

Education and Outreach Efforts

This chapter examines the following topics:

- Banks' perception of whether unbanked and underbanked individuals live in their market area
- Financial education materials
- Financial education and outreach efforts
- Effectiveness of education and outreach programs
- Activities to bring the unbanked and/or underbanked into the financial mainstream
- Challenges in serving or targeting unbanked and/or underbanked populations

These questions address aspects of the Congressional Questions 1 and 2: banks' efforts to promote financial education and literacy and the effectiveness of these programs.

Summary

Banks are aware that unbanked and underbanked populations exist: An estimated 73 percent of banks believe that there are unbanked and/or underbanked populations in their service area.

Banks efforts to provide education most often involve brochures: About two-thirds (63 percent) of banks actively offer education materials with general banking information and brochures to the unbanked and/or underbanked populations. Among banks that do offer financial education materials, they cover the subjects of basic banking, savings programs, and home ownership products. Survey responses suggest that banks do not substantially differentiate education materials between the unbanked and the underbanked; they are typically grouped together as “non-customers” in the banks' perspective. Most banks have not evaluated the effectiveness of their financial education materials in establishing banking relationships with the unbanked and/or underbanked. Of those banks that have evaluated the effectiveness of their financial education materials in establishing banking relationships with the unbanked and/or underbanked, most indicate that the materials are effective.

Financial Education and Outreach: In addition to educational materials, over half (53 percent) of banks teach financial literacy and education sessions that target the unbanked and/or underbanked. These banks, on average, have taught sessions for six years. Similar to education materials, the most common sessions include topics on basic banking and home ownership. The majority of banks (63 percent) do not participate in education or outreach with other organizations that could bring unbanked and/or underbanked individuals into the conventional banking system. Of the 58 percent of banks that conduct off-premise financial education outreach, the most common places to visit are

high schools and community-based organizations; 78 percent of these banks visit high schools and 53 percent visit community-based organizations.

Other than basic materials and education sessions and outreach, banks' efforts to educate and reach out to unbanked and/or underbanked individuals are limited.

- While 17.5 percent of banks identify expanding services as a priority in the bank's business strategy, 70.4 percent have not identified this as a priority.
- About a quarter of banks use targeted marketing to reach the unbanked and/or underbanked individuals, and a higher percentage of banks in Tier 1 and 2 use targeted marketing than banks in Tier 3 (67 percent, 52 percent, and 23 percent, respectively).
- About a third of banks work with corporate or business customers to provide services for un/underbanked employees. However, only 14 percent of banks that work with corporate or business customers offer payroll cards.
- Less than a quarter of banks have conducted research on unbanked and/or underbanked consumers in their CRA area.
- Less than one-fifth of banks undertake other efforts to encourage unbanked and/or underbanked individuals to open an account.

Activities to bring the unbanked and/or underbanked into the financial

mainstream: Survey respondents provided over 1,000 comments about various types of activities that could be effective in bringing unbanked individuals into the mainstream banking system. The main categories of activities cited are: outreach efforts, products and services, educational programs and materials, targeted marketing, mitigation of challenges and external barriers, distribution channels, and internal activities and initiatives.

Challenges in serving or targeting unbanked and/or underbanked populations: The greatest challenges in serving the un/underbanked individuals are profitability issues and regulatory barriers, which are closely followed by fraud concerns, high cost of customer acquisition, and competition from alternative service providers. Lower ranking, but still important issues, are unfamiliarity with the population, internal challenges, and "other" considerations.

Approximately 40 percent of banks perceive that there are regulatory impediments to providing products and services for the un/underbanked.

Banks' Perception of Whether Unbanked and Underbanked Individuals Live in Their Market Area

Overall, an estimated 72.8 percent of banks perceive that there are unbanked or underbanked populations in their market area.

Question II A. Does your bank perceive that there are unbanked and underbanked populations in your area?

Yes No Don't Know

QIIA. Figure 1. Does your bank perceive that there are unbanked and underbanked populations in your area?

	Percent 'Yes'	Weighted Frequency
Overall	72.8%	5261
Tier 1	100%	25
Tier 2	90.2%	478
Tier 3	71.3%	4758
Urban	76.3%	2601
Rural	69.7%	2660
New England	78.7%	350
Mid-Atlantic	64.5%	372
South Atlantic	75.3%	617
East South Central	70.9%	474
West South Central	76.4%	862
East North Central	73.3%	939
West North Central	66.0%	901
Mountain	85.8%	435
Pacific	71.7%	311

In contrast, 16.5 percent of banks do not perceive any unbanked or underbanked populations in their area. The remaining 10.7 percent do not know.

QIIA. Figure 2 Does your bank perceive that there are unbanked and underbanked populations in your area?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	91	1193	16.5
	Yes	510	5261	72.8
	Don't Know	64	773	10.7
	Total	665	7228	100.0
Missing	System	20	212	
Total		685	7440	

There were few differences among regions in banks' perceptions of an un/underbanked population in their market area.

All Tier 1 banks perceive that there are un/underbanked populations in their market areas. In comparison, 90.2 percent of Tier 2 banks and 71.3 percent of Tier 3 banks perceive that there are un/underbanked populations in their market area. However, there were few differences between tiers in banks' perceptions of an un/underbanked population.

There were few differences between urban and rural banks in banks' perceptions of an un/underbanked population in their market area.

Financial Education Materials

The majority of banks provide educational materials for the unbanked and underbanked. Similarities in responses to the open-ended question (IIB-1) on the types of materials offered indicate that banks provide the same materials for unbanked consumers as they provide to underbanked consumers. The percentage of banks that provide basic banking educational materials to the unbanked (39.3 percent) is about the same as the percentage that provide these materials to the underbanked (38.4 percent). Savings (33.7 percent) and home ownership (31.3 percent) educational materials are the next most common type of materials provided to the unbanked. Materials on credit counseling and predatory and abusive lending are offered by less than 16 percent of banks.

QIIA. Figure 3. Percentage of Banks Providing Types of Educational Materials

Materials Provided	For Unbanked	For Underbanked
Basic Banking	39.3%	38.4%
Savings Programs	33.7%	33.6%
Home Ownership/Mortgage Products	31.3%	32.7%
Credit Counseling	13.0%	15.4%
Predatory and Abusive Lending	11.8%	13.9%
Other	7.3%	8.2%

Question II B. Does your bank provide financial education materials (i.e., brochures, content on a website, etc.) aimed at the unbanked and/or underbanked on the following topics? Mark all that apply.

Financial Education Materials	For Unbanked	For Underbanked
Basic Banking (Deposit and Credit Products)	<input type="checkbox"/>	<input type="checkbox"/>
Predatory /Abusive Lending Prevention	<input type="checkbox"/>	<input type="checkbox"/>
Savings Programs	<input type="checkbox"/>	<input type="checkbox"/>
Home Ownership/Mortgage Products	<input type="checkbox"/>	<input type="checkbox"/>
Credit Counseling	<input type="checkbox"/>	<input type="checkbox"/>
Other (Explain)	<input type="checkbox"/>	<input type="checkbox"/>
Bank does not provide financial educational materials for This population (Skip to II.B.3 below)	<input type="checkbox"/>	<input type="checkbox"/>

Overall, 39.3 percent of banks provide basic banking materials for the unbanked, and 38.4 percent provide them for the underbanked.

QIIB. Figure 1. Basic Banking Unbanked

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	386	4513	60.7
	Yes	299	2927	39.3
Total		685	7440	100.0

QIIB. Figure 2. Basic Banking Underbanked

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	387	4580	61.6
	Yes	298	2860	38.4
Total		685	7440	100.0

There were few differences among regions for basic banking materials provided by banks to the unbanked and underbanked.

There is a difference between tiers for basic banking materials for both the unbanked and underbanked. For the unbanked, there are differences between Tier 1 (83.3 percent), Tier 2 (56.0 percent), and Tier 3 (37.8 percent). Similarly for the underbanked, all three tiers were different. Among Tier 1 banks, 87.5 percent provide materials, compared with 58.5 percent of Tier 2 banks and 36.7 percent of Tier 3 banks.

Note that the numbers labeled as counts in the tables represent weighted counts.

QIIB. Figure 3. Tier

		Basic Banking Education Materials					
		Tier 1		Tier 2		Tier 3	
		Unbanked	Underbanked	Unbanked	Underbanked	Unbanked	Underbanked
No	Count	4	3	243	229	4266	4348
	%	16.7%	12.5%	44.0%	41.5%	62.2%	63.3%
Yes	Count	21	22	309	323	2598	2516
	%	83.3%	87.5%	56.0%	58.5%	37.8%	36.7%
Total	Count	25	25	551	551	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Also, there are few differences between urban and rural banks for basic banking materials provided by banks to the unbanked and underbanked.

Overall, 11.8 percent of banks provide predatory lending materials for the unbanked, and 13.9 percent provide them for the underbanked.

QIIB. Figure 4. Predatory Unbanked

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	576	6562	88.2
	Yes	109	878	11.8
	Total	685	7440	100.0

QIIB. Figure 5. Predatory Underbanked

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	560	6407	86.1
	Yes	125	1033	13.9
	Total	685	7440	100.0

There are few differences among regions for predatory lending educational materials for both the unbanked and underbanked populations.

There are differences between tiers for banks providing predatory lending educational materials for both the unbanked and underbanked populations. A larger percentage of Tier 1 banks (70.8 percent) offer predatory lending materials for the unbanked than in Tier 2 (24.5 percent) and Tier 3 (10.6 percent). For the underbanked, these percentages remain fairly consistent across each tier, with 75.0 percent, 27.7 percent, and 12.5 percent, respectively.

QIIB. Figure 6. Tier

		Predatory Lending Education Materials					
		Tier 1		Tier 2		Tier 3	
		Unbanked	Underbanked	Unbanked	Underbanked	Unbanked	Underbanked
No	Count	7	6	416	399	6139	6002
	%	29.2%	25.0%	75.5%	72.3%	89.4%	87.5%
Yes	Count	18	19	135	153	725	861
	%	70.8%	75.0%	24.5%	27.7%	10.6%	12.5%
Total	Count	25	25	551	551	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for predatory lending education materials offered to the unbanked and underbanked. More urban banks (14.5 percent) offer predatory lending materials to the unbanked than rural banks (9.4 percent). Also, more urban banks (16.2 percent) offer predatory lending materials to the underbanked than rural banks (11.8 percent).

QIIB. Figure 7. Urban/Rural

		Predatory Lending Education Materials			
		Rural HQ		Urban HQ	
		Unbanked	Underbanked	Unbanked	Underbanked
No	Count	3587	3491	2976	2916
	%	90.6%	88.2%	85.5%	83.8%
Yes	Count	373	469	505	564
	%	9.4%	11.8%	14.5%	16.2%
Total	Count	3959	3959	3480	3480
	%	100.0%	100.0%	100.0%	100.0%

Overall, 33.7 percent of banks provide savings materials for the unbanked, and 33.6 percent provide them for the underbanked.

QIIB. Figure 8. Savings Unbanked

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	420	4934	66.3
	Yes	265	2506	33.7
	Total	685	7440	100.0

QIIB. Figure 9. Savings Underbanked

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	418	4942	66.4
	Yes	267	2497	33.6
	Total	685	7440	100.0

There are differences among regions for banks offering savings materials for the unbanked, but no difference exists for the underbanked. Nearly one-half of the banks (49.1 percent) in the New England region offer savings materials for the unbanked, compared with a quarter of banks (25.5 percent) in the Pacific and South Atlantic (24.4 percent) regions.

QIIB. Figure 10. Region

		Savings Education Materials for Unbanked								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	227	368	650	497	715	824	1009	301	344
	%	50.9%	63.4%	75.6%	72.8%	60.7%	62.7%	71.5%	59.3%	74.5%
Yes	Count	219	212	210	186	462	491	401	206	118
	%	49.1%	36.6%	24.4%	27.2%	39.3%	37.3%	28.5%	40.7%	25.5%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference for banks offering savings materials for the unbanked and underbanked between tiers. A smaller percentage of Tier 3 banks (31.9 percent for unbanked, 31.7 percent for underbanked) provide savings materials than in Tier 1 (79.2 percent, 87.5 percent, respectively) and Tier 2 (54.1 percent, 54.7 percent, respectively).

QIIB. Figure 11. Tier

		Savings Education Materials					
		Tier 1		Tier 2		Tier 3	
		Unbanked	Underbanked	Unbanked	Underbanked	Unbanked	Underbanked
No	Count	5	3	253	250	4676	4689
	%	20.8%	12.5%	45.9%	45.3%	68.1%	68.3%
Yes	Count	20	22	298	302	2188	2174
	%	79.2%	87.5%	54.1%	54.7%	31.9%	31.7%
Total	Count	25	25	551	551	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is no difference between urban and rural banks for banks offering savings materials for the unbanked and underbanked.

Overall, 31.3 percent of banks provide home ownership materials for the unbanked, and 32.7 percent provide them for the underbanked.

QIIB. Figure 12. Home ownership unbanked

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	432	5111	68.7
	Yes	253	2329	31.3
Total		685	7440	100.0

QIIB. Figure 13. Home ownership underbanked

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	421	5004	67.3
	Yes	264	2436	32.7
Total		685	7440	100.0

There are differences among regions for banks offering home ownership materials for the unbanked and underbanked. A smaller percentage of banks in the Pacific region (15.1 percent) offer these materials than in the New England (44.5 percent) and Mid-Atlantic regions (40.1 percent) for the unbanked.

QIIB. Figure 14. Region

		Home Ownership Education Materials for Unbanked								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	247	348	643	438	797	848	1067	332	392
	%	55.5%	59.9%	74.8%	64.1%	67.7%	64.5%	75.7%	65.4%	84.9%
Yes	Count	198	233	217	245	380	467	343	176	70
	%	44.5%	40.1%	25.2%	35.9%	32.3%	35.5%	24.3%	34.6%	15.1%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Similarly for the underbanked, 20.8 percent of banks in the Pacific region offer home ownership materials compared with 45.5 percent in New England.

