

Retail Branch Operations

This chapter addresses changes that banks have made in retail branch operations to better serve their customers. This includes the extension of branch hours, addition of bilingual employees, modifications in branch design, and strategies for serving unbanked and underbanked individuals.

These areas include:

- Bank Hours
- Languages
- Modification in Retail Operations
- Branch Strategies

This section of the report explores aspects of the Congressional Question 4 and provides data on banks' efforts to be more accessible and to reduce obstacles that may prevent unbanked individuals from establishing conventional accounts.

Summary

Banks report that they have modified their retail branch operations in a variety of ways but do not always indicate that the changes were solely intended to increase access for unbanked and/or underbanked consumers.

Extended Hours: A majority of banks (59 percent) have extended their branch hours for traditional “brick and mortar” branches, retail branches, and limited service branches, with the most common time being weekday evenings after 5:00 p.m. Of banks that have extended hours, 82 percent have expanded their hours past 5:00 p.m. on weekdays, compared with 16 percent offering Saturday hours after 1:00 p.m.

More Languages: Bank branch staff speak a variety of languages that may facilitate access to bank facilities for non-native English-speaking un/underbanked individuals. After English, Spanish is the most commonly spoken language in bank branches. Forty-seven percent (47 percent) of banks employ staff that speak Spanish, followed by Chinese (4 percent), Vietnamese (3 percent), Tagalog (2 percent), and Korean (2 percent).

Modifications to Retail Operations: Nearly two-thirds (64 percent) of banks have modified their operations to make them more welcoming or convenient for unbanked and/or underbanked individuals to take advantage of their services. These modifications to increase access include external ATMs (47 percent), off-premise ATMs (43 percent), and Internet or mobile banking (73 percent). Only 13 percent of banks have added non-traditional locations. Seventeen percent (17 percent) have utilized innovative branch designs, and 20 percent have added branches in LMI areas.

Branch Strategies: In addition to physical changes in branch operations, banks have also increased their efforts by providing check cashing (49 percent) and money orders (41 percent) as part of their strategy to serve the unbanked and/or underbanked in their market areas.

Bank Hours

The majority (59 percent) of banks offer extended branch hours, typically after 5:00 p.m. on weekdays and after 1:00 p.m. on Saturdays. Some banks operate offices on Sundays. Proportionately, more Tier 1 banks offer extended bank office hours than Tier 2 or Tier 3 banks.

Question III A. Does your bank offer extended, non-traditional evening and/or weekend hours at any of your bank's locations? Yes No

QIIIA. Figure 1. Does your bank offer extended hours?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	241	3030	41.0
	Yes	440	4366	59.0
	Total	681	7395	100.0
Missing	System	4	44	
Total		685	7440	

There are some differences among banks that offer extended hours across geographic areas. Specifically, 81.2 percent of banks in the Mid-Atlantic region are open for extended hours, compared to banks in the Mountain (46.7 percent), East South Central (47.9 percent), South Atlantic (51.0 percent), West North Central (55.6 percent), and Pacific (48.8 percent) regions

QIIIA. Figure 2. Region

		Does your bank offer extended hours?								
		New England	Mid Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	164	109	421	349	444	417	626	270	229
	%	36.8%	18.8%	49.0%	52.1%	37.9%	32.0%	44.4%	53.3%	51.2%
Yes	Count	282	471	439	320	729	885	784	237	218
	%	63.2%	81.2%	51.0%	47.9%	62.1%	68.0%	55.6%	46.7%	48.8%
Total	Count	446	581	860	669	1174	1302	1410	507	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There also appear to be differences in extended hours by bank size. All banks in Tier 1 offer extended hours but slightly less than 57 percent of Tier 3 banks offer extended hours.

QIIIA. Figure 3. Tiers

		Does your bank offer extended hours?		
		Tier 1	Tier 2	Tier 3
No	Count	0	90	2939
	%	.0%	16.5%	43.1%
Yes	Count	25	458	3883
	%	100.0%	83.5%	56.9%
Total	Count	25	548	6822
	%	100.0%	100.0%	100.0%

There is a minimal difference between urban (60.1 percent) and rural banks (58.1 percent) in their offering of extended banking hours.

Question III A. If yes, check all that apply, and indicate typical hours:

Branch Type	Extended Weekday Evening Hours (After 5 pm)	Saturday Afternoon Hours (After 1 pm)	Sunday Hours
Full Service Brick and Mortar Branches	<input type="checkbox"/> Until ___ pm	<input type="checkbox"/> Until ___ pm	<input type="checkbox"/> Hours ___ to ___
Full Service Retail (In-store) Branches	<input type="checkbox"/> Until ___ pm	<input type="checkbox"/> Until ___ pm	<input type="checkbox"/> Hours ___ to ___
Limited Service Branches	<input type="checkbox"/> Until ___ pm	<input type="checkbox"/> Until ___ pm	<input type="checkbox"/> Hours ___ to ___

Of banks that have extended their banking hours, the most commonly extended time for all types of branches is after 5:00 p.m. on weekday evenings. Only about 16 percent of banks have full service branches open on Saturdays after 1:00 p.m. Banks provide extended hours for 16 percent of in-store branches on weekdays after 5:00 p.m., 12 percent on Saturdays after 1:00 p.m., and 5 percent on Sundays.

QIIIA. Figure 1. Percent of Banks Offering Extended Hours by Branch Type

Branch Type	Extended Weekday Evening Hours (After 5 pm)	Saturday Afternoon Hours (After 1 pm)	Sunday Hours
Full Service Brick and Mortar Branches	81.2%	15.6%	4.7%
Full Service Retail (In-store) Branches	16.1%	11.9%	5.1%
Limited Service Branches	23.1%	5.2%	0.3%

QIIIA. Figure 2. Brick and Mortar Weekday Evening

	Frequency	Weighted Frequency	Weighted Percent
Valid No	73	835	18.8
Yes	372	3611	81.2
Total	445	4447	100.0
Missing System	240	2993	
Total	685	7440	

QIIIA. Figure 4. Brick and Mortar Sunday

	Frequency	Weighted Frequency	Weighted Percent
Valid No	399	4158	95.3
Yes	40	206	4.7
Total	439	4365	100.0
Missing System	246	3075	
Total	685	7440	

QIIIA. Figure 3. Brick and Mortar Saturday

	Frequency	Weighted Frequency	Weighted Percent
Valid No	332	3685	84.4
Yes	107	679	15.6
Total	439	4365	100.0
Missing System	246	3075	
Total	685	7440	

The percentage of banks that have brick and mortar branches open weekday evenings, Saturdays, and Sundays appears to be different across regions. For example, the East South Central (16.0 percent open past 1:00 p.m. on Saturday and 0.0 percent open on Sundays) and West North Central (3.2 percent open on Saturday after 1:00 p.m. and 0.4 percent on Sundays) are open less than the Mid-Atlantic region (30.3 percent open on Saturdays after 1:00 p.m. and 15.9 percent on Sundays).

QIIIA. Figure 5. Region: Brick and Mortar Weekday Evening

		Brick and Mortar Weekday Evening								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	41	42	21	93	257	151	168	17	46
	%	13.9%	8.9%	4.7%	28.0%	34.5%	16.9%	21.4%	6.8%	19.6%
Yes	Count	254	429	417	241	486	747	617	234	187
	%	86.1%	91.1%	95.3%	72.0%	65.5%	83.1%	78.6%	93.2%	80.4%
Total	Count	295	471	438	334	743	898	784	251	232
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIIA. Figure 6. Region: Brick and Mortar Saturday

		Brick and Mortar Saturday								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	243	329	395	269	677	676	759	181	157
	%	86.2%	69.7%	90.2%	84.0%	94.7%	76.4%	96.8%	72.2%	71.7%
Yes	Count	39	143	43	51	38	209	25	70	62
	%	13.8%	30.3%	9.8%	16.0%	5.3%	23.6%	3.2%	27.8%	28.3%
Total	Count	282	471	438	320	715	885	784	251	218
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIIA. Figure 7. Region: Brick and Mortar Sunday

		Brick and Mortar Sunday								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	263	396	434	320	712	838	781	233	181
	%	93.5%	84.1%	99.2%	100.0%	97.6%	94.8%	99.6%	98.1%	82.7%
Yes	Count	18	75	3	0	17	46	3	5	38
	%	6.5%	15.9%	.8%	.0%	2.4%	5.2%	.4%	1.9%	17.3%
Total	Count	282	471	438	320	729	885	784	237	218
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of larger banks' brick and mortar branches appear to have extended hours on Saturdays, and are open Sundays than smaller banks'. Over two-thirds (69.6 percent) of Tier 1 banks have branches that are open after 1:00 p.m. on Saturdays and 43.5 percent are open on Sundays. For Tier 2, 43.2 percent are open past 1:00 p.m. on Saturdays and 15.9 percent are open on Sundays. For Tier 3, 12.0 percent are open past 1:00 p.m. on Saturdays and 3.2 percent are open on Sundays.

QIIIA. Figure 8. Tier

		Tier								
		1			2			3		
		Brick and Mortar Weekday Evening	Brick and Mortar Saturday	Brick and Mortar Sunday	Brick and Mortar Weekday Evening	Brick and Mortar Saturday	Brick and Mortar Sunday	Brick and Mortar Weekday Evening	Brick and Mortar Saturday	Brick and Mortar Sunday
No	Count	4	7	14	38	260	385	793	3418	3760
	%	17.4%	30.4%	56.5%	8.3%	56.8%	84.1%	20.0%	88.0%	96.8%
Yes	Count	20	17	10	420	198	73	3172	465	123
	%	82.6%	69.6%	43.5%	91.7%	43.2%	15.9%	80.0%	12.0%	3.2%
Total	Count	24	24	24	458	458	458	3965	3883	3883
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There do not appear to be any differences in extended operating hours at brick and mortar branches between urban and rural banks.

Few (16.1 percent) of the responding banks have retail branches that are open on weekday evenings. Fewer banks have retail branches open on Saturdays after 1:00 p.m. (11.9 percent) and Sundays (5.1 percent).

QIIIA. Figure 9. Retail Weekday Evening

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	333	3663	83.9
	Yes	106	701	16.1
	Total	439	4365	100.0
Missing	System	246	3075	
Total		685	7440	

QIIIA. Figure 11. Retail Sunday

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	391	4140	94.9
	Yes	48	224	5.1
	Total	439	4365	100.0
Missing	System	246	3075	
Total		685	7440	

QIIIA. Figure 10. Retail Saturday

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	351	3846	88.1
	Yes	88	519	11.9
	Total	439	4365	100.0
Missing	System	246	3075	
Total		685	7440	

Retail branch extended hours appear to be similar across regions, except for Sundays. No banks in the East South Central region report that they are open on Sundays, while 14.7 percent of Pacific banks report that they are open on Sundays.

QIIIA. Figure 12. Region

		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
		Retail Sunday	Retail Sunday	Retail Sunday	Retail Sunday	Retail Sunday	Retail Sunday	Retail Sunday	Retail Sunday	Retail Sunday
No	Count	277	410	435	320	715	814	759	223	186
	%	98.4%	87.0%	99.3%	100.0%	98.1%	92.0%	96.8%	94.2%	85.3%
Yes	Count	5	61	3	0	14	71	25	14	32
	%	1.6%	13.0%	.7%	.0%	1.9%	8.0%	3.2%	5.8%	14.7%
Total	Count	282	471	438	320	729	885	784	237	218
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Consistent with the other differences for extended hours at retail branches on weekday evenings, Saturdays after 1:00 p.m., and Sundays, the percentage of Tier 1 banks offering extended retail hours is twice that of Tier 2 and more than nine times the percentage of Tier 3 banks offering extended hours on Saturdays.

QIIIA. Figure 13. Tier

		Tier 1			Tier 2			Tier 3		
		Retail Weekday Evening	Retail Saturday	Retail Sunday	Retail Weekday Evening	Retail Saturday	Retail Sunday	Retail Weekday Evening	Retail Saturday	Retail Sunday
No	Count	5	6	9	281	298	371	3377	3541	3760
	%	21.7%	26.1%	39.1%	61.4%	65.2%	81.1%	87.0%	91.2%	96.8%
Yes	Count	19	18	15	177	160	87	506	342	123
	%	78.3%	73.9%	60.9%	38.6%	34.8%	18.9%	13.0%	8.8%	3.2%
Total	Count	24	24	24	458	458	458	3883	3883	3883
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Minimal differences are evident between urban and rural banks for extended banking hours on weekday evenings, Saturdays after 1:00 p.m., and Sundays.

About a quarter (23.1 percent) of banks have extended hours for limited service branches on weekday evenings after 5:00 p.m. Very few banks have extended hours for limited service branches for Saturday and Sunday hours (5.2 percent and 0.3 percent, respectively). This may likely be explained by the fact that few banks operate limited service branches.

QIIIA. Figure 14. Limited Service Weekday Evening

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	337	3357	76.9
	Yes	102	1008	23.1
	Total	439	4365	100.0
Missing	System	246	3075	
Total		685	7440	

QIIIA. Figure 16. Limited Service Sunday

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	434	4339	99.7
	Yes	4	11	.3
	Total	438	4351	100.0
Missing	System	247	3089	
Total		685	7440	

QIIIA. Figure 15. Limited Service Saturday

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	413	4139	94.8
	Yes	26	226	5.2
	Total	439	4365	100.0
Missing	System	246	3075	
Total		685	7440	

Minimal differences across regions are evident for limited service branches, except for weekday evening hours when 36.6 percent of West South Central banks are open, compared to 7.8 percent of Pacific banks and 9.0 percent of Mid-Atlantic banks.

QIIIA. Figure 17. Region: Limited Service Weekday Evening

		Limited Service Weekday Evening								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	253	429	353	247	462	628	586	196	201
	%	89.9%	91.0%	80.7%	77.2%	63.4%	71.0%	74.7%	82.7%	92.2%
Yes	Count	28	42	84	73	267	256	198	41	17
	%	10.1%	9.0%	19.3%	22.8%	36.6%	29.0%	25.3%	17.3%	7.8%
Total	Count	282	471	438	320	729	885	784	237	218
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Minimal differences are evident for extended hours at limited service branches tiers, other than for Sunday hours. No Tier 3 banks have Sunday hours, but 4.3 percent of Tier 1 banks operate on Sundays.

QIIIA. Figure 18. Tier

		New Tier								
		1			2			3		
		Limited Service Weekday Evening	Limited Service Saturday	Limited Service Sunday	Limited Service Weekday Evening	Limited Service Saturday	Limited Service Sunday	Limited Service Weekday Evening	Limited Service Saturday	Limited Service Sunday
No	Count	16	21	23	361	427	447	2980	3691	3869
	%	65.2%	87.0%	95.7%	78.8%	93.2%	97.7%	76.8%	95.1%	100.0%
Yes	Count	8	3	1	97	31	10	902	191	0
	%	34.8%	13.0%	4.3%	21.2%	6.8%	2.3%	23.2%	4.9%	.0%
Total	Count	24	24	24	458	458	458	3883	3883	3869
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There appear to be some differences between the percentage of urban and rural banks offering extended hours, including at brick and mortar branches on weekday evenings, Saturdays after 1:00 p.m., and Sundays; at retail branches on weekday evenings, Saturday afternoons, and Sundays; and at limited service branches on weekday evenings. A larger percentage of urban banks have extended hours for all branches, except for limited service weekday evening hours.

QIIIA. Figure 19. Urban/Rural

		Urban/Rural					
		Rural HQ			Urban HQ		
		Brick and Mortar Weekday Evening	Brick and Mortar Saturday	Brick and Mortar Sunday	Brick and Mortar Weekday Evening	Brick and Mortar Saturday	Brick and Mortar Sunday
No	Count	554	2116	2284	281	1569	1874
	%	23.7%	91.8%	99.7%	13.3%	76.2%	90.4%
Yes	Count	1778	188	7	1833	491	199
	%	76.3%	8.2%	.3%	86.7%	23.8%	9.6%
Total	Count	2332	2305	2291	2114	2060	2073
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIIA. Figure 20. Urban/Rural

		Urban/Rural					
		Rural HQ			Urban HQ		
		Retail Weekday Evening	Retail Saturday	Retail Sunday	Retail Weekday Evening	Retail Saturday	Retail Sunday
No	Count	1993	2103	2223	1670	1743	1918
	%	87.0%	91.8%	97.0%	80.5%	84.1%	92.5%
Yes	Count	298	188	69	404	331	156
	%	13.0%	8.2%	3.0%	19.5%	15.9%	7.5%
Total	Count	2291	2291	2291	2073	2073	2073
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIIA. Figure 21. Urban/Rural

		Urban/Rural					
		Rural HQ			Urban HQ		
		Limited Service Weekday Evening	Limited Service Saturday	Limited Service Sunday	Limited Service Weekday Evening	Limited Service Saturday	Limited Service Sunday
No	Count	1576	2206	2291	1780	1933	2048
	%	68.8%	96.3%	100.0%	85.9%	93.2%	99.4%
Yes	Count	715	86	0	293	140	11
	%	31.2%	3.7%	.0%	14.1%	6.8%	.6%
Total	Count	2291	2291	2291	2073	2073	2060
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Language

Over half (52 percent) of all banks surveyed have branch staff who are able to use foreign language skills when interacting with customers. The survey questions identified five languages based on the languages that most people speak, if they do not speak English well, as reflected by the U.S. Census data. Other than the languages specified in the survey (Spanish, Chinese, Vietnamese, Korean, and Tagalog), 13.0 percent of banks have staff members who can speak a different language. These languages are listed in the survey form, but 11 other languages are identified by banks.

QIIIB. Figure 1. Languages other than English Spoken by Branch Staff

Languages	Banks with staff that interact with that language
Spanish	47.0%
Chinese	3.6%
Vietnamese	3.0%
Korean	2.1%
Tagalog	2.2%
Other	13.0%

Question III B. What languages, other than English, does your branch staff use to interact with customers?

Spanish Chinese Vietnamese Korean Tagalog Other

QIIIB. Figure 2. Spanish

	Frequency	Weighted Frequency	Weighted Percent
Valid No	314	3946	53.0
Yes	371	3494	47.0
Total	685	7440	100.0

QIIIB. Figure 5. Korean

	Frequency	Weighted Frequency	Weighted Percent
Valid No	647	7283	97.9
Yes	38	157	2.1
Total	685	7440	100.0

QIIIB. Figure 3. Chinese

	Frequency	Weighted Frequency	Weighted Percent
Valid No	635	7173	96.4
Yes	50	267	3.6
Total	685	7440	100.0

QIIIB. Figure 6. Tagalog

	Frequency	Weighted Frequency	Weighted Percent
Valid No	647	7276	97.8
Yes	38	164	2.2
Total	685	7440	100.0

QIIIB. Figure 4. Vietnamese

	Frequency	Weighted Frequency	Weighted Percent
Valid No	642	7215	97.0
Yes	43	225	3.0
Total	685	7440	100.0

QIIIB. Figure 7. Other

	Frequency	Weighted Frequency	Weighted Percent
Valid No	557	6476	87.0
Yes	128	964	13.0
Total	685	7440	100.0

Banks identified 11 other languages: French (27), German (27), Russian (25), Polish (24), Italian (23), Portuguese (17), Hindi (16), Arabic (15), American Sign Language (13), Greek (13), and Japanese (12).

Overall, **51.7 percent** of banks have a staff member that speaks a language other than English.

