

Overview of the 2013 FDIC National Survey of Unbanked and Underbanked Households

**EITC Forum South Carolina
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By:

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Background

- Objectives and statutory mandate
- In partnership with Census, FDIC conducted its third household survey in June 2013. Nationally representative sample, nearly 41k respondents.
- Designed to produce estimates of unbanked and under banked populations, and to provide insights into how banks might better meet the needs of these consumers
- Estimates are available at national and state level, and for larger MSAs

Agenda

1. **Unbanked and Underbanked Estimates**
2. **Household Banking Status Transitions**
3. **Prepaid Cards**
4. **Non-bank Alternative Financial Services Use**
5. **Technology and Banking Methods**
6. **economicinclusion.gov**
7. **Implications**
8. **Safe Account Template**

Revised Underbanked Definition

Non-bank AFS Product	Survey Year		
	2013	2011	2009
Money Order	Used in the Last Year	Used in the Last Year	Used at least once or twice a year
Check Cashing			
Payday Loan			
Pawn Shop			Used in past 5 yrs
Rent-to-Own			
RALs	Not Included	Not Included	
International Remittance			
Auto Title Loan			

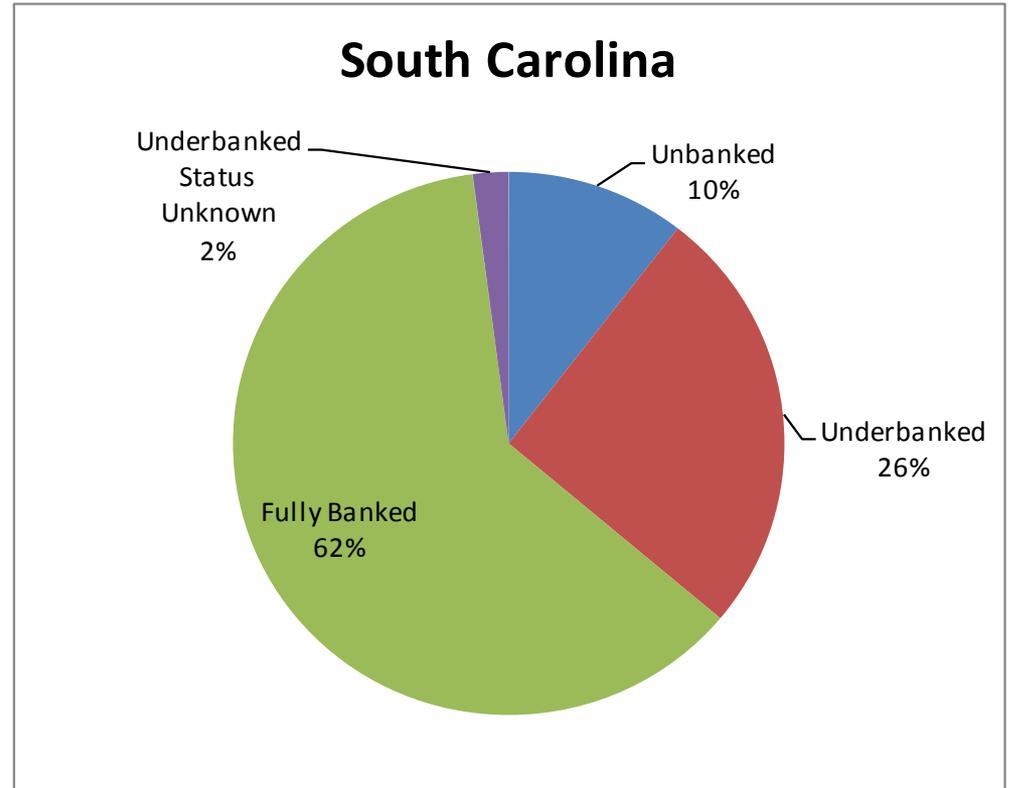
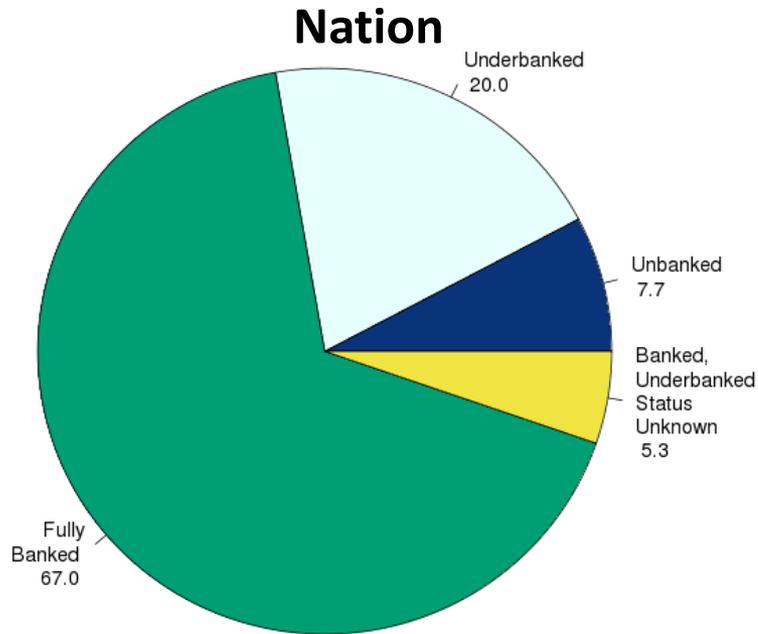
Geographies Included

- National estimates
- The State of South Carolina

Data Set available allows custom analysis of many factors related to the unbanked and underbanked including select demographic groups especially at the state level, (MSAs may lack adequate sample representation to draw conclusions) and for the 2009, 2011 and 2013 surveys.