QIIB. Figure 15. Region

		Home Ownership Education Materials for Underbanked								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	243	371	629	424	834	804	998	335	365
	%	54.5%	63.8%	73.2%	62.1%	70.9%	61.1%	70.8%	66.1%	79.2%
Yes	Count	203	210	230	259	343	512	412	172	96
	%	45.5%	36.2%	26.8%	37.9%	29.1%	38.9%	29.2%	33.9%	20.8%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between tiers for banks offering home ownership materials for the unbanked and underbanked. A smaller percentage of banks in Tier 3 (29.3 percent for unbanked, 30.7 percent for underbanked) offer home ownership materials than in Tier 2 (54.1 percent and 56.0 percent, respectively) and in Tier 1 (83.3 percent and 87.5 percent, respectively).

QIIB. Figure 16. Tier

		Home Ownership Education Materials for Unbanked		
		Tier 1	Tier 2	Tier 3
No	Count	4	253	4854
	%	16.7%	45.9%	70.7%
Yes	Count	21	298	2010
	%	83.3%	54.1%	29.3%
Total	Count	25	551	6863
	%	100.0%	100.0%	100.0%

QIIB. Figure 17. Tier

		Home Ownership Education Materials for Underbanked		
		Tier 1	Tier 2	Tier 3
No	Count	3	243	4758
	%	12.5%	44.0%	69.3%
Yes	Count	22	309	2105
	%	87.5%	56.0%	30.7%
Total	Count	25	551	6863
	%	100.0%	100.0%	100.0%

There are slight differences between urban and rural banks for home ownership financial education materials offered to the unbanked and underbanked. About one-third (33.4 percent) of urban banks offer home ownership materials to the unbanked, compared with 29.5 percent of rural banks. For the underbanked, 35.2 percent of urban banks offer home ownership materials, compared with 30.6 percent of rural banks.

QIIB. Figure 18. Urban/Rural

		Home Ownership Education Materials			
		Rural HQ		Urban HQ	
		Unbanked	Underbanked	Unbanked	Underbanked
No	Count	2793	2748	2318	2255
	%	70.5%	69.4%	66.6%	64.8%
Yes	Count	1166	1211	1162	1225
	%	29.5%	30.6%	33.4%	35.2%
Total	Count	3959	3959	3480	3480
	%	100.0%	100.0%	100.0%	100.0%

Overall, 13.0 percent of banks provide credit counseling materials for the unbanked, and 15.4 percent provide them for the underbanked.

QIIB. Figure 19. Credit Counseling Unbanked

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	567	6475	87.0
	Yes	118	965	13.0
Total		685	7440	100.0

QIIB. Figure 20. Credit Counseling Underbanked

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	551	6294	84.6
	Yes	134	1146	15.4
Total		685	7440	100.0

There are minimal differences among regions for banks offering credit counseling materials for the unbanked and underbanked.

There are differences between tiers for banks offering credit counseling materials for the unbanked and underbanked. A smaller percentage of banks in Tier 3 (11.6 percent for the unbanked and 14.1 percent for the underbanked) offer credit counseling materials than in Tier 2 (28.3 percent and 28.3 percent, respectively) and Tier 1 (62.5 percent and 75.0 percent, respectively).

QIIB. Figure 21. Tier

		Credit Counseling Education Materials					
		Tier 1		Tier 2		Tier 3	
		Unbanked	Underbanked	Unbanked	Underbanked	Unbanked	Underbanked
No	Count	9	6	395	395	6070	5893
	%	37.5%	25.0%	71.7%	71.7%	88.4%	85.9%
Yes	Count	16	19	156	156	793	971
	%	62.5%	75.0%	28.3%	28.3%	11.6%	14.1%
Total	Count	25	25	551	551	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between urban and rural banks for credit counseling education materials offered to the unbanked and the underbanked. A higher percentage of urban banks (16.3 percent) offers credit counseling materials to the unbanked than among rural banks (10.0 percent). Less than one-fifth (18.4 percent) of urban banks offer credit counseling materials to the underbanked, while 12.8 percent of rural banks do so.

QIIB. Figure 22. Urban/Rural

		Credit Counseling Education Materials			
		Rural HQ		Urban HQ	
		Unbanked	Underbanked	Unbanked	Underbanked
No	Count	3562	3453	2913	2841
	%	90.0%	87.2%	83.7%	81.6%
Yes	Count	397	506	568	639
	%	10.0%	12.8%	16.3%	18.4%
Total	Count	3959	3959	3480	3480
	%	100.0%	100.0%	100.0%	100.0%

Overall, 7.3 percent of banks offer another form of financial education materials to unbanked individuals, and 8.2 percent offer materials to underbanked individuals.

QIIB. Figure 23. Other Unbanked

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	619	6894	92.7
	Yes	66	546	7.3
Total		685	7440	100.0

QIIB. Figure 24. Other Underbanked

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	612	6833	91.8
	Yes	73	606	8.2
Total		685	7440	100.0

Of the banks that indicate that they provide “other” financial education materials, seven banks describe other financial education materials not listed in Question II B. Responses include: identity theft (3), outreach programs, credit education, cash management, and the FDIC Money Smart CD.

There are minimal differences among regions for banks that offer other financial education materials.

There are differences between tiers for banks that offer other financial education materials for the unbanked and the underbanked. A smaller percentage of Tier 3 (6.6 percent for the unbanked, 7.4 percent for the underbanked) banks provide materials than in Tier 2 (15.7 percent and 16.4 percent, respectively) and Tier 1 (33.3 percent and 41.7 percent, respectively).

QIIB. Figure 25. Tier

		'Other' Financial Education Materials					
		Tier 1		Tier 2		Tier 3	
		Unbanked	Underbanked	Unbanked	Underbanked	Unbanked	Underbanked
No	Count	17	15	465	461	6412	6357
	%	66.7%	58.3%	84.3%	83.6%	93.4%	92.6%
Yes	Count	8	10	87	90	451	506
	%	33.3%	41.7%	15.7%	16.4%	6.6%	7.4%
Total	Count	25	25	551	551	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between urban and rural banks for other financial education materials offered to the unbanked and the underbanked. A higher percentage of urban banks (9.4 percent) offer other materials to the unbanked than rural banks (5.5 percent). A higher percentage of urban banks (10.7 percent) offer other materials to the underbanked than rural banks (5.9 percent).

QIIB. Figure 26. Urban/Rural

		"Other" Financial Education Materials			
		Rural HQ		Urban HQ	
		Unbanked	Underbanked	Unbanked	Underbanked
No	Count	3740	3727	3153	3107
	%	94.5%	94.1%	90.6%	89.3%
Yes	Count	219	233	327	374
	%	5.5%	5.9%	9.4%	10.7%
Total	Count	3959	3959	3480	3480
	%	100.0%	100.0%	100.0%	100.0%

Overall, 36.5 percent of banks do not offer financial education materials to the unbanked, and 36.6 percent do not offer them to the underbanked.

QIIB. Figure 27. None Unbanked

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	457	4723	63.5
	Yes	228	2717	36.5
	Total	685	7440	100.0

QIIB. Figure 28. None Underbanked

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	458	4716	63.4
	Yes	227	2724	36.6
	Total	685	7440	100.0

There are differences between regions for banks that do not offer any educational materials for the unbanked and the underbanked. A larger percentage of Pacific (50.5 percent), South Atlantic (45.4 percent), and Mountain (40.5 percent) banks do not offer any materials to the unbanked than New England banks (24.5 percent).

QIIB. Figure 29. Region

		No Financial Education Materials for Unbanked								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	336	405	470	481	801	895	805	302	228
	%	75.5%	69.8%	54.6%	70.4%	68.0%	68.0%	57.1%	59.5%	49.5%
Yes	Count	109	176	390	202	376	421	605	205	233
	%	24.5%	30.2%	45.4%	29.6%	32.0%	32.0%	42.9%	40.5%	50.5%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIB. Figure 30. Region

		No Financial Education Materials for Underbanked								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	309	391	487	481	804	912	791	312	228
	%	69.3%	67.4%	56.6%	70.4%	68.3%	69.3%	56.1%	61.5%	49.5%
Yes	Count	137	189	373	202	373	403	619	195	233
	%	30.7%	32.6%	43.4%	29.6%	31.7%	30.7%	43.9%	38.5%	50.5%
Total	Count	446	581	860	683	1177	1316	1410	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between tiers for banks that do not offer any financial education materials for the unbanked and the underbanked. A larger percentage of Tier 3 banks (37.6 percent) do not offer any financial education materials to the unbanked than Tier 1 banks (4.2 percent).

QIIB. Figure 31. Tier

		No Financial Education Materials					
		Tier 1		Tier 2		Tier 3	
		Unbanked	Underbanked	Unbanked	Underbanked	Unbanked	Underbanked
No	Count	24	24	420	427	4279	4266
	%	95.8%	95.8%	76.1%	77.4%	62.4%	62.2%
Yes	Count	1	1	132	125	2584	2598
	%	4.2%	4.2%	23.9%	22.6%	37.6%	37.8%
Total	Count	25	25	551	551	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are no differences between urban and rural banks for banks that do not offer any financial education materials for the unbanked and the underbanked.

Question II B-1. Please describe the types of materials provided for:

a) Unbanked

Banks’ responses to this question indicate that banks do not discern a difference between the unbanked and underbanked populations when providing financial education materials. Banks report that the majority of educational materials provided to these groups are identical. Materials aimed at these populations tend to be delivered in a passive manner in the form of brochures and pamphlets that often require non-customers to take initiative in learning more about services and products offered by financial institutions.

Of the 326 banks that describe the types of materials provided to the unbanked, 161 identify distributing brochures as one of their strategies for reaching out to the unbanked population. Among the 161 banks that offer brochures, 134 either list “brochures” with no further explanation or identify brochures about general banking products such as checking and savings accounts. The remaining responses specify brochures covering topics such as budgeting, credit counseling, mortgages, or brochures written in foreign languages. Brochures are typically available in bank lobby areas, at seminars, and in other educational settings.

Of the 326 banks that responded to Question II B-1, 97 indicate that information for the unbanked population may be found on the bank’s website or on the internet, in general. Additionally, 74 respondents provide information in addition to a bank website with basic product information. These include Spanish language websites, home ownership information, and links to third-party educational materials.

Eighty-four banks report some type of home ownership information. Twenty-one of these responses specify that they target first-time homebuyers. The remaining responses are about general home ownership and the different types of mortgages available. This information is available in the form of brochures, workbooks, seminars, and website tools.

The use of third-party materials as a way to reach the unbanked population is cited in 64 comments. Forty responses refer to the FDIC’s Money Smart Program, and 13 relate to information from the American Bankers Association (ABA).

Although the responses do not directly pertain to the question, 85 banks mention holding educational seminars, workshops, or outreach programs. Topics for these programs include financial literacy, home ownership, credit counseling, and predatory lending.

b) Underbanked:

Of the 330 banks that describe the types of materials provided to the underbanked, 270 report that they offer the same materials for the underbanked as they do for the unbanked. Among the remaining responses, the two most common answers are offering brochures (26 banks) and holding seminars or workshops (22 banks).

Question IIB-2. Have the financial education materials helped to establish banking relationships with:

a) Unbanked individuals?..... Yes... No..... Have not evaluated

b) Underbanked individuals? Yes... No..... Have not evaluated

Overall, financial education materials have helped establish relationships with the un/underbanked at about 16 percent of all banks.

QIIB-2. Figure 1. Have the financial education materials helped establish relationships with the unbanked?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	20	182	2.5
	Yes	129	1153	15.6
	Does not provide materials	258	3086	41.9
	Have not evaluated	273	2951	40.0
	Total	680	7371	100.0
Missing	System	5	68	
Total		685	7440	

QIIB-2. Figure 2. Have the financial education materials helped establish relationships with the underbanked?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	17	151	2.0
	Yes	135	1177	16.0
	Does not provide materials	260	3126	42.4
	Have not evaluated	268	2918	39.6
	Total	680	7371	100.0
Missing	System	5	68	
Total		685	7440	

There are minimal differences among regions for the effectiveness of the financial education materials.

There is a difference between tiers for the effectiveness of financial education materials for the underbanked. As 43.9 percent of Tier 3 banks that do not provide materials for the underbanked is a lower percentage than for Tier 1 banks where all reported providing materials and 62.5 percent believe their materials have been effective.

QIIB-2. Figure 3A. Tier

		Effectiveness of Financial Education Materials for the Unbanked		
		Tier 1	Tier 2	Tier 3
No	Count	0	31	150
	%	.0%	5.7%	2.2%
Yes	Count	13	156	984
	%	50.0%	28.3%	14.5%
Does not provide materials	Count	1	146	2939
	%	4.2%	26.4%	43.3%
Have not evaluated	Count	9	218	2721
	%	45.8%	39.6%	40.0%
Total	Count	25	551	6795
	%	100.0%	100.0%	100.0%

QIIB-2. Figure 3B. Tier

		Effectiveness of Financial Education Materials for the Underbanked		
		Tier 1	Tier 2	Tier 3
No	Count	0	28	123
	%	.0%	5.0%	1.8%
Yes	Count	16	163	998
	%	62.5%	29.6%	14.7%
Does not provide materials	Count	0	146	2980
	%	.0%	26.4%	43.9%
Have not evaluated	Count	9	215	2693
	%	37.5%	39.0%	39.6%
Total	Count	25	551	6795
	%	100.0%	100.0%	100.0%

There are no differences between urban and rural banks for the effectiveness of the financial education materials.