QIIIB. Figure 8. Does the bank have staff that speaks a language other than English?

	Frequency	Weighted Frequency	Weighted Percent
Valid No	281	3597	48.3
Yes	404	3843	51.7
Total	685	7440	100.0

There appear to be regional differences in the languages spoken by staff at bank branches for Spanish, Chinese, Vietnamese, Korean, Tagalog, and “other.”

QIIIB. Figure 9. Region: Spanish

		Spanish								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	212	325	421	482	342	827	1046	130	161
	%	47.6%	56.0%	48.9%	70.6%	29.0%	62.9%	74.2%	25.6%	34.9%
Yes	Count	234	256	439	201	835	488	364	377	300
	%	52.4%	44.0%	51.1%	29.4%	71.0%	37.1%	25.8%	74.4%	65.1%
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%

QIIIB. Figure 10. Region: Chinese

		Chinese								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	349	552	851	683	1174	1296	1405	503	360
	%	78.3%	95.1%	99.0%	100.0%	99.7%	98.5%	99.7%	99.1%	78.0%
Yes	Count	97	28	9	0	3	19	5	5	102
	%	21.7%	4.9%	1.0%	.0%	.3%	1.5%	.3%	.9%	22.0%
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%

QIIIB. Figure 11. Region: Vietnamese

		Vietnamese								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	390	578	844	669	1149	1290	1402	506	387
	%	87.5%	99.5%	98.1%	98.0%	97.7%	98.0%	99.4%	99.8%	83.9%
Yes	Count	56	3	16	14	28	26	8	1	74
	%	12.5%	.5%	1.9%	2.0%	2.3%	2.0%	.6%	.2%	16.1%
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%

QIIIB. Figure 12. Region: Korean

		Korean								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	445	526	851	683	1174	1286	1405	506	408
	%	99.8%	90.6%	99.0%	100.0%	99.7%	97.8%	99.7%	99.8%	88.4%
Yes	Count	1	55	9	0	3	29	5	1	54
	%	.2%	9.4%	1.0%	.0%	.3%	2.2%	.3%	.2%	11.6%
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%

QIIIB. Figure 13. Region: Tagalog

		Tagalog								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	442	574	844	683	1177	1281	1405	506	363
	%	99.2%	98.9%	98.1%	100.0%	100.0%	97.4%	99.7%	99.8%	78.7%
Yes	Count	3	7	16	0	0	34	5	1	98
	%	.8%	1.1%	1.9%	.0%	.0%	2.6%	.3%	.2%	21.3%
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%

QIIIB. Figure 14. Region: Other

		Other								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	239	431	766	652	1132	1109	1338	465	343
	%	53.7%	74.3%	89.1%	95.5%	96.2%	84.3%	94.9%	91.7%	74.3%
Yes	Count	206	149	94	31	45	206	72	42	119
	%	46.3%	25.7%	10.9%	4.5%	3.8%	15.7%	5.1%	8.3%	25.7%
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%

A greater percentage of Tier 1 banks have staff that can speak Spanish (100 percent), Chinese (66.7 percent), Vietnamese (62.5 percent), Korean (62.5 percent), Tagalog (50.0 percent), and “other” languages (70.8 percent) than Tier 2 and Tier 3 banks.

QIIIB. Figure 15. Tier: Spanish/Chinese/Vietnamese

		Tier								
		1			2			3		
		Spanish	Chinese	Vietnamese	Spanish	Chinese	Vietnamese	Spanish	Chinese	Vietnamese
No	Count	0	8	9	118	479	492	3828	6686	6713
	%	.0%	33.3%	37.5%	21.4%	86.8%	89.3%	55.8%	97.4%	97.8%
Yes	Count	25	17	16	434	73	59	3035	178	150
	%	100.0%	66.7%	62.5%	78.6%	13.2%	10.7%	44.2%	2.6%	2.2%
Total	Count	25	25	25	551	551	551	6863	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIIB. Figure 16. Tier: Korean/Tagalog/Other

		Tier								
		1			2			3		
		Korean	Tagalog	Other	Korean	Tagalog	Other	Korean	Tagalog	Other
No	Count	9	13	7	492	482	357	6781	6781	6111
	%	37.5%	50.0%	29.2%	89.3%	87.4%	64.8%	98.8%	98.8%	89.0%
Yes	Count	16	13	18	59	69	194	82	82	752
	%	62.5%	50.0%	70.8%	10.7%	12.6%	35.2%	1.2%	1.2%	11.0%
Total	Count	25	25	25	551	551	551	6863	6863	6863
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A larger percentage of urban banks have staff who can speak Spanish, Chinese, Vietnamese, Korean, and Tagalog than rural banks. Urban banks have nearly twice as high a percentage of branch staff with foreign language capabilities in Spanish, Chinese, Vietnamese, Korean, Tagalog, and “other” languages than rural banks.

QIIIB. Figure 17. Urban/Rural: Spanish/Chinese/Vietnamese

		Urban Rural					
		Rural HQ			Urban HQ		
		Spanish	Chinese	Vietnamese	Spanish	Chinese	Vietnamese
No	Count	2523	3932	3932	1423	3241	3283
	%	63.7%	99.3%	99.3%	40.9%	93.1%	94.3%
Yes	Count	1436	27	27	2057	240	198
	%	36.3%	.7%	.7%	59.1%	6.9%	5.7%
Total	Count	3959	3959	3959	3480	3480	3480
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIIB. Figure 18. Urban/Rural: Korean/Tagalog/Other

		Urban Rural					
		Rural HQ			Urban HQ		
		Korean	Tagalog	Other	Korean	Tagalog	Other
No	Count	3946	3932	3669	3337	3344	2807
	%	99.7%	99.3%	92.7%	95.9%	96.1%	80.7%
Yes	Count	14	27	291	143	137	673
	%	.3%	.7%	7.3%	4.1%	3.9%	19.3%
Total	Count	3959	3959	3959	3480	3480	3480
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Modifications in Retail Operations

Question III C. Has the bank modified its retail operations over the past five years to make it easier or more welcoming or convenient for unbanked or underbanked consumers to take advantage of its services?

Yes No

About two-thirds (64.0 percent) of all banks have modified their retail operations in the past five years to make the bank more welcoming or convenient for un/underbanked customers.

QIIC. Figure 1. Has the bank modified its retail operations?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	211	2630	36.0
	Yes	464	4684	64.0
	Total	675	7313	100.0
Missing	System	10	127	
Total		685	7440	

A greater percentage of Tier 1 (100 percent) banks and Tier 2 banks (84.2 percent) have modified their retail operations to be more convenient or welcoming for unbanked individuals than Tier 3 banks (62.3 percent).

QIIC. Figure 2. Tier

		Has the bank modified its retail operations?		
		1	2	3
No	Count	0	87	2543
	%	.0%	15.8%	37.7%
Yes	Count	25	461	4197
	%	100.0%	84.2%	62.3%
Total	Count	25	548	6740
	%	100.0%	100.0%	100.0%

There are minimal differences among regions for banks that have modified their retail operations.

Little difference between urban and rural banks is evident in the percentage of banks that have modified their retail operations to make it easier for or more welcoming for un/underbanked individuals to take advantage of their services.

Question III C-1. If yes, which approaches has the bank pursued? (Check all that apply)

- Extended banking hours
- Non-traditional locations (community centers, supermarkets, etc.)
- New branch located in LMI area
- Innovative branch formats/designs (e.g., more casual lobby décor)
- Internet or mobile banking
- External ATMs (walk-up and through the wall)
- Off-premise ATMs
- Other

By far, the most common way that banks have made their retail branches more welcoming to un/underbanked customers is through Internet or mobile banking options. Seventy-three percent of banks that have made changes to their retail operations have done so by offering these services. Installing external and off-premise ATMs are also common approaches.

Under half of banks (43.6 percent) that have made changes have extended their banking hours to make banking more convenient for the unbanked and underbanked.

QIIC-1. Figure 1. Extended Banking Hours

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	239	2643	56.4
	Yes	225	2040	43.6
	Total	464	4684	100.0

Few (13.1 percent) banks have added non-traditional locations.

QIIC-1. Figure 2. Non-traditional Locations

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	372	4072	86.9
	Yes	92	612	13.1
	Total	464	4684	100.0

One in five (20.0 percent) banks has opened branches in LMI areas.

QIIC-1. Figure 3. New Branch Located in LMI Areas

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	331	3748	80.0
	Yes	133	936	20.0
	Total	464	4684	100.0

Few (16.5 percent) banks have used an innovative branch design.

QIIC-1. Figure 4. Innovative Branch Design

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	363	3910	83.5
	Yes	101	773	16.5
	Total	464	4684	100.0

About three-quarters (73.0 percent) of banks utilize Internet and mobile banking.

QIIC-1. Figure 5. Internet or Mobile Banking

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	117	1266	27.0
	Yes	347	3418	73.0
	Total	464	4684	100.0

Less than one-half (47.3 percent) of banks have external ATMs.

QIIC-1. Figure 6. External ATMs

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	221	2469	52.7
	Yes	243	2215	47.3
	Total	464	4684	100.0

Less than one-half (43.1 percent) of the banks have off-premise ATMs.

QIIC-1. Figure 7. Off-premise ATMs

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	231	2664	56.9
	Yes	233	2020	43.1
	Total	464	4684	100.0

QIIC-1. Figure 8. Other

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	391	4021	85.9
	Yes	73	662	14.1
	Total	464	4684	100.0

Some (14.1 percent) banks report other ways that they have modified their retail operations to make it easier or more welcoming for unbanked and underbanked consumers to use their services. The more frequently mentioned other responses are: bilingual staff, products or services (18), product offering geared towards this population (11), extended branch hours (7), and mobile banking (6).

There appear to be some differences among banks' reported approaches to modifying retail operations for external ATMs and other approaches across regions. For example, 69.2 percent of New England banks have installed external ATMs, compared with 34.2 percent of West North Central banks. A higher percentage of East South Central banks (24.1 percent) describe using another approach to modify retail operations compared with Mountain banks (0.0 percent).

QIIC-1. Figure 9. Region: External ATMs

		External ATMs								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	103	152	237	281	376	525	574	103	117
	%	30.8%	44.1%	55.8%	65.5%	44.7%	58.3%	65.8%	38.3%	43.7%
Yes	Count	230	193	188	148	465	376	299	165	150
	%	69.2%	55.9%	44.2%	34.5%	55.3%	41.7%	34.2%	61.7%	56.3%
Total	Count	333	345	425	430	842	902	873	268	266
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIC-1. Figure 10. Region: Other

		Other								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	264	259	386	326	712	726	828	268	253
	%	79.5%	75.1%	90.6%	75.9%	84.5%	80.6%	94.8%	100.0%	94.9%
Yes	Count	68	86	40	104	130	175	46	0	14
	%	20.5%	24.9%	9.4%	24.1%	15.5%	19.4%	5.2%	.0%	5.1%
Total	Count	333	345	425	430	842	902	873	268	266
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of Tier 1 banks report they have made changes to their retail operations by extending banking hours, adding non-traditional locations, opening new branches in LMI areas, utilizing innovative branch design, deploying external ATMs, and implementing “other” approaches than Tier 2 banks and Tier 3 banks.

QIIC-1. Figure 11. Tier: Extended Banking Hours/Non-traditional Locations/New Branch Located in LMI Areas

		Tier								
		1			2			3		
		Extended banking hours	Non-traditional locations	New branch located in LMI areas	Extended banking hours	Non-traditional locations	New branch located in LMI areas	Extended banking hours	Non-traditional locations	New branch located in LMI areas
No	Count	5	10	1	191	302	260	2447	3760	3486
	%	20.8%	41.7%	4.2%	41.4%	65.4%	56.4%	58.3%	89.6%	83.1%
Yes	Count	20	15	24	271	160	201	1750	438	711
	%	79.2%	58.3%	95.8%	58.6%	34.6%	43.6%	41.7%	10.4%	16.9%
Total	Count	25	25	25	461	461	461	4197	4197	4197
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIC-1. Figure 12. Tier: Innovative Branch Design/Internet or Mobile Banking/External ATMs

		Tier								
		1			2			3		
		Innovative branch design	Internet or mobile banking	External ATMs	Innovative branch design	Internet or mobile banking	External ATMs	Innovative branch design	Internet or mobile banking	External ATMs
No	Count	9	3	5	319	101	166	3582	1162	2297
	%	37.5%	12.5%	20.8%	69.2%	21.8%	36.1%	85.3%	27.7%	54.7%
Yes	Count	16	22	20	142	361	295	615	3035	1900
	%	62.5%	87.5%	79.2%	30.8%	78.2%	63.9%	14.7%	72.3%	45.3%
Total	Count	25	25	25	461	461	461	4197	4197	4197
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIC-1. Figure 13. Tier: Off-premise ATMs/Other

		Tier					
		1		2		3	
		Off-premise ATMs	Other	Off-premise ATMs	Other	Off-premise ATMs	Other
No	Count	2	17	160	381	2502	3623
	%	8.3%	66.7%	34.6%	82.7%	59.6%	86.3%
Yes	Count	23	8	302	80	1695	574
	%	91.7%	33.3%	65.4%	17.3%	40.4%	13.7%
Total	Count	25	25	461	461	4197	4197
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percentage of urban banks have modified their retail operations through opening non-traditional locations, opening branches in LMI areas, utilizing innovative branch design, and deploying external ATMs than rural banks.

A larger percentage of urban banks pursue non-traditional locations, new branches in LMI areas, and innovative branch design strategies than rural banks. Also, a larger percentage of urban banks pursue external ATMs and off-premise ATMs strategies than rural banks.

QIIC-1. Figure 14. Rural

		Rural HQ							
		Extended banking hours	Non-traditional locations	New branch located in LMI areas	Innovative branch design	Internet or mobile banking	External ATMs	Off-premise ATMs	Other
No	Count	1508	2359	2226	2264	732	1450	1511	2243
	%	58.0%	90.8%	85.6%	87.1%	28.1%	55.8%	58.1%	86.3%
Yes	Count	1091	240	373	335	1867	1149	1088	356
	%	42.0%	9.2%	14.4%	12.9%	71.9%	44.2%	41.9%	13.7%
Total	Count	2599	2599	2599	2599	2599	2599	2599	2599
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIC-1. Figure 15. Urban

		Urban HQ							
		Extended banking hours	Non-traditional locations	New branch located in LMI areas	Innovative branch design	Internet or mobile banking	External ATMs	Off-premise ATMs	Other
No	Count	1135	1713	1522	1647	534	1019	1153	1778
	%	54.5%	82.2%	73.0%	79.0%	25.6%	48.9%	55.3%	85.3%
Yes	Count	949	372	563	438	1550	1066	932	307
	%	45.5%	17.8%	27.0%	21.0%	74.4%	51.1%	44.7%	14.7%
Total	Count	2085	2085	2085	2085	2085	2085	2085	2085
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Question III C-2. If yes, please describe what you have done.

Fewer than half (43.2 percent) of the banks responding to this open-ended question provide a written description of their approach in modifying their retail operations. Mobile or Internet banking and ATM placement are the two most common approaches cited by banks. Opening new branches and adding external ATMs in LMI areas are other common approaches to serving unbanked and/or underbanked consumers.

Written descriptions provided by 227 of responding banks include approaches previously listed in Question III C-1. The three most frequently described changes are Internet or mobile banking (147), adding new ATMs (116), and extending banking hours (95).

For the 70 banks that describe branch modifications other than those previously listed in Question III C-1, 27 identify adding bilingual staff, materials, or services to their operations. These additions facilitate communication and make banking services more accessible to non-English speaking individuals, who may comprise a significant segment of unbanked or underbanked populations in a given market area.

Sixteen banks mention offering new products specifically aimed at the un/underbanked market, such as free checking and savings accounts, and one bank described how it assumes the role of check casher for non-customers. That bank's program involves cashing checks drawn on other banks for a fee in the range of 1.0 percent to 1.5 percent with a maximum fee cap. This service is offered as a way to serve the immediate needs of the unbanked and/or underbanked and, over time, convert them to a banking customer. In addition, the bank provides financial education about banking products.

Check cashing as a branch strategy for serving the unbanked is identified in the following section. Bank policies and pricing are examined more fully in Chapter 6.

Branch Strategies

Question III D. Please indicate efforts your bank makes as part of its branch strategy to serve the unbanked and underbanked in your market areas:

- Check cashing Money orders Kiosks for check cashing
 Bill payment services Prepaid card issuance and reloading Other

QIII.D. Figure 1. Percent of Banks Branch Strategies to Serve Un/Underbanked by Effort

Efforts	Percent of Banks
Check Cashing	49.0%
Money Orders	41.4%
Bill Payment	18.2%
Prepaid Cards	12.2%
Other	11.4%
Kiosks for Check Cashing	0.8%

Overall, banks offer a limited range of products and service to the unbanked and underbanked individuals. The most common services offered are check cashing (49.0 percent) and money orders (41.4 percent). Bill payment (18.2 percent) and prepaid cards (12.2 percent) are the next two most common services offered to serve unbanked and/or underbanked individuals as part of the branch strategy to serve the unbanked and/or underbanked.

About half (49.0 percent) of banks offer check cashing service as part of their branch strategy to serve unbanked and underbanked individuals in their market areas.

QIIID. Figure 2. Check Cashing

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	346	3795	51.0
	Yes	339	3645	49.0
	Total	685	7440	100.0

Less than half (41.4 percent) of banks sell money orders as part of their branch strategy for serving the unbanked and underbanked in their market areas.

QIIID. Figure 3. Money Orders

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	403	4358	58.6
	Yes	282	3082	41.4
	Total	685	7440	100.0

Very few (0.8 percent) banks offer kiosks for check cashing as part of their branch strategy for serving the unbanked and underbanked in their market areas.

QIIID. Figure 4. Kiosks for Check Cashing

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	679	7381	99.2
	Yes	6	59	.8
	Total	685	7440	100.0

Providing bill payment services is the third most common (18.2 percent) service banks offer as part of their branch strategy to serve the unbanked and underbanked in their market areas.

QIIID. Figure 5. Bill Payment

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	547	6085	81.8
	Yes	138	1355	18.2
	Total	685	7440	100.0

Some (12.2 percent) banks offer prepaid cards as part of their branch strategy for serving the unbanked and underbanked in their market areas.

QIIID. Figure 6. Prepaid Card

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	593	6536	87.8
	Yes	92	904	12.2
	Total	685	7440	100.0

Additionally, 11.4 percent of banks offer other services as part of their branch strategy for serving the unbanked and underbanked in their market areas.

Banks mention 96 other efforts as part of their branch strategies. The most frequently mentioned items include: offering basic products (19), cashing government, payroll, and cashier checks (17), offering debit/prepaid/credit cards (9), and providing mobile banking options (6). Seven banks report “none.”

QIIID. Figure 7. Other

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	595	6594	88.6
	Yes	90	846	11.4
	Total	685	7440	100.0

Differences are evident across regions for banks offering money orders and check cashing as their branch strategies. For example, a smaller percentage of banks in the New England (34.8 percent) and Mid-Atlantic (30.8 percent) regions offer check cashing compared with banks in the West North Central (61.9 percent) and West South Central (66.0 percent) regions. In contrast, a larger percentage of banks in the East North Central (53.9 percent) and West North Central (58.0 percent) offer money orders than banks in the East South Central (21.7 percent), New England (25.3 percent), South Atlantic (25.2 percent), and Pacific (26.2 percent) regions.