Please explore: www.economicinclusion.gov

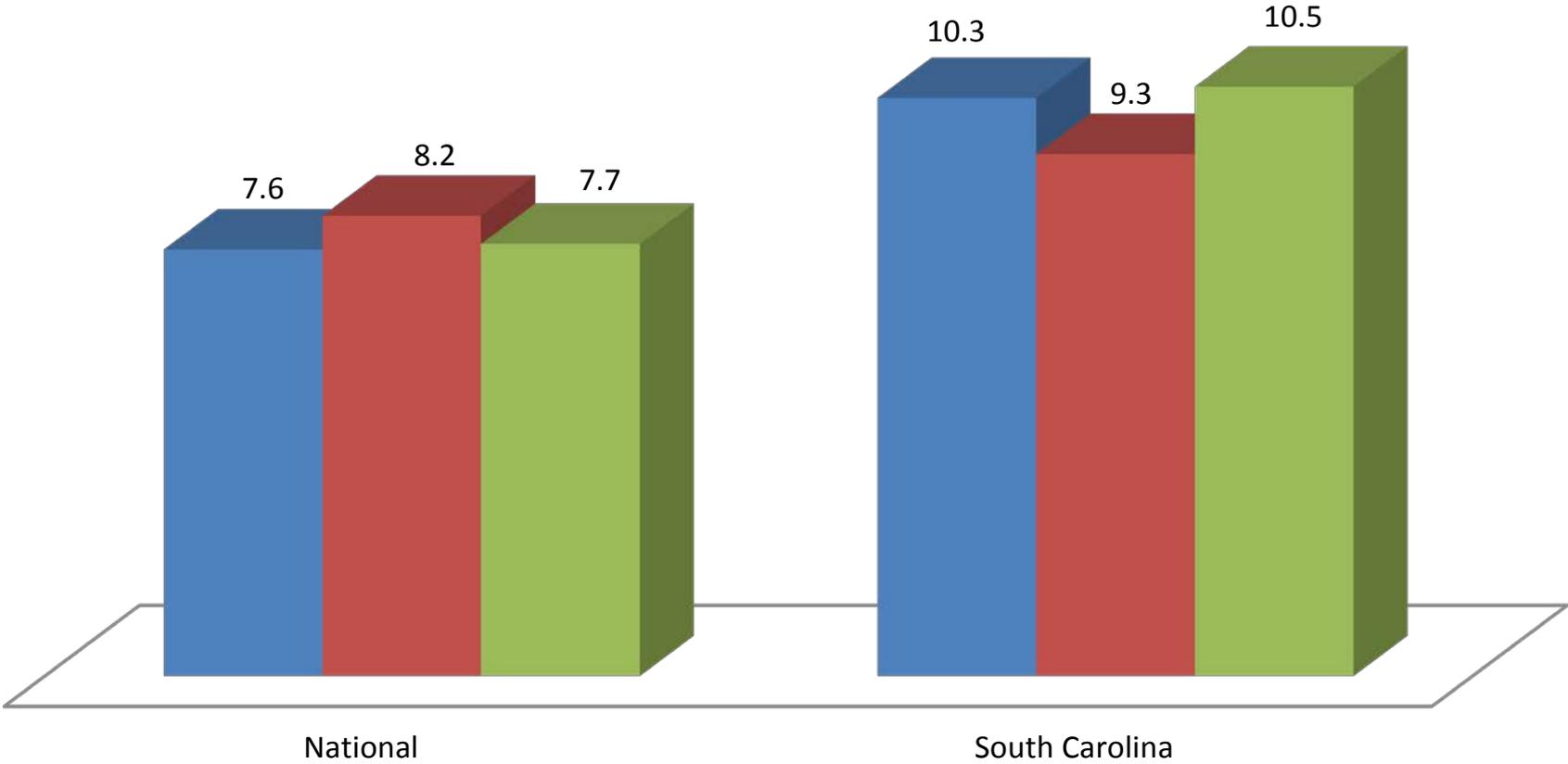
2013 Unbanked and Underbanked Rates



Note: Not enough observations to provide estimates at the MSA and County Level in South Carolina