Financial Education and Outreach Efforts

Question II B-3. Does your bank participate in education or outreach efforts with any organizations that could bring unbanked or underbanked individuals into the conventional banking system and/or reduce the use of nonbank financial services providers for unbanked individuals? Examples may include: employers who use payroll cards, government entities that use electronic benefit transfer (EBT) or prepaid cards, faith-based groups that provide cash assistance, etc. Yes No

While 36.6 percent of banks participate in education or outreach with other organizations that could bring un/underbanked individuals into the conventional banking system, 63.4 percent of banks do not participate with an outside organization.

QIIB-3. Figure 1. Does your bank participate in education or outreach with other organizations?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	363	4575	63.4
	Yes	303	2646	36.6
	Total	666	7221	100.0
Missing	System	19	219	
Total		685	7440	

There are differences among regions for banks that partner with other organizations for outreach or education. A higher percentage of New England (50.1 percent) and Mountain banks (40.0 percent) partner than West North Central banks (25.6 percent).

QIIB-3. Figure 2. Region

		Does your bank participate in education or outreach with other organizations?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	222	359	530	410	680	776	998	304	294
	%	49.9%	61.9%	62.7%	61.3%	60.3%	61.1%	74.4%	60.0%	68.4%
Yes	Count	223	221	316	259	449	495	343	203	136
	%	50.1%	38.1%	37.3%	38.7%	39.7%	38.9%	25.6%	40.0%	31.6%
Total	Count	446	581	846	669	1129	1271	1341	507	431
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks that partner with other organizations for outreach or education. Proportionately, larger banks participate in education and outreach with organizations more frequently than smaller banks. All (100 percent) of Tier 1 banks partner with another organization, compared with 75.5 percent of Tier 2 banks and 33.3 percent of Tier 3 banks.

QIIB-3. Figure 3. Tier

		Does your bank participate in education or outreach with other organizations?		
		Tier 1	Tier 2	Tier 3
No	Count	0	132	4443
	%	.0%	24.5%	66.7%
Yes	Count	25	406	2215
	%	100.0%	75.5%	33.3%
Total	Count	25	538	6658
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for participating in education or outreach with other organizations. A greater percentage (40.2 percent) of urban banks participate with other organizations than rural banks (33.4 percent).

QIIB-3. Figure 4. Urban/Rural

		Does your bank participate in education or outreach with other organizations?	
		Rural HQ	Urban HQ
No	Count	2536	2039
	%	66.6%	59.8%
Yes	Count	1272	1373
	%	33.4%	40.2%
Total	Count	3809	3412
	%	100.0%	100.0%

Question II C. Does your bank teach (either directly or through a third-party) financial literacy and education sessions, such as classes or workshops, that target unbanked and/or underbanked individuals? Check all that apply.

Yes, at bank facilities Yes, at off-premise locations No

The majority of banks (52.6 percent) teach financial literacy and education sessions.

QIIC. Figure 1. Does your bank teach financial literacy and education sessions?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	274	3481	47.4
	Yes, at the bank	27	288	3.9
	Yes, off-premise	243	2555	34.8
	Yes, at the bank and off-premise	133	1027	14.0
	Total	677	7351	100.0
Missing	System	8	89	
Total		685	7440	

There is a difference between regions for banks that teach financial literacy and education sessions. A greater percentage of New England banks (75.5 percent) teach sessions than among West North Central banks (42.5 percent).

QIIC. Figure 2. Region

		Does your bank teach financial literacy and education sessions?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	109	267	475	277	485	612	803	239	212
	%	24.5%	47.0%	55.3%	41.4%	41.7%	47.1%	57.5%	47.5%	47.4%
Yes, at the bank	Count	41	14	27	27	31	58	58	27	3
	%	9.2%	2.4%	3.2%	4.1%	2.6%	4.5%	4.2%	5.4%	.8%
Yes, off-premise	Count	164	167	251	274	517	442	386	198	155
	%	36.9%	29.4%	29.2%	40.9%	44.4%	34.1%	27.7%	39.4%	34.7%
Yes, at the bank and off-premise	Count	131	120	106	91	130	186	148	39	77
	%	29.4%	21.1%	12.3%	13.6%	11.2%	14.3%	10.6%	7.7%	17.1%
Total	Count	446	567	860	669	1163	1298	1396	504	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks that teach financial literacy and education sessions. A larger percentage of Tier 1 banks (100 percent) teach sessions than Tier 2 banks (83.4 percent) and Tier 3 banks (50.0 percent).

QIIC. Figure 3. Tier

		Does your bank teach financial literacy and education sessions?		
		Tier 1	Tier 2	Tier 3
No	Count	0	90	3391
	%	.0%	16.6%	50.0%
Yes, at the bank	Count	0	28	260
	%	.0%	5.1%	3.8%
Yes, off-premise	Count	5	239	2311
	%	20.8%	43.9%	34.1%
Yes, at the bank and off-premise	Count	20	187	820
	%	79.2%	34.4%	12.1%
Total	Count	25	544	6781
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for teaching financial literacy and education sessions that target the un/underbanked. A higher percentage of urban banks (57.2 percent) teach financial literacy than rural banks (48.6 percent).

QIIC. Figure 4. Urban/Rural

		Does your bank teach financial literacy and education sessions?	
		Rural HQ	Urban HQ
No	Count	2000	1481
	%	51.4%	42.8%
Yes, at the bank	Count	144	144
	%	3.7%	4.2%
Yes, off-premise	Count	1419	1136
	%	36.5%	32.8%
Yes, at the bank and off-premise	Count	325	702
	%	8.4%	20.3%
Total	Count	3888	3463
	%	100.0%	100.0%

Question II C-1. If yes, for how long has your bank been providing the sessions? _____ (Mark 0 if don't know)

Banks that teach financial literacy and education sessions report that they have offered education sessions for a median of 4 years, with the maximum at 35 years.

QIIC-1. Figure 1. If yes, how long has your bank been providing the sessions?

N	Valid	3485
	Missing	385
Mean		5.99
Median		4.00
Mode		0
Minimum		0
Maximum		35

QIIC-1. Figure 2. If yes, how long has your bank been providing the sessions?

		Frequency	Weighted Frequency	Weighted Percent
Valid	Don't Know	88	844	24.2
	1	20	243	7.0
	2	1	14	.4
	2	24	206	5.9
	3	23	220	6.3
	4	24	234	6.7
	5	45	365	10.5
	6	11	130	3.7
	7	14	105	3.0
	8	1	14	.4
	8	12	113	3.2
	9	4	34	1.0
	10	51	461	13.2
	11	2	17	.5
	12	4	55	1.6
	14	2	27	.8
	15	18	149	4.3
	18	1	14	.4
	19	1	1	.0
	20	14	138	4.0
	21	2	27	.8
	23	1	1	.0
	25	2	5	.1
	30	4	55	1.6
	35	1	14	.4
	Total	370	3485	100.0
Missing	System	33	385	
Total		403	3870	

There is no difference between tiers for the length of time banks have been providing educational sessions.

There are no differences among regions for the length of time banks have been providing educational sessions.

There is no difference between urban and rural banks for the length of time banks have been providing educational sessions.

Question II C-2. If yes, mark all types of sessions that your bank provides:

- ___ Basic Banking (Deposit and Credit Products)
- ___ Home Ownership/Mortgage Products
- ___ Predatory /Abusive Lending Prevention
- ___ Credit Counseling
- ___ Savings Programs
- ___ Other _____

The two most common types of sessions provided by banks are basic banking (84.8 percent) and savings programs (70.9 percent).

QIIC-2. Figure 1. Percent of Banks Teaching Financial Literacy by Type (among banks which provide sessions)

	Basic Banking	Home Ownership	Predatory/ Abusive Lending	Credit Counseling	Savings	Other
Overall	84.8%	55.2%	23.2%	33.6%	70.9%	23.4%
Tier 1	92.0%	92.0%	79.2%	87.5%	87.5%	48.5%
Tier 2	90.1%	79.4%	37.4%	51.9%	81.7%	25.2%
Tier 3	84.4%	51.6%	20.9%	30.7%	69.3%	23.0%
Urban	88.0%	65.8%	28.2%	37.9%	70.8%	27.6%
Rural	81.8%	43.9%	18.0%	29.1%	70.9%	18.9%
New England	87.8%	86.9%	30.9%	38.0%	77.7%	21.7%
Mid-Atlantic	87.0%	65.7%	24.7%	34.3%	75.7%	23.6%
South Atlantic	80.5%	56.4%	16.1%	19.0%	76.0%	25.8%
East South Central	87.5%	53.6%	28.0%	38.8%	69.9%	23.5%
West South Central	89.8%	39.9%	14.6%	34.4%	75.2%	18.4%
East North Central	78.6%	56.3%	27.9%	39.4%	64.9%	33.0%
West North Central	79.3%	44.0%	18.7%	26.8%	57.8%	12.6%
Mountain	89.8%	58.7%	26.4%	41.9%	79.2%	27.5%
Pacific	92.8%	60.4%	32.6%	31.5%	76.6%	29.7%

QIIC-2. Figure 2. Basic Banking

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	54	580	15.2
	Yes	345	3235	84.8
	Total	399	3815	100.0
Missing	System	4	55	
Total		403	3870	

QIIC-2. Figure 5. Credit Counseling

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	235	2532	66.4
	Yes	164	1283	33.6
	Total	399	3815	100.0
Missing	System	4	55	
Total		403	3870	

QIIC-2. Figure 3. Home Ownership and Mortgage Products

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	147	1709	44.8
	Yes	252	2106	55.2
	Total	399	3815	100.0
Missing	System	4	55	
Total		403	3870	

QIIC-2. Figure 6. Savings

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	102	1112	29.1
	Yes	297	2704	70.9
	Total	399	3815	100.0
Missing	System	4	55	
Total		403	3870	

QIIC-2. Figure 4. Predatory and Abusive Lending Prevention

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	280	2928	76.8
	Yes	119	887	23.2
	Total	399	3815	100.0
Missing	System	4	55	
Total		403	3870	

QIIC-2. Figure 7. Other

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	299	2924	76.6
	Yes	100	892	23.4
	Total	399	3815	100.0
Missing	System	4	55	
Total		403	3870	

Other types of sessions taught by the bank include: identity theft (20), school educational programs (16), investment products (9), lending and loan types (9), small business guidance (8), and financial literacy (8).

There is a difference between tiers for some types of educational sessions provided, including home ownership and mortgage products, predatory and abusive lending prevention, and credit counseling. A higher percentage of Tier 1 banks (92.0 percent) offer home ownership education sessions than in Tier 2 (79.4 percent) and Tier 3 (51.6 percent), as well as for predatory and abusive lending (Tier 1: 79.2 percent, Tier 2: 37.4 percent, Tier 3: 20.9 percent) and credit counseling (Tier 1: 87.5 percent, Tier 2: 51.9 percent, Tier 3: 30.7 percent).

QIIC-2. Figure 8. Tier

		Types of Education Sessions Provided								
		Tier 1			Tier 2			Tier 3		
		Basic Banking	Home Ownership and Mortgage Products	Predatory and Abusive Lending Prevention	Basic Banking	Home Ownership and Mortgage Products	Predatory and Abusive Lending Prevention	Basic Banking	Home Ownership and Mortgage Products	Predatory and Abusive Lending Prevention
No	Count	2	2	5	45	94	284	533	1613	2639
	%	8.0%	8.0%	20.8%	9.9%	20.6%	62.6%	16.0%	48.4%	79.1%
Yes	Count	23	23	20	409	361	170	2803	1723	697
	%	92.0%	92.0%	79.2%	90.1%	79.4%	37.4%	84.0%	51.6%	20.9%
Total	Count	25	25	25	454	454	454	3336	3336	3336
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIC-2. Figure 9. Tier

		Types of Education Sessions Provided								
		Tier 1			Tier 2			Tier 3		
		Credit Counseling	Savings	Other	Credit Counseling	Savings	Other	Credit Counseling	Savings	Other
No	Count	3	3	14	218	83	340	2311	1025	2570
	%	12.5%	12.5%	54.2%	48.1%	18.3%	74.8%	69.3%	30.7%	77.0%
Yes	Count	22	22	11	236	371	114	1025	2311	766
	%	87.5%	87.5%	45.8%	51.9%	81.7%	25.2%	30.7%	69.3%	23.0%
Total	Count	25	25	25	454	454	454	3336	3336	3336
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are no differences among regions for types of educational sessions provided, except for “other.” A higher percentage of the banks in the East North Central region (33.0 percent) offer other programs than banks in the West South Central (18.3 percent) and the West North Central region (12.7 percent).

QIIC-2. Figure 10. Region

		“Other” Types of Education Sessions								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	263	230	285	300	520	451	518	192	166
	%	78.3%	76.5%	74.1%	76.4%	81.7%	67.0%	87.3%	72.4%	70.4%
Yes	Count	73	71	99	92	117	222	75	73	70
	%	21.7%	23.5%	25.9%	23.6%	18.3%	33.0%	12.7%	27.6%	29.6%
Total	Count	336	300	384	392	637	673	593	264	235
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is no difference between urban and rural banks for types of educational session provided.

Question II D. Did your bank conduct off-premise financial education outreach visits targeted toward the unbanked or underbanked during calendar year 2007?

Yes No

Over half (58.0 percent) of banks conducted off-premise financial education outreach visits in 2007.

QIID. Figure 1. Did you conduct off-premise financial outreach in 2007?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	244	3078	42.0
	Yes	432	4248	58.0
	Total	676	7327	100.0
Missing	System	9	113	
Total		685	7440	

There are no differences among regions for banks that conducted off-premise financial outreach in 2007.

There is a difference between tiers for banks that conducted off-premise financial outreach in 2007. Nearly all of Tier 1 banks (95.8 percent) conducted outreach visits, compared with 84.8 percent of Tier 2 and 55.7 percent of Tier 3.