QIIID. Figure 8. Region: Check Cashing

		Check Cashing								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	291	402	521	374	400	707	537	285	279
	%	65.2%	69.2%	60.6%	54.8%	34.0%	53.7%	38.1%	56.2%	60.4%
Yes	Count	155	179	339	309	777	609	873	222	183
	%	34.8%	30.8%	39.4%	45.2%	66.0%	46.3%	61.9%	43.8%	39.6%
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%

QIID. Figure 9. Region: Money Orders

		Money Orders								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	333	332	643	535	674	606	593	302	340
	%	74.7%	57.2%	74.8%	78.3%	57.3%	46.1%	42.0%	59.5%	73.8%
Yes	Count	113	249	216	148	503	710	817	205	121
	%	25.3%	42.8%	25.2%	21.7%	42.7%	53.9%	58.0%	40.5%	26.2%
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%

Branch offerings are similar across banks sizes, except for money orders and “other” offerings. About two-thirds (66.7 percent) of Tier 1 banks offer money orders as part or their strategy to serve the unbanked and underbanked, compared with 35.3 percent of Tier 2 banks and 53.1 percent of Tier 3 banks.

QIID. Figure 10. Tier: Money Orders/Other

		New Tier					
		Tier 1		Tier 2		Tier 3	
		Money Orders	Other	Money Orders	Other	Money Orders	Other
No	Count	8	18	298	364	1969	3664
	%	33.3%	70.8%	64.7%	78.9%	46.9%	87.3%
Yes	Count	17	7	163	97	2229	533
	%	66.7%	29.2%	35.3%	21.1%	53.1%	12.7%
Total	Count	25	25	461	461	4197	4197
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A larger percentage of rural banks offer check cashing, money orders, and prepaid debit cards as a strategy to serve the unbanked and underbanked than urban banks.

QIID. Figure 11. Urban/Rural: Check Cashing/Money Orders/Kiosk for Check Cashing

		Rural HQ			Urban HQ		
		Check cashing	Money Orders	Kiosks for check cashing	Check cashing	Money Orders	Kiosks for check cashing
No	Count	1549	2045	3918	2246	2313	3462
	%	39.1%	51.6%	99.0%	64.5%	66.5%	99.5%
Yes	Count	2411	1914	41	1234	1168	18
	%	60.9%	48.4%	1.0%	35.5%	33.5%	.5%
Total	Count	3959	3959	3959	3480	3480	3480
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIIID. Figure 12. Urban/Rural: Bill Payment/Prepaid Card/Other

		Rural HQ			Urban HQ		
		Bill payment	Prepaid card	Other	Bill payment	Prepaid card	Other
No	Count	3234	3392	3590	2851	3144	3004
	%	81.7%	85.7%	90.7%	81.9%	90.3%	86.3%
Yes	Count	725	568	369	630	336	477
	%	18.3%	14.3%	9.3%	18.1%	9.7%	13.7%
Total	Count	3959	3959	3959	3480	3480	3480
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Services Provided to Non-Customers

This chapter examines the following topics:

- Check Cashing Policies
- Identification Required for Non-Customers to Cash Checks
- Check Cashing Fees (if charged)
- Transaction Products Offered and Fees
- Remittances

This chapter addresses the Congressional Question 3: efforts financial institutions make at converting unbanked money order, wire transfer, and international remittance customers into conventional account holders.

Summary

Banks can and do provide important financial services to unbanked and underbanked individuals. However, many transaction services are not offered to individuals who do not hold conventional deposit-based transaction accounts due to operational challenges and risks for banks.

Check Cashing: From banks' perspectives, cashing checks for non-customers presents risks of monetary losses on fraudulent checks with little recourse. Additionally, identification requirements and regulatory policies (e.g., CIP, BSA) challenge banks' operations and compliance. Although banks were not surveyed about specific regulations, these were identified as obstacles which may have caused most banks to limit check cashing, if offered at all, to only certain "on-us" items for unbanked and underbanked individuals. Over 95 percent of banks will cash checks for non-customers for on-us personal and business checks. In contrast, less than one-third (32 percent) of banks will cash a local payroll check not drawn on their bank for a non-customer. Of those banks that will cash payroll checks, 87 percent charge a fee.

When cashing checks for non-customers, banks depend upon government-issued photo identification (ID) to verify the identity of the individual. Banks typically accept driver's licenses (92 percent), state-issued photo IDs (86 percent), and U.S. or foreign passports (81 percent) as a primary form of ID.

Check cashing presents opportunities for banks to bring unbanked and underbanked individuals into the banking system by acting as a point-of-entry. Over two-thirds (69 percent) of banks provide teller and customer service training that includes strategies to encourage account opening.

Payment Products: The majority of banks have policies that prohibit or limit the availability of needed transaction products and services for non-customers; slightly more than one-third (37 percent) of banks offer official checks or money orders, even fewer offer bill payment (12 percent) and international remittance services (6 percent). About one-third (32 percent) of banks are concerned about offering remittances due to regulatory considerations. Banks' policies differ among regions and bank size.

Check Cashing Policies

For non-customers, nearly all banks cash business (95.5 percent) and personal checks (96.4 percent) drawn on their bank. Importantly, more than half of banks (58.1 percent) will cash government checks. In contrast, only 31.9 percent of banks cash payroll checks not drawn on their bank for non-customers, and only 22.7 percent of banks cash business checks not drawn on their bank. Only 6.4 percent of banks cash personal checks not drawn on their bank, and 2.4 percent cash double-endorsed checks from third parties for non-customers. Common reasons for limiting check cashing for non-customers are described in Question IVA-1.

For non-customers who cash an on-us business check, 12.9 percent of banks charge a fee. Twelve percent of banks charge a fee for non-customers to cash on-us personal checks. Of the banks that cash government checks, 58.2 percent charge a fee for non-customers. Among banks that cash checks not drawn on their bank for non-customers, most charge fees for payroll checks (86.9 percent), business checks (92.2 percent), and personal checks (94.9 percent).

Question IVA. If an individual does not have an account relationship with the bank, will the bank typically cash the following types of checks?

Type of Check	Cash Check for Non-Customer?	If Yes:	
		Is a Fee Charged?	Typical fee per check cashed by non-customers* Please indicate either a fixed dollar amount or percentage of face value
<u>Personal</u> check drawn on your bank (On-us)	96.4%	12.0%	\$5.00
<u>Business</u> check drawn on your bank (On-us)	95.5%	12.9%	\$5.00
<u>Government</u> check	58.1%	58.2%	\$5.00
<u>Payroll</u> check <u>not</u> drawn on your bank (Local)	31.9%	86.9%	\$5.00
<u>Business</u> check <u>not</u> drawn on your bank (Local)	22.7%	92.2%	\$5.00
<u>Personal</u> check <u>not</u> drawn on your bank (Local)	6.4%	94.9%	\$5.00
Double endorsed check from a third-party	2.4%	40.1%	\$5.00

**The median fee for cashing a \$300 check based on application of fixed-fee and face value percentages provided by banks that charge a fee for cashing checks for non-customers*

Almost all (95.5 percent) banks cash on-us business checks for non-customers.

QIVA. Figure 1. Do you cash business checks drawn on your bank for non-customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	30	329	4.5
	Yes	648	7026	95.5
	Total	678	7354	100.0
Missing	System	7	86	
Total		685	7440	

There are differences between regions, with 88.9 percent of banks in the Mid-Atlantic cashing on-us business checks for non-customers, compared with 100 percent of West North Central banks cashing business checks.

QIVA. Figure 2. Region

		Do you cash business checks drawn on your bank for non-customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	17	62	58	58	41	34		55	3
	%	3.8%	11.1%	6.8%	8.9%	3.5%	2.6%		11.1%	.8%
Yes	Count	429	492	801	597	1122	1281	1406	439	458
	%	96.2%	88.9%	93.2%	91.1%	96.5%	97.4%	100.0%	88.9%	99.2%
Total	Count	446	553	860	655	1163	1316	1406	494	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are no differences in policies by tier for cashing business checks drawn on the bank for non-customers.

Of the banks that cash on-us business checks for non-customers, 12.9 percent cash these checks for a fee.

QIVA. Figure 3. Do you charge a fee to cash on-us business checks?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	521	5828	87.1
	Yes	99	866	12.9
	Total	620	6694	100.0
Missing	System	28	332	
Total		648	7026	

There are differences in policies among regions for banks charging fees to cash on-us business checks for non-customers, specifically between the East North Central region (23.7 percent) and the New England (0.8 percent) and South Atlantic (6.3 percent) regions.

QIVA. Figure 4. Region

		Do you charge a fee to cash on-us business checks?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	411	411	709	507	985	955	1118	353	378
	%	99.2%	91.8%	93.7%	84.9%	94.1%	76.3%	84.4%	85.9%	85.1%
Yes	Count	3	37	48	90	62	296	206	58	66
	%	.8%	8.2%	6.3%	15.1%	5.9%	23.7%	15.6%	14.1%	14.9%
Total	Count	415	447	757	597	1047	1250	1324	412	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 charging fees to cash on-us business checks for non-customers. About two-thirds (66.7 percent) of Tier 1 banks charge fees, compared with 19.3 percent of Tier 2 and 12.2 percent of Tier 3 banks.

QIVA. Figure 5. Tier

		Do you charge a fee to cash on-us business checks?		
		Tier 1	Tier 2	Tier 3
No	Count	8	406	5414
	%	33.3%	80.7%	87.8%
Yes	Count	17	97	752
	%	66.7%	19.3%	12.2%
Total	Count	25	503	6166
	%	100.0%	100.0%	100.0%

Almost all (96.4 percent) banks cash on-us business checks for non-customers.

QIVA. Figure 6. Do you cash personal checks drawn on your bank for non-customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	24	267	3.6
	Yes	653	7084	96.4
	Total	677	7351	100.0
Missing	System	8	89	
Total		685	7440	

There is a difference between regions for cashing on-us personal checks for non-customers. All of the West North Central banks have this policy, compared with 86.6 percent of Mid Atlantic banks.

QIVA. Figure 7. Region

		Do you cash personal checks drawn on your bank for non-customers?								
		New England	Mid Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	14	75	31	44	14	31		41	17
	%	3.1%	13.4%	3.6%	6.9%	1.2%	2.3%		8.3%	3.7%
Yes	Count	432	488	825	597	1150	1285	1410	453	444
	%	96.9%	86.6%	96.4%	93.1%	98.8%	97.7%	100.0%	91.7%	96.3%
Total	Count	446	563	856	642	1163	1316	1410	494	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is no difference between tiers for banks that cash on-us personal checks for non-customers.

Among banks that cash personal checks drawn on their bank, 12.9 percent charge non-customers a fee to cash these checks.

QIVA. Figure 8. Do you charge a fee to cash personal checks drawn on your bank for non-customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	535	5828	87.1
	Yes	88	866	12.9
	Total	623	6694	100.0
Missing	System	30	332	
Total		653	7026	

There are differences for charging fees to cash personal checks for non-customers among regions. The East North Central region (24.4 percent) is different from the New England (0.8 percent), South Atlantic (1.9 percent), and West South Central (4.1 percent) regions.

QIVA. Figure 9. Region

		Do you charge a fee to cash personal checks drawn on your bank?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	415	412	766	507	1030	948	1105	367	378
	%	99.2%	92.8%	98.1%	84.9%	95.9%	75.6%	84.3%	86.3%	87.8%
Yes	Count	3	32	15	90	44	306	205	58	52
	%	.8%	7.2%	1.9%	15.1%	4.1%	24.4%	15.7%	13.7%	12.2%
Total	Count	418	444	781	597	1074	1254	1311	425	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 charging fees to cash personal checks drawn on their bank for non-customers. Tier 1 (50.0 percent) is different from Tier 2 (16.6 percent) and Tier 3 (11.5 percent).

QIVA. Figure 10. Tier

		Do you charge a fee to cash personal checks drawn on your bank?		
		Tier 1	Tier 2	Tier 3
No	Count	13	420	5496
	%	50.0%	83.4%	88.5%
Yes	Count	13	83	711
	%	50.0%	16.6%	11.5%
Total	Count	25	503	6207
	%	100.0%	100.0%	100.0%

About a quarter (22.7 percent) of banks will cash local business checks that are not drawn on their bank for non-customers.

QIVA. Figure 11. Do you cash business checks not drawn on your bank for non-customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	536	5634	77.3
	Yes	136	1658	22.7
	Total	672	7293	100.0
Missing	System	13	147	
Total		685	7440	

There are differences for cashing business checks not drawn on the bank for non-customers by region. The West North Central region (39.4 percent) has more banks cashing these checks than the Pacific (6.2 percent), Mid Atlantic (6.3 percent), South Atlantic (9.3 percent), Mountain (11.4 percent), and New England (10.0 percent) regions.

QIVA. Figure 12. Region

		Do you cash business checks not drawn on your bank for non-customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	401	528	767	449	825	953	853	425	433
	%	90.0%	93.7%	90.7%	71.5%	71.1%	73.2%	60.6%	88.6%	93.8%
Yes	Count	44	35	79	179	335	349	554	55	28
	%	10.0%	6.3%	9.3%	28.5%	28.9%	26.8%	39.4%	11.4%	6.2%
Total	Count	446	563	846	628	1160	1302	1406	480	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference for cashing business checks not drawn on the bank for non-customers by tier. Twice as many Tier 3 (23.8 percent) and cash these checks than do Tier 2 (10.3 percent) banks.

QIVA. Figure 13. Tier

		Do you cash business checks not drawn on your bank for non-customers?		
		Tier 1	Tier 2	Tier 3
No	Count	22	486	5127
	%	87.5%	89.7%	76.2%
Yes	Count	3	55	1600
	%	12.5%	10.3%	23.8%
Total	Count	25	541	6727
	%	100.0%	100.0%	100.0%

Among banks that cash business checks, 92.2 percent charge a fee for non-customers to cash local business checks not drawn on their bank.

QIVA. Figure 14. Do you charge a fee to cash business checks not drawn on your bank for non-customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	10	127	7.8
	Yes	122	1487	92.2
	Total	132	1614	100.0
Missing	System	4	44	
Total		136	1658	

There is little difference for charging fees to cash business checks not drawn on the bank for non-customers by region.

There is little difference between tiers for charging fees to cash business checks not drawn on the bank for non-customers.

About a third (31.9 percent) of banks will cash local payroll checks for non-customers.

QIVA. Figure 15. Do you cash payroll checks not drawn on your bank for non-customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	472	4963	68.1
	Yes	201	2323	31.9
	Total	673	7286	100.0
Missing	System	12	154	
Total		685	7440	

There are differences for cashing payroll checks for non-customers by region. The South Atlantic region (13.1 percent) is different from the West South Central (43.8 percent) and West North Central (48.4 percent) regions. The Pacific region (6.9 percent) is different from the West North Central (48.4 percent), West South Central (43.8 percent), and East North Central (40.6 percent) regions.

QIVA. Figure 16. Region

		Do you cash payroll checks not drawn on your bank for non-customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	356	467	735	473	654	773	726	350	430
	%	79.8%	84.3%	86.9%	73.7%	56.2%	59.4%	51.6%	75.1%	93.1%
Yes	Count	90	87	111	169	510	529	680	116	32
	%	20.2%	15.7%	13.1%	26.3%	43.8%	40.6%	48.4%	24.9%	6.9%
Total	Count	446	553	846	642	1163	1302	1406	466	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are small differences for cashing payroll checks not drawn on the bank for non-customers by tier. More than one-quarter (29.2 percent) of Tier 1 banks cash payroll checks, compared with 20.9 percent of Tier 2 and 32.8 percent of Tier 3.

QIVA. Figure 17. Tier

		Do you cash payroll checks not drawn on your bank for non-customers?		
		Tier 1	Tier 2	Tier 3
No	Count	18	434	4512
	%	70.8%	79.1%	67.2%
Yes	Count	7	114	2201
	%	29.2%	20.9%	32.8%
Total	Count	25	548	6713
	%	100.0%	100.0%	100.0%

Among banks that cash payroll checks not drawn on the bank for non-customers, 86.9 percent charge a fee to cash them for non-customers.

QIVA. Figure 18. Do you charge a fee to cash payroll checks not drawn on your bank for non-customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	26	294	13.1
	Yes	167	1952	86.9
	Total	193	2247	100.0
Missing	System	8	76	
Total		201	2323	

There is little difference for charging a fee for payroll checks for non-customers by region or tier.

Only 6.4 percent of banks will cash a personal check not drawn on their bank for non-customers.

QIVA. Figure 19. Do you cash personal checks not drawn on your bank for non-customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	634	6806	93.6
	Yes	37	463	6.4
	Total	671	7269	100.0
Missing	System	14	171	
Total		685	7440	

There are differences for cashing personal checks not drawn on the bank for non-customers among regions. The West North Central region (14.7 percent) is different from the South Atlantic region (1.6 percent) and Mountain region (0 percent).

QIVA. Figure 20. Region

		Do you cash personal checks not drawn on your bank for non-customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	429	563	846	614	1047	1206	1188	466	447
	%	96.9%	99.4%	98.4%	97.8%	92.2%	91.7%	85.3%	100.0%	96.8%
Yes	Count	14	3	14	14	89	109	205		15
	%	3.1%	.6%	1.6%	2.2%	7.8%	8.3%	14.7%		3.2%
Total	Count	442	567	860	628	1136	1316	1393	466	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is no difference for cashing personal checks not drawn on the bank for non-customers by tier.

Among banks that cash personal checks not drawn on the banks for non-customers, 93.9 percent charge a fee.

QIVA. Figure 21. Do you charge a fee to cash personal checks not drawn on your bank for non-customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	2	27	6.1
	Yes	33	418	93.9
	Total	35	445	100.0
Missing	System	2	17	
Total		37	463	

There are slight differences among regions for banks that charge a fee to cash personal checks not drawn on the bank for non-customers, but there are not enough cases to draw further conclusions.

QIVA. Figure 22. Region

		Do you charge a fee to cash personal checks not drawn on your bank for non-customers?							
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Pacific
No	Count	0	0	14	0	0	14	0	0
	%	.0%	.0%	100.0%	.0%	.0%	12.5%	.0%	.0%
Yes	Count	14	3	0	14	86	96	191	15
	%	100.0%	100.0%	.0%	100.0%	100.0%	87.5%	100.0%	100.0%
Total	Count	14	3	14	14	86	109	191	15
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is little difference between tiers for banks that charge a fee to cash personal checks not drawn on the bank for non-customers.

Over half (58.1 percent) of the banks will cash government checks for non-customers.

QIVA. Figure 23. Do you cash government checks for non-customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	306	3066	41.9
	Yes	368	4244	58.1
	Total	674	7310	100.0
Missing	System	11	130	
Total		685	7440	

There are differences for cashing government checks for non-customers by region. The West North Central region has the largest percentage (78.1 percent) of banks that cash government checks, compared with 28.2 percent in the Mid-Atlantic region.

QIVA. Figure 24. Region

		Do you cash government checks for non-customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	140	395	560	264	305	568	308	220	306
	%	31.5%	71.8%	65.1%	40.3%	26.2%	44.1%	21.9%	45.8%	66.3%
Yes	Count	305	155	300	391	858	720	1098	260	155
	%	68.5%	28.2%	34.9%	59.7%	73.8%	55.9%	78.1%	54.2%	33.7%
Total	Count	446	550	860	655	1163	1288	1406	480	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 cashing government checks for non-customers. Tier 2 (42.0 percent) is different from Tier 3 (59.4 percent).

