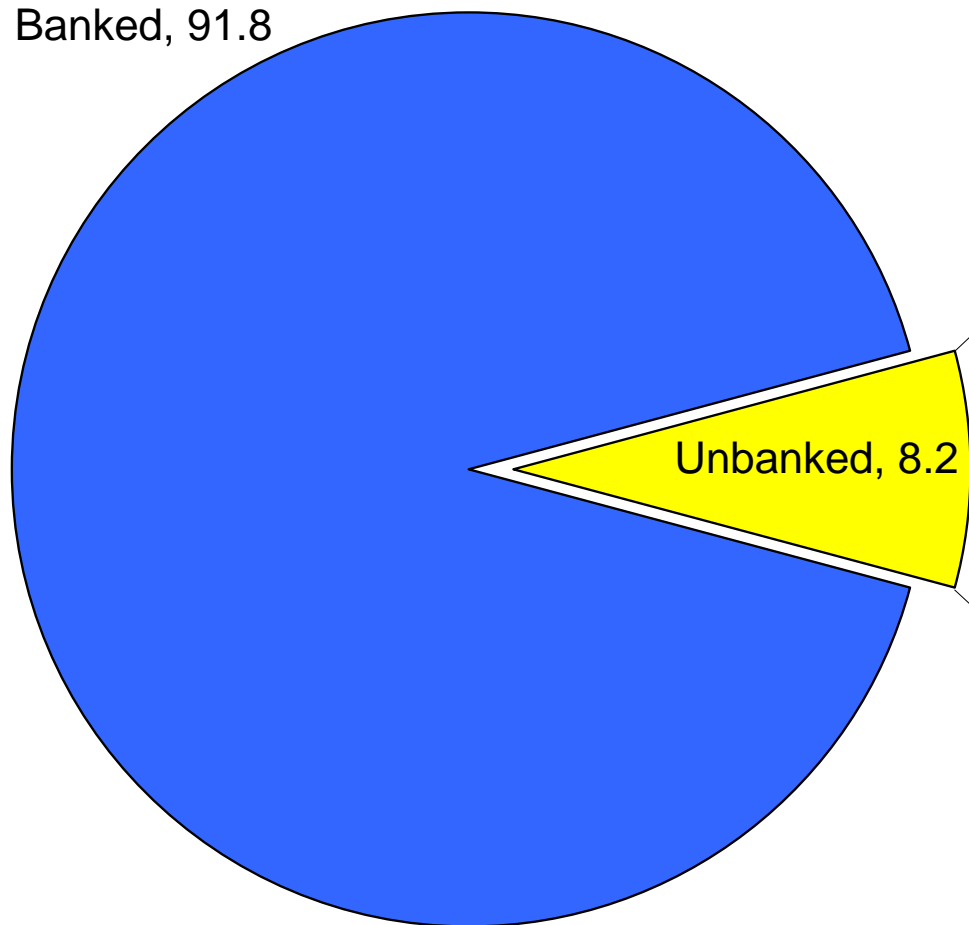


## Fully Banked

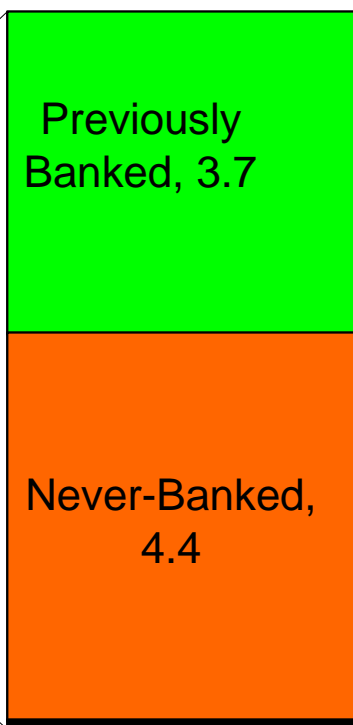


# Previous Banking Status of Unbanked Households

Banked, 91.8