QIID. Figure 2. Tier

		Did you conduct off-premise financial outreach in 2007?		
		Tier 1	Tier 2	Tier 3
No	Count	1	83	2994
	%	4.2%	15.2%	44.3%
Yes	Count	24	465	3760
	%	95.8%	84.8%	55.7%
Total	Count	25	548	6754
	%	100.0%	100.0%	100.0%

There is little difference between urban and rural for banks that conducted off-premise financial outreach in 2007.

Question II D-1. Please indicate which locations your bank has visited for outreach sessions:

- High Schools**
- Employer Sites**
- Public Gatherings/Fairs**
- Local/State Government Sites**
- Community-based Organizations**
- Vocational Schools/Colleges**
- Military Installations**
- Other _____**

Banks report that they work with a variety of external organizations to provide outreach to individuals in their market areas. High schools and community-based organizations are the most common places banks visit for outreach sessions, with 77.7 percent and 52.6 percent of banks offering outreach in conjunction with these off-premise locations, respectively.

Military installations are the least frequently visited location for outreach sessions, with about 2.3 percent of banks making visits among those that conducted off-premise financial outreach in 2007.⁶

QIID-1. Figure 1. Percent of Banks Offering Outreach by Location

Outreach Location	Percentage of Banks
High Schools	77.7%
Community-based Organizations	52.6%
Public Gatherings/Fairs	37.3%
Employer Sites	29.4%
Other	24.0%
Vocational Schools/Colleges	18.7%
Local/State Government Sites	9.3%
Military Installations	2.3%

⁶ The distribution of military bases is not proportional to the communities served by participating banks, so the percentages may be higher or lower in different areas around the country.

QIID-1. Figure 2. High Schools

	Frequency	Weighted Frequency	Weighted Percent
Valid No	88	946	22.3
Yes	344	3303	77.7
Total	432	4248	100.0

QIID-1. Figure 3. Employer Sites

	Frequency	Weighted Frequency	Weighted Percent
Valid No	278	2998	70.6
Yes	154	1251	29.4
Total	432	4248	100.0

QIID-1. Figure 4. Public Gatherings

	Frequency	Weighted Frequency	Weighted Percent
Valid No	244	2663	62.7
Yes	188	1586	37.3
Total	432	4248	100.0

QIID-1. Figure 5. Local & State Government Sites

	Frequency	Weighted Frequency	Weighted Percent
Valid No	365	3853	90.7
Yes	67	395	9.3
Total	432	4248	100.0

QIID-1. Figure 6. Community-based Organizations

	Frequency	Weighted Frequency	Weighted Percent
Valid No	169	2012	47.4
Yes	263	2236	52.6
Total	432	4248	100.0

QIID-1. Figure 7. Vocational Schools

	Frequency	Weighted Frequency	Weighted Percent
Valid No	314	3454	81.3
Yes	118	794	18.7
Total	432	4248	100.0

QIID-1. Figure 8. Military Installations

	Frequency	Weighted Frequency	Weighted Percent
Valid No	412	4150	97.7
Yes	20	99	2.3
Total	432	4248	100.0

QIID-1. Figure 9. Other

	Frequency	Weighted Frequency	Weighted Percent
Valid No	315	3229	76.0
Yes	117	1019	24.0
Total	432	4248	100.0

A total of 117 banks identify the following other locations: elementary and middle schools (54), churches and faith-based organizations (22), non-profit community groups (9), senior citizen or elderly homes (7), and seminars, programs, or shows (7).

There are differences among regions for locations with off-premise financial outreach including high schools, employer sites, public gatherings, government sites, and community-based organizations. A greater percentage of East South Central (93.1 percent) banks conduct sessions at high schools than banks in New England (61.9 percent).

QIID-1. Figure 10. Region: High Schools

		High Schools								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	116	55	38	31	151	237	150	86	82
	%	38.1%	18.6%	8.5%	6.9%	21.4%	29.8%	19.9%	31.9%	35.4%
Yes	Count	189	241	405	416	555	559	606	182	150
	%	61.9%	81.4%	91.5%	93.1%	78.6%	70.2%	80.1%	68.1%	64.6%
Total	Count	305	296	442	447	705	796	757	268	232
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of East North Central banks (39.4 percent) conduct sessions at employer sites than banks in the West North Central (10.5 percent).

QIID-1. Figure 11. Region: Employer Sites

		Employer Sites								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	233	217	305	278	459	482	677	174	173
	%	76.1%	73.4%	68.9%	62.2%	65.0%	60.6%	89.5%	65.1%	74.4%
Yes	Count	73	79	138	169	247	313	80	93	59
	%	23.9%	26.6%	31.1%	37.8%	35.0%	39.4%	10.5%	34.9%	25.6%
Total	Count	305	296	442	447	705	796	757	268	232
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of banks in the Mountain region (56.6 percent) conduct sessions at public gatherings than banks in the South Atlantic region (23.4 percent).

QIID-1. Figure 12. Region: Public Gatherings

		Public Gatherings								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	147	178	339	284	510	414	503	116	171
	%	48.2%	60.3%	76.6%	63.5%	72.3%	52.0%	66.4%	43.4%	73.9%
Yes	Count	158	117	104	163	195	382	254	152	61
	%	51.8%	39.7%	23.4%	36.5%	27.7%	48.0%	33.6%	56.6%	26.1%
Total	Count	305	296	442	447	705	796	757	268	232
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of banks in the Mountain region (19.6 percent) conduct sessions at government sites than banks in the South Atlantic region (5.9 percent).

QIID-1. Figure 13. Region: Local and State Government Sites

		Local and State Government Sites								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	287	262	416	415	606	710	750	215	192
	%	94.0%	88.5%	94.1%	92.9%	85.9%	89.2%	99.1%	80.4%	82.8%
Yes	Count	18	34	26	32	100	86	7	52	40
	%	6.0%	11.5%	5.9%	7.1%	14.1%	10.8%	.9%	19.6%	17.2%
Total	Count	305	296	442	447	705	796	757	268	232
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of New England banks (84.3 percent) conduct sessions at community-based organizations than banks in the Mountain region (38.8 percent).

QIID-1. Figure 14. Region: Community-based Organizations

		Community-based Organizations								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	48	92	219	186	407	362	455	164	79
	%	15.7%	31.3%	49.5%	41.6%	57.7%	45.5%	60.1%	61.2%	34.0%
Yes	Count	258	203	224	261	298	433	302	104	153
	%	84.3%	68.7%	50.5%	58.4%	42.3%	54.5%	39.9%	38.8%	66.0%
Total	Count	305	296	442	447	705	796	757	268	232
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between tiers for off-premise financial outreach locations of employer sites, public gatherings, government sites, community-based organizations, vocational schools, military installations, and “other” sites. A greater percentage of Tier 1 banks conduct sessions at all of these locations than Tier 2 banks, and a greater percentage of Tier 2 banks conduct sessions at all of these locations than Tier 3 banks.

QIID-1. Figure 15. Tier: High Schools/Employer Sites/Public Gatherings

		Off-Premise Outreach Locations								
		Tier 1			Tier 2			Tier 3		
		High Schools	Employer Sites	Public Gatherings	High Schools	Employer Sites	Public Gatherings	High Schools	Employer Sites	Public Gatherings
No	Count	1	3	0	83	260	229	861	2734	2434
	%	4.3%	13.0%	.0%	17.9%	56.0%	49.3%	22.9%	72.7%	64.7%
Yes	Count	23	21	24	381	205	236	2898	1025	1326
	%	95.7%	87.0%	100.0%	82.1%	44.0%	50.7%	77.1%	27.3%	35.3%
Total	Count	24	24	24	465	465	465	3760	3760	3760
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIID-1. Figure 16. Tier: Local and State Government Sites/ Community-based Organizations/ Vocational Schools

		Off-Premise Outreach Locations								
		Tier 1			Tier 2			Tier 3		
		Local and State Government Sites	Community-based Orgs	Vocational Schools	Local and State Government Sites	Community-based Orgs	Vocational Schools	Local and State Government Sites	Community-based Orgs	Vocational Schools
No	Count	6	1	5	361	97	264	3486	1914	3186
	%	26.1%	4.3%	21.7%	77.6%	20.9%	56.7%	92.7%	50.9%	84.7%
Yes	Count	18	23	19	104	368	201	273	1846	574
	%	73.9%	95.7%	78.3%	22.4%	79.1%	43.3%	7.3%	49.1%	15.3%
Total	Count	24	24	24	465	465	465	3760	3760	3760
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIID-1. Figure 17. Tier: Military Installations/Other

		Off-Premise Outreach Locations					
		Tier 1		Tier 2		Tier 3	
		Military Installations	Other	Military Installations	Other	Military Installations	Other
No	Count	15	11	444	319	3691	2898
	%	60.9%	47.8%	95.5%	68.7%	98.2%	77.1%
Yes	Count	9	13	21	146	68	861
	%	39.1%	52.2%	4.5%	31.3%	1.8%	22.9%
Total	Count	24	24	465	465	3760	3760
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between urban and rural banks for the locations of off-premise financial education sessions, including high schools, employer sites, public gatherings, government sites, community-based organizations, vocational schools, and “other” sites.

QIID-1. Figure 18. Rural

		Off-Premise Outreach Locations							
		Rural HQ							
		High Schools	Employer Sites	Public Gatherings	Local and State Government Sites	Community-based Organizations	Vocational Schools	Military Installations	Other
No	Count	352	1727	1580	2089	1241	1904	2182	1792
	%	15.8%	77.4%	70.8%	93.7%	55.7%	85.4%	97.8%	80.4%
Yes	Count	1878	503	650	140	989	325	48	438
	%	84.2%	22.6%	29.2%	6.3%	44.3%	14.6%	2.2%	19.6%
Total	Count	2230	2230	2230	2230	2230	2230	2230	2230
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIID-1. Figure 19. Urban

		Off-Premise Outreach Locations							
		Urban HQ							
		High Schools	Employer Sites	Public Gatherings	Local and State Government Sites	Community-based Organizations	Vocational Schools	Military Installations	Other
No	Count	593	1271	1083	1764	771	1550	1968	1437
	%	29.4%	63.0%	53.6%	87.4%	38.2%	76.8%	97.5%	71.2%
Yes	Count	1425	748	936	255	1247	469	51	582
	%	70.6%	37.0%	46.4%	12.6%	61.8%	23.2%	2.5%	28.8%
Total	Count	2019	2019	2019	2019	2019	2019	2019	2019
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Question II E. Does the bank work with corporate or business customers to provide services for their unbanked employees?

Yes No

Less than half of banks (38.2 percent) work with corporate or business customers to provide services for their unbanked employees. Proportionately, larger banks are more likely to work with corporate or business customers when compared with smaller banks.

QIIE. Figure 1. Does your bank work with corporate or business customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	376	4501	61.8
	Yes	295	2778	38.2
	Total	671	7279	100.0
Missing	System	14	161	
Total		685	7440	

There are differences among regions for banks that work with corporate or business customers. A greater percentage of banks in the East South Central (49.9 percent) and West South Central (49.5 percent) regions work with business customers than banks in the Mid-Atlantic (23.7 percent).

QIIE. Figure 2. Region

		Does your bank work with corporate or business customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	281	440	445	321	595	773	974	369	302
	%	63.6%	76.3%	52.6%	50.1%	50.5%	60.6%	71.2%	72.8%	67.9%
Yes	Count	161	137	401	320	582	502	394	138	143
	%	36.4%	23.7%	47.4%	49.9%	49.5%	39.4%	28.8%	27.2%	32.1%
Total	Count	442	577	846	642	1177	1274	1369	507	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks that work with corporate or business customers. A higher percentage of banks in Tier 1 (87.5 percent) partners with businesses than in both Tier 2 (62.2 percent) and Tier 3 (36.0 percent).

QIIE. Figure 3. Tier

		Does your bank work with corporate or business customers?		
		Tier 1	Tier 2	Tier 3
No	Count	3	205	4293
	%	12.5%	37.8%	64.0%
Yes	Count	22	336	2420
	%	87.5%	62.2%	36.0%
Total	Count	25	541	6713
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that work with corporate or business customers. A greater percentage of urban banks (42.5 percent) work with corporate customers compared with rural banks (34.3 percent).

QIIE. Figure 4. Urban/Rural

		Does your bank work with corporate or business customers?	
		Rural HQ	Urban HQ
No	Count	2530	1971
	%	65.7%	57.5%
Yes	Count	1320	1458
	%	34.3%	42.5%
Total	Count	3850	3429
	%	100.0%	100.0%

Question II E-1. If yes, does the bank offer payroll cards? Yes No

Among all banks that work with business customers, 14.1 percent offer payroll cards.

QIIE-1. Figure 1. Does your bank offer payroll cards?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	226	2330	85.9
	Yes	62	383	14.1
	Total	288	2713	100.0
Missing	System	7	65	
Total		295	2778	

There are no differences among regions for banks that offer payroll cards.

There is a difference between tiers for banks that offer payroll cards. Almost three-quarters of Tier 1 banks that work with business customers (71.4 percent) offer payroll cards, compared with 28.7 percent in Tier 2 and 11.6 percent in Tier 3.

QIIE-1. Figure 2. Tier

		Does your bank offer payroll cards?		
		1	2	3
No	Count	6	232	2092
	%	28.6%	71.3%	88.4%
Yes	Count	16	94	273
	%	71.4%	28.7%	11.6%
Total	Count	22	326	2365
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that work with business customers and offer payroll cards. A greater percentage of urban banks that work with business customers (17.0 percent) offer payroll cards, compared with 11.0 percent of rural banks.