QIVA. Figure 25. Tier

		Do you cash government checks for non-customers?		
		Tier 1	Tier 2	Tier 3
No	Count	16	316	2734
	%	62.5%	58.0%	40.6%
Yes	Count	9	229	4006
	%	37.5%	42.0%	59.4%
Total	Count	25	544	6740
	%	100.0%	100.0%	100.0%

Of the banks that cash government checks for non-customers, 58.2 percent charge a fee.

QIVA. Figure 26. Do you charge a fee to cash government checks for non-customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	144	1650	41.8
	Yes	199	2293	58.2
	Total	343	3943	100.0
Missing	System	25	301	
Total		368	4244	

There are differences among regions for banks that charge a fee to cash government checks for non-customers. New England (16.1 percent) is different from East South Central (57.4 percent), Mountain (56.6 percent), East North Central (61.2 percent), West North Central (61.5 percent), West South Central (63.2 percent), Pacific (63.7 percent), and South Atlantic (70.3 percent).

QIVA. Figure 27. Region

		Do you charge a fee to cash government checks for non-customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	219	83	89	161	291	253	390	113	51
	%	83.9%	56.1%	29.7%	42.6%	36.8%	38.8%	38.5%	43.4%	36.3%
Yes	Count	42	65	211	217	499	399	623	147	90
	%	16.1%	43.9%	70.3%	57.4%	63.2%	61.2%	61.5%	56.6%	63.7%
Total	Count	261	148	300	377	790	652	1013	260	142
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is no difference between tiers for banks that charge a fee to cash government checks for non-customers.

Only 2.4 percent of banks will cash double-endorsed checks for non-customers.

QIVA. Figure 28. Do you cash double endorsed checks for non-customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	650	7076	97.6
	Yes	18	172	2.4
	Total	668	7248	100.0
Missing	System	17	192	
Total		685	7440	

There are no differences for cashing double-endorsed checks for non-customers by region or tier.

Of the banks that cash double-endorsed checks for non-customers, 40.1 percent charge a fee.

QIVA. Figure 29. Do you charge a fee to cash double endorsed checks for non-customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	11	87	59.9
	Yes	5	58	40.1
	Total	16	145	100.0
Missing	System	2	27	
Total		18	172	

There is no difference between regions or tiers for banks that charge a fee to cash double-endorsed checks for non-customers.

There are differences between urban and rural banks for all types of checks cashed for non-customers, except for double-endorsed checks. Overall, a higher percentage of rural banks will cash checks for non-customers than urban banks.

QIVA. Figure 30. Urban/Rural

		Types of Checks Cashed for Non-Customers					
		Rural HQ			Urban HQ		
		On-us Business Checks	On-us Personal Checks	Local Business Checks (Not drawn on the bank)	On-us Business Checks	On-us Personal Checks	Local Business Checks (Not drawn on the bank)
No	Count	96	41	2431	233	226	3203
	%	2.5%	1.1%	63.1%	6.7%	6.5%	93.0%
Yes	Count	3809	3847	1419	3217	3237	239
	%	97.5%	98.9%	36.9%	93.3%	93.5%	7.0%
Total	Count	3905	3888	3850	3450	3463	3443
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QIVA. Figure 31. Urban/Rural

		Types of Checks Cashed for Non-Customers							
		Rural HQ				Urban HQ			
		Local Payroll Checks	Local Personal Checks (Not drawn on the bank)	Government Checks	Double Endorsed Checks	Local Payroll Checks	Local Personal Checks (Not drawn on the bank)	Government Checks	Double Endorsed Checks
No	Count	1915	3395	759	3723	3048	3411	2307	3352
	%	49.9%	88.8%	19.5%	97.4%	88.4%	99.0%	67.5%	97.9%
Yes	Count	1921	427	3132	99	402	35	1112	73
	%	50.1%	11.2%	80.5%	2.6%	11.6%	1.0%	32.5%	2.1%
Total	Count	3836	3823	3891	3823	3450	3446	3419	3426
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that charge a fee to cash business checks drawn on the bank for non-customers. For rural banks, 11.6 percent of the banks charge a fee, compared with 14.5 percent of urban banks.

QIVA. Figure 32. Urban/Rural

		Do you charge a fee to cash business checks drawn on the bank for non-customers?	
		Rural HQ	Urban HQ
No	Count	3163	2666
	%	88.4%	85.5%
Yes	Count	414	452
	%	11.6%	14.5%
Total	Count	3577	3117
	%	100.0%	100.0%

There is a difference between urban and rural banks for banks that charge a fee to cash government checks for non-customers. About two-thirds (62.4 percent) of rural banks charge a fee, compared with 46.0 percent of urban banks.

QIVA. Figure 33. Urban/Rural

		Do you charge a fee to cash government checks for non-customers?	
		Rural HQ	Urban HQ
No	Count	1094	556
	%	37.6%	54.0%
Yes	Count	1819	474
	%	62.4%	46.0%
Total	Count	2913	1030
	%	100.0%	100.0%

Question IVA-1. Please describe the bank's concerns which may have led to limitations on transactions for non-customers.

Banks' open-ended responses identify several reasons why they are reluctant to cash checks for non-customers. Among the open-ended responses, 513 banks explain that without an established customer relationship, they must be cautious when cashing checks for non-customers due to fraud risks. Banks state that they do not have a foolproof way to verify identity and financial information when encountering a non-customer for the first time. Some banks report that they do cash checks for non-customers for a fee, in the hope of building customer relationships in the future.

Fraudulent activity and the increased risk of bank losses are reported by 315 of the 513 banks to be their biggest concern with non-customer transactions. The different types of fraud that concern banks include: identity theft, forged checks, counterfeit checks, and stolen checks.

Collectability concerns are mentioned in 140 instances. Collectability issues include returned checks, NSF, stop payments, and verification of funds.

The third most frequently cited concern is the lack of information about non-customers needed for CIP, AML, KYC, and Patriot Act compliance, which is mentioned in 138 instances. BSA/AML concerns (78) along with OFAC regulatory concerns (33) are mentioned a total of 111 times.

Issues with non-customers having no identification or presenting fraudulent identification can challenge banks in their efforts to serve individuals who have no prior relationship with financial institutions.

A commonly cited concern is limited recourse for non-customers to collect funds from bad or fraudulent checks or to validate the authenticity of addresses. Ninety-five banks indicate that this is one of the reasons for limiting service offerings to non-customers. Once a non-customer completes the transaction, banks indicate they have little power to recover money in the case of fraud.

Question IVB. Does the training provided to the bank’s tellers and other customer service representatives include strategies for reaching out to unbanked or underbanked consumers (e.g., encouraging individuals who do not have a transaction or savings account who are cashing paychecks to open an account)? Yes No

Over two-thirds (68.6 percent) of banks provide teller and customer service training that include strategies for reaching out to un/underbanked consumers.

QIVB. Figure 1. Does training include strategies for reaching out to the unbanked?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	186	2183	31.4
	Yes	457	4767	68.6
	Total	643	6950	100.0
Missing	System	44	489	
Total		687	7440	

There are few differences among regions for training that includes strategies to reach out to the unbanked.

There is a difference between tiers for training that includes strategies to reach out to the unbanked. Tiers 1 and 3 are different from each other, with 95.8 percent of Tier 1 banks reporting strategies and training to reach out to the un/underbanked, compared with 67.8 percent of Tier 3 banks.

QIVB. Figure 2. Tier

		Does training include strategies for reaching out to the unbanked?		
		Tier 1	Tier 2	Tier 3
No	Count	1	118	2064
	%	4.2%	23.0%	32.2%
Yes	Count	24	395	4348
	%	95.8%	77.0%	67.8%
Total	Count	25	513	6412
	%	100.0%	100.0%	100.0%

There is little difference between urban and rural banks for training that includes strategies to reach out to the unbanked.

Question IVB-1. If yes, please describe.

Overall, banks report that teller training is a simple and effective strategy for reaching out to unbanked and/or underbanked consumers. If a non-customer enters a bank to use a particular financial service, the teller is instructed to explain the benefits of opening an account and building a relationship with the bank. Sometimes, providing encouragement and explaining why account-opening can be more economical and beneficial are sufficient to convert a non-customer into a customer.

- Over two-thirds (297 of 426) of the reporting banks report that their main strategy for reaching out to the unbanked and underbanked consumer is by encouraging non-customers to open accounts and offering products that fit their needs.
- About one-sixth of the reporting banks (75 of 426) focus on cross-selling strategies in which tellers are trained to offer original account openings and other products and services to the underbanked.
- Among the reporting banks, relatively few (22 of 426) have incentive programs for tellers who convert non-customers into customers.
- A smaller number (16 of 426) of banks report that they train tellers to refer non-customers directly to a customer service representative or personal banker.
- One bank reported a program to evaluate the effectiveness of teller training. Individuals come into the bank posing as non-customers and present scenarios to test if the correct banking options are offered.

Identification Required for Non-Customers to Cash Checks

Bank policies for non-customer check cashing generally require that a government-issued ID be presented as a primary form of identification. However, other forms of ID can be used as secondary sources of identification.

The most commonly accepted form of primary identification for check cashing is a driver's license, followed by state and military identifications. A housing lease is the least commonly accepted form of identification; most banks (83 percent) will not accept a housing lease as sufficient identification to cash a check.

Question IVC. What forms of consumer identification or validation does the bank rely on for individuals who do not have an account relationship to cash a check?

Identification Forms	Primary: Sufficient alone by itself	Secondary: Insufficient alone but acceptable with another secondary ID	Not Accepted as ID for check cashing
Driver's license	91.9%	7.7%	0.5%
State-issued photo ID	85.7%	12.7%	1.6%
Passport (US. or foreign)	81.1%	15.1%	3.7%
Military ID	75.8%	20.3%	3.9%
Student/school ID card	24.4%	49.5%	26.1%
Social Security number	3.6%	43.7%	52.7%
Matrícula Consular	20.5%	17.7%	61.9%
Individual Taxpayer Identification Number (ITIN)	1.3%	30.3%	68.4%
Utility bills/payments	0.6%	27.9%	71.5%
Employer letters/pay stub	2.5%	24.3%	73.2%
Housing lease	1.1%	16.3%	82.6%
Other:	22.9%	45.8%	31.3%

Almost all (91.9 percent) banks accept driver's licenses as a primary form of identification when cashing checks for non-customers.

QIVC. Figure 1. Does the bank accept a driver's license as a form of ID to cash a check for a non-customer?

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	4	34	.5
	Primary ID	594	6509	91.9
	Secondary ID	54	542	7.7
	Total	652	7085	100.0
Missing	System	33	354	
Total		685	7440	

There are no differences among regions for banks accepting driver's licenses as a form of identification.

There is a difference between tiers for banks accepting a driver's license as a form of identification. Tier 1 (77.3 percent as primary, 22.7 percent as secondary) is different from Tier 2 (90.1 percent and 8.6 percent, respectively) and Tier 3 (92.1 percent and 7.5 percent, respectively).

QIVC. Figure 2. Tier

		Does the bank accept a driver's license as a form of ID to cash a check for a non-customer?		
		Tier 1	Tier 2	Tier 3
Not accepted	Count	0	7	27
	%	.0%	1.3%	.4%
Primary ID	Count	18	475	6016
	%	77.3%	90.1%	92.1%
Secondary ID	Count	5	45	492
	%	22.7%	8.6%	7.5%
Total	Count	23	527	6535
	%	100.0%	100.0%	100.0%

There is not a difference between urban and rural banks for banks accepting driver's licenses as a form of identification.

Most banks (85.7 percent) accept state IDs as a primary form of identification for non-customers when cashing checks.

QIVC. Figure 3. Does the bank accept a state ID as a form of ID to cash a check for a non-customer?

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	10	116	1.6
	Primary ID	553	6040	85.7
	Secondary ID	85	895	12.7
	Total	648	7051	100.0
Missing	System	37	389	
Total		685	7440	

There are no differences among tiers or regions for banks accepting a state identification as a form of ID.

There is not a difference between urban and rural banks for banks accepting a state identification as a form of ID.

Only 3.6 percent of banks accept Social Security numbers as a primary form of identification for non-customers when cashing checks.

QIVC. Figure 4. Does the bank accept a social security number as a form of ID to cash a check for a non-customer?

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	324	3399	52.7
	Primary ID	18	233	3.6
	Secondary ID	252	2816	43.7
	Total	594	6448	100.0
Missing	System	91	992	
Total		685	7440	

There are no differences among regions for banks accepting a Social Security number as a form of identification for non-customers.

There is a difference between tiers for banks accepting a Social Security number as a form of identification. A larger percentage (81.0 percent) of Tier 1 banks do not accept a Social Security number, compared with 58.0 percent and 52.2 percent of Tiers 2 and 3, respectively.

QIVC. Figure 5. Tier

		Does the bank accept a Social Security number as a form of ID to cash a check for a non-customer?		
		Tier 1	Tier 2	Tier 3
Not accepted	Count	18	277	3104
	%	81.0%	58.0%	52.2%
Primary ID	Count	1	0	232
	%	4.8%	.0%	3.9%
Secondary ID	Count	3	201	2611
	%	14.3%	42.0%	43.9%
Total	Count	22	479	5947
	%	100.0%	100.0%	100.0%

There is not a difference between urban and rural banks for banks accepting a Social Security number as a form of identification for non-customers.

Most banks (81.1 percent) accept U.S. and foreign passports as a primary form of identification for non-customers when cashing checks.

QIVC. Figure 6. Does the bank accept a passport as a form of ID to cash a check for a non-customer?

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	22	260	3.7
	Primary ID	527	5636	81.1
	Secondary ID	91	1051	15.1
	Total	640	6946	100.0
Missing	System	45	493	
Total		685	7440	

There are minimal differences between regions or tiers for banks accepting a passport as a form of identification for non-customers.

There is not a difference between urban and rural banks for banks accepting passports as a form of identification for non-customers.

Three quarters (75.8 percent) of banks accept military ID as a primary form of identification for non-customers when cashing checks.

QIVC. Figure 7. Does the bank accept a Military ID as a form of ID to cash a check for a non-customer?

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	22	270	3.9
	Primary ID	484	5208	75.8
	Secondary ID	128	1391	20.3
	Total	634	6870	100.0
Missing	System	51	570	
Total		685	7440	

There are no differences among regions for banks accepting military identification for non-customers.

There is a difference between tiers for banks accepting military identification. Over half (59.1 percent) of Tier 1 banks accept a military ID as primary identification, compared with 81.9 percent of Tier 2 and 75.4 percent of Tier 3.

QIVC. Figure 8. Tier

		Does the bank accept a military ID as a form of ID to cash a check for a non-customer?		
		Tier 1	Tier 2	Tier 3
Not accepted	Count	0	10	260
	%	.0%	2.0%	4.1%
Primary ID	Count	14	423	4772
	%	59.1%	81.9%	75.4%
Secondary ID	Count	9	83	1299
	%	40.9%	16.1%	20.5%
Total	Count	23	517	6330
	%	100.0%	100.0%	100.0%

There is not a difference between urban and rural banks for banks accepting military identification for non-customers.

About a quarter (24.4 percent) of banks accept student IDs as a primary form of identification for non-customers when cashing checks.

QIVC. Figure 9. Does the bank accept a student ID as a form of ID to cash a check for a non-customer?

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	161	1717	26.1
	Primary ID	140	1611	24.4
	Secondary ID	308	3261	49.5
	Total	609	6589	100.0
Missing	System	76	851	
Total		685	7440	

There are no differences among regions or tiers for banks accepting student identification for non-customers.

There is not a difference between urban and rural banks for banks accepting a student identification card for non-customers.

Only 2.5 percent of banks will accept a letter from an employer as ID to cash checks for non-customers.

QIVC. Figure 10. Does the bank accept an employer letter as a form of ID to cash a check for a non-customer?

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	435	4582	73.2
	Primary ID	12	154	2.5
	Secondary ID	136	1520	24.3
	Total	583	6257	100.0
Missing	System	102	1183	
Total		685	7440	

There are no differences among regions or tiers for banks accepting an employer letter as a form of identification for non-customers.

There is not a difference between urban and rural banks for banks accepting an employer letter as a form of identification for non-customers.

Less than one-quarter (20.5 percent) of banks accept Matrícula Consular cards as a primary form of identification for non-customers when cashing checks.

QIVC. Figure 11. Does the bank accept a Matrícula Consular card as a form of ID to cash a check for a non-customer?

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	323	3700	61.9
	Primary ID	131	1224	20.5
	Secondary ID	109	1057	17.7
	Total	563	5981	100.0
Missing	System	122	1459	
Total		685	7440	

There are differences among regions for banks accepting a Matrícula Consular card as a primary or secondary form of identification for non-customers. Acceptance of the Matrícula Consular is highest in the Pacific (68.2 percent) and West South Central (55.1 percent) regions and is lowest in the Mountain (22.8 percent) and Mid Atlantic (24.2 percent) regions.

QIVC. Figure 12. Region

		Does the bank accept a Matrícula Consular Card as a form of ID to cash a check for a non-customer?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
Not accepted	Count	227	354	459	375	424	677	725	328	130
	%	67.5%	75.8%	63.9%	73.2%	44.9%	62.4%	67.0%	77.2%	31.8%
Primary ID	Count	41	59	118	34	339	222	192	66	152
	%	12.2%	12.7%	16.5%	6.7%	35.9%	20.5%	17.7%	15.6%	37.0%
Secondary ID	Count	68	54	142	103	181	186	165	31	128
	%	20.3%	11.5%	19.7%	20.1%	19.2%	17.1%	15.3%	7.2%	31.2%
Total	Count	336	467	719	512	944	1085	1082	425	410
	%	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 accepting Matrícula Consular card as a form of identification for non-customers. Specifically, a greater percentage of Tier 2 banks accept it (54.6 percent) compared with Tier 3 banks (36.5 percent).

QIVC. Figure 13. Tier

		Does the bank accept a Matrícula Consular Card as a form of ID to cash a check for a non-customer?		
		Tier 1	Tier 2	Tier 3
Not accepted	Count	5	222	3473
	%	22.7%	45.4%	63.5%
Primary ID	Count	11	146	1066
	%	50.0%	29.8%	19.5%
Secondary ID	Count	6	121	930
	%	27.3%	24.8%	17.0%
Total	Count	23	489	5469
	%	100.0%	100.0%	100.0%

There is little difference between urban and rural banks for banks accepting a Matrícula Consular card as a form of identification for non-customers.

Only 0.6 percent of banks accept utility bills as a primary form of identification for non-customers when cashing checks.

QIVC. Figure 14. Does the bank accept a utility bill as a form of ID to cash a check for a non-customer?

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	417	4535	71.5
	Primary ID	3	41	.6
	Secondary ID	167	1766	27.9
	Total	587	6342	100.0
Missing	System	98	1098	
Total		685	7440	

There are no differences among regions or tiers for banks not accepting a utility bill as a form of ID for non-customers.

There is not a difference between urban and rural banks for banks not accepting a utility bill as a form of ID for non-customers.

A small percentage (1.1 percent) of banks accept housing leases as a primary form of identification for non-customers when cashing checks.

QIVC. Figure 15. Does the bank accept a housing lease as a form of ID to cash a check for a non-customer?