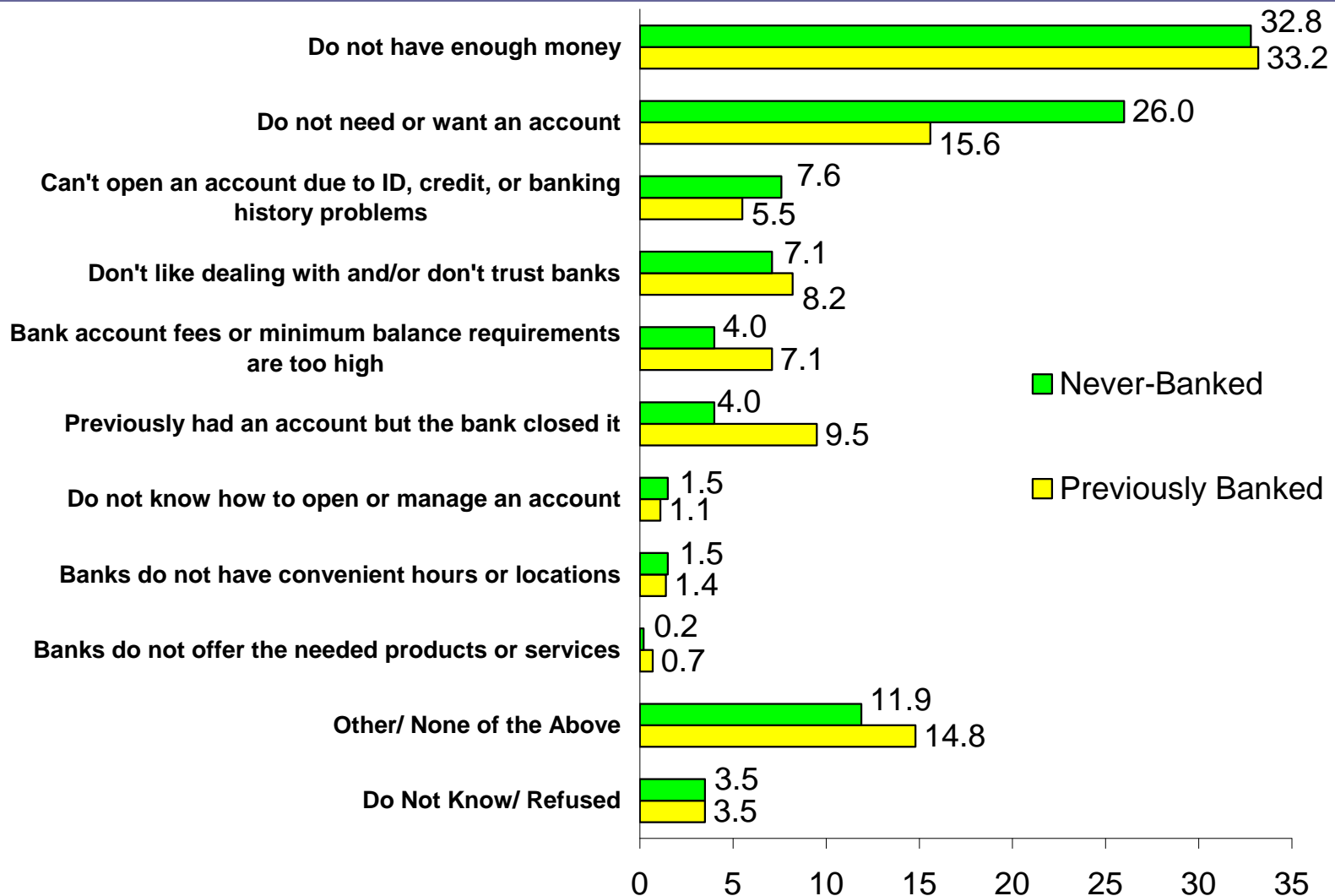


Unbanked, 8.2

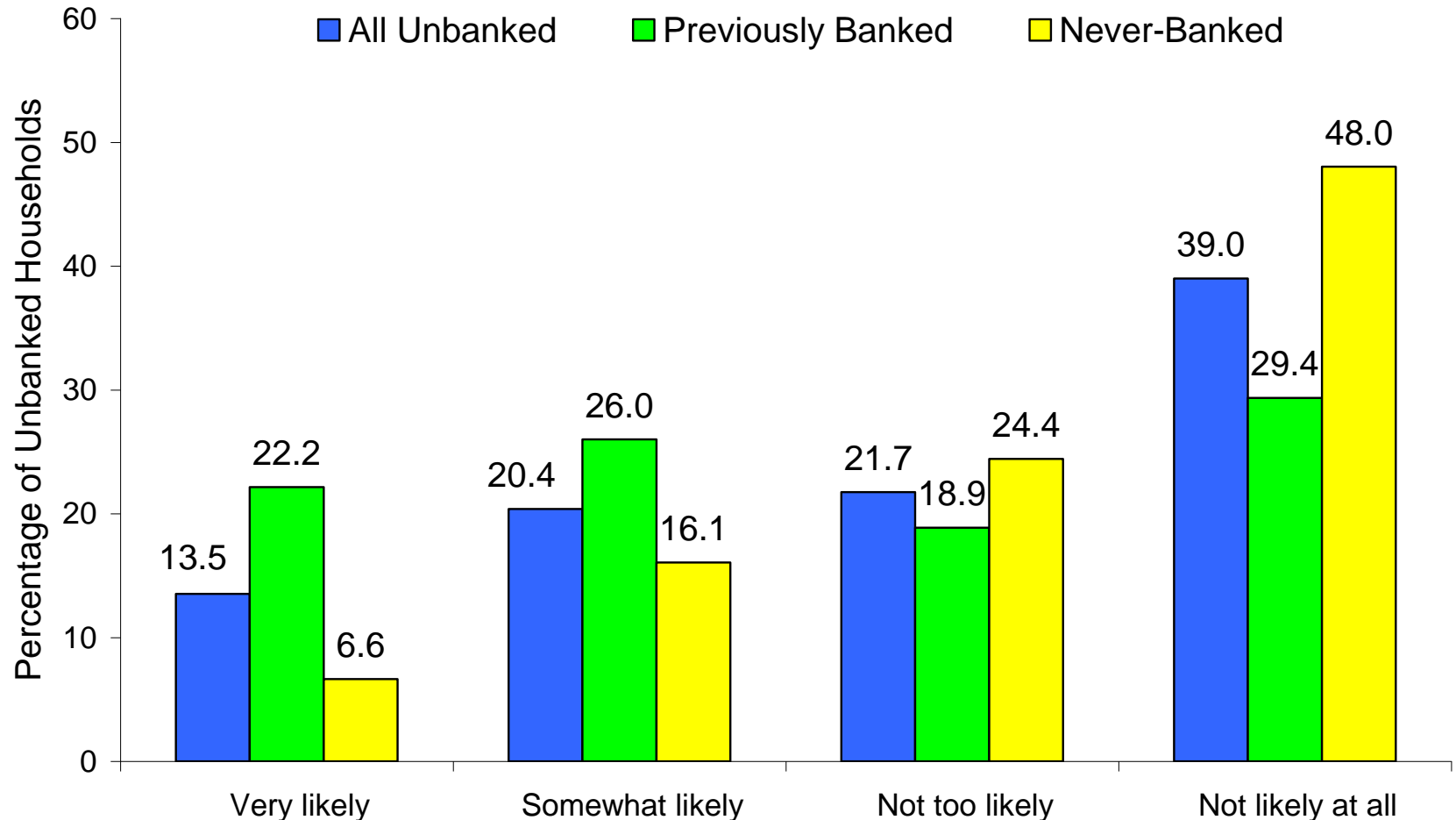


Previous  
Banking Status  
Unknown, 0.1

# Main Reason Households are Unbanked

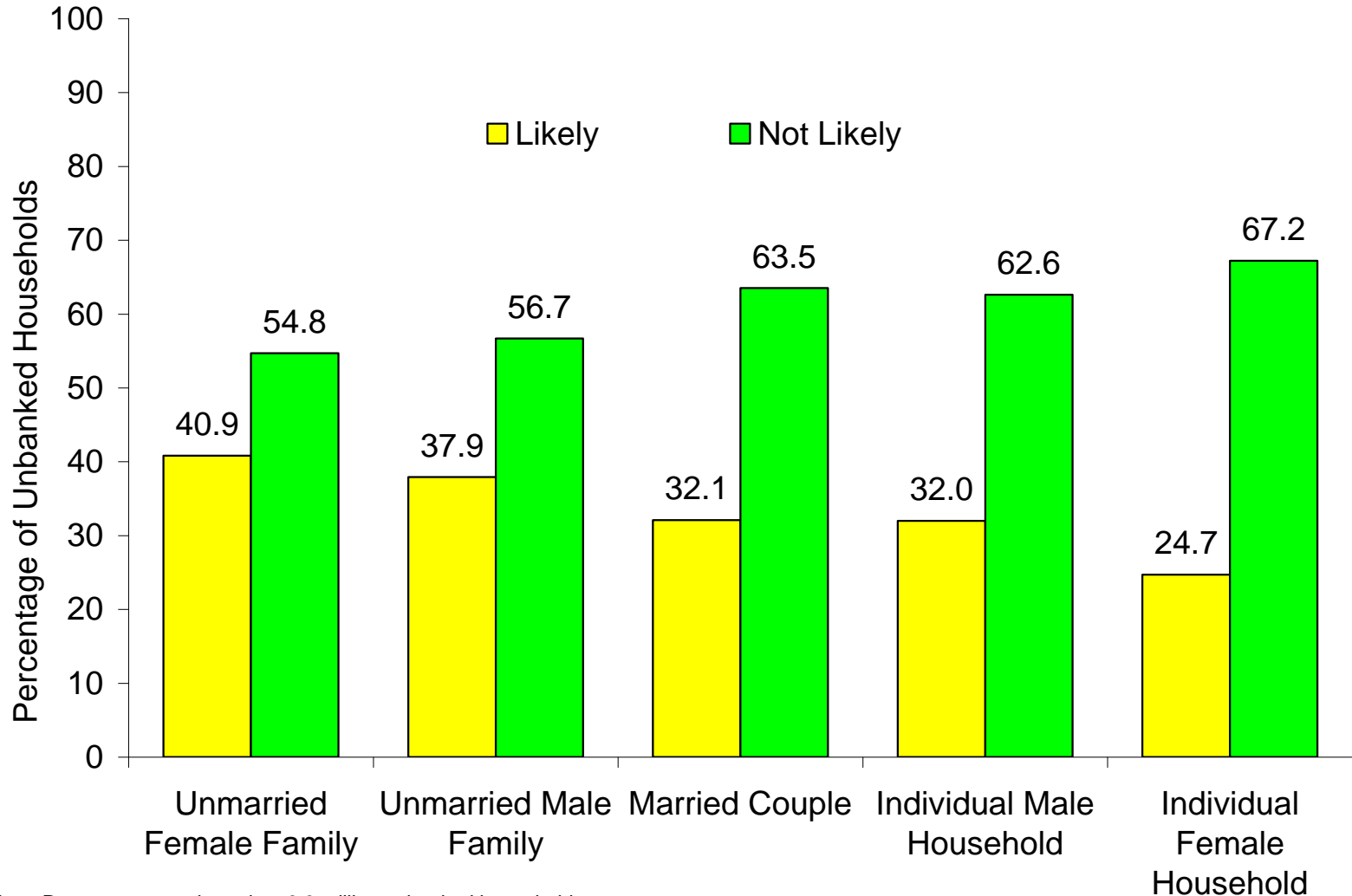