QIIE-1. Figure 3. Urban/Rural

		Does your bank offer payroll cards?	
		Rural HQ	Urban HQ
No	Count	1163	1168
	%	89.0%	83.0%
Yes	Count	144	239
	%	11.0%	17.0%
Total	Count	1307	1407
	%	100.0%	100.0%

Question II E-1. a) If yes, how many payroll cards has the bank issued during the year 2007?

Of the banks that specify how many payroll cards they had issued in 2007, the mean is 809 cards, and the median is 4 cards. This uneven distribution of cards is likely due to the largest banks in Tier 1 offering an average of 16,000 cards, which skews the overall average.

QIIE-1a. Figure 1. Weighted: How many payroll cards has your bank issued during 2007?

N	Valid	287
	Missing	96
Mean		809.28
Median		4.00
Mode		0
Minimum		0
Maximum		130,000

There is no difference between tiers for the number of payroll cards that banks issued in 2007.

There are no differences among regions for the number of payroll cards that banks issued during 2007.

There is no difference between urban and rural banks for the number of payroll cards that banks issued in 2007.

Question II E-1. b) Describe the features and fees associated with this card (if any).

Among the 62 banks that report offering payroll cards, there is little consistency or similarity in the types and levels of associated fees. Some programs charge end-user fees for ATM and point-of-sale (POS) transactions, while others charge corporate fees for payroll card disbursements. Some banks do not charge any fees in an effort to encourage non-customers to become bank customers.

Forty-nine banks currently have active payroll card programs. Of the remaining banks, seven are in development, one was previously discontinued, and five did not elaborate further.

- Nine banks offer payroll cards through a third-party processor.
- Twenty payroll card programs also have debit card capabilities. More programs may offer this capability, but it is only explicitly stated in these 20 banks responses.

No programs share identical features and characteristics. Each bank has a unique fee structure and charges different types of fees at differing amounts.

- Seven banks' payroll cards do not charge fees for activation and use.
- Eleven banks charge card replacement fees between \$5.00 and \$15.00 with the most common being \$10.00 (seven banks).
- Thirteen banks charge monthly fees, ranging from \$1.00 to \$9.99. None specify whether the employer or the employee is responsible for these fees.
- Twenty banks explain what types of ATM fees are associated with the card, five of which offer free unlimited usage of proprietary ATMs. Four banks offer free proprietary ATM withdrawals up to a certain monthly threshold before charging a fee of \$1.00 to \$2.00 per use. Eleven banks charge a set fee for every domestic ATM withdrawal, proprietary or not, ranging between \$0.95 and \$2.00.
- Seven banks charge fees for international ATM withdrawals, with a mean of \$3.00.
- Seven banks charge NSF or insufficient funds fees on payroll cards, varying between \$9.95 and \$35.00. In contrast, there is one instance where the card cannot be overdrawn since purchases are only approved up to the available balance.

Question II F. Does the bank use targeted marketing (e.g., meetings with large employers, mailings, etc.) to reach unbanked and/or underbanked individuals? Yes No

About a quarter (25.2 percent) of banks use targeted marketing to reach the unbanked and underbanked.

QIIF. Figure 1. Does your bank use targeted marketing to reach un/underbanked individuals?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	456	5358	74.8
	Yes	208	1805	25.2
	Total	664	7163	100.0
Missing	System	21	277	
Total		685	7440	

There is a difference between regions for banks that use targeted marketing to reach un/underbanked individuals. A greater percentage of banks in the East North Central region (33.0 percent) use targeted marketing than banks in the Mountain region (15.5 percent).

QIIF. Figure 2. Region

		Does your bank use targeted marketing to reach un/under banked individuals?								
		New England	Mid Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	322	409	630	508	793	843	1087	429	336
	%	72.3%	70.5%	77.0%	77.5%	69.8%	67.0%	82.7%	84.5%	75.0%
Yes	Count	123	171	188	147	343	415	227	79	112
	%	27.7%	29.5%	23.0%	22.5%	30.2%	33.0%	17.3%	15.5%	25.0%
Total	Count	446	581	819	655	1136	1257	1314	507	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks that use targeted marketing to reach un/underbanked individuals. A higher percentage of banks in Tiers 1 (66.7 percent) and 2 (51.9 percent) use targeted marketing than banks in Tier 3 (22.8 percent).

QIIF. Figure 3. Tier

		Does your bank use targeted marketing to reach un/underbanked individuals?		
		Tier 1	Tier 2	Tier 3
No	Count	8	264	5086
	%	33.3%	48.1%	77.2%
Yes	Count	17	284	1504
	%	66.7%	51.9%	22.8%
Total	Count	25	548	6590
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that use targeted marketing to reach the un/underbanked. Less than a third (30.8 percent) of urban banks use targeted marketing compared with only one-fifth (20.1 percent) of rural banks.

QIIF. Figure 4. Urban/Rural

		Does your bank use targeted marketing to reach un/underbanked individuals?	
		Rural HQ	Urban HQ
No	Count	2998	2360
	%	79.9%	69.2%
Yes	Count	756	1049
	%	20.1%	30.8%
Total	Count	3754	3409
	%	100.0%	100.0%

Question II F-1. If yes, are there particular segments of the unbanked and/or underbanked population your bank is targeting? Yes No

Among banks that use targeted marketing, 55.3 percent target a specific segment of the population.

QIIF-1. Figure 1. Are there particular segments that you target?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	80	795	44.7
	Yes	126	982	55.3
	Total	206	1778	100.0
Missing	System	2	27	
Total		208	1805	

There are few differences among regions for banks that target particular segments.

There is a difference between tiers for banks that target particular segments. Nearly all (93.8 percent) of Tier 1 banks target a specific segment, compared with 65.9 percent of Tier 2 and 52.8 percent of Tier 3.

QIIF-1. Figure 2. Tier

		Are there particular segments that you target?		
		1	2	3
No	Count	1	97	697
	%	6.3%	34.1%	47.2%
Yes	Count	16	187	779
	%	93.8%	65.9%	52.8%
Total	Count	17	284	1477
	%	100.0%	100.0%	100.0%

There is a slight difference between urban and rural banks for banks that target specific segments. More than half of urban banks (56.2 percent) target specific segments, as do 53.9 percent of rural banks.

QIIF-1. Figure 3. Urban/Rural

		Are there particular segments that you target?	
		Rural HQ	Urban HQ
No	Count	342	453
	%	46.1%	43.8%
Yes	Count	401	582
	%	53.9%	56.2%
Total	Count	743	1035
	%	100.0%	100.0%

Question II F-2. If yes, which segments? Mark all that apply.

- | | | |
|--|---|---|
| <input type="checkbox"/> Working poor | <input type="checkbox"/> Consumers on public assistance | <input type="checkbox"/> Post disaster assistance |
| <input type="checkbox"/> Urban residents | <input type="checkbox"/> Rural residents | <input type="checkbox"/> Immigrants |
| <input type="checkbox"/> African Americans | <input type="checkbox"/> Hispanic Americans | <input type="checkbox"/> Asian Americans |
| <input type="checkbox"/> Other | | |

Among banks that target a specific segment, banks target the Hispanic-American segment most frequently (45.3 percent).

QIIF-2. Figure 1. Percent of Banks Targeting Specific Population Segments

Segment	Percentage of Banks
Hispanic Americans	45.3%
Working Poor	34.5%
Rural Residents	29.6%
African Americans	23.5%
Other	22.8%
Urban Residents	22.3%
Immigrants	17.7%
Consumers on Public Assistance	15.5%
Asian Americans	10.6%
Post-disaster Assistance	6.2%

QIIF-2. Figure 2. Working Poor

	Frequency	Weighted Frequency	Weighted Percent
Valid No	99	859	65.5
Yes	64	453	34.5
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

QIIF-2. Figure 7. Immigrants

	Frequency	Weighted Frequency	Weighted Percent
Valid No	125	1080	82.3
Yes	38	232	17.7
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

QIIF-2. Figure 3. Consumers on Public Assistance

	Frequency	Weighted Frequency	Weighted Percent
Valid No	134	1109	84.5
Yes	29	203	15.5
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

QIIF-2. Figure 8. African Americans

	Frequency	Weighted Frequency	Weighted Percent
Valid No	110	1004	76.5
Yes	53	308	23.5
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

QIIF-2. Figure 4. Post-disaster Assistance

	Frequency	Weighted Frequency	Weighted Percent
Valid No	147	1228	93.8
Yes	15	81	6.2
Total	162	1309	100.0
Missing System	46	496	
Total	208	1805	

QIIF-2. Figure 9. Hispanic Americans

	Frequency	Weighted Frequency	Weighted Percent
Valid No	76	718	54.7
Yes	87	594	45.3
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

QIIF-2. Figure 5. Urban Residents

	Frequency	Weighted Frequency	Weighted Percent
Valid No	113	1020	77.7
Yes	50	292	22.3
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

QIIF-2. Figure 10. Asian Americans

	Frequency	Weighted Frequency	Weighted Percent
Valid No	135	1173	89.4
Yes	28	139	10.6
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

QIIF-2. Figure 6. Rural Residents

	Frequency	Weighted Frequency	Weighted Percent
Valid No	119	924	70.4
Yes	44	388	29.6
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

QIIF-2. Figure 11. Other

	Frequency	Weighted Frequency	Weighted Percent
Valid No	126	1013	77.2
Yes	37	299	22.8
Total	163	1312	100.0
Missing System	45	493	
Total	208	1805	

Thirty-seven banks mention targeted segments other than those listed in Question II F-2. The leading segments are individuals living in low and moderate-income (LMI) areas within the bank's area (8), students (8), and local businesses (7).

There is no difference between regions for targeted segments, except for rural residents. A higher proportion of banks in the West South Central region (75.4 percent) target rural residents than banks in the West North Central region (13.3 percent).

QIIF-2. Figure 12. Region

		Rural Residents								
		New England	Mid Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	65	67	82	31	38	180	96	21	42
	%	82.6%	59.7%	61.4%	44.9%	24.6%	84.5%	86.7%	43.0%	67.2%
Yes	Count	14	46	51	38	117	33	15	27	21
	%	17.4%	40.3%	38.6%	55.1%	75.4%	15.5%	13.3%	57.0%	32.8%
Total	Count	79	113	133	69	154	213	111	48	63
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between tiers for targeted segments including post-disaster assistance, urban residents, immigrants, African Americans, Hispanic Americans, and Asian Americans. A greater percentage of banks in Tier 1 target these segments than banks in either Tier 2 or Tier 3.

QIIF-2. Figure 13. Tier 1

		Tier 1					
		Post-disaster Assistance	Urban Residents	Immigrants	African Americans	Hispanic Americans	Asian Americans
No	Count	10	5	6	3	1	7
	%	66.7%	33.3%	40.0%	20.0%	6.7%	46.7%
Yes	Count	5	10	9	13	15	8
	%	33.3%	66.7%	60.0%	80.0%	93.3%	53.3%
Total	Count	16	16	16	16	16	16
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIF-2. Figure 14. Tier 2

		Tier 2					
		Post-disaster assistance	Urban residents	Immigrants	African Americans	Hispanic Americans	Asian Americans
No	Count	163	97	128	97	45	139
	%	88.7%	51.9%	68.5%	51.9%	24.1%	74.1%
Yes	Count	21	90	59	90	142	49
	%	11.3%	48.1%	31.5%	48.1%	75.9%	25.9%
Total	Count	184	187	187	187	187	187
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIF-2. Figure 15. Tier 3

		Tier 3					
		Post-disaster Assistance	Urban Residents	Immigrants	African Americans	Hispanic Americans	Asian Americans
No	Count	752	615	656	602	396	725
	%	93.2%	76.3%	81.4%	74.6%	49.2%	89.8%
Yes	Count	55	191	150	205	410	82
	%	6.8%	23.7%	18.6%	25.4%	50.8%	10.2%
Total	Count	807	807	807	807	807	807
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between urban and rural banks for the specific segments banks target, specifically consumers on public assistance, urban residents, immigrants, African Americans, Hispanic Americans, and Asian Americans. Urban residents are different between tiers, while rural residents are not. This may be explained by the fact that urban-headquartered banks may serve rural market areas, while rural banks are less likely to operate in urban markets.

QIIF-2. Figure 16. Rural

		Rural HQ									
		Working Poor	Consumers on Public Assistance	Post-disaster Assistance	Urban Residents	Rural Residents	Immigrants	African Americans	Hispanic Americans	Asian Americans	“Other”
No	Count	329	455	462	462	319	455	431	291	486	360
	%	64.0%	88.7%	90.6%	90.0%	62.0%	88.7%	84.0%	56.7%	94.7%	70.0%
Yes	Count	185	58	48	51	195	58	82	223	27	154
	%	36.0%	11.3%	9.4%	10.0%	38.0%	11.3%	16.0%	43.3%	5.3%	30.0%
Total	Count	514	514	510	514	514	514	514	514	514	514
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIF-2. Figure 17. Urban

		Urban HQ									
		Working Poor	Consumers on Public Assistance	Post-disaster Assistance	Urban Residents	Rural Residents	Immigrants	African Americans	Hispanic Americans	Asian Americans	“Other”
No	Count	531	654	766	558	606	624	573	427	687	653
	%	66.5%	81.8%	95.9%	69.9%	75.9%	78.2%	71.8%	53.5%	86.0%	81.8%
Yes	Count	268	145	33	241	193	174	226	372	112	145
	%	33.5%	18.2%	4.1%	30.1%	24.1%	21.8%	28.2%	46.5%	14.0%	18.2%
Total	Count	799	799	799	799	799	799	799	799	799	799
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Question II G. Does the bank have any other outreach and education programs to encourage unbanked or underbanked consumers to open an account?

Yes No

Other than the types of outreach and education programs specified in the survey, 16.8 percent of banks offer some other type of outreach or education program to help encourage unbanked or underbanked customers to open an account.