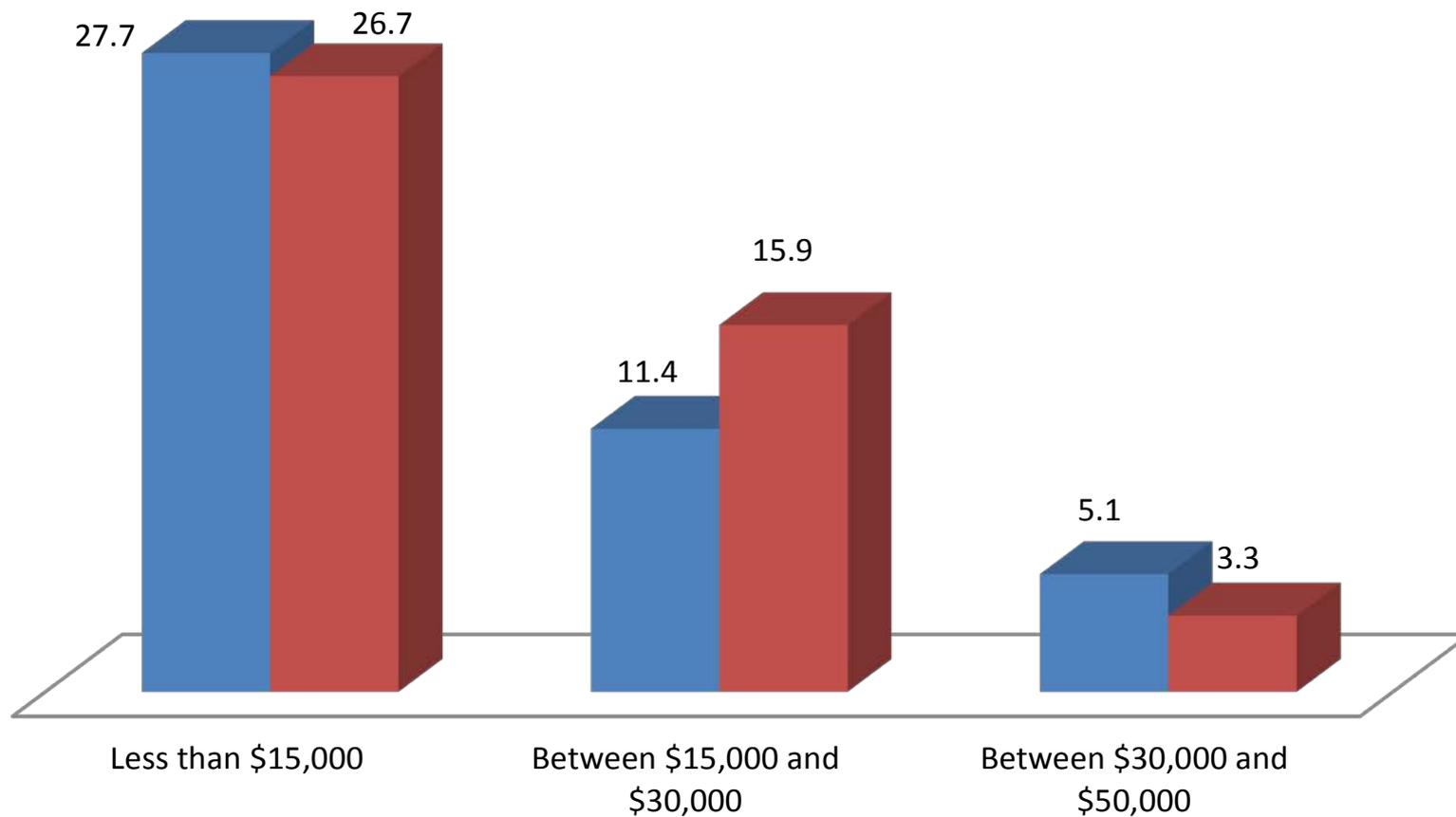
Unbanked Rate by Year

■ 2009 ■ 2011 ■ 2013



2013 Unbanked Rates by Family Income

■ National ■ South Carolina



Select Demographic Groups

Select Demographic Groups	Unbanked	Underbanked	Fully Banked	Unbanked	Underbanked	Fully Banked
	2011 National Survey			2013 National Survey		
All households	8.2	20.1	68.3	7.7	20.0	67.0
Blacks	21.4	33.9	41.6	20.5	33.1	40.0
Hispanics	20.1	28.6	48.7	17.9	28.5	48.4
Foreign-born noncitizens	22.2	28.9	45.8	22.7	28.0	43.9
Unemployed householder	22.5	28.0	47.5	23.0	25.3	47.8
Income below \$15,000	28.2	21.6	47.6	27.7	22.4	45.2
Unmarried female family households	19.1	29.5	48.4	18.4	29.2	47.5
Householder ages 15-24 years	17.4	31.0	49.7	15.7	30.8	48.8

New Questions 2013

Internet Access	Smartphone
<i>Has access</i>	<i>Smartphone</i>
<i>Does not have access</i>	<i>Non-Smartphone</i>
<i>Unknown</i>	<i>No Mobile Phone</i>
Methods that Households access accounts	Unknown
<i>Bank Teller</i>	<i>Mobile Phone</i>
<i>ATM/Kiosk</i>	<i>Has mobile phone</i>
<i>Telephone Banking</i>	<i>Does not have mobile phone</i>
<i>Online Banking</i>	<i>Unknown</i>
<i>Mobile Banking</i>	
<i>Other</i>	
<i>Unknown</i>	

