ADDRESSING THE ECONOMIC CHALLENGES OF AMERICANS WITH DISABILITIES

FINDINGS FROM THE 2013 FDIC NATIONAL SURVEY OF UNBANKED AND UNDERBANKED HOUSEHOLDS
National Disability Institute

A national research and development organization with the mission to promote income preservation and asset development for persons with disabilities and to build a better economic future for Americans with disabilities.
Survey Supplement

• June 2013 Unbanked/Underbanked - Current Population Survey (CPS)
  o Representative of U.S. civilian population
  o Non-institutionalized population, 15+ years old
  o Participation in household finances

• Householder: person who owns or rents home
Methodology

“Households headed by working-age persons with disability” (12.2%)

• **Disability:** Working-age *householder* has disability
  - “Yes” to 6-question CPS disability sequence and/or
  - Classified “not in labor force-disabled”

• **Working-age:** 25-64 years of age
Findings (highlights)

1. Banking status
2. Checking and savings account ownership, and automatic transfers
3. Prepaid debit cards
4. Alternative financial services
5. Banking methods
1. Banking status

• Households headed by working-age persons with disability
Household Characteristics

Households with disabilities:
• Less likely to:
  o Be married
  o Be Hispanic/Latino or Asian
  o Have college degree
  o Be employed
  o Earn > $30,000/year
  o Own home

• More likely to:
  o Be unmarried or live alone
  o Be female
  o Be African American or Native American/Alaskan Native
  o Be 55 to 64 years old
  o Have high school degree or less
  o Not be in labor force
  o Earn < $30,000/year
Banking Status

• Banked:
  o **Fully banked:** Someone in household currently has an account and did not use *alternative financial services* (AFS) in last 12 months
  o **Underbanked:** Someone in household has an account, but used (AFS) at least once in last 12 months

• **Unbanked:** Nobody in household has checking or savings account
More likely to be longer-term unbanked
Reasons for Opening an Account (Disability)*

- 50%**: To receive direct deposit
- 20%: To put money in a safe place
- 13%: To pay for everyday purchases, write checks, and/or pay bills
- 10%: To be able to apply for a loan or mortgage
- 7%: To save money for the future
- 0%: Other
Future Banking Plans by Disability Status (%) *

Disability:
- Very likely: 8.4%
- Somewhat likely: 15.6%
- Not too likely: 21.8%
- Not likely at all: 48.6%

No Disability:
- Very likely: 15.4%
- Somewhat likely: 25.3%
- Not too likely: 21.4%
- Not likely at all: 31.8%
2. Checking and savings account ownership, and automatic transfers

- Households headed by working-age persons with disability
Bank Account Type by Disability Status (%)*

- Unbanked: Darker - 18.4%, Lighter - 7.2%
- Savings only: Darker - 4.9%, Lighter - 1.6%
- Checking only: Darker - 33.2%, Lighter - 18.8%
- Checking and savings: Darker - 41.8%, Lighter - 70.8%
3. Prepaid debit cards

• Households headed by working-age persons with disability
Reasons for Using Prepaid Cards by Disability Status (%) *

- To send or give money**: 7% (Disability: 17.5% vs. No Disability: 9.5%)
- To put money in a safe place: 11% (Disability: 11% vs. No Disability: 9.5%)
- To control spending: 13.6% (Disability: 13.6% vs. No Disability: 11%)
- Other: 15.4% (Disability: 23.8% vs. No Disability: 23.8%)
- Receive payments, direct deposit of paychecks or other income such as SS benefits**: 16.9% (Disability: 33.8% vs. No Disability: 16.9%)
- To pay for everyday purchases or bills**: 42.8% (Disability: 52.5% vs. No Disability: 42.8%)
### Sources of Prepaid Cards by Disability Status (%)

<table>
<thead>
<tr>
<th>Method</th>
<th>Disability</th>
<th>No Disability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over the telephone</td>
<td>1.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Internet/online</td>
<td>4</td>
<td>5.6</td>
</tr>
<tr>
<td>A bank branch**</td>
<td>6.1</td>
<td>10.7</td>
</tr>
<tr>
<td>Standalone non-bank financial services store**</td>
<td>4</td>
<td>6.7</td>
</tr>
<tr>
<td>Grocery, liquor, convenience, or drugstore</td>
<td>15.6</td>
<td>19.4</td>
</tr>
<tr>
<td>Unknown</td>
<td>11.7</td>
<td>15.8</td>
</tr>
<tr>
<td>Provided by someone else</td>
<td>17.7</td>
<td>22.3</td>
</tr>
<tr>
<td>Large retail or department stores</td>
<td>26.3</td>
<td>32</td>
</tr>
</tbody>
</table>
4. Alternative financial services

• Households headed by working-age persons with disability
Alternative Financial Services Recency of Use by Disability Status (%) *

- Never used: 38.1% (disability) vs. 54.6% (no disability)
- Not in last 12 months: 18% (disability) vs. 14.4% (no disability)
- Not in last 30 days but in last 12 months: 16.8% (disability) vs. 13.8% (no disability)
- In last 30 days: 21.9% (disability) vs. 12.2% (no disability)
### Types of Alternative Financial Services