QIIG. Figure 1. Does your bank have any other outreach or education programs to encourage unbanked or underbanked consumers to open an account?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	521	6007	83.2
	Yes	145	1214	16.8
	Total	666	7221	100.0
Missing	System	19	219	
Total		685	7440	

There are no differences among regions for other outreach and education programs.

There is a difference between tiers for other outreach and education. Over half (58.3 percent) of Tier 1 banks do other outreach, compared with 37.4 percent of Tier 2 and 15.0 percent of Tier 3.

QIIG. Figure 2. Tier

		Does your bank have any other outreach or education?		
		Tier 1	Tier 2	Tier 3
No	Count	10	336	5660
	%	41.7%	62.6%	85.0%
Yes	Count	15	201	998
	%	58.3%	37.4%	15.0%
Total	Count	25	538	6658
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that offer other outreach or education. About one-fifth (19.4 percent) of urban banks offer other outreach, while 14.5 percent of rural banks offer other outreach.

QIIG. Figure 3. Urban/Rural

		Does your bank have any other outreach or education?	
		Rural HQ	Urban HQ
No	Count	3279	2728
	%	85.5%	80.6%
Yes	Count	557	656
	%	14.5%	19.4%
Total	Count	3836	3385
	%	100.0%	100.0%

Question II G-1. If yes, please describe.

Outreach efforts conducted by responding banks commonly utilize banking industry programs, partner with third-party organizations, and offer a variety of school-based educational programs. Banks' efforts to educate children through schools help banks to build foundational relationships that will increase a child's likelihood of becoming customers in the future and to provide indirect exposure to their unbanked parents.

- Local (4), state (8), and proprietary (15) outreach education efforts are described in 27 of 150 total open-ended responses.
- National banking programs are mentioned in 48 instances among the total 150 responses. Among national programs, the FDIC's Money Smart program appears most frequently, accounting for 12 out of the 150 responses. ABA programs, such as Teach Children to Save Day, are mentioned on ten occasions, while participating in IRS VITA programs is the third most frequently cited (9) among national programs.
- Over a quarter (43/150) of responding banks offer some form of K-12 or local college financial education sessions that are not specifically linked to a national program. Financial literacy and basic banking skills are typically the focus of these visits.
- Less than a quarter (32/150) of responding banks encourage specific types of checking, savings, IDA, and direct deposit accounts. Of these responses, nine banks offer IDAs.
- Over a quarter (44/150) of respondents either partner with third-party organizations or offer public workshops and seminars in the community. Seminars offered by these banks cover topics including identity theft, budgeting, home ownership, and immigrant education.

Effectiveness of Education and Outreach Programs

Question II H. What are the three most effective types of financial education, outreach, and marketing programs that your bank has used to help establish account relationships with unbanked and/or underbanked individuals? Please rank 1 to 3, where 1 = most effective, 2 = second most effective, and 3 = third most effective.

Ranking	Programs	Advantages/Disadvantages
	<i>Financial Education Materials</i>	
	<i>Providing Financial Education Sessions</i>	
	<i>Outreach Visits</i>	
	<i>Participation in Other Organizations</i>	
	<i>Targeted Marketing</i>	
	<i>Other: _____</i>	

Rankings were calculated with a reverse scoring system, where each ranking of 1 received five points, a rank of 2 received four points, etc. Overall rankings were then calculated according to the sum of points for each type of program using this approach.

Overall, banks rank financial education sessions as the most effective type of financial education and outreach program that they have used in establishing an account relationship with un/underbanked individuals, followed by participation in other organizations, and outreach visits.

QIIH Figure 1. Most Effective Types of Financial Education and Outreach Programs (Calculated Ranking)

<i>Ranking</i>	<i>Programs</i>
1	Providing Financial Education Sessions
2	Participation in Other Organizations
3	Outreach Visits
4	Financial Education Materials
5	Targeted Marketing
6	Other

Almost all (99.3 percent) of the banks rank financial education sessions as one of the top three most effective programs that they have used.

QIIH Figure 2. Financial Education Sessions

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	124	1067	35.6
	2	124	1184	39.5
	3	77	729	24.3
	4	2	7	.2
	5	1	14	.5
	Total	328	3000	100.0
Missing	System	357	4440	
Total		685	7440	

The following charts show the rankings of effectiveness for each type of program by how banks responded to whether they perceived un/underbanked individuals in their service areas.

QIIH Figure 3. Advantages of Financial Education Sessions (non-weighted)

88 Banks Listed an Advantage(s)			
Advantage	Mentions	% of Mentions	% of Banks (Advantages)
Direct, personalized contact reaching the targeted audience	54	55.7%	61.4%
Partnering with 3rd party to provide valuable, tailored education	32	33.0%	36.4%
Other	11	11.3%	12.5%

QIIH Figure 4. Disadvantages of Financial Education Sessions (non-weighted)

53 Banks Listed a Disadvantage(s)			
Disadvantage	Mentions	% of Mentions	% of Banks (Disadvantages)
Lack of participation	23	39.7%	43.4%
Cost and time constraints	18	31.0%	34.0%
Effectiveness issues	10	17.2%	18.9%
Other	7	12.1%	13.2%

Among the 88 banks that list advantages, 54 identify direct, personalized contact as a reason for their financial education programs' effectiveness. Partnering with a third-party or providing valuable, tailored information is the second most frequently mentioned advantage (32/88).

Lack of participation and attendance is the most frequently cited disadvantage (23/53). Only one of the banks that listed this disadvantage also listed partnering with a third-party as an advantage.

Almost all (97.5 percent) of the banks rank participation in other organizations as one of the top three most effective programs that they have used. Participation in other organizations is the second most frequently ranked program and received the second most first place rankings.

QIIH Figure 5. Participation in Programs with Other Organizations

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	121	1135	39.9
	2	92	833	29.3
	3	79	802	28.2
	4	5	58	2.0
	5	1	14	.5
	Total	298	2842	100.0
Missing	System	387	4598	
Total		685	7440	

QIIH Figure 6. Advantages of Participation with Other Organizations (non-weighted)

95 Banks Listed an Advantage(s)			
Advantage	Mentions	% of Mentions	% of Banks (Advantages)
Partnering with trusted third parties provides access to large, target markets.	42	42.9%	44.2%
Build relationships with other organizations and new customers	19	19.4%	20.0%
Other	17	17.3%	17.9%
Able to personalize approach and have direct contact	11	11.2%	11.6%
Helps in understanding the needs of the population	9	9.2%	9.5%

QIIH Figure 7. Disadvantages of Participation with Other Organizations (non-weighted)

27 Banks Listed a Disadvantage(s)			
Disadvantage	Mentions	% of Mentions	% of Banks (Disadvantages)
High level of time, cost and staff effort involved	9	29.0%	33.3%
Low participation or effectiveness	9	29.0%	33.3%
Unable to highlight our specific bank services, and lost control over messages sent out	6	19.4%	22.2%
Unfocused form of passive education	4	12.9%	14.8%
Other	3	9.7%	11.1%

Banks identify the most advantages for partnering with other organizations (95) among all programs. Forty-two of the 95 responses are based on partnering with trusted third parties to provide access to target markets.

The most commonly cited disadvantages are very similar to those listed under providing financial education sessions and outreach visits. These include cost and time constraints, lack of participation, and effectiveness issues.

Almost all (97.6 percent) banks rank outreach visits as one of the top three most effective programs that they have used. Outreach visits receive the second fewest total rankings, but among those who rank it, 40.9 percent rank it first in effectiveness.

QIIH Figure 8. Outreach Visits

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	107	1119	40.9
	2	74	747	27.3
	3	85	806	29.4
	4	3	31	1.1
	5	4	34	1.3
	Total	273	2737	100.0
Missing	System	412	4703	
Total		685	7440	

QIIH Figure 9. Advantages of Outreach Visits (non-weighted)

73 Banks Listed an Advantage(s)			
Advantage	Mentions	% of Mentions	% of Banks (Advantages)
Direct, personalized contact reaching the targeted audience	43	55.1%	58.9%
Partnering with third party to provide valuable, tailored information in a comfortable environment	23	29.5%	31.5%
Other	12	15.4%	16.4%

QIIH Figure 10. Disadvantages of Outreach Visits (non-weighted)

25 Banks Listed a Disadvantage(s)			
Disadvantage	Mentions	% of Mentions	% of Banks (Disadvantages)
Cost and time constraints	8	32.0%	32.0%
Lack of Participation	7	28.0%	28.0%
Effectiveness issues	6	24.0%	24.0%
Other	4	16.0%	16.0%

Banks do not discern many differences in the advantages and disadvantages between providing financial education sessions and outreach visits. Comments on these two programs are very similar and may be due to the high likelihood that educational elements are included in outreach visits.

Two advantages are mentioned by 66 of the 73 banks:

- Direct, personalized contact with the target audience
- Partnering with third parties or providing valuable, tailored information in a comfortable environment

Cost and time restraints (8) are the most frequently mentioned disadvantages followed closely by lack of participation and attendance (7).

Almost all (97.2 percent) banks that rank financial education materials rank it as one of the top three most effective programs that they have used.

QIIH Figure 11. Financial Education Materials

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	78	919	32.1
	2	87	884	30.9
	3	107	982	34.3
	4	6	62	2.2
	5	2	17	.6
	Total	280	2863	100.0
Missing	System	405	4577	
Total		685	7440	

There are differences among regions for banks' rankings of financial education materials. Banks in the West North Central region (51 percent rank it as number one) rank financial education materials as more effective than banks in the New England region (2 percent rank it as number one).

QIIH Figure 12. Region

		Financial Education Materials								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
1	Count	3	33	92	82	144	103	332	99	31
	%	1.9%	16.0%	39.2%	25.1%	31.6%	21.6%	51.0%	39.5%	35.4%
2	Count	41	92	66	107	144	134	198	87	14
	%	23.1%	45.0%	28.0%	32.8%	31.6%	28.4%	30.5%	34.5%	16.0%
3	Count	133	80	64	138	147	206	120	65	29
	%	75.0%	39.0%	27.0%	42.2%	32.3%	43.5%	18.4%	26.0%	32.9%
4	Count	0	0	14	0	17	31	0	0	0
	%	.0%	.0%	5.8%	.0%	3.8%	6.5%	.0%	.0%	.0%
5	Count	0	0	0	0	3	0	0	0	14
	%	.0%	.0%	.0%	.0%	.8%	.0%	.0%	.0%	15.7%
Total	Count	178	205	236	327	455	474	650	251	87
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks' rankings of the effectiveness of financial education materials. Banks in Tier 2 (2.41 mean ranking) rank financial education materials lower than banks in Tier 3 (2.05 mean ranking).

QIIH Figure 13. Tier

		Financial Education Materials		
		1	2	3
1	Count	2	42	875
	%	13.3%	15.8%	33.9%
2	Count	4	87	793
	%	26.7%	32.9%	30.7%
3	Count	9	125	848
	%	60.0%	47.4%	32.8%
4	Count	0	7	55
	%	.0%	2.6%	2.1%
5	Count	0	3	14
	%	.0%	1.3%	.5%
Total	Count	16	264	2584
	%	100.0%	100.0%	100.0%

There is little difference between urban and rural banks with regard to banks' rankings of the effectiveness of financial education materials.

QIIH Figure 14. Advantages of Materials (non-weighted)

53 Banks Listed an Advantage(s)			
Advantage	Mentions	% of Mentions	% of Banks (Advantages)
Provides basic info, good learning tool	19	35.8%	35.8%
Ease of use, readily available	10	18.9%	18.9%
Reference or reinforcement tool	9	17.0%	17.0%
Broad outreach, cost effectiveness	6	11.3%	11.3%
Use of FDIC Tools	5	9.4%	9.4%
Other	4	7.5%	7.5%

QIIH Figure 15. Disadvantages of Materials (non-weighted)

23 Banks Listed a Disadvantage(s)			
Disadvantage	Mentions	% of Mentions	% of Banks (Disadvantages)
Not personalized, no direct contact	6	26.1%	26.1%
High cost	5	21.7%	21.7%
Lack of interest, physical pick up	5	21.7%	21.7%
Low Effectiveness	4	17.4%	17.4%
Other	3	13.0%	13.0%

Twenty-nine of 53 comments about the advantages of financial education materials mention either the ability of these materials to provide information or their ease-of-use.

The disadvantages are evenly distributed across four main categories:

- Not personalized and no direct contact
- High costs associated
- Lack of interest by customers/materials must physically be picked up
- Questionable effectiveness of materials

Almost all (93.9 percent) banks rank targeted marketing as one of the top three most effective programs. Targeted marketing was roughly half as likely to be ranked in the top five (1457/7440 from table QIIH figure 18) compared with outreach visits (2737/7440 from QIIH figure 10). Targeted marketing has the fewest first, second, and third place effectiveness rankings of any program.

QIIH Figure 16. Targeted Marketing

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	50	538	37.0
	2	38	417	28.7
	3	43	412	28.3
	4	1	14	.9
	5	7	75	5.2
	Total	139	1457	100.0
Missing	System	546	5983	
Total		685	7440	

QIIH Figure 17. Advantages of Target Marketing (non-weighted)

23 Banks Listed an Advantage(s)			
Advantage	Mentions	% of Mentions	% of Banks (Advantages)
Ability to deliver a direct and specific message	12	48.0%	52.2%
Capture large audience within target areas	6	24.0%	26.1%
Other	5	20.0%	21.7%
Cost effectiveness	2	8.0%	8.7%

QIIH Figure 18. Disadvantages of Target Marketing (non-weighted)

23 Banks Listed a Disadvantage(s)			
Disadvantages without rankings			
Disadvantage	Mentions	% of Mentions	% of Banks (Disadvantages)
Low success / effectiveness rate	10	40.0%	43.5%
No personal contact to educate customer thoroughly	7	28.0%	30.4%
Too costly	6	24.0%	26.1%
Other	2	8.0%	8.7%

This program is the only instance in which the number of disadvantages (23) equals the number of advantages (23).