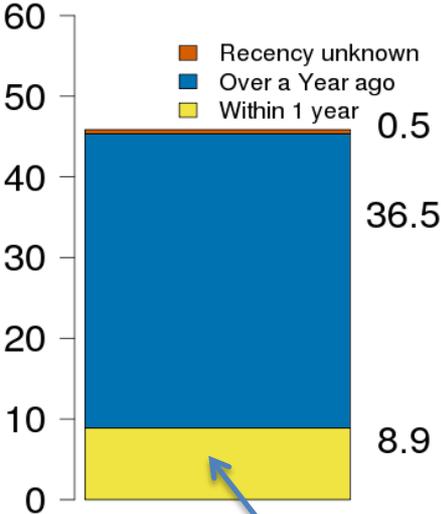
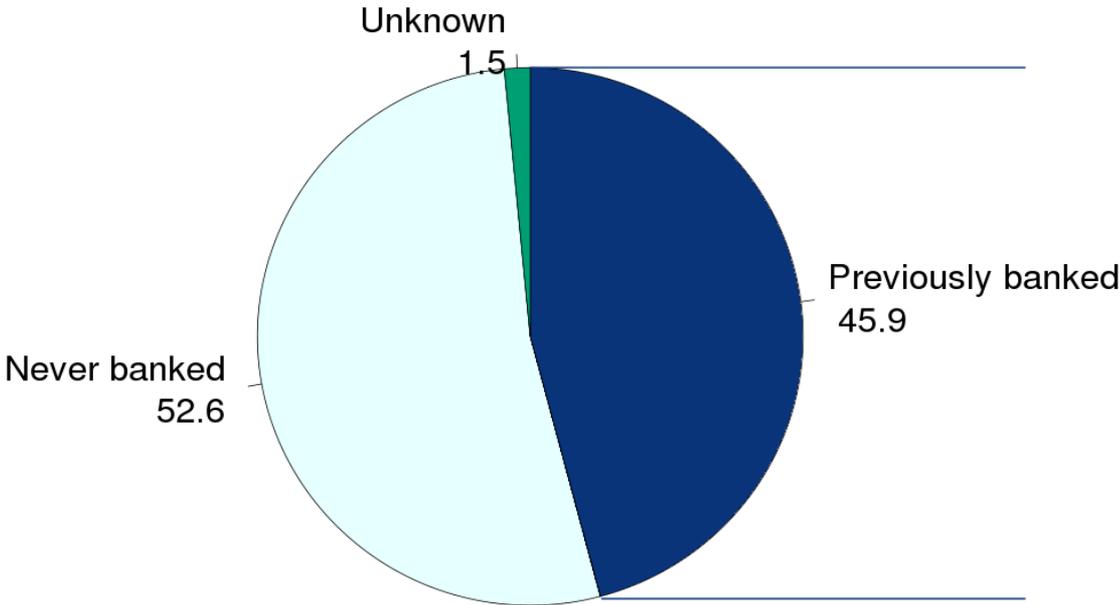
For more details about what is new, go to “B. What is new” p. 13 “2013 FDIC National Survey of Unbanked and Underbanked Households Report, Oct. 2014”
Retrievable at: <https://www.fdic.gov/householdsurvey/2013report.pdf>

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3. **Checking and Savings Account Ownership**
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Unbanked Households: Previous Banking Status

Nation



"Recently Unbanked"

Household Banking Status Transitions

Nation

	All	Longer-term Unbanked	Recently Unbanked	Recently Banked	Longer-term Banked
<p>Note: "Recently Unbanked" indicates that the household became unbanked within the last year, while "Recently Banked" indicates that the household became banked within the past year. Excludes households with missing information on recent bank status or incidence of life events.</p>					
Number of Households (1000s)	115,893	7,973	811	1,816	105,292
Percent of Households	100.0	6.9	0.7	1.6	90.9

- The 2013 survey includes a new question about recent entrances into the banking system, allowing us to categorize households by banking status over the past year
- A non-trivial number of households either entered or exited the mainstream banking system in the past year



Changes in Banking Status and Incidence of Selected Life Events

- Most households that experienced a major financial life event did not change banking status
- But among households that did change banking status, financial life events were commonly cited as a contributing factor
 - Among households that recently became unbanked, 34 percent experienced either a significant income loss or a job loss that they said contributed to the account closing
 - Among households that recently became banked, 19 percent reported that the new job contributed to their account opening
 - Many were becoming banked due to a direct deposit (reasons for becoming banked)



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9. **Safe Account Template**

