

FDIC Research Conference

Economic Inclusion

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(Discussant)



Consumer Financial
Protection Bureau

CFPB's Statutory Objectives

- To ensure that consumers have timely and understandable information to make responsible decisions about financial transactions;
- To protect consumers from unfair, deceptive, or abusive acts or practices, and from discrimination;
- To reduce outdated, unnecessary, or overly burdensome regulations;
- To promote fair competition by enforcing the Federal consumer financial laws consistently; and
- To advance markets for consumer financial products and services that operate transparently and efficiently to facilitate access and innovation.

Consumer Education & Engagement Leaders

Gail Hillebrand
*Consumer
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Camille Busette
*Office of Financial
Education*



Skip Humphrey
*Office for Older
Americans*



Holly Petraeus
*Office of
Servicemember Affairs*



Rohit Chopra
Office for Students



Cliff Rosenthal
*Office of Financial
Empowerment*



Peter Jackson
*Office of Consumer
Engagement*

Unbanked Consumers

Reasons consumers report that they don't have a bank account show strong commonalities in U.S. and global study:

U.S:

- **“Not enough money”** – 32.8% of the U.S. never banked and 33.2% of the U.S. previously banked
- **“Don't want or need an account”** – 26% of the U.S. never banked and 15.6% of the U.S. previously banked
- **Bank account fees or minimum balance too high** – 7.1% of the U.S. previously banked and 4.0% of the U.S. never banked

Global:

- **“You don't have enough money to use them”** – 30% in World Bank global study
- **“Too expensive”** – 25% in World Bank global study

Studies cited:

1. Susan Burhouse & Yazmin Osaki, FDIC, 2011 FDIC National Survey of Unbanked and Underbanked Households (2012).
2. Asli Demirguc-Kunt & Leora Klapper, The World Bank, Measuring Financial Inclusion: The Global Findex Database (2012).

Unbanked Consumers

What can we learn from the reports that 44.7% of the unbanked were previously banked?

Prepaid Cards

What does the rising use of prepaid cards mean for the underbanked?

- 17.8% of the underbanked had ever used a general purpose reloadable prepaid card (FDIC 2011).
- Nearly half (49.2%) of prepaid card users say that they are likely to open an account in the future (FDIC 2011).
- Prepaid card and payroll card users were 2.5 times more likely than other unbanked households to use alternative financial services (FDIC 2011).

Bank Prepaid

Will “bank prepaid” be a stepping stone or a dead end?

Will bank prepaid customers be cross-marketed for savings accounts?

FDIC 2011 numbers show an appetite for savings accounts – even for households earning less than \$15,000, just over 37% reported that they had savings accounts.

Savings

What can be done to bring informal savings into the security of the banking system?

Savings

What else can public policy do to help families build savings?

People will save for their children.

San Francisco “Kindergarten to College Program” will be a rich source of comparative data about families with and without a banking relationship.

Kindergarten to College Program

Promising research questions in light of the FDIC 2011 survey and the experience of families in the SF Kindergarten to College Program:

- Do families who receive matched savings for one child open accounts for their other children?
- Do families who receive matched savings for a child and make regular deposits to earn further matches also open traditional checking or savings accounts for themselves?
- Should every parent consider opening a savings account for their child?

Resources

- Tell Your Story: <http://help.consumerfinance.gov/app/tellyourstory>
- CFPB Twitter: @CFPB
- CFPB Facebook: <http://www.facebook.com/CFPB>
- Go to ConsumerFinance.gov to sign up for our newsletter.
- Weigh in on rulemakings: <http://www.consumerfinance.gov/notice-and-comment/>
- Ask CFPB: <http://www.consumerfinance.gov/askcfpb/>
- Student Debt Repayment Assistant:
<http://www.consumerfinance.gov/students/repay/>
- CFPB Blog: <http://www.consumerfinance.gov/blog/>
- Contact Consumer Education & Engagement offices for partnership work.