The most commonly cited advantage of targeted marketing is the ability to deliver a direct and specific message to a particular segment, which is mentioned in 12 of the 23 listed advantages.

Among the 8 percent of banks that rank another program, 100 percent rank it as one of the top three most effective programs.

QIIH Figure 19. Other

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	29	323	55.6
	2	8	76	13.2
	3	17	181	31.3
	Total	54	580	100.0
Missing	System	631	6859	
Total		685	7440	

QIIH Figure 20. Other Rankings (non-weighted)

54 Banks Ranked Other		
Others, Specify Codes	Mentions	% of Mentions
Product/Program offerings	11	23.40%
Working within the community	11	23.40%
Advertising	8	17.02%
Direct Contact	7	14.89%
Referrals	5	10.64%
Website/Internet	4	8.51%
Have not evaluated yet	1	2.13%

Twenty-nine of the 54 banks indicating “other” programs rank this category first. The “other” category consists of seven different groups of responses:

- Product/program offerings (11)
- Working within the community (11)
- Advertising (8)
- Direct contact (7)
- Referrals (5)
- Website (4)
- Have not evaluated (1)

Across these responses, the advantages and disadvantages do not refer to the same types of programs, so no conclusions can be drawn for this category.

Question II I. Has your bank identified expanding services to unbanked and underbanked individuals in your market area as a priority in your bank's business strategy? Yes No Don't know

While 17.5 percent of banks identify expanding services as a priority in the bank's business strategy, 70.4 percent have not. About half (45.8 percent) of Tier 1 banks have identified it as a priority.

QII I Figure 1. Have you identified expanding services in your market as a priority in your bank's business strategy?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	448	5098	70.4
	Yes	131	1264	17.5
	Don't Know	88	882	12.2
	Total	667	7245	100.0
Missing	System	18	195	
Total		685	7440	

There are differences among regions for banks that are expanding services as a strategy. A larger percentage of New England (23.0 percent) banks have identified it as a strategy compared with West North Central banks (9.5 percent). However, more West South Central banks (22.0 percent) “don't know” compared with Mountain banks (3.4 percent).

QII I Figure 2. Region

		Have you identified expanding services in your market as a priority in your bank's business strategy?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	312	412	600	521	657	829	1036	405	328
	%	70.1%	70.9%	69.8%	78.2%	58.7%	65.4%	77.4%	79.8%	71.0%
Yes	Count	103	128	165	111	216	233	128	86	96
	%	23.0%	22.0%	19.2%	16.6%	19.3%	18.4%	9.5%	16.9%	20.8%
Don't Know	Count	31	41	95	34	246	205	174	17	38
	%	6.9%	7.1%	11.0%	5.1%	22.0%	16.2%	13.0%	3.4%	8.2%
Total	Count	446	581	860	666	1119	1268	1338	507	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks that are expanding services as a strategy. A higher percentage of Tier 2 banks (24.7 percent) than Tier 3 banks (16.8 percent) identify this as a business strategy, and a higher percentage of Tier 2 banks (18.8 percent) indicate “Don’t Know” than Tier 3 banks (11.7 percent).

QII I Figure 3. Tier

		Have you identified expanding services in your market as a priority in your bank's business strategy?		
		Tier 1	Tier 2	Tier 3
No	Count	11	302	4785
	%	45.8%	56.5%	71.6%
Yes	Count	11	132	1121
	%	45.8%	24.7%	16.8%
Don't Know	Count	2	101	779
	%	8.3%	18.8%	11.7%
Total	Count	25	534	6686
	%	100.0%	100.0%	100.0%

There is no difference between urban and rural banks for banks that are expanding services as a strategy.

Question II J. Has your bank conducted research on unbanked or underbanked consumers in your CRA assessment area?

Yes No Don't know

Over three-quarters (76.5 percent) of banks have not conducted research on the potential unbanked customers in their CRA assessment areas.

QIIJ Figure 1. Has your bank conducted research on the un/underbanked in your CRA area?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	493	5603	76.5
	Yes	80	672	9.2
	Don't Know	102	1048	14.3
	Total	675	7323	100.0
Missing	System	10	116	
Total		685	7440	

There are no differences among regions for banks that have conducted research.

There is no difference between tiers for banks that have conducted research.

There is no difference between urban and rural for banks that have conducted research.

Question II J-1. If yes, please summarize this research.

Though the majority of banks report that they perceive an un/underbanked population in their area, only 9.2 percent of all banks have conducted their own research on unbanked and underbanked consumers within their CRA assessment areas. Banks report that they rely on Census data and other third-party research on market demographics and needs. A common reason for not performing formal research is that banks perceive that the unbanked and underbanked population in their area is too small to warrant such an effort.

Of the banks that have conducted research, approaches include: focus groups, surveys, community visits, and hiring of third-party organizations to complete the research on the bank's behalf.

Through these different forms of research, some common observations of the population include:

- Many unbanked individuals do not use financial institutions because they do not have valid Individual Tax Payer Identification Numbers (ITIN) or Social Security Numbers (SSN).
- There is a need for bilingual information that is written in a manner which the population can understand.
- Branches need to be conveniently located near the populations' LMI area in order to bring them into the banking mainstream.

One bank's research found the following data:

“Our primary focus over the past two years has been on the Hispanic community. Research and data gathering have been conducted through the use of the most recent Census data. The population growth of the Hispanic community can be readily seen in the demographic data that may, in fact, be an under-representation of the community's true size. Additionally, two focus groups within the Hispanic community, one with community leaders and the other with community members were conducted to assess the needs from the community's perspective. Nationally, Census figures comparing population growth during the first six years of this decade provide a valuable snapshot. Hispanics are the largest minority group with an estimated national population of 44.3 million people. During this six-year time frame, Hispanic populations grew in every state in the nation, usually outpacing the growth of all other groups. An examination of national population growth from 2005 to 2006 reveals that Hispanics accounted for almost half of the nation's growth during that period. The projected Hispanic population of the U.S. as of July 1, 2050, is 102.6 million. According to this projection, Hispanics will constitute 24 percent of the nation's total population by that date. One out of ten small businesses in the U.S. is Hispanic owned. The latest Census figures show that the rate of growth of Hispanic-owned businesses is triple the rate of the national average for all businesses. In [our state], the Hispanic population grew at 48 percent, easily outpacing all others. The PEW Institute estimates that the state's population will be 12 percent by 2015. The top three nationalities in the state are Mexicans (17.5 percent), Salvadoran (15 percent) and Puerto Rican (11 percent). There are in excess of 15,300 Hispanic-owned businesses in [our state], representing 3.5 percent of the total in the state. Nearly 7 percent of [our state's] Hispanic population are business owners, reflecting a very entrepreneurial spirit. Demographic and Census tract data have been gathered to support recommendations from a geographic focus. Data have been gathered within a seven-mile radius of all bank retail and small consumer loans branches as of October 2007. In addition, we have partnered with a CRM Marketing firm, to conduct a Customer Ethnicity Analysis of our customer base in an effort to establish a baseline for measuring and tracking success of our efforts on a go-forward basis in serving the unbanked and underbanked populations.”

Another example of a bank that conducted their own research found the following:

“Demographic research and geo-coded maps of our assessment areas allow us to contact the nonprofits within those areas to develop working relationships. This research also allowed us to determine the primary language spoken within our assessment areas to determine where bilingual associates are needed the most and allows us to distribute Spanish and English brochures to the branches where they are needed. We also have conducted research that proved we should extend our business hours to 7:30 p.m. and extend our work week to either 6 or 7 days depending on the location to better serve the individuals within our assessment areas. Research says educated immigrants, middle-income individuals with poor credit histories, and military personnel or others who lead a transitory lifestyle are among the underbanked living in households with less than \$40,000 a year in income. The study also says the average unbanked person generally earns less than \$25,000 annually, is likely to be someone new in the country, a young person, single, minority or an individual with low level education. Hispanics and African-Americans account for a large percentage of the unbanked and overall, the group is slightly more female than male. They feel they do not have enough money to justify the fees they are charged. They have loans originated elsewhere and use credit cards or have life insurance. They are more likely to rent than to own a home, more likely to use prepaid cellular plans, and more likely to purchase used vehicles and choose a used car dealer based on financing options. They think banks are too expensive and are uncomfortable with social aspects of banking. They are concerned about maintaining minimum balances and the privacy of their financial information. There may be language barriers, and immigration issues. Many were raised in a cash-based culture and have little or no knowledge of how a financial institution works. Many generally do not have a deposit account and turn to check cashing establishments, retail stores, and other alternative financial services to transact business.”

Another bank conducted a survey regarding Money Services Business (MSBs) operating in its assessment area.

“At least 35 percent of MSB customers are existing banking customers: 1) The higher the poverty level, the higher the percentage of MSB within the area. 2) The higher the percentage of unbanked population translates into a higher percentage of MSBs within the assessment area. 3) Contrary to popular belief, many MSBs offer very cheap check cashing services. Our survey found many in the rural areas with higher poverty rates offered check cashing for no fee. 4) MSBs have pointed out to the Bank the fact that cashing a \$200 check is cheaper at many MSBs than cashing a check at Bank if the customer has no bank account. 5) Payday lenders point to the fact that giving a customer a \$200 pay loan costs the consumer less than if the customer had two overdrafts totaling \$200 (and in some banks it is cheaper than one \$200 overdraft item. 6) In our rural areas the number one reason for declining a new depository customer is the lack of a tax payer identification number (regarding under various BSA laws).”

A bank’s study on the underbanked found the following information:

“There are approximately 40 million underbanked households, and these households have a diversity of financial services needs, attitudes, and behaviors. According to research conducted, 70 percent of people in low and moderate income Census tracks have bank accounts, but two-thirds of these households are heavy users of nonbank financial services (e.g., consumers obtain money orders, send remittances, and cash checks outside of traditional banks). Of the 30 percent of households without bank accounts, at least half have had bank accounts in the past and 25 percent cash checks in banks.”

Activities to Bring the Un/Underbanked into the Financial Mainstream

Question II K. What are three activities that banks could do, in general, that would be most effective in bringing unbanked individuals and families into the conventional banking system?

Survey respondents suggest a total of 1,336 comments about a range of activities that could be effective in bringing unbanked individuals into the mainstream banking system. The numbers presented for this question are not weighted since they come from qualitative responses. Banks' open-end responses are distributed across eight major groupings:

- Outreach Efforts
- Products and Services
- Educational Programs and Materials
- Targeted Marketing
- External Barriers and Challenges
- Distribution Channels
- Internal Activities and Initiatives
- Non-Responses

Four categories account for 1,182 of recommended activities. Of these, 27 percent are outreach efforts, 21 percent are products and services, 21 percent are educational programs and materials, and 15 percent are for targeted marketing. The concentration of responses in these categories demonstrates a strong emphasis on raising awareness and building presence in communities with unbanked and underbanked populations.

Outreach Efforts

Respondents most often recommend that banks engage in outreach efforts to the unbanked and underbanked, which reflect many of the same strategies specified in the survey. Of the 357 responses in this category, 74 suggest outreach efforts in general without designating a particular type of program or strategy, while 283 specifically suggest outreach in collaboration with a third party.

Third parties represent places or resources frequented by unbanked and underbanked individuals. By leveraging these organizations' rapport and trust within the community and developing outreach programs that reflect their understanding of the market's needs, banks can more effectively inform and serve unbanked individuals. Collaboration with community organizations, such as nonprofit organizations, religious groups, and cultural associations, was most commonly cited, accounting for 27 percent of responses in this category. Other suggestions for outreach with third parties include partnerships with local employers to develop workplace programs focused on unbanked and underbanked employees (22 percent), youth outreach through public schools (21 percent), and collaboration with government assistance agencies, including social services and housing authorities (10 percent).

Products and Services

Recommendations with regard to products and services offered to the unbanked and underbanked are the second most common observation, totaling 283. Within this category, 85 suggest providing affordable offerings to attract and accommodate this segment. More specifically, affordable offerings include free or low-cost products, no or low opening deposits, no or low minimum balances to maintain accounts, no or low service charges, and small dollar loans. By removing or lowering fees and minimums that may deter or prevent account opening, banks can create more opportunities to establish customer relationships with unbanked individuals.

Responses suggesting that banks offer “targeted products” without noting a particular type or feature of a product accounted for 27 percent of activities in this category. Although this general response provides less insight than more specific suggestions, it demonstrates that some banks perceive developing and offering niche products as a way to serve the unbanked and underbanked.

The remainder of responses in this category cover a range of products, services, and related activities. Providing services such as check cashing and wire transfers, which are typically offered by alternative providers, are suggested in 11 percent of responses. By directly competing against providers who conduct a significant portion, if not a majority, of financial transactions for the unbanked and underbanked and offering identical services at a lower cost, financial institutions could increase market share and improve their ability to transition customers to deposit accounts.

Other suggested products and services include payroll or prepaid cards (10 percent), entry-level or “rebuilder” accounts with restrictions on access or activity (6 percent), promotion of direct deposit (4 percent), and individual development accounts (1.4 percent). Banks also suggest alternative strategies in relation to offerings. Modifying banks’ criteria for account opening, such as accepting lower credit scores, prospective customers with a ChexSystems history, and non-traditional forms of identification, account for 8 percent of responses, while 3.9 percent recommend offering incentives to entice account opening.

Educational Programs and Materials

Overall, activities involving educational components account for 21 percent of the comments. Education provided in sessions, workshops, courses, and training account for an overwhelming 91 percent of these activities. Respondents convey the importance of personal finance education in providing unbanked individuals with the requisite knowledge and understanding to handle and benefit from banking products and services. This emphasis on education also highlights the need for educational services and its integral role in establishing banking relationships with unbanked and underbanked populations.