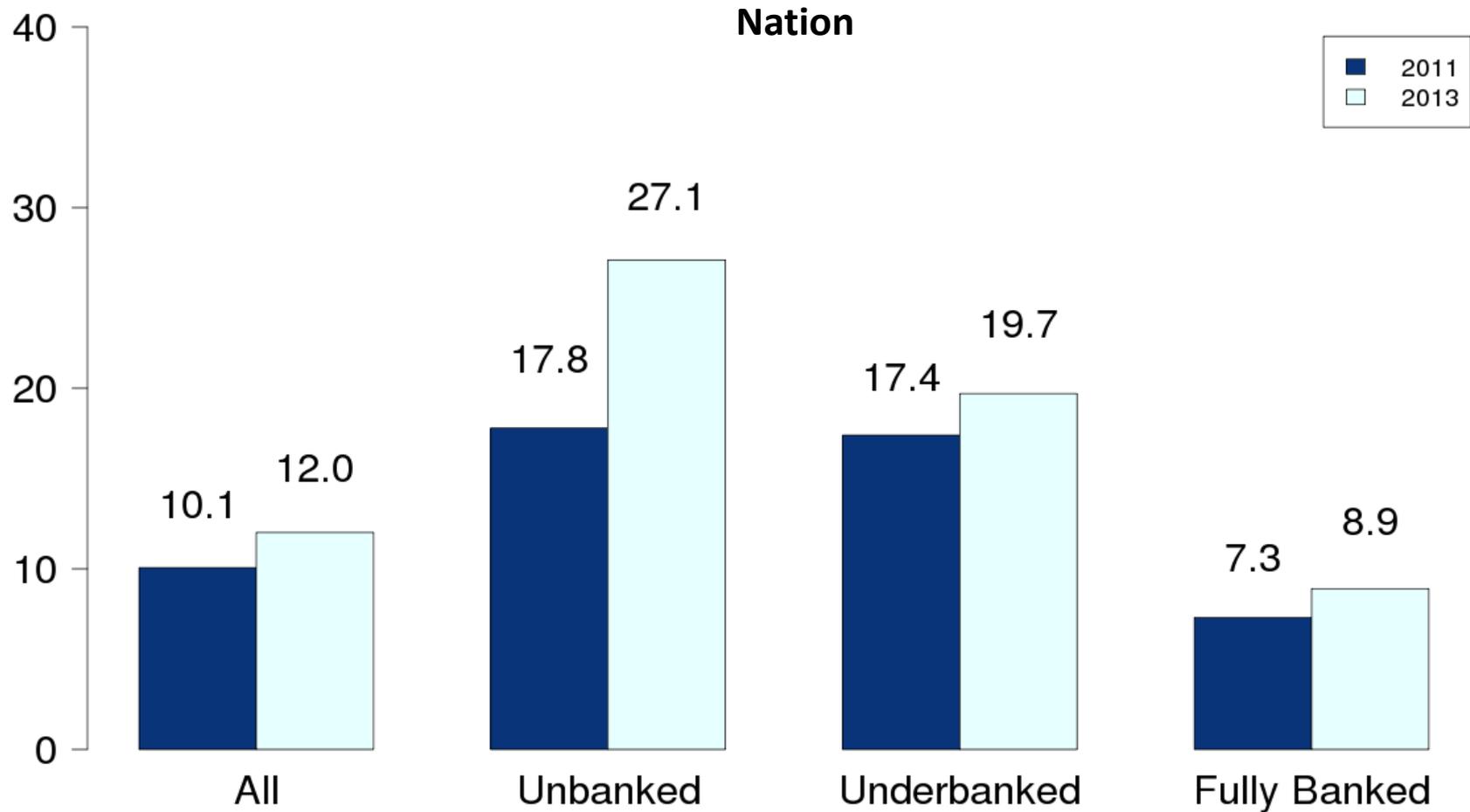
Prepaid Debit Cards

- General-purpose prepaid debit cards can be used to withdraw cash at ATMs, deposit checks, and receive direct deposits. Users can keep adding money onto the cards and use them to make purchases and pay bills anywhere credit cards are accepted.
- They are not linked to a checking or savings account and may have logos such as MasterCard, VISA, Discover, or American Express.
- They do not include phone cards, gift cards for a particular store or service, or cards that you cannot add more funds onto.

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Households that Had Ever Used Prepaid Cards by Banking Status and Year

