

2013 FDIC National Survey of Unbanked and Underbanked Households

7.7% of U.S. households were unbanked in 2013 (9.6 million households), down from 8.2% in 2011. The drop was driven by improved economic conditions and increases in household education.

20% of U.S. households were underbanked in 2013 (24.8 million households), meaning that they had a bank account but also used alternative financial services in the last 12 months.

- The highest unbanked rates continued to be found among non-Asian minorities, lower-income, younger, and unemployed households.
- While still relatively high, the unbanked rate for Hispanic households decreased to 17.9% in 2013 from 20.1% in 2011.

Household Banking Status Transitions. Consistent with previous survey results, slightly less than half (45.9%) of unbanked households were previously banked.

- In 2013, about 10% of unbanked households (0.7% of all households) became unbanked within the last 12 months; 34.1% of these households experienced either a significant income loss or a job loss that they said contributed to this outcome.
- On the other hand, 1.6% of all households became banked in the last 12 months. For these households, 19.4% reported that a new job contributed to their decision; 34.2% reported that receiving direct deposits as the main reason they opened an account.

Reasons Households Were Unbanked

57.5% of unbanked households reported not having enough money to meet a minimum balance as a reason they did not have an account; 35.6% reported this to be the main reason.

34.2% of unbanked households reported their dislike of or distrust in banks as one reason they were unbanked; 14.9% reported this to be the main reason.

30.8% reported high or unpredictable account fees as one reason they did not have accounts; 13.4% reported this to be the main reason.

Future Banking Plans of Unbanked Household. The likelihood to open an account in the future is inversely related to how long ago a household last held an account:

- About 75% of unbanked households that recently had a bank account reported being somewhat or very likely to open another in the future vs. 25% of those that have never been banked and 43% that last had an account more than a year ago.

Prepaid Debit Card Use. Prepaid debit cards have emerged in recent years as a fast-growing payment method, particularly for the unbanked.

- 22.3% of unbanked and 13.1% of underbanked households used a prepaid card in the last 12 months, compared with 5.3% of fully banked households. Moreover, the use of prepaid cards by unbanked households has grown from 12.2% in 2009 to 27.1% in 2013.

Alternative Financial Services Use

Consistent with previous survey findings, about 25% of households used at least one AFS in the previous 12 months. AFS use continues to be relatively high among unbanked households: 63.2% used an AFS in the last 12 months. Use of AFS transactions (e.g. check cashing) are much more common than the use of AFS credit (e.g. payday lending).

Methods of Banking

For the first time, the 2013 survey examines the various ways households access their bank accounts. The results show that bank tellers and online banking were the primary methods relied on by the largest share of banked households – about one-third of banked households primarily used bank tellers and another third primarily used online banking.

Underbanked households were less likely to use online banking as their primary means of access, but were more likely to use mobile devices as a primary method. For those that did primarily use electronic means (online or mobile device) to access their account, most used additional methods as well, suggesting that electronic means of access continue to be a supplement rather than a wholesale substitute for consumers.

Implications

The survey results presented in this report suggest implications for policymakers, financial institutions and others who are working to improve access to mainstream financial services.

1. Entrances and exits from the banking system are often associated with changes in employment and income. Interventions designed to help households maintain and renew their banking relationships through economic challenges may reduce unbanked rates over time.
2. Unbanked households are increasingly turning to prepaid debit cards to address their financial transaction needs and are generally obtaining them at non-bank locations. Opportunities may exist to meet these consumers' needs within the banking system.

3. Mobile banking is a potential tool to encourage economic inclusion but branches continue to play an important role for many consumers, including those who are underbanked.