# Unbanked Households' Likelihood of Opening Account



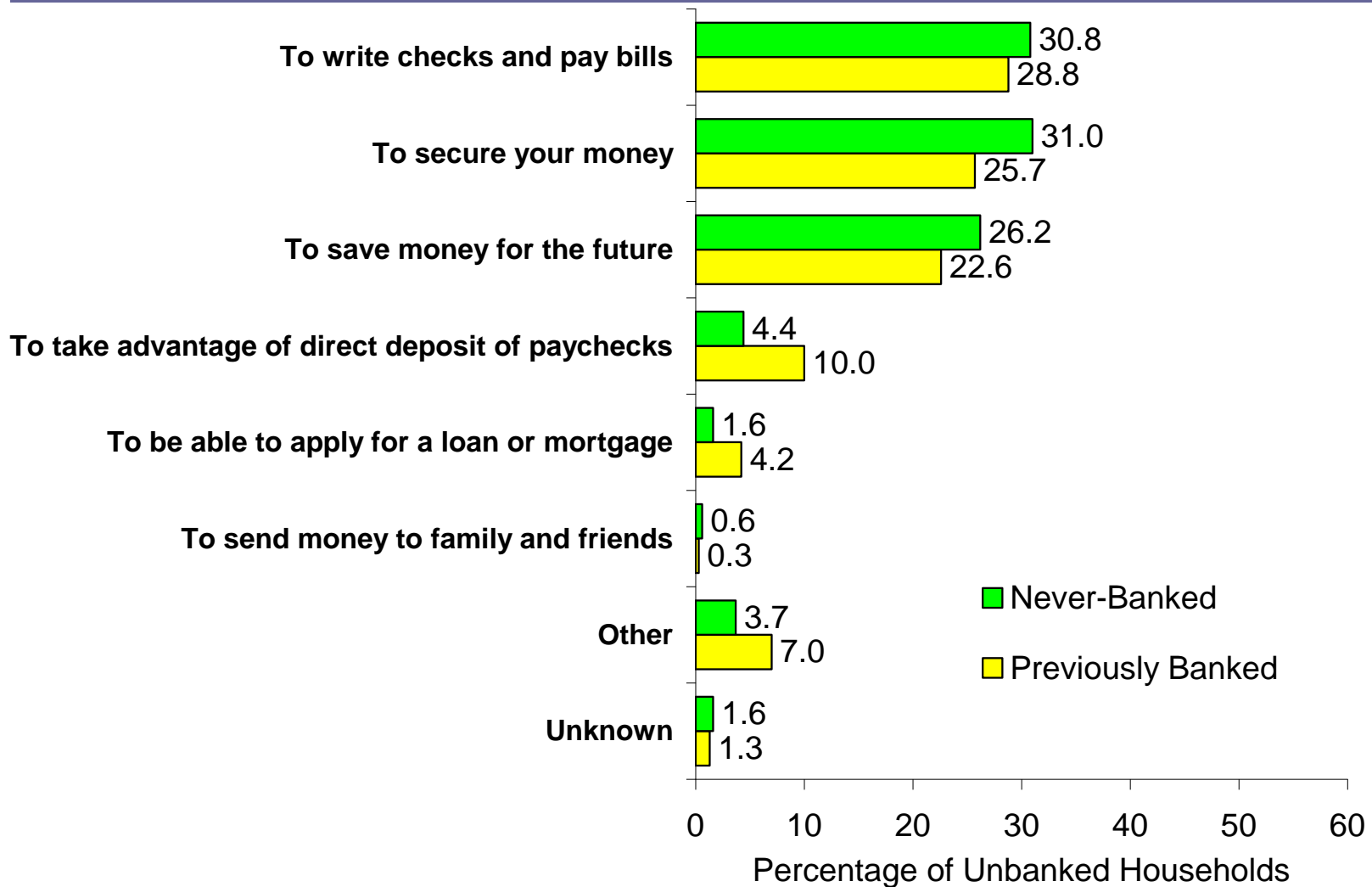
Note: Percentages are based on 9.9 million unbanked households