Other responses (9 percent) in this category recommend providing education through materials, including brochures, literature, and websites, rather than interactive, in-person programs. Written educational materials allow banks to provide information more widely at a lower cost than conducting sessions, which may explain why a small portion of respondents prefer this approach.

Targeted Marketing

Marketing efforts are suggested in 15 percent of overall responses as an effective approach to bringing the unbanked and underbanked into the mainstream banking system. The vast majority (84 percent) of recommended activities within this category relate to targeted marketing, such as advertisements in local newspapers, ethnic publications, participation in community events, direct mail to underserved households, and TV and radio commercials. Targeted marketing through various media enables banks to gain wider visibility and exposure to specific communities and allow institutions to tailor their efforts to the needs and characteristics of intended audiences.

Additionally, 12 percent of these comments focus on conducting and using research on the unbanked and underbanked market, such as through focus groups and Census data, to identify and improve banks' understanding of the underbanked population in their service areas. Market research not only facilitates more effective marketing but also informs the development of programs and offerings that serve specific needs of the unbanked community. The remaining 5 percent of responses cite word-of-mouth advertising, particularly customer referrals, as a valuable strategy for attracting customers from unbanked populations.

Reduce External Barriers and Challenges

Banks report that in their efforts to serve the unbanked and underbanked they often face barriers and challenges that inhibit their ability to bring unbanked and underbanked individuals into branches and the conventional banking system. Activities that seek to tackle these obstacles comprise 8 percent of overall responses.

Banks located in service areas with sizeable immigrant communities report that they must often overcome the initial barrier of language and cultural differences. Within the general category, 71 percent of responses focus specifically on addressing this obstacle. Respondents recommend three main approaches: hiring bilingual staff to facilitate communication and relation to immigrant customers (49 percent), providing educational and marketing materials in foreign languages (19 percent), and improving cultural awareness and understanding among bank employees to ensure that immigrant customers are treated respectfully and with sensitivity to their cultural background (3 percent).

Respondents also note other ways in which banks can overcome obstacles to serving the unbanked and underbanked. Modification of government regulations, such as the Bank Secrecy Act and the Patriot Act, is cited in 13 percent of responses as a helpful measure in improving banks' ability to serve unbanked and underbanked individuals. Another 11 percent of responses emphasize the importance of building trust in the banking system so that individuals not only understand how financial products work but also feel comfortable and secure banking with mainstream financial institutions. Changing individuals' preconceived notions of financial institutions is a common issue banks face when serving unbanked populations. An additional 5 percent of responses focus on obtaining assistance from governments or other third-party organizations for funding or liability coverage to reduce risk. For banks, serving the unbanked and underbanked typically yields a lower return on investment than that associated with mainstream customers. In addition to the costs of marketing, publishing and distributing materials, and conducting outreach visits and education sessions, unbanked and underbanked customers often carry lower balances and exhibit higher rates of closure and default than their mainstream counterparts according to responses. Banks indicate that providing assistance in this regard could encourage banks to further their efforts.

Distribution Channels

Approaches to improving and expanding distribution channels are cited in 4 percent of responses as an effective way to serve the unbanked and underbanked. Responses in this category delineate different approaches to developing more convenient, accessible, and comfortable channels to offer banking services to this population.

Providing a wider range of banking options is suggested in 48 percent of responses. Possible strategies to accommodate unbanked individuals include extending hours at branch locations, offering mobile and online banking services, deploying ATMs in areas frequented by the population, and providing services at alternative off-premise locations, such as in shopping centers or grocery stores, rather than in traditional bank offices. Constructing branches in low- to moderate-income areas is suggested in 22 percent of responses in this category. By establishing a physical presence in the community, banks could improve visibility and exposure to the unbanked and underbanked population and create better opportunities for outreach to the community.

Two other recommended activities, each accounting for 15 percent of responses, address the challenge of making unbanked individuals feel comfortable entering and transacting business in a bank branch. Offering branch-based programs, such as an open house, is one such activity. Unbanked individuals are invited to the bank and are provided information about various bank programs, helping to alleviate anxieties or concerns about financial institutions. Banks also cite reconfiguring physical aspects of branches to create a more casual and welcoming environment as a way to help unbanked individuals feel at ease in bank settings.

Internal Activities and Initiatives

A small percentage (3 percent) of responses involve internal activities to improve banks' effectiveness in serving the unbanked and underbanked. Three-quarters (75 percent) of activities suggested in this category focus on customer service, either by training or encouraging bank employees to treat unbanked individuals respectfully and sensitively or by engaging in individual contact with unbanked customers through phone calls, one-on-one counseling, or personal visits. These customer service-oriented activities can help unbanked individuals develop a more personal connection with the institution and feel comfortable when engaging with bank employees.

Other suggested internal activities include implementing a corporate initiative that establishes organization-wide goals for serving this segment (15 percent) and training bank employees to identify needs of the unbanked and underbanked in order to effectively cross-sell products that are relevant and beneficial to these customers (10 percent).

Non-Responses

This question yielded a total of 16 non-responses. Of these non-responses, 13 either indicate "do not know" or "not applicable" because the bank did not perceive there to be an unbanked population in their service area. The remaining three responses indicate that no recommendations were made because the bank believes that individuals are unbanked by choice, negating any reason to provide strategies for bringing them into the conventional banking system.

Challenges in Serving or Targeting Un/Underbanked Populations

Question II L. What challenges does your organization face in serving or targeting unbanked and underbanked individuals? Please rank order by importance, where 1 = greatest challenge, 2 = second greatest challenge, etc.

- Profitability Issues
- Competition from Alternative Service Providers
- Unfamiliar with this Population
- High Cost of Customer Acquisition
- Internal Challenges
- Regulatory Barriers Related to Customer Identification
- Fraud Concerns
- Other

The greatest challenges to banks are profitability issues and regulatory barriers, which are closely followed by fraud concerns, high cost of customer acquisition, and competition from alternative service providers. Lower ranking but still important issues are unfamiliarity with the population, internal challenges, and “other” considerations.

QIIL Figure 1. Greatest Challenges in Serving or Targeting Un/underbanked Populations (calculated ranking based on reverse scoring)

Ranking	Programs
1	<i>Profitability Issues</i>
2	<i>Regulatory Barriers</i>
3	<i>Fraud Concerns</i>
4	<i>High Cost of Customer Acquisition</i>
5	<i>Competition from Alternative Service Providers</i>
6	<i>Unfamiliarity with this Population</i>
7	<i>Internal Challenges</i>
8	<i>Other Challenges</i>

QIL Figure 2. Statistics

Weighted		Profitability Issues	Competition from Alternative Service Providers	Unfamiliar with this Population	High Cost of Customer Acquisition	Internal Challenges	Regulatory Barriers	Fraud Concerns	Other
N	Valid	5134	4214	3763	4169	3695	4888	4849	1157
	Missing	2306	3226	3677	3271	3744	2552	2590	6283
Mean		2.77	3.57	3.95	3.28	4.18	2.66	2.89	1.65
Median		2.00	3.00	3.00	3.00	4.00	2.00	2.00	1.00
Mode		1	1	1	2	4	1	1	1
Minimum		1	1	1	1	1	1	1	1
Maximum		8	8	8	8	8	8	7	8

QIL Figure 3. Profitability issues

Ranking	Frequency	Weighted Frequency	Weighted Percent	
Valid	1	158	1730	33.7
	2	105	1105	21.5
	3	68	688	13.4
	4	66	726	14.1
	5	37	348	6.8
	6	29	254	4.9
	7	22	240	4.7
	8	4	44	.9
	Total	489	5134	100.0
Missing	System	196	2306	
Total		685	7440	

QIL Figure 4. Competition from alternative service providers

Ranking	Frequency	Weighted Frequency	Weighted Percent	
Valid	1	90	933	22.1
	2	72	806	19.1
	3	63	683	16.2
	4	32	290	6.9
	5	41	372	8.8
	6	48	531	12.6
	7	55	541	12.8
	8	5	58	1.4
	Total	406	4214	100.0
Missing	System	279	3226	
Total		685	7440	

QIIL Figure 5. Unfamiliar with this Population

Ranking	Frequency	Weighted Frequency	Weighted Percent
Valid 1	72	808	21.5
2	52	558	14.8
3	53	551	14.6
4	33	319	8.5
5	19	173	4.6
6	46	451	12.0
7	81	789	21.0
8	12	113	3.0
Total	368	3763	100.0
Missing System	317	3677	
Total	685	7440	

QIIL Figure 8. Regulatory Barriers

Ranking	Frequency	Weighted Frequency	Weighted Percent
Valid 1	164	1827	37.4
2	110	1204	24.6
3	59	605	12.4
4	26	236	4.8
5	45	414	8.5
6	34	309	6.3
7	29	261	5.3
8	3	31	.6
Total	470	4888	100.0
Missing System	215	2552	
Total	685	7440	

QIIL Figure 6. High Cost of Customer Acquisition

Ranking	Frequency	Weighted Frequency	Weighted Percent
Valid 1	61	620	14.9
2	95	1018	24.4
3	79	863	20.7
4	53	567	13.6
5	60	578	13.9
6	46	405	9.7
7	11	110	2.6
8	2	7	.2
Total	407	4169	100.0
Missing System	278	3271	
Total	685	7440	

QIIL Figure 9. Fraud Concerns

Ranking	Frequency	Weighted Frequency	Weighted Percent
Valid 1	118	1297	26.8
2	109	1174	24.2
3	76	756	15.6
4	58	589	12.1
5	53	597	12.3
6	31	301	6.2
7	20	134	2.8
Total	465	4849	100.0
Missing System	220	2590	
Total	685	7440	

QIIL Figure 7. Internal Challenges

Ranking	Frequency	Weighted Frequency	Weighted Percent
Valid 1	30	318	8.6
2	52	548	14.8
3	58	574	15.5
4	72	674	18.2
5	46	476	12.9
6	51	519	14.0
7	53	559	15.1
8	2	27	.7
Total	364	3695	100.0
Missing System	321	3744	
Total	685	7440	

QIIL Figure 10. Other

Ranking	Frequency	Weighted Frequency	Weighted Percent
Valid 1	65	761	65.8
2	19	206	17.8
3	12	121	10.4
4	4	34	3.0
5	1	14	1.2
8	3	21	1.8
Total	104	1157	100.0
Missing System	581	6283	
Total	685	7440	

Of the 104 banks that rank “other,” 101 banks elaborate on the challenges their organizations face while serving the un/underbanked population, mentioning a total of 109 challenges. Using a reverse scoring system, the following challenges are listed in order of importance: difficulty identifying and communicating with this population, lack of bank resources and product offerings, uneducated population or feel as though they do not want/need a bank, not a retail-based bank or not focused on this population, ability of population to handle account or bad financial history, and cultural or language barriers.

Question II M. Does your bank perceive any regulatory impediments to providing/developing specialized products and services for unbanked or underbanked consumers? Yes No

Regulatory issues are perceived by 39.6 percent of banks as impeding their ability to provide products and services to the un/underbanked population.

QIIM Figure 1. Does your bank perceive any regulatory impediments to provide products and services?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	373	4173	60.4
	Yes	270	2736	39.6
	Total	643	6909	100.0
Missing	System	42	531	
Total		685	7440	

There are differences among regions for banks that perceive regulatory impediments. More than one-half (54.5 percent) of banks in the Pacific region and 54.6 percent in New England perceive impediments, compared to 28.0 percent in the East South Central and 33.9 percent in the West North Central regions.

QIIM Figure 2. Region

		Does your bank perceive any regulatory impediments to provide products and services?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	196	341	513	459	578	743	859	281	202
	%	45.4%	63.4%	66.0%	72.0%	52.1%	64.0%	66.1%	55.3%	45.5%
Yes	Count	236	197	265	179	531	418	441	227	242
	%	54.6%	36.6%	34.0%	28.0%	47.9%	36.0%	33.9%	44.7%	54.5%
Total	Count	432	539	778	638	1109	1162	1300	507	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between tiers for banks that perceive regulatory impediments. Over half (51.3 percent) of Tier 2 banks perceive a regulatory impediment, compared with 38.6 percent of banks in Tier 3.

QIIM Figure 3. Tier

		Does your bank perceive any regulatory impediments to provide products and services?		
		1	2	3
No	Count	13	264	3897
	%	52.2%	48.7%	61.4%
Yes	Count	11	277	2447
	%	47.8%	51.3%	38.6%
Total	Count	24	541	6344
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that perceive regulatory impediments to providing services for the un/underbanked. About half (44.4 percent) of urban banks perceive regulatory impediments, compared with 35.3 percent of rural banks.

QIIM Figure 4. Urban/Rural

		Does your bank perceive any regulatory impediments to provide products and services?	
		Rural HQ	Urban HQ
No	Count	2366	1807
	%	64.7%	55.6%
Yes	Count	1293	1444
	%	35.3%	44.4%
Total	Count	3659	3250
	%	100.0%	100.0%

Question II M-1. If yes, please describe.

Of the 270 banks that identify regulatory impediments to providing specialized products and services to un/underbanked consumers, a number of banks report concerns related to maintaining compliance with the Patriot Act and Bank Secrecy Act (BSA).

- About three-quarters (196) of the banks state that obtaining sufficient identification information from non-customers to satisfy the Customer Identification Program (CIP), Know Your Customer (KYC), and Patriot Act regulations is a major challenge.
- The second most frequently mentioned topic of concern is compliance with the Bank Secrecy Act (BSA) and Anti-Money Laundering (AML), which is reported by 83 banks.
- Additionally, 30 banks feel that there are high risks and costs associated with serving this population in light of the need to comply with numerous regulations.