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	479	5125	82.6
	Primary ID	5	68	1.1
	Secondary ID	92	1008	16.3
	Total	576	6202	100.0
Missing	System	109	1238	
Total		685	7440	

There are no differences among regions or tiers for banks accepting a housing lease as a form of identification for non-customers.

There is not a difference between urban and rural banks for banks accepting a housing lease as a form of identification for non-customers.

Only 1.3 percent of banks accept Individual Taxpayer Identification Numbers (ITINs) as a primary form of identification for non-customers when cashing checks, and 30.3 percent of banks accept it as a secondary form of ID.

QIVC. Figure 16. Does the bank accept an ITIN number as a form of ID to cash a check for a non-customer?

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	396	4281	68.4
	Primary ID	10	83	1.3
	Secondary ID	176	1899	30.3
	Total	582	6263	100.0
Missing	System	103	1176	
Total		685	7440	

There are no differences among regions or tiers for banks accepting an ITIN as a form of identification for non-customers.

There is not a difference between urban and rural banks for banks accepting an ITIN as a form of identification for non-customers.

Under a quarter (22.9 percent) of banks report that they will accept other forms of identification for check cashing for a non-customer.

QIVC. Figure 17. Does the bank accept any other forms of ID to cash a check for a non-customer?

		Frequency	Weighted Frequency	Weighted Percent
Valid	Not accepted	31	299	31.3
	Primary ID	35	219	22.9
	Secondary ID	45	437	45.8
	Total	111	955	100.0
Missing	System	574	6484	
Total		685	7440	

An alien identification or green card is mentioned 27 times under “other” forms of ID that are accepted. Out of the 27 mentions, 18 banks report accepting it as primary identification, and 12 accept it as secondary identification.

Thirteen banks identify credit cards as acceptable identification, with one bank indicating that it could be used as primary ID in certain circumstances, and nine banks reporting that credit cards could be used as secondary identification.

Tribal identifications are mentioned nine times. Seven banks indicate that tribal identifications are an acceptable primary identification, and one bank accepts it as secondary identification.

Question IVC-1. Does the bank issue check cashing cards to individuals who do not have an account relationship? Yes No

Two percent of banks offer check cashing cards to individuals who do not have an account relationship with the bank.

QIVC-1. Figure 1. Do you offer check cashing cards?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	656	7122	98.0
	Yes	14	146	2.0
	Total	670	7268	100.0
Missing	System	15	172	
Total		685	7440	

There are differences among regions for banks that offer check cashing cards. New England (12.7 percent) is different from the South Atlantic, East South Central, Mountain, and Pacific regions (all 0.0 percent).

QIVC-1. Figure 2. Region

		Do you offer check cashing cards?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	377	562	860	652	1115	1246	1383	466	460
	%	87.3%	99.8%	100.0%	100.0%	94.8%	98.8%	99.0%	100.0%	100.0%
Yes	Count	55	1	0	0	62	15	14	0	0
	%	12.7%	.2%	.0%	.0%	5.2%	1.2%	1.0%	.0%	.0%
Total	Count	432	563	860	652	1177	1261	1396	466	460
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are few differences among tiers or regions for banks that offer check cashing cards to individuals without an account relationship with the bank.

There is little difference between urban and rural banks for banks that offer check cashing cards to individuals without an account relationship with the bank.

Question IVC-2. Which of the following techniques or technology does your bank use to verify the identity of individuals who do not have an account relationship for check cashing?

- Fingerprinting Biometrics
 None Other: _____

Fingerprinting and biometric technology are not commonly used by banks to verify the identity of individuals who do not have a relationship with the bank to cash checks. Only 17.0 percent of banks use fingerprinting, and 0.2 percent use biometrics.

QIVC-2. Figure 1. Fingerprinting

	Frequency	Weighted Frequency	Weighted Percent
Valid No	519	5870	83.0
Yes	135	1199	17.0
Total	654	7069	100.0
Missing System	31	370	
Total	685	7440	

QIVC-2. Figure 3. None

	Frequency	Weighted Frequency	Weighted Percent
Valid No	282	2832	40.1
Yes	373	4239	59.9
Total	655	7070	100.0
Missing System	30	369	
Total	685	7440	

QIVC-2. Figure 2. Biometrics

	Frequency	Weighted Frequency	Weighted Percent
Valid No	653	7053	99.8
Yes	2	17	.2
Total	655	7070	100.0
Missing System	30	369	
Total	685	7440	

QIVC-2. Figure 4. Other

	Frequency	Weighted Frequency	Weighted Percent
Valid No	522	5624	79.7
Yes	132	1433	20.3
Total	654	7057	100.0
Missing System	31	383	
Total	685	7440	

Among the banks reporting “other” techniques or technologies to verify the identity of individuals who do not have an account relationship for check cashing, 88 reported asking for one to two forms of identification and 17 reported conducting an OFAC check.

There are differences among regions for banks that use fingerprinting and banks that do not use anything to verify the identity of individuals who do not have an account relationship for check cashing.

There are differences in the use of fingerprinting between the Mid Atlantic region (0.2 percent) and New England (0.2 percent) compared with the West South Central (23.6 percent) and East North Central (20.3 percent) regions.

QIVC-2. Figure 5. Region: Fingerprinting

		Fingerprinting								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	417	521	652	557	855	1002	1122	397	347
	%	99.8%	99.8%	81.0%	86.9%	76.4%	79.7%	81.3%	82.8%	77.5%
Yes	Count	1	1	153	84	264	256	258	82	101
	%	.2%	.2%	19.0%	13.1%	23.6%	20.3%	18.7%	17.2%	22.5%
Total	Count	418	522	805	642	1119	1257	1379	479	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

For “none,” there are differences between the West South Central (52.3 percent), East North Central (52.7 percent), and New England (82.6 percent) regions.

QIVC-2. Figure 6. Region: None

		None								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	73	200	332	211	534	595	541	159	187
	%	17.4%	38.2%	41.2%	32.9%	47.7%	47.3%	39.3%	33.0%	41.8%
Yes	Count	345	323	473	431	585	662	838	321	260
	%	82.6%	61.8%	58.8%	67.1%	52.3%	52.7%	60.7%	67.0%	58.2%
Total	Count	418	522	805	642	1119	1257	1379	480	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The use of fingerprinting by banks to verify identification for individuals who do not have account relationships differs by tier. Tier 1 banks (43.5 percent) use fingerprinting more than Tier 2 (32.9 percent) and Tier 3 (15.5 percent) banks.

QIVC-2. Figure 7. Tier: Fingerprinting/Biometrics

		Techniques Used for Verifying Non-Customer Identification					
		Tier 1		Tier 2		Tier 3	
		Fingerprinting	Biometrics	Fingerprinting	Biometrics	Fingerprinting	Biometrics
No	Count	14	25	361	534	5496	6494
	%	56.5%	100.0%	67.1%	99.4%	84.5%	99.8%
Yes	Count	10	0	177	3	1012	14
	%	43.5%	.0%	32.9%	.6%	15.5%	.2%
Total	Count	24	25	538	538	6508	6508
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

For banks that report no use of technology, there is a difference between Tier 2 (46.5 percent) and Tier 3 (61.1 percent).

QIVC-2. Figure 8. Tier: None/Other

		Techniques Used for Verifying Non-Customer Identification					
		Tier 1		Tier 2		Tier 3	
		None	Other	None	Other	None	Other
No	Count	15	23	288	420	2529	5182
	%	58.3%	91.7%	53.5%	78.1%	38.9%	79.8%
Yes	Count	10	2	250	118	3979	1313
	%	41.7%	8.3%	46.5%	21.9%	61.1%	20.2%
Total	Count	25	25	538	538	6508	6494
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between urban and rural banks that use fingerprinting and those that do not use anything to verify non-customer identity for check cashing. One-fifth (20.7 percent) of urban banks use fingerprinting, compared with 13.7 percent of rural banks. Almost two-thirds (63.9 percent) of rural banks do not use anything, compared with 55.3 percent of urban banks.

QIVC-2. Figure 9. Urban/Rural

		Techniques Used for Verifying Non-Customer Identification							
		Rural HQ				Urban HQ			
		Fingerprinting	Biometrics	None	Other	Fingerprinting	Biometrics	None	Other
No	Count	3272	3778	1368	2995	2598	3275	1464	2629
	%	86.3%	99.6%	36.1%	79.0%	79.3%	99.9%	44.7%	80.5%
Yes	Count	520	14	2424	797	679	3	1814	636
	%	13.7%	.4%	63.9%	21.0%	20.7%	.1%	55.3%	19.5%
Total	Count	3792	3792	3792	3792	3278	3279	3279	3265
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Transaction Products Offered and Fees

Almost two-thirds of banks do not offer bank checks and money orders for non-customers. Banks typically charge higher fees to non-customers than to customers for all categories, with the exception of bill payment dollar fees and international remittance dollar fees. Both of these fee categories have a relatively small number of respondents, which may lead to a larger error range than for other categories. Both percentage and per-item fees may be charged, contributing to various types of fee structures and policies at different banks.

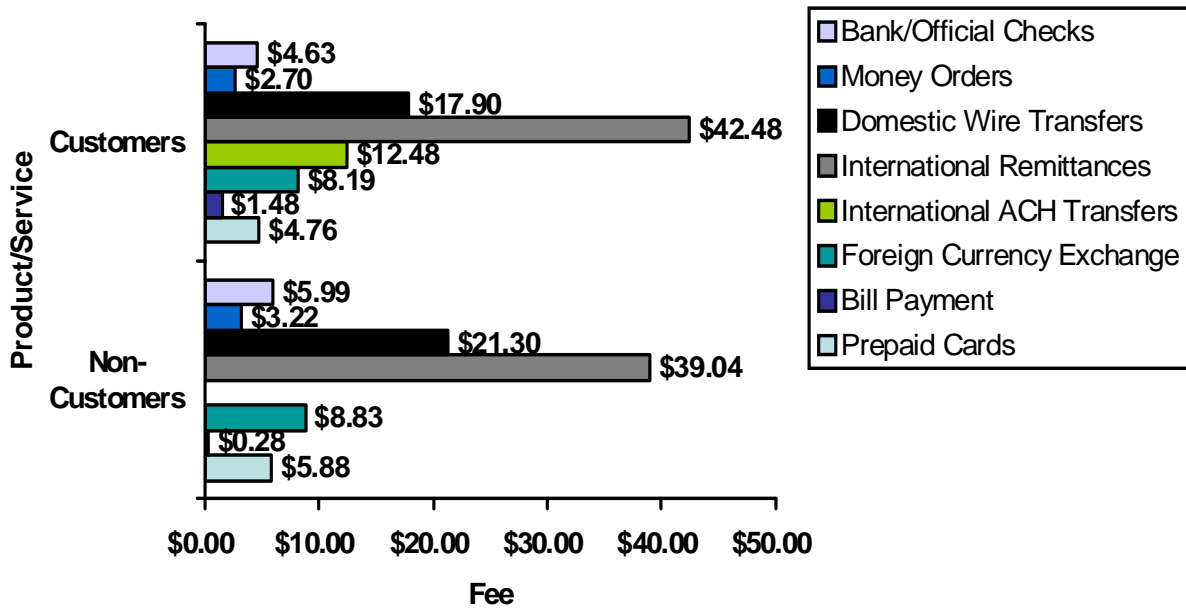
Question IVD. Which of the following transaction products/services does the bank offer to individuals who do not have an account relationship with your bank, and what would the fees be if they were customers with established deposit accounts?

Product/Service	Yes Offer for Non-Deposit Customers?	For a Non-Customer		For Customer	
		If a fixed fee is charged per item please indicate the <i>typical</i> fee.	If a fee is a percentage of the dollar amount, please indicate the <i>typical</i> percentage rate .	If a fixed fee is charged per item please indicate the <i>typical</i> fee.	If a fee is a percentage of the dollar amount, please indicate the <i>typical</i> percentage rate .
Bank/official checks	37.3%	\$5.99	2.10%	\$4.63	0.35%
Money orders	37.3%	\$3.22	0.65%	\$2.70	0.49%
Domestic wire transfers	22.9%	\$21.30	7.50%	\$17.90	0.08%
International remittances (not ACH)	6.2%	\$39.04	4.00%	\$42.48	0.10%
International ACH transfers	1.4%	-	-	\$12.48	0.50%
Foreign currency exchange	10.7%	\$8.83	2.20%	\$8.19	1.17%
Bill payment (e.g., utility)	11.5%	\$0.28	0.17%	\$1.48	0.07%
Reloadable prepaid debit cards (Visa, MasterCard, etc.)	12.5%	\$5.88	1.00%	\$4.76	0.20%

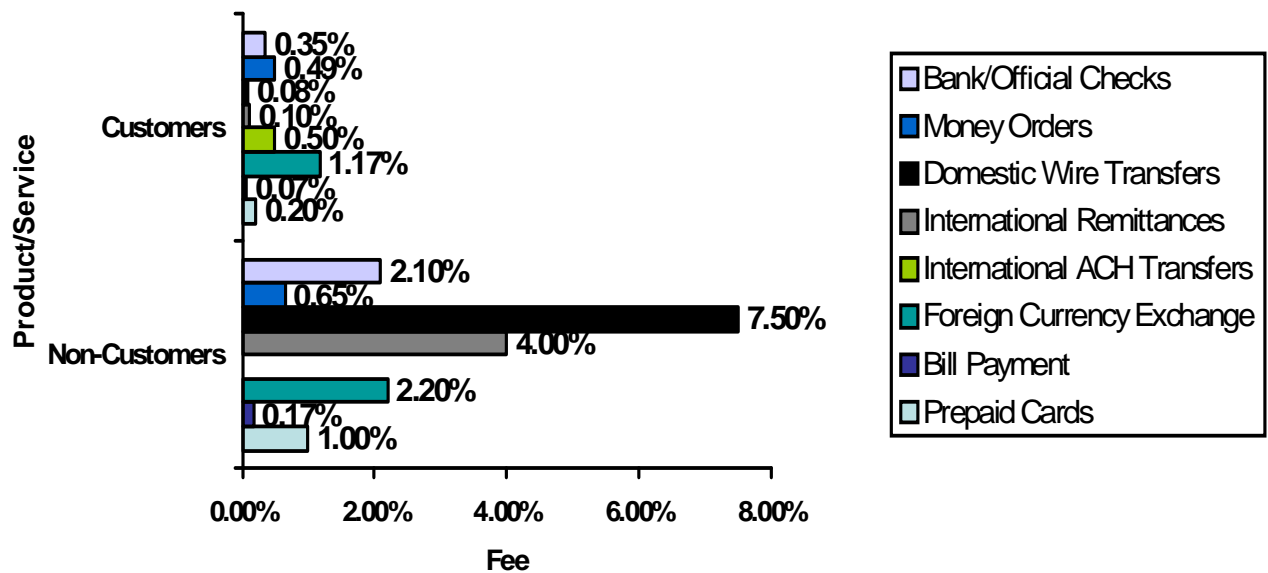
When considering only those banks that offer these products and services to non-customers, per-item fees are typically lower for customers than that charged by the general, overall population of banks that report customer fees.

Product/Service	Offer for Non-Deposit Customers?	If offer for Non-Customer, for Customer	
		If a fixed fee is charged per item please indicate the <i>typical</i> fee.	If a fee is a percentage of the dollar amount, please indicate the <i>typical</i> percentage rate.
Bank/official checks	37.3%	\$4.32	0.45%
Money orders	37.3%	\$2.68	0.50%
Domestic wire transfers	22.9%	\$17.46	-
International remittances (not ACH)	6.2%	\$33.87	-
International ACH transfers	1.4%	-	-
Foreign currency exchange	10.7%	\$7.52	2.36%
Bill payment (e.g., utility)	11.5%	\$0.59	0.17%
Reloadable prepaid debit cards (Visa, MasterCard, etc.)	12.5%	\$5.16	1.00%

QIVD. Figure 1. Mean Fixed Fees per Transaction



QIVD. Figure 2. Mean Percentage of Transaction Fees (If priced as a percent of value)



Over a third (37.3 percent) of banks offer bank/official checks for non-deposit customers.

QIVD. Figure 3. Do you offer bank/official checks for non-deposit customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	425	4519	62.7
	Yes	242	2685	37.3
	Total	667	7204	100.0
Missing	System	18	236	
Total		685	7440	

There are differences among regions for banks that offer bank/official checks to non-customers.

There is a difference between the Mid Atlantic region (12.4 percent) and the West South Central (42.8 percent), East North Central (40.2 percent), and West North Central (53.7 percent) regions.

QIVD. Figure 4. Region

		Do you offer bank/official checks for non-deposit customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	347	505	579	419	657	754	641	329	288
	%	82.8%	87.6%	67.4%	65.3%	57.2%	59.8%	46.3%	70.6%	64.3%
Yes	Count	72	72	280	222	493	507	742	137	160
	%	17.2%	12.4%	32.6%	34.7%	42.8%	40.2%	53.7%	29.4%	35.7%
Total	Count	418	577	860	642	1150	1261	1383	466	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is not a difference between tiers for banks that offer official checks to non-customers.

The median per-item fee for bank checks for both customers and non-customers is \$5.00. However, the mean is higher for non-customers (\$5.99) than for customers (\$4.63).

QIVD. Figure 5. Non-Customer Fee Statistics

Weighted		Bank Checks Non-Customer Fee	Bank Checks Non-Customer %
N	Valid	2463	110
	Missing	222	2574
Mean		\$5.9876	2.1049
Median		\$5.0000	1.0000
Mode		\$5.00	1.00
Minimum		\$1.00	.00
Maximum		\$25.00	10.00

Nearly two-thirds (62.7 percent) of banks do not offer money orders to non-customers.

QIVD. Figure 7. Do you offer money orders for non-deposit customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	421	4454	62.7
	Yes	235	2650	37.3
	Total	656	7105	100.0
Missing	System	29	335	
Total		685	7440	

There are differences among regions for banks that offer money orders to non-customers. There is a difference between the East North Central region (54.0 percent) and the South Atlantic (21.0 percent) and Pacific (16.9 percent) regions, as well as between the West North Central region (61.3 percent) and the New England (27.0 percent), Mid Atlantic (27.6 percent), South Atlantic (21.0 percent), East South Central (12.7 percent), West South Central (31.6 percent) and Pacific (16.9 percent) regions.

QIVD. Figure 8. Region

		Do you offer money orders for non-deposit customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	305	408	655	519	784	586	524	301	372
	%	73.0%	72.4%	79.0%	87.3%	68.4%	46.0%	38.7%	63.2%	83.1%
Yes	Count	113	155	174	75	363	688	831	176	75
	%	27.0%	27.6%	21.0%	12.7%	31.6%	54.0%	61.3%	36.8%	16.9%
Total	Count	418	563	829	594	1146	1274	1355	476	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is not a difference between tiers for banks that offer money orders to non-customers.

The mean per-item fee for money orders is higher for non-customers (\$3.22) than for customers (\$2.70).

QIVD. Figure 9. Money Order Fees

Weighted	Money Order Non-Customer Fee	Money Order Non-Customer %
N Valid	2469	42
Missing	181	2608
Mean	\$3.2204	.6501
Median	\$3.0000	1.0000
Mode	\$2.00	1.00
Minimum	\$1.00	.00
Maximum	\$15.00	1.00

QIVD. Figure 10. Money Order Fees

Weighted	Money Order Customer Fee	Money Order Customer %
N Valid	3645	151
Missing	3795	7288
Mean	\$2.7022	.4875
Median	\$2.0000	.4000
Mode	\$2.00	.00
Minimum	\$.00	.00
Maximum	\$20.00	1.00

About one-quarter (22.9 percent) of banks offer domestic wire transfers for non-customers.