# 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.

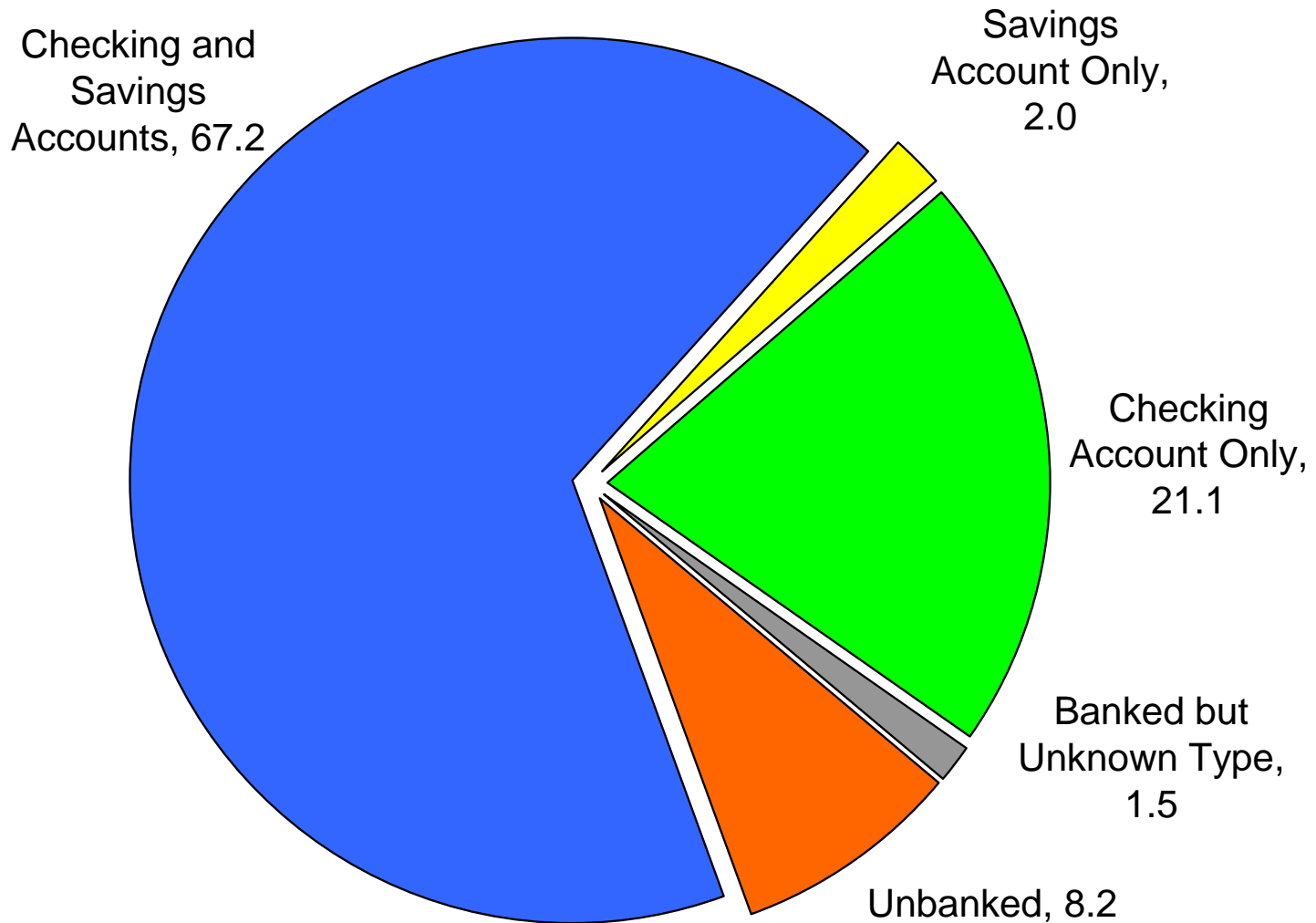
# Types of Bank Accounts Owned by US Households