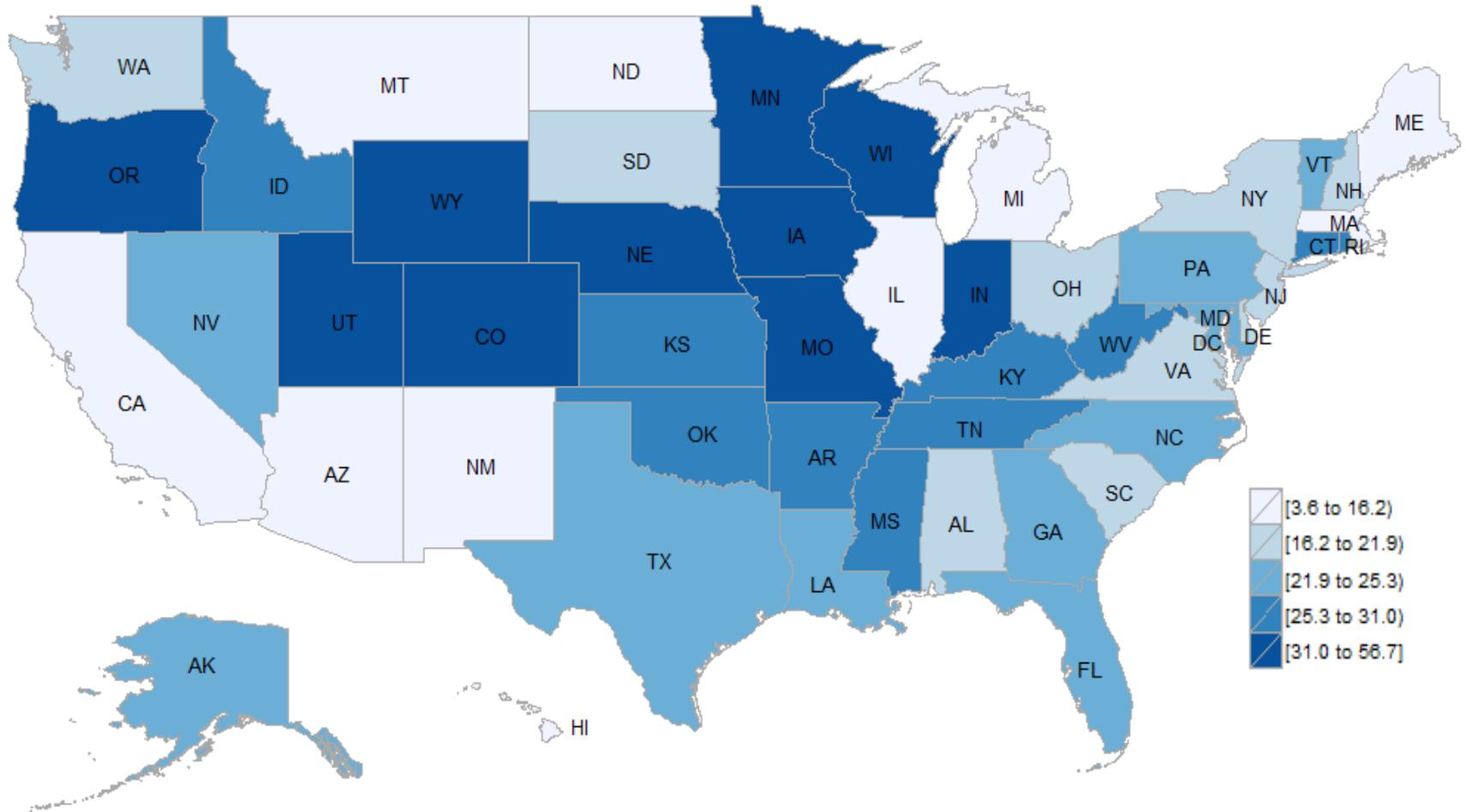


Unbanked Prepaid Card Users – Bank Account Usage

- More than two thirds (68%) of Unbanked Prepaid Card Users had a bank account in the past
- Almost half (47%) of Unbanked Prepaid Card Users report that they are very likely or somewhat likely to open a bank account in the future



Share of Unbanked Households that Used Prepaid Cards in the Last 12 Months





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Use of Prepaid Cards and Alternative Financial Services (AFS)

- 76 percent of Unbanked Prepaid Card Users have also used transaction AFS in the last 12 months.
- One third of Unbanked Prepaid Card Users have also used credit AFS in the last 12 months

Household Use of Alternative Financial Services

Products or Services Obtained from Non-Bank Alternative Financial Services Providers