QIVD. Figure 11. Do you offer domestic wire transfers for non-deposit customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	520	5546	77.1
	Yes	144	1648	22.9
	Total	664	7193	100.0
Missing	System	21	246	
Total		685	7440	

There are differences among regions for banks that offer domestic wire transfers to non-customers. There is a difference between the West North Central region (33.7 percent) and the Mid Atlantic (8.4 percent), Pacific (10.8 percent), and South Atlantic (14.4 percent) regions .

QIVD. Figure 12. Region

		Do you offer domestic wire transfers for non-deposit customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	329	526	735	495	855	932	923	350	400
	%	81.4%	91.6%	85.6%	79.2%	74.4%	73.2%	66.3%	75.1%	89.2%
Yes	Count	75	48	124	130	294	342	470	116	48
	%	18.6%	8.4%	14.4%	20.8%	25.6%	26.8%	33.7%	24.9%	10.8%
Total	Count	405	574	860	625	1150	1274	1393	466	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is not a difference between tiers for banks that offer domestic wire transfers to non-customers.

Mean fees for domestic wire transfers for non-customers are \$21.30, compared with \$17.90 for customers.

QIVD. Figure 13. Domestic Wire Transfer Fees

Weighted		Domestic Wire Transfer Non-Customer Fee	Domestic Wire Transfer Non-Customer %
N	Valid	1480	27
	Missing	168	1620
Mean		\$21.3021	7.5000
Median		\$20.0000	7.5000
Mode		\$20.00	.00(a)
Minimum		\$2.00	.00
Maximum		\$50.00	15.00

Multiple modes exist. The smallest value is shown.

QIVD. Figure 14. Domestic Wire Transfer Fees

Weighted		Domestic Wire Transfer Customer Fee	Domestic Wire Transfer Customer %
N	Valid	3963	87
	Missing	3477	7353
Mean		\$17.8961	.0838
Median		\$16.0000	.0000
Mode		\$15.00	.00
Minimum		\$0.00	.00
Maximum		\$100.00	.50

Few (6.2 percent) banks offer international remittances for non-customers.

QIVD. Figure 15. Do you offer international remittances for non-deposit customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	602	6562	93.8
	Yes	46	433	6.2
	Total	648	6995	100.0
Missing	System	37	445	
Total		685	7440	

There are differences among regions for banks that offer international remittances to non-customers. A lower percentage of banks in the Mid Atlantic offer international remittances to non-customers than banks in the Pacific region.

QIVD. Figure 16. Region

		Do you offer international remittances for non-deposit customers?								
		New England	Mid Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	377	557	787	580	1047	1155	1224	435	400
	%	93.2%	97.0%	93.0%	95.0%	95.6%	92.9%	92.2%	96.2%	90.6%
Yes	Count	27	17	59	31	48	89	104	17	41
	%	6.1%	3.0%	7.0%	5.0%	4.4	7.1%	7.8%	3.8%	8.9%
Total	Count	405	574	846	611	1095	1244	1328	453	441
	%	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 offer international remittances to non-customers. A higher percentage of Tier 1 banks offer them (20.8 percent), compared with 8.5 percent of Tier 2 and 5.9 percent of Tier 3.

QIVD. Figure 17. Tier

		Do you offer international remittances for non-deposit customers?		
		Tier 1	Tier 2	Tier 3
No	Count	20	486	6057
	%	79.2%	91.5%	94.1%
Yes	Count	5	45	383
	%	20.8%	8.5%	5.9%
Total	Count	25	531	6440
	%	100.0%	100.0%	100.0%

The median per-item fee for international remittances for non-customers is \$35.00, and for customers it is \$40.00. However, fewer banks are willing to provide international remittances for non-customers, so these two prices are not directly comparable.

QIVD. Figure 18. International Remittance Fees

Weighted		International Remittances Non-Customer Fee
N	Valid	399
	Missing	34
Mean		\$39.0438
Median		\$35.0000
Mode		\$40.00
Minimum		\$7.00
Maximum		\$75.00

QIVD. Figure 19. International Remittance Fees

Weighted		International Remittances Customer Fee	International Remittances Customer Percent
N	Valid	1891	75
	Missing	5549	7364
Mean		\$42.4821	.0963
Median		\$40.0000	.0000
Mode		\$50.00	.00
Minimum		\$0.00	.00
Maximum		\$500.00	.50

Only 1.4 percent of banks offer international ACH transfers for non-customers.

QIVD. Figure 20. Do you offer international ACH transfers for non-deposit customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	636	6872	98.6
	Yes	8	99	1.4
	Total	644	6971	100.0
Missing	System	41	469	
Total		685	7440	

There are few differences among regions or tiers for banks that offer international ACH transfers to non-customers.

Only four banks provide pricing information for international ACH non-customer fees, so the data are not conclusive for non-customer fees.

QIVD. Figure 21 International ACH Fees

Weighted		International ACH Non-Customer Fee	International ACH Non-Customer %
N	Valid	44	0
	Missing	55	99
Mean		\$13.4258	
Median		\$4.0000	
Mode		\$2.00(a)	
Minimum		\$2.00	
Maximum		\$50.00	

Multiple modes exist. The smallest value is shown.

QIVD. Figure 22 International ACH Fees

Weighted		International ACH Customer Fee	International ACH Customer %
N	Valid	527	68
	Missing	6913	7371
Mean		\$12.4766	.5000
Median		\$.0000	.0000
Mode		\$.00	.00
Minimum		\$.00	.00
Maximum		\$65.00	2.50

About a tenth (10.7 percent) of banks report that they offer foreign currency exchange for non-customers.

QIVD. Figure 23 Do you offer foreign currency exchange for non-deposit customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	565	6293	89.3
	Yes	87	757	10.7
	Total	652	7050	100.0
Missing	System	33	390	
Total		685	7440	

There are differences among regions for banks that offer foreign currency exchange to non-customers. A smaller percentage of Mid Atlantic (5.7 percent) and South Atlantic (4.3 percent) banks offer currency exchange than Mountain (23.7 percent) and New England (19.9 percent) banks.

QIVD. Figure 24 Region

		Do you offer foreign currency exchange for non-deposit customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	335	512	783	548	1023	1143	1207	345	396
	%	80.1%	94.3%	95.7%	91.8%	90.3%	89.9%	88.2%	76.3%	88.5%
Yes	Count	83	31	35	49	110	128	162	107	52
	%	19.9%	5.7%	4.3%	8.2%	9.7%	10.1%	11.8%	23.7%	11.5%
Total	Count	418	543	819	597	1133	1271	1369	453	448
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences among tiers for banks that offer foreign currency exchange to non-customers. There is a difference between Tier 1 (41.7 percent) and Tier 3 (9.9 percent), and between Tier 2 (19.6 percent) and Tier 3.

QIVD. Figure 25 Tier

		Do you offer foreign currency exchange for non-deposit customers?		
		Tier 1	Tier 2	Tier 3
No	Count	15	427	5852
	%	58.3%	80.4%	90.1%
Yes	Count	10	104	643
	%	41.7%	19.6%	9.9%
Total	Count	25	531	6494
	%	100.0%	100.0%	100.0%

The median per-item fee for non-customers (\$10.00) for foreign currency exchange is higher than for customers (\$7.00).

QIVD. Figure 26 Currency Exchange Fee

		Foreign Currency Exchange Non-Customer Fee	Foreign Currency Exchange Non-Customer % percent
Weighted	N		
	Valid	340	83
	Missing	417	674
Mean		\$8.8270	2.2012
Median		\$10.0000	1.0000
Mode		\$10.00	1.00
Minimum		\$0.00	.00
Maximum		\$35.00	10.00

QIVD. Figure 27 Currency Exchange Fee

		Foreign Currency Exchange Customer Fee	Foreign Currency Exchange Customer %
Weighted	N		
	Valid	960	275
	Missing	6479	7165
Mean		\$8.1946	1.1713
Median		\$7.0000	1.0000
Mode		\$0.00	.00
Minimum		\$0.00	.00
Maximum		\$45.00	8.00

Few banks (11.5 percent) offer bill payment services to non-customers.

QIVD. Figure 28 Do you offer bill pay for non-deposit customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	572	6229	88.5
	Yes	79	808	11.5
	Total	651	7036	100.0
Missing	System	34	404	
Total		685	7440	

A greater percentage of East North Central (21.9 percent) banks and East South Central (19.8 percent) banks offer bill payment to non-customers than Pacific (3.1 percent), Mountain (3.1 percent), and New England (3.3 percent) banks.

QIVD. Figure 29 Region

		Do you offer bill pay for non-deposit customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	405	478	794	476	1040	995	1184	425	431
	%	96.7%	87.5%	93.9%	80.2%	90.7%	78.1%	89.2%	96.9%	96.9%
Yes	Count	14	69	51	117	106	279	144	14	14
	%	3.3%	12.5%	6.1%	19.8%	9.3%	21.9%	10.8%	3.1%	3.1%
Total	Count	418	546	846	594	1146	1274	1328	439	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There is little difference between tiers for banks that offer bill payment to non-customers.

For bill pay, the mean per-item fee of 0.17 percent for non-customers is higher than that for customers (0.07 percent) among banks that responded.

QIVD. Figure 30 Bill Pay Fees

Weighted		Bill pay Non-Customer Fee	Bill pay Non-Customer %
N	Valid	261	41
	Missing	546	766
Mean		\$.2805	.1667
Median		\$.0000	.0000
Mode		\$.00	.00
Minimum		\$.00	.00
Maximum		\$9.95	.50

QIVD. Figure 31 Bill Pay Fees

Weighted		Bill pay Customer Fee	Bill pay Customer %
N	Valid	956	103
	Missing	6484	7337
Mean		\$1.4791	.0666
Median		\$.0000	.0000
Mode		\$.00	.00
Minimum		\$.00	.00
Maximum		\$30.00	.50

Only 12.5 percent of banks offer prepaid cards to non-customers.

QIVD. Figure 32 Do you offer prepaid cards for non-deposit customers?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	559	6038	87.5
	Yes	79	864	12.5
	Total	638	6902	100.0
Missing	System	47	538	
Total		685	7440	

There are differences among regions for banks that offer prepaid cards to non-customers. The West South Central region has the highest rate with 22.1 percent of banks offering prepaid cards to non-customers, while 0.2 percent of banks in New England offer them.

QIVD. Figure 33 Region

		Do you offer prepaid cards for non-deposit customers?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	417	501	778	562	879	1063	1068	377	393
	%	99.8%	96.5%	93.4%	92.5%	77.9%	85.3%	83.9%	86.0%	89.8%
Yes	Count	1	18	55	46	250	183	205	62	44
	%	.2%	3.5%	6.6%	7.5%	22.1%	14.7%	16.1%	14.0%	10.2%
Total	Count	418	519	832	608	1129	1246	1273	439	437
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are few differences among tiers for banks that offer prepaid cards to non-customers.

The median per-item fee for prepaid cards for non-customers (\$5.00) is higher than for customers (\$4.00).

QIVD. Figure 34 Prepaid Card Fees

Weighted		Prepaid Cards Non-Customer Fee	Prepaid Cards Non-Customer %
N	Valid	680	14
	Missing	184	850
Mean		\$5.8827	1.0000
Median		\$5.0000	1.0000
Mode		\$5.00	1.00
Minimum		\$.00	1.00
Maximum		\$15.00	1.00

QIVD. Figure 35 Prepaid Card Fees

Weighted		Prepaid Cards Customer Fee	Prepaid Cards Customer %
N	Valid	1043	68
	Missing	6397	7371
Mean		\$4.7603	.2000
Median		\$4.0000	.0000
Mode		\$.00	.00
Minimum		\$.00	.00
Maximum		\$15.00	1.00

There are differences between urban and rural banks for transaction products that banks offer, including bank checks, money orders, domestic wire transfers, international remittances, and prepaid cards for non-deposit customers. Overall, a larger percentage of rural banks offer these products to non-customers than urban banks; 47 percent of rural banks offer bank/official checks for non-deposit customers, compared with 26 percent of urban banks.

QIVD. Figure 36 Urban/Rural: Bank/Official Checks

		Do you offer bank/official checks for non-deposit customers?	
		Rural HQ	Urban HQ
No	Count	2011	2509
	%	53.0%	73.6%
Yes	Count	1785	900
	%	47.0%	26.4%
Total	Count	3795	3409
	%	100.0%	100.0%

QIVD. Figure 39 Urban/Rural: International Remittance

		Do you offer international remittances for non-deposit customers?	
		Rural HQ	Urban HQ
No	Count	3313	3249
	%	90.6%	97.3%
Yes	Count	342	91
	%	9.4%	2.7%
Total	Count	3655	3340
	%	100.0%	100.0%

QIVD. Figure 37 Urban/Rural: Money Orders

		Do you offer money orders for non-deposit customers?	
		Rural HQ	Urban HQ
No	Count	1939	2515
	%	51.9%	74.6%
Yes	Count	1795	855
	%	48.1%	25.4%
Total	Count	3734	3371
	%	100.0%	100.0%

QIVD. Figure 40 Urban/Rural: Prepaid Cards

		Do you offer prepaid cards for non-deposit customers?	
		Rural HQ	Urban HQ
No	Count	3050	2988
	%	84.8%	90.4%
Yes	Count	547	317
	%	15.2%	9.6%
Total	Count	3597	3305
	%	100.0%	100.0%

QIVD. Figure 38 Urban/Rural: Domestic Wire Transfers

		Do you offer domestic wire transfers for non-deposit customers?	
		Rural HQ	Urban HQ
No	Count	2465	3081
	%	64.8%	90.9%
Yes	Count	1340	307
	%	35.2%	9.1%
Total	Count	3805	3388
	%	100.0%	100.0%

Question IVD-1. For any of the services above, does your bank offer lower prices for customers as an incentive to open an account? Yes No

About one-quarter (24.2 percent) of banks offer lower prices for services as an incentive for customers to open an account.

QIVD-1. Figure 1 Does your bank offer lower prices for customers for these services?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	448	4928	75.8
	Yes	158	1569	24.2
	Total	606	6497	100.0
Missing	System	79	943	
Total		685	7440	

There are no differences among regions for banks that offer lower prices for customers.

There is a difference between tiers for banks that offer lower prices to customers. A larger percentage of Tier 1 banks (36.4 percent) offer lower prices, compared to Tier 3 banks (23.4 percent).

QIVD-1. Figure 2 Tier

		Does your bank offer lower prices for customers for these services?		
		Tier 1	Tier 2	Tier 3
No	Count	15	347	4566
	%	63.6%	67.6%	76.6%
Yes	Count	8	166	1395
	%	36.4%	32.4%	23.4%
Total	Count	23	513	5961
	%	100.0%	100.0%	100.0%

There is not a difference between urban and rural banks for banks that offer lower prices for customers.

Remittances

About a third (32.1 percent) of banks are concerned about offering remittances due to regulatory considerations.

Question IVE. Is your bank concerned about offering remittances due to regulatory requirements? Yes No

QIVE. Figure 1 Is you bank concerned about offering remittances due to regulatory requirements?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	368	4200	67.9
	Yes	211	1989	32.1
	Total	579	6189	100.0
Missing	System	106	1251	
Total		685	7440	

There are differences among regions for banks that are concerned about offering remittances to non-customers due to regulatory requirements. Almost half (46.9 percent) of Pacific banks are concerned about offering remittances, compared with a quarter (25.1 percent) of West North Central and 23 percent of Mountain banks.

QIVE. Figure 2 Region

		Is you bank concerned about offering remittances due to regulatory requirements?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	181	316	487	408	694	693	900	301	219
	%	51.8%	61.4%	68.7%	71.6%	70.2%	65.9%	74.9%	77.0%	53.1%
Yes	Count	169	199	221	162	294	359	301	90	194
	%	48.2%	38.6%	31.3%	28.4%	29.8%	34.1%	25.1%	23.0%	46.9%
Total	Count	350	515	708	570	989	1052	1201	391	413
	%	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 concerned about offering remittances due to regulatory requirements. About a third (30.6 percent) of the Tier 3 banks are concerned, compared with 72.7 percent of Tier 1 banks.

QIVE. Figure 3 Tier

		Is your bank concerned about offering remittances due to regulatory requirements?		
		Tier 1	Tier 2	Tier 3
No	Count	6	257	3938
	%	27.3%	52.1%	69.4%
Yes	Count	17	236	1736
	%	72.7%	47.9%	30.6%
Total	Count	23	492	5674
	%	100.0%	100.0%	100.0%

There is a difference between urban and rural banks for banks that are concerned about offering remittances due to regulatory requirements. A larger percentage of urban banks are concerned with offering remittances (37.7 percent), compared with rural banks (27.1 percent).

QIVE. Figure 4 Urban/Rural

		Is your bank concerned about offering remittances due to regulatory requirements?	
		Rural HQ	Urban HQ
No	Count	2370	1831
	%	72.9%	62.3%
Yes	Count	882	1107
	%	27.1%	37.7%
Total	Count	3252	2938
	%	100.0%	100.0%

Question IVE-1. If yes, please describe any regulatory concerns you may have in offering this product.

Banks report concerns about regulatory requirements when offering remittances. These issues are similar to those related to offering check cashing and providing specialized products and services for the unbanked and underbanked. However, for remittances, more banks are concerned with BSA/AML requirements than with non-customer information/identification.

- BSA/AML concerns are mentioned most frequently by banks, with 124 of 190 mentioning them. Ninety-four banks indicate that non-customer information, with regard to CIP, KYC, and Patriot Act compliance, is a concern for offering remittances.
- OFAC regulations are mentioned by 51 different banks, accounting for the third most frequently cited issue.
- Fraud, no recourse, risk, and monitoring requirements are also issues mentioned by banks.
- Twenty-three banks respond “yes” but decline to provide further comments in Question IVE-1.

Account Opening Process

This chapter examines the following topics:

- Acceptable Identification for Checking Account Opening
- New Account Screening and Risk Management Policies
- Most Common Reasons for Declining New Account Applications
- Options for Individuals Who Do Not Qualify for Conventional Accounts

This section of the report explores elements of Questions 3 and 4, specifically, identification issues which prevent unbanked individuals from establishing conventional accounts.

Summary

Identification presents a significant challenge for banks. Government-issued forms of ID are generally required by banks to open a new account. State-issued driver's licenses (99 percent) or passports (92 percent) are the most commonly accepted forms of ID. Matrícula Consular cards are accepted by only 27 percent of banks, with a higher percentage accepting them in western and southern states. Banks will also accept other, non-government-issued forms of ID to verify a prospective customer's identity, including utility bills, and employer letters and paystubs.

ChexSystems and third-party databases are used by over 87 percent of banks. In addition to identification requirements and an OFAC list screening by 96 percent of banks when opening a new checking account, banks also review individuals' past records with services like ChexSystem and, less commonly, credit bureau scores. If un/underbanked individuals have mismanaged accounts in the past and negative hits occur when screening potential customers, about half (49 percent) of banks will have a branch manager review the application and decide whether or not to open the account. Another quarter (25 percent) of banks will automatically reject individuals with negative hits.