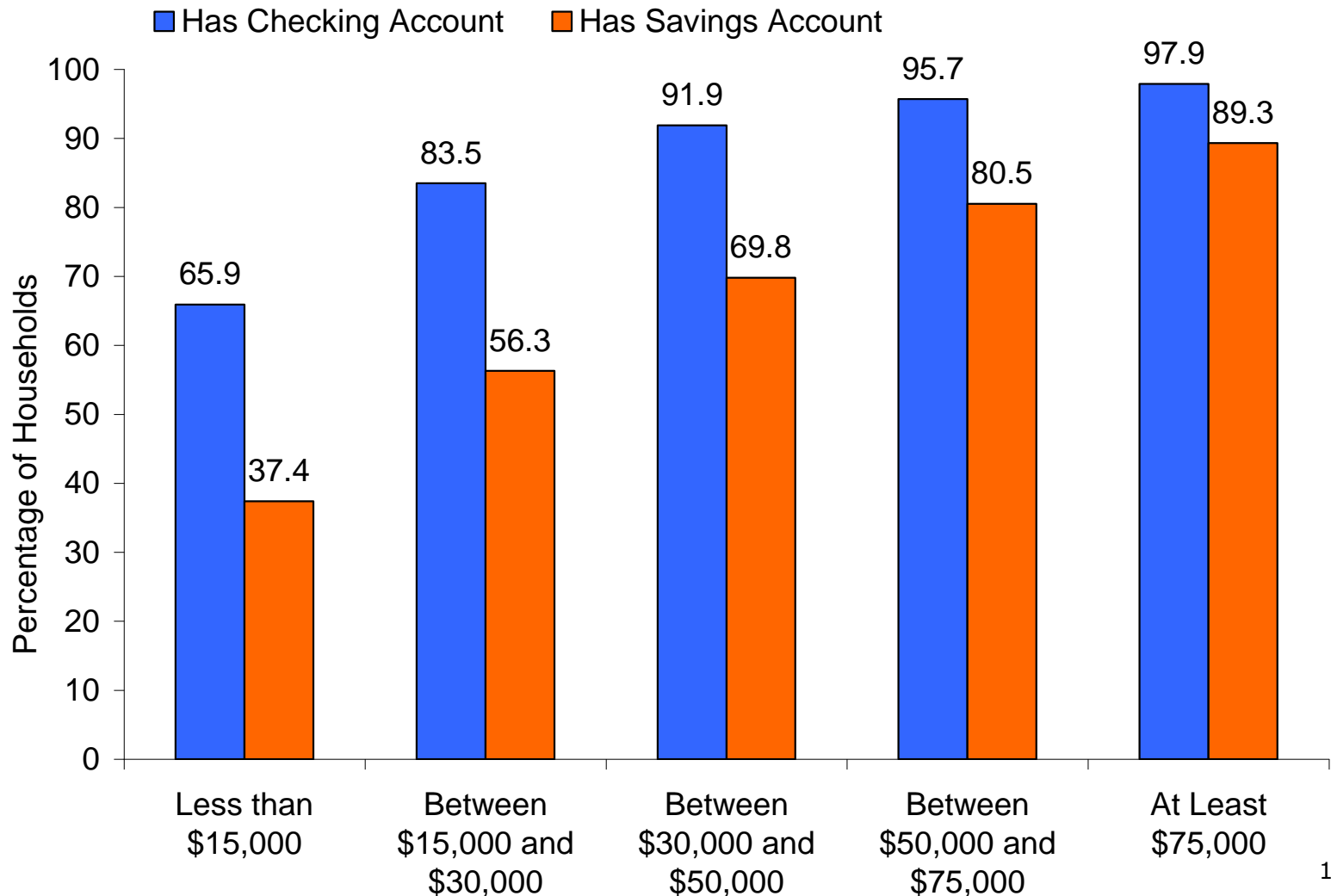
# Account Ownership

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

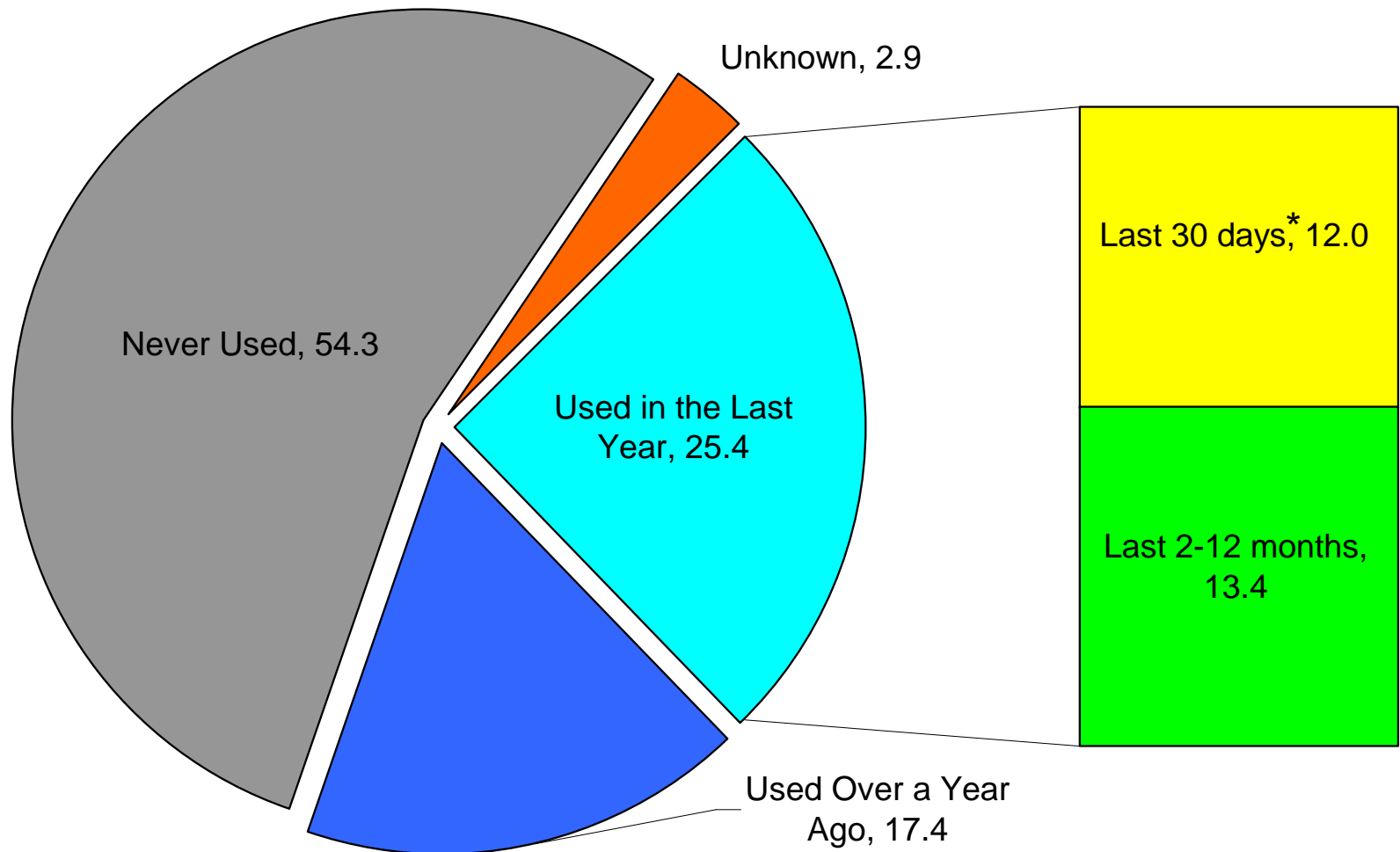
# Account Ownership by Income



# Use of Alternative Financial