<table>
<thead>
<tr>
<th></th>
<th>Disability</th>
<th>No Disability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction Services</td>
<td>32.8%</td>
<td>22.7%</td>
</tr>
<tr>
<td>Credit Services</td>
<td>14.5%</td>
<td>7.4%</td>
</tr>
</tbody>
</table>
Number of Alternative Financial Services by Disability Status (%)*

- **Used 3 or more**: 2.7%
- **Used 2**: 5.8%
- **Used 1**: 16.8%
- **Used 0**: 68.7%

Disability (darker) vs. No Disability (lighter)
5. Banking methods

- Households headed by working-age persons with disability
Methods Used to Access Accounts by Disability Status (%)*

- Other: 1.8% (0.5%)
- Mobile banking: 13.8% (29.5%)
- Telephone banking: 25% (29%)
- Online banking: 42.2% (65.2%)
- ATM/kiosk: 67.2% (76.8%)
- Bank teller: 75.3% (77.5%)
Smartphone Access by Disability Status (%)*

Disability
- Smartphone: 39.4%
- Non-smartphone: 38.2%
- No mobile phone: 16.7%

No Disability
- Smartphone: 68.1%
- Non-smartphone: 19.1%
- No mobile phone: 7.1%
Internet Access by Disability Status (%)*

Disability
- Has access: 63.2%
- Does not have access: 31.5%
- Unknown: 5.3%

No Disability
- Has access: 84.3%
- Does not have access: 11.2%
- Unknown: 4.5%
What does this tell us?

• Less likely to use online and mobile banking
• Disability and transportation limitations reduce ability to access banks, yet cannot easily access “anytime, anywhere” financial services technologies
ADDITIONAL INFORMATION IS AVAILABLE IN THE REPORT

RECOMMENDATIONS

Framework to Evaluate Economic Inclusion

Access
Sustainability
Growth
Access: Draw Consumers with Disabilities into Mainstream Financial Services

Recommendation #1

Create the ADA@25 FDIC Financial Toolkit to help Financial Institutions bring people with disabilities into the economic mainstream
Approach

• Dedicate meeting of FDIC Advisory Committee on Economic Inclusion
• Create time limited work group to identify best practices
• Create the ADA@25 Financial Toolkit
• Disseminate to banks and disability community
Access: Draw Consumers with Disabilities into Mainstream Financial Services

Recommendation #2

Lead by Example: Financial Institutions as Model Employers
Approach

• Meet Section 503 federal contractor obligations with 7% utilization goal for hiring of qualified individuals with disabilities
• Make public commitment to increase recruitment, hiring, accommodation, and advancement of target population
• Engage disability and career service offices on college campuses to expand recruitment
• Expand internship opportunities
• Create central pool of funds to affirmatively support accommodation needs
Sustainability: Keep Consumers with Disabilities in the Banking System

Recommendation #1

Integrate Financial Capability Skills Building within the Workforce Development Service Delivery System
Approach

- Seize the opportunity of WIOA focus on financial literacy with collaboration of FDIC and USDOL at federal level
- Bring Money Smart and financial counseling/coaching into American Job Centers (AJCs) through collaboration of banks and local Workforce Development Boards (WDBs)
- Improve ability of jobseekers to make informed financial decisions and enhance financial well-being
Sustainability: Keep Consumers with Disabilities in the Banking System

Recommendation #2

Foster ABLE accounts for down payments on financial inclusion
Approach

• Initiate conversations with Treasury to help define and support secure savings and disbursement options with ABLE accounts
• Identify needs of eligible population for ABLE sensitive products and services through dialogue with disabilities community
• Create and market ABLE sensitive products and services as new pathway to mainstream financial inclusion
Growth: Deepen Banking Relationships with Customers with Disabilities

Recommendation #1

Target the Economic Inclusion Potential of Mobile Financial Services
Approach

• Identify and solve accessibility challenges of mobile and Internet financial products and services
• Target younger age groups for marketing and outreach in the disability community to educate about value proposition of mobile banking (time, convenience, cost)
• Build collaboration between the FDIC and FCC, at federal level, and banks and communication carriers, equipment manufacturers, and software developers to improve the affordability and accessibility of products and high speed Internet to improve pathway to economic inclusion
Growth: Deepen Banking Relationships with Customers with Disabilities

Recommendation #2

Generate new financial knowledge about people with disabilities to inform pathways to economic inclusion
Approach

- Expand CPS (Current Population Survey) and FDIC data collection regarding (a) other members of household with disabilities, and (b) other data that separates direct deposits from public benefits and other sources of income.
- Analyze “other” data by disability status to capture unique findings.
- Conduct new research about the accessibility of different types of financial products and services and their possible impact on use.
- Conduct additional smaller scale qualitative research with people with disabilities to complement FDIC survey data.
Conclusion

• When federally insured depository institutions effectively serve their broadest possible set of consumers, public confidence is strengthened in the banking system which ultimately benefits everyone
QUESTIONS?
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NDI’s Real Economic Impact Network

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