Few banks have product options for individuals with blemished checking account histories. About a quarter (25 percent) of responding banks offer an alternative, entry-level deposit account designed for individuals not qualified for a conventional account. Without an alternative account, un/underbanked individuals face a barrier to rejoin the conventional banking system. When banks decline a new account application, the most common reasons are negative account screening hits because of prior account closure or mismanagement, insufficient identification, and low credit score or poor credit record or history.

Acceptable Identification for Checking Account Opening

A driver's license is the most commonly accepted form of identification to open a new account, with 99.1 percent of banks accepting it, followed by passports, state-issued photo identification, and military identification. Both ITINs and Matrícula Consular cards are accepted by less than 40 percent of banks. Other forms of identification such as utility bills, employer letters/paystubs, and leases can be used as secondary sources but are not solely sufficient for account opening.

Question V A. What forms of government-issued identification does the bank accept as part of the new account opening process?

- | | | |
|---|---|---|
| <input type="checkbox"/> Driver's license | <input type="checkbox"/> US or Foreign Passport | <input type="checkbox"/> Social Security number |
| <input type="checkbox"/> Matrícula consular | <input type="checkbox"/> State-issued ID card | <input type="checkbox"/> ITIN |
| <input type="checkbox"/> Military ID | <input type="checkbox"/> Other | |

QVA. Figure 1 Acceptable Forms of Identification Required to Open a Checking Account

Identification Forms	Accept	Alternative Accepted to Verify
Driver's License	99.1%	
Passport (US. or foreign)	92.4%	
State-issued Photo ID	91.2%	
Military ID	88.0%	
Social Security Number	62.8%	
Individual Taxpayer Identification Number (ITIN)	37.6%	
Matrícula Consular Card	26.9%	
Utility Bills		58.3%
Employer Letters/Pay Stub		33.9%
None		31.4%
Housing Lease		23.2%
Other	11.5%	20.1%

QVA. Figure 2 Driver's License

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	5	68	.9
	Yes	677	7330	99.1
	Total	682	7399	100.0
Missing	System	3	41	
Total		685	7440	

QVA. Figure 3 Passport

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	42	564	7.6
	Yes	640	6835	92.4
	Total	682	7399	100.0
Missing	System	3	41	
Total		685	7440	

QVA. Figure 4 Social Security Number

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	267	2749	37.2
	Yes	415	4650	62.8
	Total	682	7399	100.0
Missing	System	3	41	
Total		685	7440	

QVA. Figure 7 ITIN

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	412	4619	62.4
	Yes	270	2779	37.6
	Total	682	7399	100.0
Missing	System	3	41	
Total		685	7440	

QVA. Figure 5 Matricula Consular

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	471	5407	73.1
	Yes	211	1992	26.9
	Total	682	7399	100.0
Missing	System	3	41	
Total		685	7440	

QVA. Figure 8 Military ID

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	74	4619	12.0
	Yes	608	2779	88.0
	Total	682	7399	100.0
Missing	System	3	41	
Total		685	7440	

QVA. Figure 6 State ID

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	53	653	8.8
	Yes	629	6746	91.2
	Total	682	7399	100.0
Missing	System	3	41	
Total		685	7440	

QVA. Figure 9 Other

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	579	6499	88.5
	Yes	99	845	11.5
	Total	678	7344	100.0
Missing	System	7	96	
Total		685	7440	

Among the 99 banks that report their acceptance of “other” forms of identification, 44 banks specify permanent/non-permanent Resident Alien Identification or Green Cards. Ten banks accept Tribal Identification, and seven accept Work Visas. Other forms of acceptable identification include student identification, county identification, and insurance cards.

There are differences among regions by banks with respect to their acceptance of Social Security numbers and Matrícula Consular cards for new customer account opening. For Social Security numbers, there is a difference between the Mid-Atlantic (50.7 percent) and New England (45.9 percent) and West South Central (74.7 percent) banks.

QVA. Figure 10 Region: Social Security Numbers

		Social Security Number								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	234	280	373	200	298	505	425	215	220
	%	54.1%	49.3%	43.4%	29.2%	25.3%	38.4%	30.2%	43.7%	47.8%
Yes	Count	198	287	487	483	879	811	985	278	241
	%	45.9%	50.7%	56.6%	70.8%	74.7%	61.6%	69.8%	56.3%	52.2%
Total	Count	432	567	860	683	1177	1316	1410	494	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Matrícula Consular cards are accepted at 44.3 percent of Pacific banks, but only 9.6 percent of Mid-Atlantic banks accept them for identification purposes when opening a new account.

QVA. Figure 11 Region: Matrícula Consular Card

		Matrícula Consular Card								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	347	512	658	521	715	913	1084	400	257
	%	80.2%	90.4%	76.5%	76.3%	60.7%	69.4%	76.9%	81.1%	55.7%
Yes	Count	86	55	202	162	462	402	326	93	204
	%	19.8%	9.6%	23.5%	23.7%	39.3%	30.6%	23.1%	18.9%	44.3%
Total	Count	432	567	860	683	1177	1316	1410	494	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 all identification types except state identification and military identification. A higher percentage of Tier 2 banks (99.4 percent) accept a passport than Tier 3 banks (91.8 percent). For Matrícula Consular cards and other forms of identifications, there are differences among all tiers.

QVA. Figure 12 Tier: Driver's License/Passport/Social Security Number

		Acceptable Forms of Identification Required to Open a Checking Account								
		Tier 1			Tier 2			Tier 3		
		Driver's License	Passport	Social Security Number	Driver's License	Passport	Social Security Number	Driver's License	Passport	Social Security Number
No	Count	0	0	15	0	3	246	68	561	2488
	%	.0%	.0%	58.3%	.0%	.6%	44.7%	1.0%	8.2%	36.5%
Yes	Count	25	25	10	551	548	305	6754	6262	4334
	%	100.0%	100.0%	41.7%	100.0%	99.4%	55.3%	99.0%	91.8%	63.5%
Total	Count	25	25	25	551	551	551	6822	6822	6822
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QVA. Figure 13 Tier: Matricula Consular Card/ITIN/Other

		Acceptable Forms of Identification Required to Open a Checking Account								
		Tier 1			Tier 2			Tier 3		
		Matricula Consular	ITIN	Other	Matricula Consular	ITIN	Other	Matricula Consular	ITIN	Other
No	Count	5	15	13	329	284	430	5072	4320	6057
	%	20.8%	58.3%	50.0%	59.7%	51.6%	78.0%	74.3%	63.3%	89.5%
Yes	Count	19	10	13	222	267	121	1750	2502	711
	%	79.2%	41.7%	50.0%	40.3%	48.4%	22.0%	25.7%	36.7%	10.5%
Total	Count	24	25	25	551	551	551	6822	6822	6768
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between urban and rural banks for the types of government identification accepted, specifically with regard to Social Security numbers, Matrícula Consular cards, and state identification. A larger percentage of rural banks accept Social Security numbers, and a larger percentage of urban banks accept Matrícula Consular cards and state identifications.

QVA. Figure 14 Urban/Rural: Drivers License/Passport/Social Security Number

		Acceptable Forms of Identification Required to Open a Checking Account					
		Rural HQ			Urban HQ		
		Driver's License	Passport	Social Security Number	Driver's License	Passport	Social Security Number
No	Count	14	314	1187	55	250	1563
	%	.3%	8.0%	30.1%	1.6%	7.2%	45.3%
Yes	Count	3932	3631	2759	3398	3204	1891
	%	99.7%	92.0%	69.9%	98.4%	92.8%	54.7%
Total	Count	3946	3946	3946	3453	3453	3453
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QVA. Figure 15 Urban/Rural: Matricula Consular Card/State ID/ITIN

		Acceptable Forms of Identification Required to Open a Checking Account					
		Rural HQ			Urban HQ		
		Matrícula Consular	State ID	ITIN	Matrícula Consular	State ID	ITIN
No	Count	3101	410	2468	2306	243	2151
	%	78.6%	10.4%	62.6%	66.8%	7.0%	62.3%
Yes	Count	845	3535	1477	1147	3210	1302
	%	21.4%	89.6%	37.4%	33.2%	93.0%	37.7%
Total	Count	3946	3946	3946	3453	3453	3453
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QVA. Figure 16 Urban/Rural: Military ID/Other

		Acceptable Forms of Identification Required to Open a Checking Account			
		Rural HQ		Urban HQ	
		Military ID	Other	Military ID	Other
No	Count	468	3439	419	3060
	%	11.9%	88.4%	12.1%	88.6%
Yes	Count	3477	452	3035	393
	%	88.1%	11.6%	87.9%	11.4%
Total	Count	3946	3891	3453	3453
	%	100.0%	100.0%	100.0%	100.0%

Question V B. Which, if any, of the following alternative sources of information does the bank accept to verify a prospective deposit customer's identity?

- Utility bills/payments Housing lease
 Employer letters/pay stub Other: ____ None

Utility bills are the most commonly accepted alternative form of ID for verifying a prospective customer's identity, with 58.3 percent of banks accepting them. Housing leases are the least common, with 23.2 percent of banks accepting them as an alternative source of identification.

QVB. Figure 1 Utility Bills

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	277	3010	41.7
	Yes	390	4214	58.3
	Total	667	7224	100.0
Missing	System	18	215	
Total		685	7440	

QVB. Figure 3 Employer Letter/Pay Stub

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	447	4774	66.1
	Yes	219	2447	33.9
	Total	666	7221	100.0
Missing	System	19	219	
Total		685	7440	

QVB. Figure 2 Housing Lease

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	505	5539	76.8
	Yes	161	1672	23.2
	Total	666	7211	100.0
Missing	System	19	229	
Total		685	7440	

QVB. Figure 4 Other

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	518	5775	79.9
	Yes	149	1449	20.1
	Total	667	7224	100.0
Missing	System	18	215	
Total		685	7440	

Among the banks that report accepting “other” forms of identification, the five most frequently cited alternative sources of information are: insurance, medicare/medicaid card (45), credit card (39), student identification (37), voter registration (28), and birth certificate (26).

QVB. Figure 5 None

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	456	4900	68.6
	Yes	206	2246	31.4
	Total	662	7146	100.0
Missing	System	23	294	
Total		685	7440	

There are no differences among regions or tiers for alternative sources of information for verifying deposit customers’ identities.

There is a difference between urban and rural banks for banks that accept employee letters/pay stubs as alternative sources of information to verify a prospective customer’s identity. A larger percentage of rural banks (39.9 percent) accept employee letters and pay stubs, compared with 27.0 percent of urban banks.

QVB. Figure 6 Urban/Rural

		Acceptable Forms of Identification Required to Open a Checking Account					
		Rural HQ			Urban HQ		
		Utility bills	Housing lease	Employer letter/pay stub	Utility bills	Housing lease	Employer letter/pay stub
No	Count	1433	2944	2304	1578	2595	2470
	%	37.3%	77.0%	60.1%	46.6%	76.6%	73.0%
Yes	Count	2404	879	1532	1810	793	915
	%	62.7%	23.0%	39.9%	53.4%	23.4%	27.0%
Total	Count	3836	3823	3836	3388	3388	3385
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

New Account Screening and Risk Management Policies

Nearly all (95.6 percent) banks use OFAC lists for new account screening and risk management. The ChexSystem/Qualifile service is used by 77.2 percent of banks, while 33.5 percent of banks refer to credit bureau reports. A large percentage of banks that use OFAC lists also use ChexSystems/Qualifile. Less than 1 percent of banks do not use any account screening or risk management tools.

QVB. Figure 6 Account Screening and Risk Management Tools

Account Screening and Risk Management Tools	Percentage of Banks
OFAC Lists	95.6%
ChexSystems/Qualifile	77.2%
Credit Bureau Reports	33.5%
Other	14.1%
Early Warning Services (formerly Primary Payment Systems)	2.0%
None	0.6%

Question V C. What account screening and risk management tools are used for new deposit accounts?

- | | |
|--|---|
| <input type="checkbox"/> ChexSystems/Qualifile
<input type="checkbox"/> OFAC Lists
<input type="checkbox"/> None | <input type="checkbox"/> Early Warning Services (formerly PPS)
<input type="checkbox"/> Credit Bureau Reports
<input type="checkbox"/> Other: _____ |
|--|---|

QVC. Figure 1 ChexSystems/Qualifile

	Frequency	Weighted Frequency	Weighted Percent
Valid No	133	1691	22.8
Yes	549	5718	77.2
Total	682	7409	100.0
Missing System	3	31	
Total	685	7440	

QVC. Figure 3 OFAC Lists

	Frequency	Weighted Frequency	Weighted Percent
Valid No	31	327	4.4
Yes	652	7085	95.6
Total	683	7412	100.0
Missing System	2	27	
Total	685	7440	

QVC. Figure 2 Early Warning Services

	Frequency	Weighted Frequency	Weighted Percent
Valid No	655	7265	98.0
Yes	28	147	2.0
Total	683	7412	100.0
Missing System	2	27	
Total	685	7440	

QVC Figure 4 Credit Bureau Reports

	Frequency	Weighted Frequency	Weighted Percent
Valid No	463	4922	66.5
Yes	219	2477	33.5
Total	682	7399	100.0
Missing System	3	41	
Total	685	7440	

QVC. Figure 5 None

	Frequency	Weighted Frequency	Weighted Percent
Valid No	679	7368	99.4
Yes	3	41	.6
Total	682	7409	100.0
Missing System	3	31	
Total	685	7440	

QVC. Figure 6 Other

	Frequency	Weighted Frequency	Weighted Percent
Valid No	573	6359	85.9
Yes	109	1040	14.1
Total	682	7399	100.0
Missing System	3	41	
Total	685	7440	

Among the 109 banks that report “other,” the most common responses are: eFunds (10), which operates the CheckSystems/Qualifile; TeleCheck (10); Lexis-Nexis (9); Penley (9); and Patriot Act Software (6).

There is a difference between regions for the account screening tools of ChexSystems/Qualifile and Credit Bureau Reports. A smaller percentage of banks in the West North Central region (61.0 percent) use ChexSystems/Qualifile than banks in New England (95.9 percent).

A higher percentage of banks in the East South Central (47.6 percent) and West North Central (47.1 percent) regions use Credit Bureau Reports than banks in the New England (10.3 percent) and Mid-Atlantic regions (14.2 percent).

QVC. Figure 7 Region: ChexSystems/Qualifile

		ChexSystems/ Qualifile								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	31	87	138	168	219	359	550	62	79
	%	7.1%	14.9%	16.0%	24.5%	18.6%	27.4%	39.0%	12.5%	17.1%
Yes	Count	401	494	722	515	958	953	860	432	383
	%	92.9%	85.1%	84.0%	75.5%	81.4%	72.6%	61.0%	87.5%	82.9%
Total	Count	432	581	860	683	1177	1312	1410	494	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QVC. Figure 8 Region: Credit Bureau

		Credit Bureau								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	388	498	546	358	821	843	739	347	382
	%	89.7%	85.8%	63.5%	52.4%	69.8%	64.1%	52.9%	70.2%	82.9%
Yes	Count	44	82	313	325	356	473	657	147	79
	%	10.3%	14.2%	36.5%	47.6%	30.2%	35.9%	47.1%	29.8%	17.1%
Total	Count	432	581	860	683	1177	1316	1396	494	461
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences among tiers for ChexSystems/Qualifile, Early Warning Services, OFAC Lists and other types of account screening tools. A higher percentage of Tier 2 banks (93.7 percent) use ChexSystem than banks in Tier 3 (75.8 percent). For Early Warning Services, there is a difference between Tier 1 (54.2 percent) and Tiers 2 (4.4 percent) and 3 (1.6 percent). For other screening tools, there is a slight difference between Tier 1 (37.5 percent) and Tiers 2 (20.8 percent) and 3 (13.4 percent).

QVC. Figure 9 Tier: ChexSystems/ Early Warning Services

		Tier 1		Tier 2		Tier 3	
		ChexSystems/Qualifile	Early Warning Services	ChexSystems/Qualifile	Early Warning Services	ChexSystems/Qualifile	Early Warning Services
No	Count	2	11	35	527	1654	6727
	%	8.3%	45.8%	6.3%	95.6%	24.2%	98.4%
Yes	Count	23	14	513	24	5182	109
	%	91.7%	54.2%	93.7%	4.4%	75.8%	1.6%
Total	Count	25	25	548	551	6836	6836
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QVC. Figure 10 Tier: OFAC Lists/Other

		Tier 1		Tier 2		Tier 3	
		OFAC Lists	Other	OFAC Lists	Other	OFAC Lists	Other
No	Count	2	16	24	437	301	5906
	%	8.3%	62.5%	4.4%	79.2%	4.4%	86.6%
Yes	Count	23	9	527	114	6535	916
	%	91.7%	37.5%	95.6%	20.8%	95.6%	13.4%
Total	Count	25	25	551	551	6836	6822
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between urban and rural banks for screening tools for new deposit accounts, including ChexSystems/Qualifile, Early Warning Systems, and Credit Bureau Reports. A larger percentage of urban banks (87.5 percent) use ChexSystems/Qualifile than rural banks (68.1 percent). A larger percentage of urban banks (3.0 percent) use Early Warning Systems than rural banks (1.1 percent). However, a larger percentage of rural banks (39.0 percent) use Credit Bureau Reports than urban banks (27.2 percent).

QVC. Figure 11 Urban/Rural: Check Systems/Qualifile/Early Warning Services/OFAC Lists

		Rural HQ			Urban HQ		
		ChexSystems/Qualifile	Early Warning Services	OFAC Lists	ChexSystems/Qualifile	Early Warning Services	OFAC Lists
No	Count	1258	3901	178	433	3364	149
	%	31.9%	98.9%	4.5%	12.5%	97.0%	4.3%
Yes	Count	2688	44	3768	3030	103	3317
	%	68.1%	1.1%	95.5%	87.5%	3.0%	95.7%
Total	Count	3946	3946	3946	3463	3467	3467
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QVC. Figure 12 Urban/Rural: Credit Bureau Reports/None/Other

		Rural HQ			Urban HQ		
		Credit Bureau Reports	None	Other	Credit Bureau Reports	None	Other
No	Count	2397	3905	3392	2525	3463	2967
	%	61.0%	99.0%	86.3%	72.8%	100.0%	85.6%
Yes	Count	1535	41	540	942	0	500
	%	39.0%	1.0%	13.7%	27.2%	.0%	14.4%
Total	Count	3932	3946	3932	3467	3463	3467
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Question V D. Can a new customer open a deposit account without the bank screening the customer using ChexSystems or a similar third-party screen being used by the bank?

Checking account:..... Yes No

Savings account:..... Yes No

A large majority (87.1 percent) of banks require a third-party screen before permitting individuals to open checking accounts. Slightly fewer banks (81.4 percent) require third-party screens to open savings accounts.

QVD. Figure 1 Can a customer open a checking account without a third-party screen?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	596	6391	87.1
	Yes	81	950	12.9
	Total	677	7341	100.0
Missing	System	8	99	
Total		685	7440	

QVD. Figure 2 Can a customer open a savings account without a third-party screen?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	557	5973	81.4
	Yes	117	1368	18.6
	Total	674	7340	100.0
Missing	System	11	99	
Total		685	7440	

There are differences among regions for opening accounts without a third-party screen. There are differences with regard to checking accounts in the West North Central region (24.7 percent) compared with New England (0.0 percent) and the South Atlantic (4.9 percent) regions.