Services



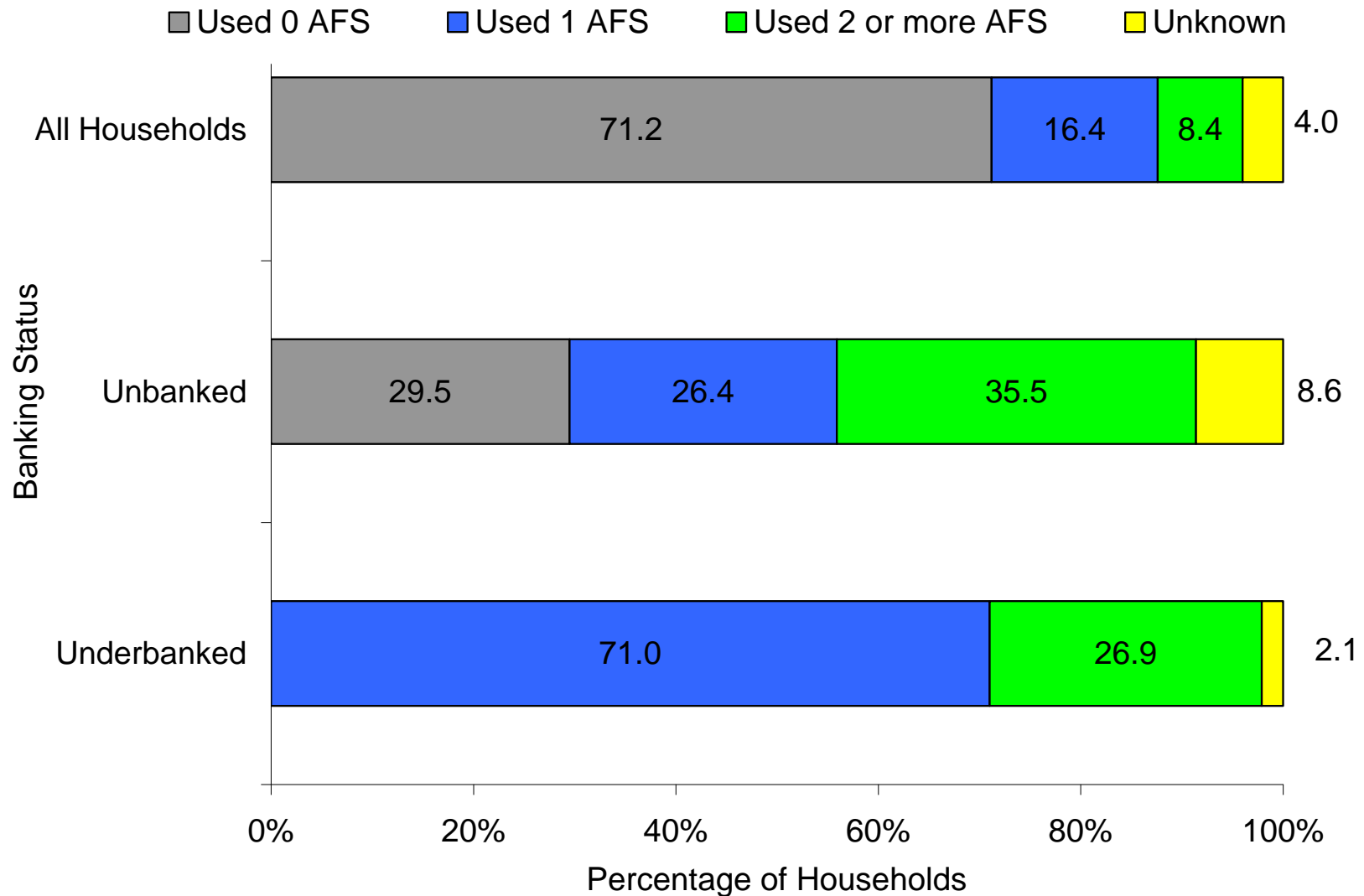
# Timing of AFS Use



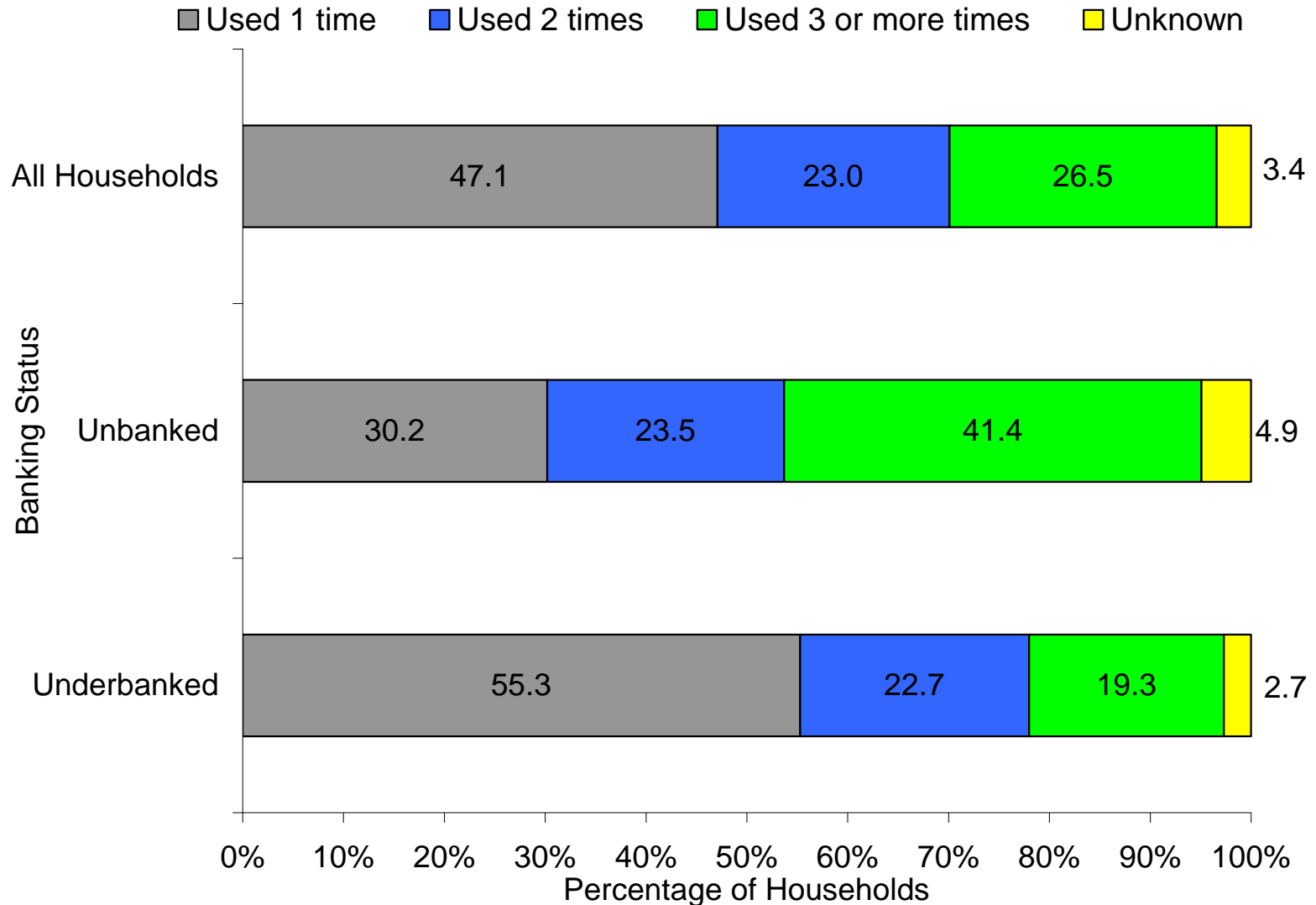
Notes: Percentages are based on 120.4 million U.S. households. Percentages may not sum to 100 because of rounding.