Money Orders
Check Cashing
Remittances

Transaction AFS

Payday Loans
Pawn Shop
Rent-To-Own

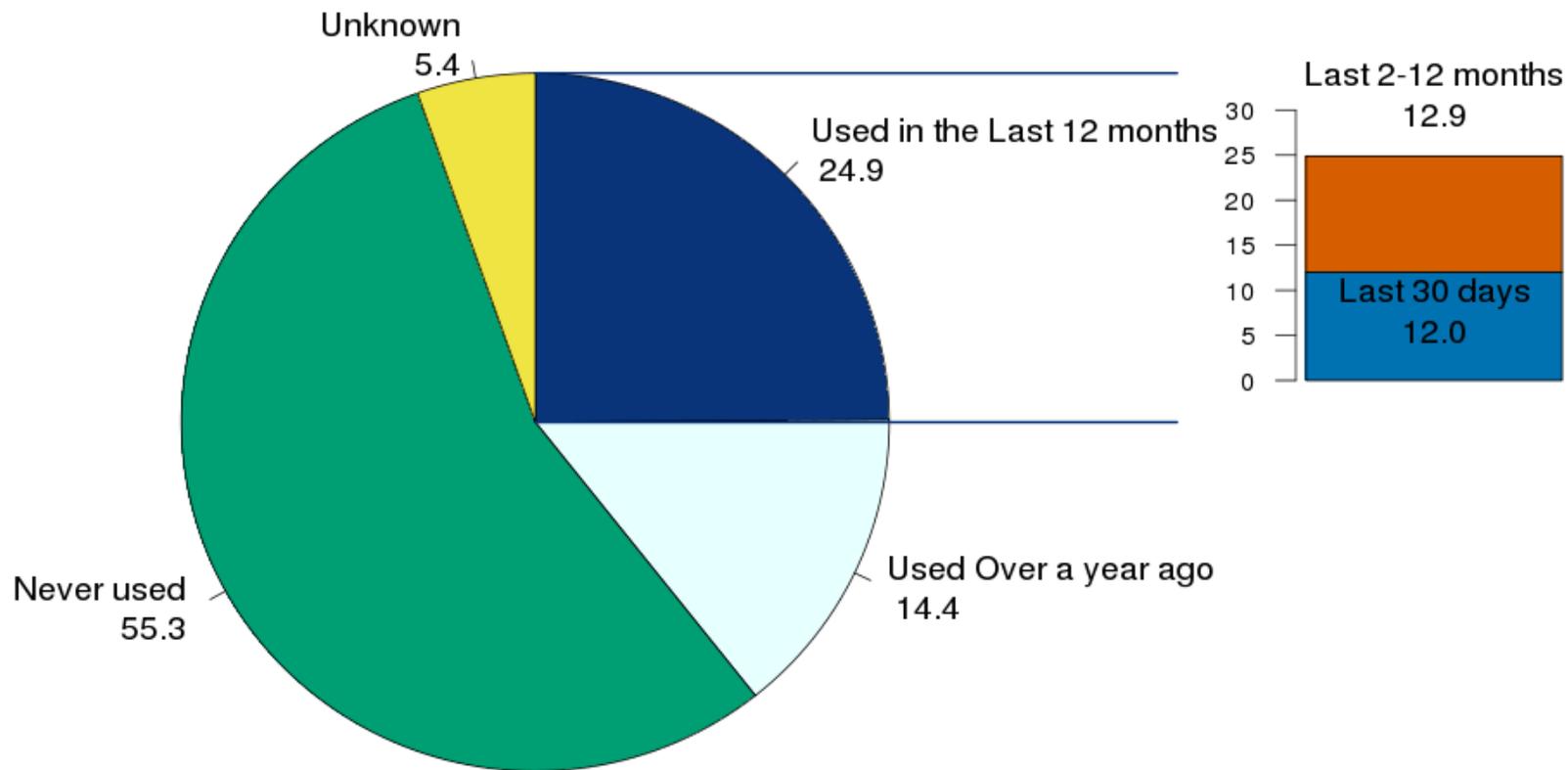
AFS Credit

Refund Anticipation Loans
[Auto Title Loans](#)