QVD. Figure 3 Region: Can a customer open a checking account without a third-party screen?

		Can a customer open a checking account without a third-party screen?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	446	454	818	604	1057	1106	1051	463	393
	%	100.0%	84.2%	95.1%	90.3%	89.8%	84.1%	75.3%	93.8%	88.4%
Yes	Count	0	86	42	65	120	210	345	31	51
	%	.0%	15.8%	4.9%	9.7%	10.2%	15.9%	24.7%	6.2%	11.6%
Total	Count	446	540	860	669	1177	1316	1396	494	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A greater percent of banks in the West North Central region (32.6 percent) do not require a screening for savings accounts than banks in the New England (0.8 percent) or South Atlantic (10.6 percent) regions.

QVD. Figure 4 Region: Can a customer open a savings account without a third-party screen?

		Can a customer open a savings account without a third-party screen?								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	442	475	756	560	1016	983	938	418	385
	%	99.2%	82.2%	89.4%	82.4%	86.6%	75.5%	67.4%	87.2%	86.6%
Yes	Count	3	103	90	120	157	319	455	62	59
	%	.8%	17.8%	10.6%	17.6%	13.4%	24.5%	32.6%	12.8%	13.4%
Total	Count	446	577	846	679	1174	1302	1393	480	444
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are no differences among tiers for opening accounts without a third-party screen.

There are differences between urban and rural banks for banks that allow customers to open deposit accounts without a third-party screen. A larger percentage of rural banks (18.7 percent for checking, 25.1 percent for savings) allow customers to open accounts without a third-party screen than urban banks (6.4 percent and 11.3 percent, respectively).

QVD. Figure 5 Urban/Rural

		Can a customer open an account without a third-party screen?			
		Rural HQ		Urban HQ	
		Checking	Savings	Checking	Savings
No	Count	3176	2923	3215	3049
	%	81.3%	74.9%	93.6%	88.7%
Yes	Count	728	978	221	390
	%	18.7%	25.1%	6.4%	11.3%
Total	Count	3905	3901	3436	3439
	%	100.0%	100.0%	100.0%	100.0%

About half (48.6 percent) of banks require branch managers to decide on overrides when an applicant screening returns a negative hit. Over a quarter (25.2 percent) of banks will reject the account application automatically if there is negative information in ChexSystem records.

QVD. Figure 6 Bank Policies on Opening/Overrides

Bank Policy on Openings/Overrides	% of Banks
Account opening decision is made at the discretion of the branch manager	48.6%
Application is automatically rejected	25.2%
Other	18.2%
Account opening decision is made at the discretion of the new account representative	13.3%
Application is submitted to a centralized back office for review	6.5%

Question V E. If an applicant screening process returns a negative hit, what is the bank’s policy regarding account opening/overrides?

- Application is automatically rejected
- Account opening decision is made at the discretion of the new account representative
- Account opening decision is made at the discretion of the branch manager
- Application is submitted to a centralized back office for review
- Other: ____

QVE. Figure 1. Automatically Rejected

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	511	5431	74.8
	Yes	160	1828	25.2
	Total	671	7259	100.0
Missing	System	14	181	
Total		685	7440	

QVE. Figure 4. Submitted to a centralized office for review

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	625	6790	93.5
	Yes	46	469	6.5
	Total	671	7259	100.0
Missing	System	14	181	
Total		685	7440	

QVE. Figure 2. Decision is made at the discretion of the new account rep

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	584	6296	86.7
	Yes	87	963	13.3
	Total	671	7259	100.0
Missing	System	14	181	
Total		685	7440	

QVE. Figure 5. Other

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	534	5925	81.8
	Yes	136	1320	18.2
	Total	670	7245	100.0
Missing	System	15	195	
Total		685	7440	

QVE. Figure 3. Decision is made at the discretion of the branch manager

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	333	3732	51.4
	Yes	338	3526	48.6
	Total	671	7259	100.0
Missing	System	14	181	
Total		685	7440	

Among the banks reporting “other,” the most frequently mentioned responses include: may be opened at discretion of upper management (63), offer a limited service account (23), action depends on nature of hit and when it occurred (13), and account may be opened with proof of hit being resolved (11).

There is a difference between regions for having branch managers decide when the screening process returns a negative hit. A lower percentage of banks in the West North Central region (38.3 percent) have branch managers decide, compared with the South Atlantic (63.1 percent) and New England (73.1 percent) regions.

QVE. Figure 6. Region

		Decision is made at the discretion of the branch manager								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	120	323	317	359	640	721	828	223	202
	%	26.9%	56.9%	36.9%	54.0%	54.3%	56.5%	61.7%	45.3%	46.6%
Yes	Count	326	244	543	307	537	554	514	270	232
	%	73.1%	43.1%	63.1%	46.0%	45.7%	43.5%	38.3%	54.7%	53.4%
Total	Count	446	567	860	666	1177	1274	1341	494	434
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

There are differences between tiers for automatic rejections, branch manager decisions, and other override decisions on opening accounts when the screening process returns a negative hit. A small percentage (4.2 percent) of Tier 1 banks automatically reject candidates, compared with 21.5 percent of Tier 2 banks and 25.6 percent of Tier 3 banks. Branch managers decide at 75.0 percent of Tier 1 banks, compared with 53.8 percent in Tier 2 and 48.1 percent in Tier 3. One-third (33.3 percent) of Tier 1 banks note “other” policies, compared with 27.2 percent of Tier 2 banks and 17.4 percent of Tier 3 banks.

QVE. Figure 7. Tier

		Tier 1		Tier 2		Tier 3	
		Automatically Rejected	Decision is made at the discretion of the new account rep	Automatically Rejected	Decision is made at the discretion of the new account rep	Automatically Rejected	Decision is made at the discretion of the new account rep
No	Count	24	20	430	492	4977	5783
	%	95.8%	79.2%	78.5%	89.9%	74.4%	86.5%
Yes	Count	1	5	118	55	1709	902
	%	4.2%	20.8%	21.5%	10.1%	25.6%	13.5%
Total	Count	25	25	548	548	6686	6686
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

QVE. Figure 8. Tier

		Tier 1			Tier 2			Tier 3		
		Decision is made at the discretion of the branch manager	Submitted to a centralized office for review	Other	Decision is made at the discretion of the branch manager	Submitted to a centralized office for review	Other	Decision is made at the discretion of the branch manager	Submitted to a centralized office for review	Other
No	Count	6	22	17	253	506	399	3473	6262	5510
	%	25.0%	87.5%	66.7%	46.2%	92.4%	72.8%	51.9%	93.7%	82.6%
Yes	Count	19	3	8	295	42	149	3213	424	1162
	%	75.0%	12.5%	33.3%	53.8%	7.6%	27.2%	48.1%	6.3%	17.4%
Total	Count	25	25	25	548	548	548	6686	6686	6672
	%	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 the bank's policies regarding account opening/overrides.

Question V F. Does the bank use credit report or bureau scores as part of its screening process for new checking accounts? Yes No

Most banks (80.7 percent) do not use credit reports or bureau scores when performing background screens on new customers who are seeking to open checking accounts at their bank.

QVF. Figure 1. Does the bank use credit reports or bureau scores as screening for new checking accounts?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	541	5918	80.7
	Yes	133	1412	19.3
	Total	674	7330	100.0
Missing	System	11	110	
Total		685	7440	

A smaller percentage of banks in the Mountain (3.5 percent) and Pacific (3.4 percent) regions use credit reports as a screening tool to open new checking accounts than banks in the South Atlantic (29.9 percent) or East South Central (33.2 percent) region.

QVF. Figure 2. Region

		Does the bank use credit reports or bureau scores as screening for new checking accounts?								
		New England	Mid Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
No	Count	391	487	602	454	1020	1050	1022	473	419
	%	90.5%	88.6%	70.1%	66.8%	87.7%	79.8%	72.7%	96.5%	96.6%
Yes	Count	41	63	257	226	144	265	384	17	15
	%	9.5%	11.4%	29.9%	33.2%	12.3%	20.2%	27.3%	3.5%	3.4%
Total	Count	432	550	860	679	1163	1316	1406	490	434
	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A higher percentage of Tier 1 banks (50.0 percent) use credit reports as a screening tool for opening new checking accounts than Tier 2 (16.1 percent) and Tier 3 banks (19.4 percent).

QVF. Figure 3. Tier

		Does the bank use credit reports or bureau scores as screening for new checking accounts?		
		Tier 1	Tier 2	Tier 3
No	Count	13	451	5455
	%	50.0%	83.9%	80.6%
Yes	Count	13	87	1313
	%	50.0%	16.1%	19.4%
Total	Count	25	538	6768
	%	100.0%	100.0%	100.0%

There is little difference between urban and rural banks for banks that use credit reports as a screening tool for opening new checking accounts.

Common Reasons for Declining New Account Applications

Question VG. What are the top three most common reasons that a new account application is declined? Please rank the three most common reasons 1 to 3, where 1 = the most common reason, 2 = the second most common reason, and 3 = the third most common reason.

- ___ **Insufficient identification information**
- ___ **Negative account screening hit due to prior account closure or mismanagement**
- ___ **Negative account screening hit due to potential fraud alert**
- ___ **No credit score/Insufficient credit history**
- ___ **Low credit score/ or poor credit record/credit history**
- ___ **Insufficient initial deposit**
- ___ **Other 1**
- ___ **Other 2**

Banks' most common reason for declining new accounts is negative screening information about a prior account (62.2 percent), followed by insufficient identification information (38.6 percent) and a low credit score/rating (37.0 percent).

QVG. Figure 1. Reason for Declining Applications

Reason for Declining Applications	Ranked #1	Ranked #1 or #2
Negative account screening hit due to prior account closure or mismanagement	62.2%	90.5%
Insufficient identification information	38.6%	73.9%
Low credit score/ or poor credit record/credit history	37.0%	69.6%
Other	13.9%	50.4%
Negative account screening hit due to potential fraud alert	8.9%	46.7%
No credit score/Insufficient credit history	2.9%	37.1%
Insufficient initial deposit	10.3%	32.6%

QVG. Figure 2. Overall Calculated Rankings

Reason for Decline	Rank
Negative account screening hit due to prior account closure or mismanagement	1
Insufficient identification information	2
Negative account screening hit due to potential fraud alert	3
Insufficient initial deposit	4
Low credit score/ or poor credit record/credit history	5
No credit score/Insufficient credit history	6
Other	7

*Choices were scored in reverse order, where 1 = 5 points, 2 = 4 points etc. Choices were then ranked according to total points.

Rankings are identical for the top three choices across all three tiers. The rankings for the reasons by region were also identical to overall rankings.

QVG. Figure 3. Calculated Rankings by Tier

Reason for Decline	Tier 1 Rank	Tier 2 Rank	Tier 3 Rank
Negative account screening hit due to prior account closure or mismanagement	1	1	1
Insufficient identification information	2	2	2
Negative account screening hit due to potential fraud alert	3	3	3
Low credit score/ or poor credit record/credit history	4	4	5
Insufficient initial deposit	7	5	4
Other	6	6	6
No credit score/Insufficient credit history	5	7	7

QVG. Figure 4. Statistics

		Insufficient ID	Negative account screening due to prior closure or mismanagement	Negative account screening due to potential fraud alert	No credit score/ insufficient credit history	Low credit score/ poor credit record or history	Insufficient initial deposit	Other 1	Other 2
Weighted									
N	Valid	6725	6371	4220	581	1202	1889	443	58
	Missing	714	1069	3219	6859	6237	5551	6996	7382
Mean		1.88	1.48	2.45	2.83	2.05	2.67	2.39	3.00
Median		2.00	1.00	3.00	3.00	2.00	3.00	2.00	3.00
Mode		1	1	3	3	1	3	3	3
Minimum		1	1	1	1	1	1	1	3
Maximum		4	4	4	6	6	6	4	3

QVG. Figure 5. Insufficient ID

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	242	2593	38.6
	2	219	2375	35.3
	3	157	1744	25.9
	4	1	14	.2
	Total	619	6725	100.0
Missing	System	66	714	
Total		685	7440	

QVG. Figure 8. No credit score/insufficient credit history

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	2	17	2.9
	2	16	198	34.1
	3	25	284	48.8
	4	3	41	7.1
	5	2	27	4.7
	6	1	14	2.4
	Total	49	581	100.0
Missing	System	636	6859	
Total		685	7440	

QVG. Figure 6. Negative account screening due to prior closure or mismanagement

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	365	3961	62.2
	2	167	1805	28.3
	3	63	592	9.3
	4	1	14	.2
	Total	596	6371	100.0
Missing	System	89	1069	
Total		685	7440	

QVG. Figure 9. Low credit score/poor credit record or history

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	39	444	37.0
	2	35	392	32.6
	3	27	298	24.8
	4	1	14	1.1
	5	3	41	3.4
	6	1	14	1.1
	Total	106	1202	100.0
Missing	System	579	6237	
Total		685	7440	

QVG. Figure 7. Negative account screening due to potential fraud alert

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	35	377	8.9
	2	159	1596	37.8
	3	216	2217	52.5
	4	3	31	.7
	Total	413	4220	100.0
Missing	System	272	3219	
Total		685	7440	

QVG. Figure 10. Insufficient initial deposit

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	15	195	10.3
	2	33	421	22.3
	3	101	1174	62.2
	4	5	58	3.1
	6	3	41	2.2
	Total	157	1889	100.0
Missing	System	528	5551	
Total		685	7440	

QVG. Figure 11. Other 1

		Frequency	Weighted Frequency	Weighted Percent
Valid	1	6	62	13.9
	2	15	162	36.5
	3	19	206	46.5
	4	1	14	3.1
	Total	41	443	100.0
Missing	System	644	6996	
Total		685	7440	

QVG. Figure 12. Other 2

		Frequency	Weighted Frequency	Weighted Percent
Valid	3	5	58	100.0
Missing	System	680	7382	
Total		685	7440	

Among banks reporting “other,” the most common reasons for declining accounts include: poor account history (18), unable to verify identification or other information given (10), questionable or insufficient initial deposit (7), and individual owes money to a bank (4).

There are differences among regions in rankings for negative account screening due to prior closure or mismanagement. A larger percentage (73.0 percent) of New England banks followed by banks in the East South Central (71.7 percent) and East North Central (71.0 percent) regions gave this category a first-place ranking than other regions, while a lesser percentage of Mid-Atlantic banks (40.1 percent) ranked it first.

QVG. Figure 13. Region

		Negative Account Screening Due to Prior Closure or Mismanagement								
		New England	Mid-Atlantic	South Atlantic	East South Central	West South Central	East North Central	West North Central	Mountain	Pacific
1	Count	305	199	433	418	698	741	658	267	241
	%	73.0%	40.1%	56.0%	71.7%	64.2%	71.0%	61.0%	56.0%	58.2%
2	Count	68	249	282	121	301	178	335	155	117
	%	16.3%	50.2%	36.4%	20.7%	27.7%	17.0%	31.1%	32.5%	28.2%
3	Count	44	48	44	44	89	125	86	55	56
	%	10.6%	9.7%	5.8%	7.6%	8.2%	12.0%	7.9%	11.5%	13.5%
4	Count	0	0	14	0	0	0	0	0	0
	%	.0%	.0%	1.8%	.0%	.0%	.0%	.0%	.0%	.0%
Total	Count	418	495	773	584	1088	1044	1078	476	413
	%	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 the ranking of a negative account screening due to prior closure or mismanagement. There is a difference between Tier 1 (36.4 percent ranked first) and Tier 3 (62.3 percent ranked first).

QVG. Figure 14. Tier

		Tier 1			Tier 2			Tier 3		
		Insufficient ID	Negative account screening due to prior closure or mis-management	Negative account screening due to potential fraud alert	Insufficient ID	Negative account screening due to prior closure or mis-management	Negative account screening due to potential fraud alert	Insufficient ID	Negative account screening due to prior closure or mis-management	Negative account screening due to potential fraud alert
1	Count	9	8	4	205	316	17	2379	3637	355
	%	50.0%	36.4%	20.0%	39.9%	61.9%	4.3%	38.4%	62.3%	9.4%
2	Count	7	8	7	180	128	166	2188	1668	1422
	%	38.9%	36.4%	35.0%	35.1%	25.2%	41.7%	35.3%	28.6%	37.4%
3	Count	2	6	9	128	66	212	1613	520	1996
	%	11.1%	27.3%	45.0%	25.0%	12.9%	53.0%	26.0%	8.9%	52.5%
4	Count	0	0	0	0	0	3	14	14	27
	%	.0%	.0%	.0%	.0%	.0%	.9%	.2%	.2%	.7%
Total	Count	19	23	21	513	510	399	6193	5838	3801
	%	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 the ranking of the common reasons for declining accounts.

Options for Individuals Who Do Not Qualify for Conventional Accounts

Question V H. If a new account applicant does not qualify for a conventional checking account, does the bank offer any entry deposit accounts designed for individuals not qualified for conventional accounts that can serve as a “stepping stone” account (e.g., an account with debit card access but no check writing)?

Yes No

About a quarter (24.6 percent) of all banks have at least one entry deposit account designed for individuals not qualified for conventional accounts. This percentage may be overstated as the majority of account descriptions reported by banks in the subsequent open-ended question might not be classified as entry-level accounts for otherwise unqualified individuals.

QVH. Figure 1. Does the bank offer “stepping stone” accounts?

		Frequency	Weighted Frequency	Weighted Percent
Valid	No	499	5518	75.4
	Yes	177	1799	24.6
	Total	676	7317	100.0
Missing	System	9	123	
Total		685	7440	

There is little difference between regions for banks that offer stepping stone accounts.

There is a difference between tiers for banks that offer stepping stone accounts. A greater percentage of Tier 1 banks (50.0 percent) offer the accounts, compared to 28.9 percent and 24.1 percent of Tier 2 and Tier 3 banks, respectively.

QVH. Figure 2. Tier

		Does the bank offer “stepping stone” accounts?		
		Tier 1	Tier 2	Tier 3
No	Count	13	392	5113
	%	50.0%	71.1%	75.9%
Yes	Count	13	160	1627
	%	50.0%	28.9%	24.1%
Total	Count	25	551	6740
	%	100.0%	100.0%	100.0%

There is little difference between urban and rural banks for banks that offer stepping stone accounts.

Question V H-1. If yes, please describe the alternative account(s) offered. Include information related to products, transaction restrictions, fees, etc. If possible, please include a copy of the product description or marketing brochure for any alternative accounts.

Account A:	Date Introduced:
Account B:	Date Introduced:
Account C:	Date Introduced:

Qualitative analysis shows that a common approach is to offer some form of savings account as an entry-level account for unbanked and underbanked individuals.

These accounts are difficult to categorize and characterize along common dimensions due to a wide variety of features, conditions, requirements, and restrictions placed on these accounts by banks.

Among the 180 bank that provide descriptions of alternative accounts that they offer, only about one-third (62 of 180) of the reporting banks appear to offer a distinct entry-level account for un/underbanked individuals.

The majority (117 of 180) of reporting banks describe accounts that would not be considered an entry-level deposit account.

- About half (89 of 180) of reporting banks describe some form of savings account, including regular, passbook, and statement savings accounts.
- Standard checking accounts, with no modifications or restrictions on what is offered to mainstream customers, are reported by 16 of 180 banks.

Few (10 of 180) banks report offering electronic transfer accounts (ETAs) as an alternative account offered to un/underbanked individuals.