\*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

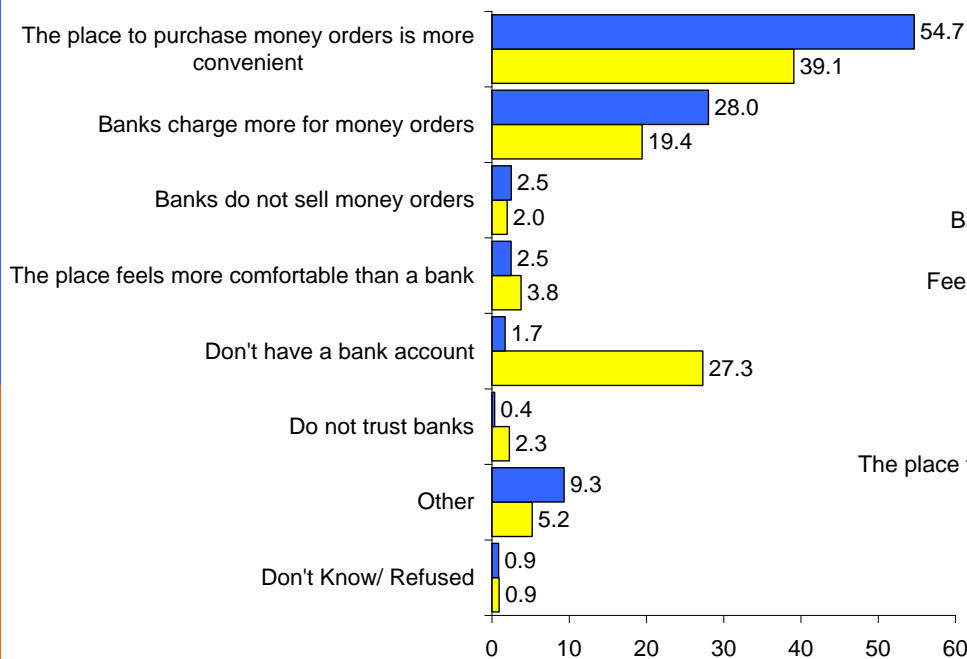


# Reasons Households Use AFS – Transaction Products

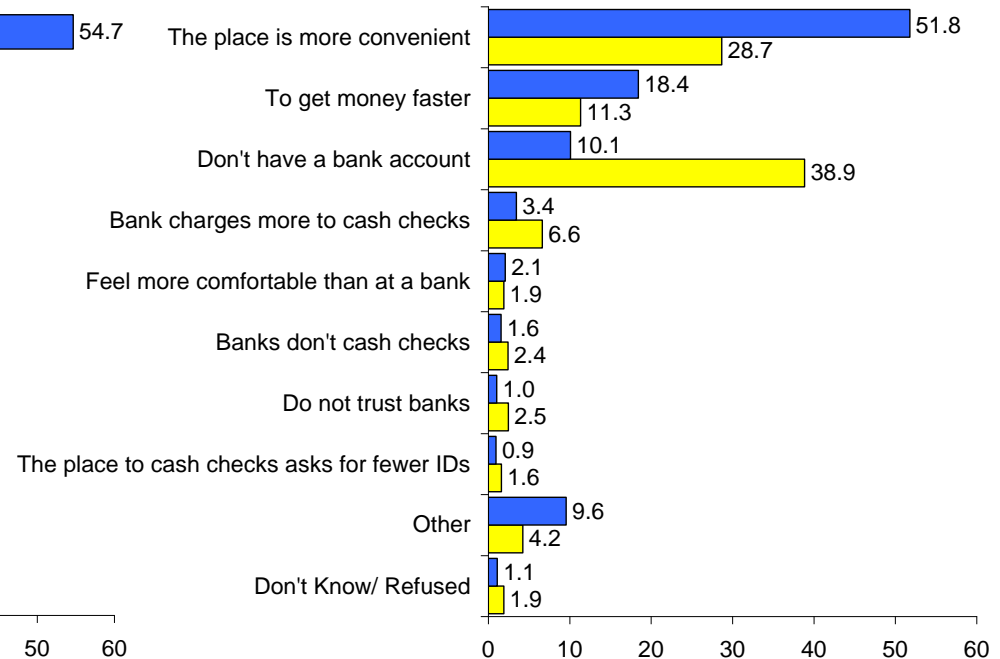
Unbanked

Underbanked

## Non-bank Money Orders



## Non-bank Check Cashing

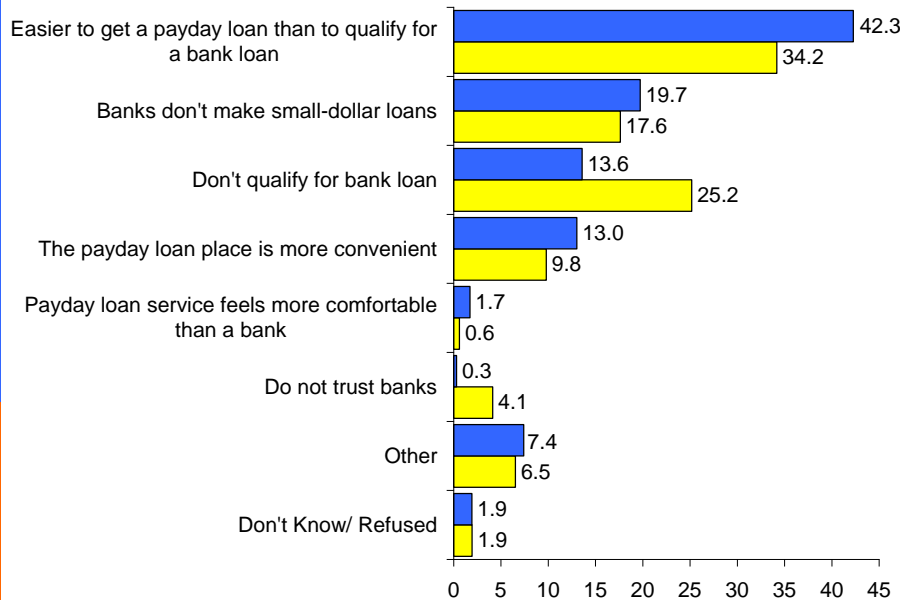


# Reasons Households Use AFS – Credit Products

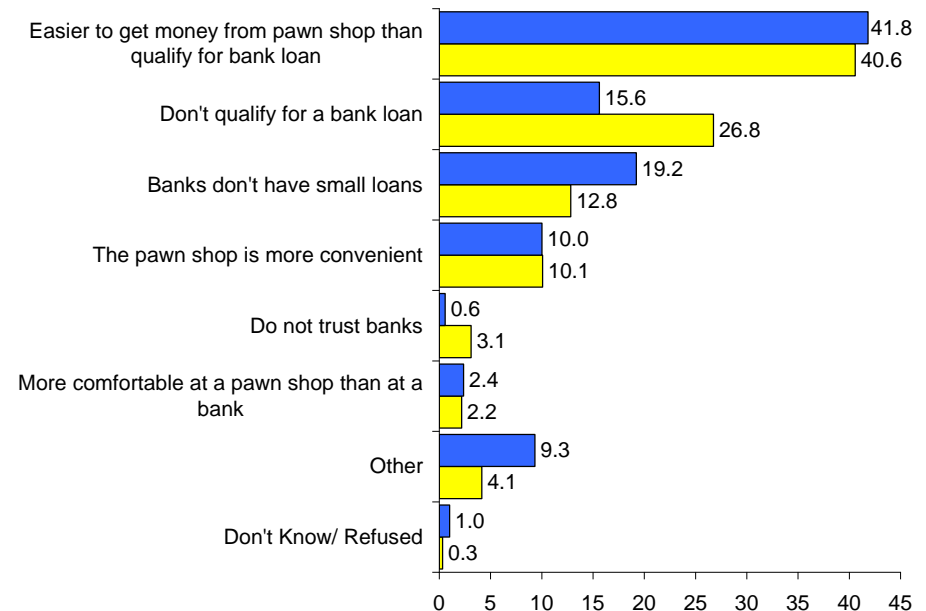
Unbanked

Underbanked

## Payday Lenders



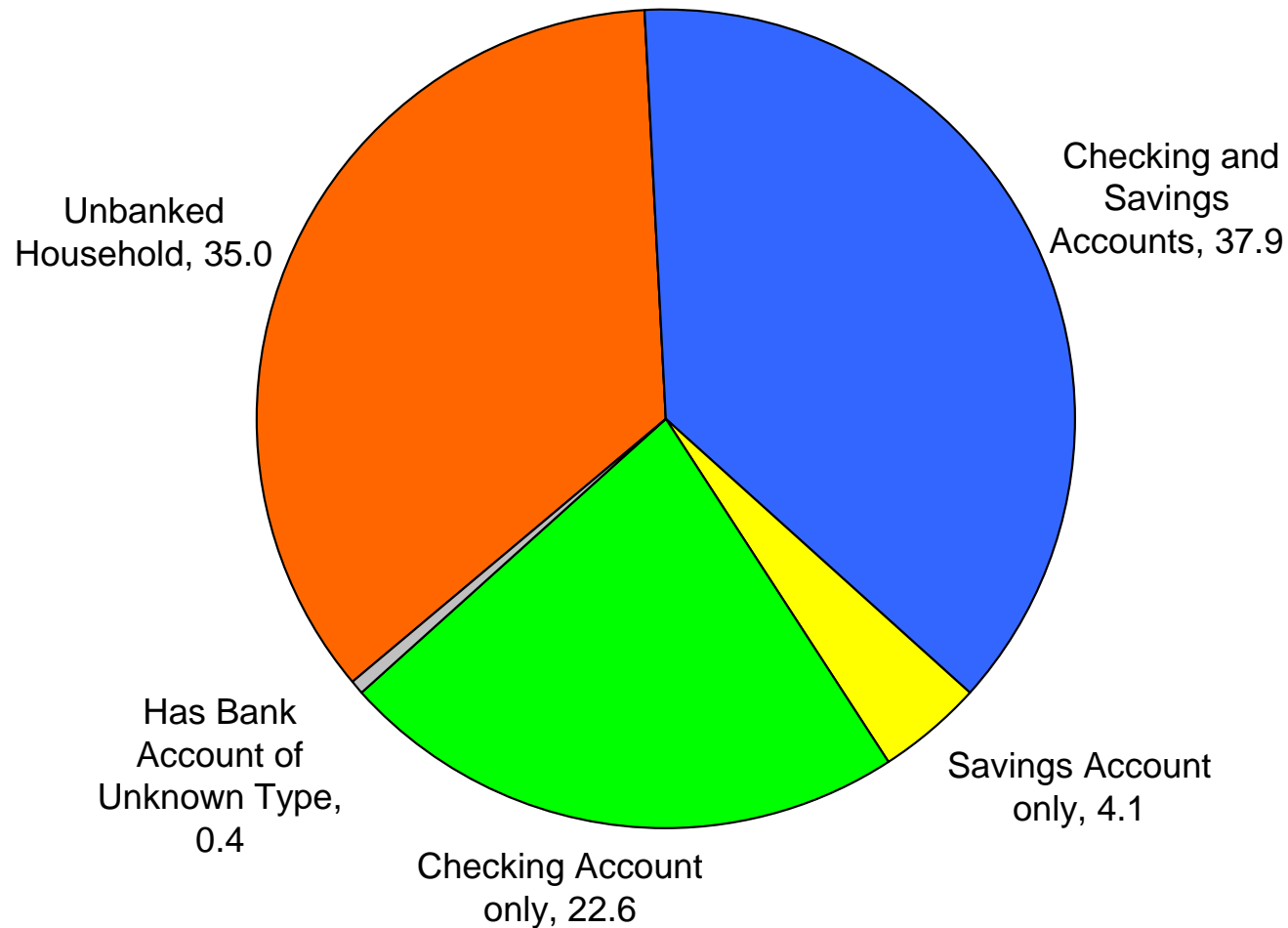
## Pawn Shops





# Households That Used Multiple AFS by Account Type

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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

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

# Implication 1

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- **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

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- **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

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- **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

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- **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