Household Use of Alternative Financial Services

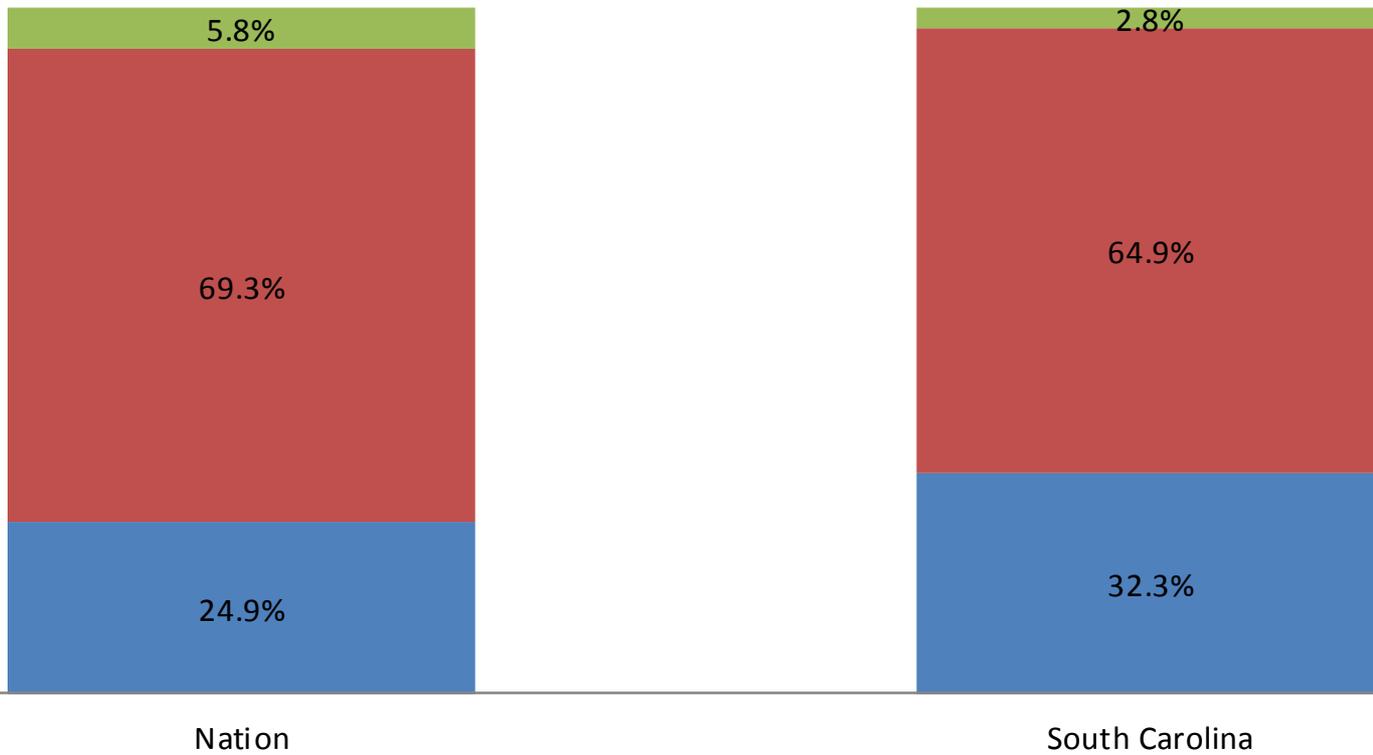
Recency of Household AFS Use, 2013

Nation



2013 Alternative Financial Services Use in the last 12 months

■ Has Used ■ Has Not Used ■ Unknown



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Methods Used To Access Bank Account In Last 12 Months

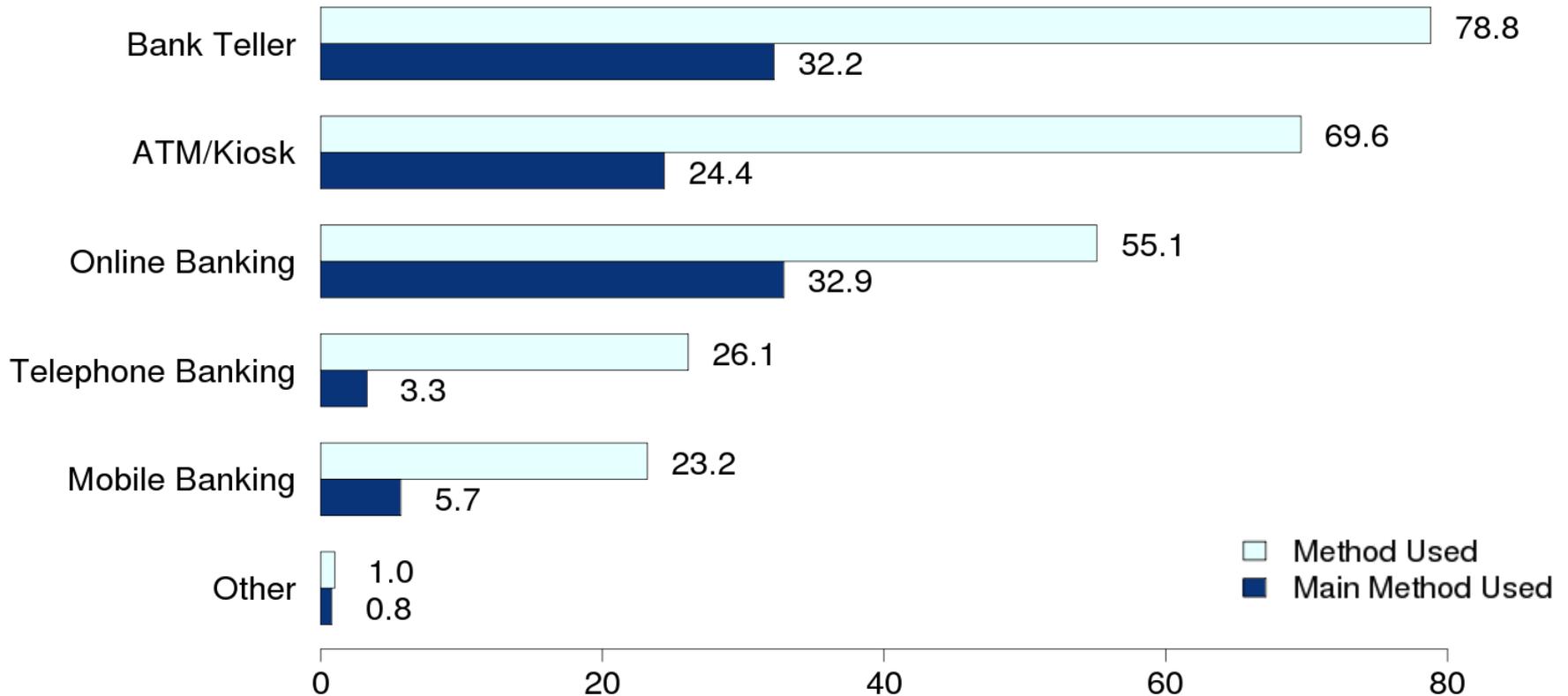
- Methods
 - Bank Teller
 - ATM/Kiosk
 - Online Banking
 - Telephone Banking
 - Mobile Banking
- All methods used
- Primary (most commonly used) method



Banking Methods

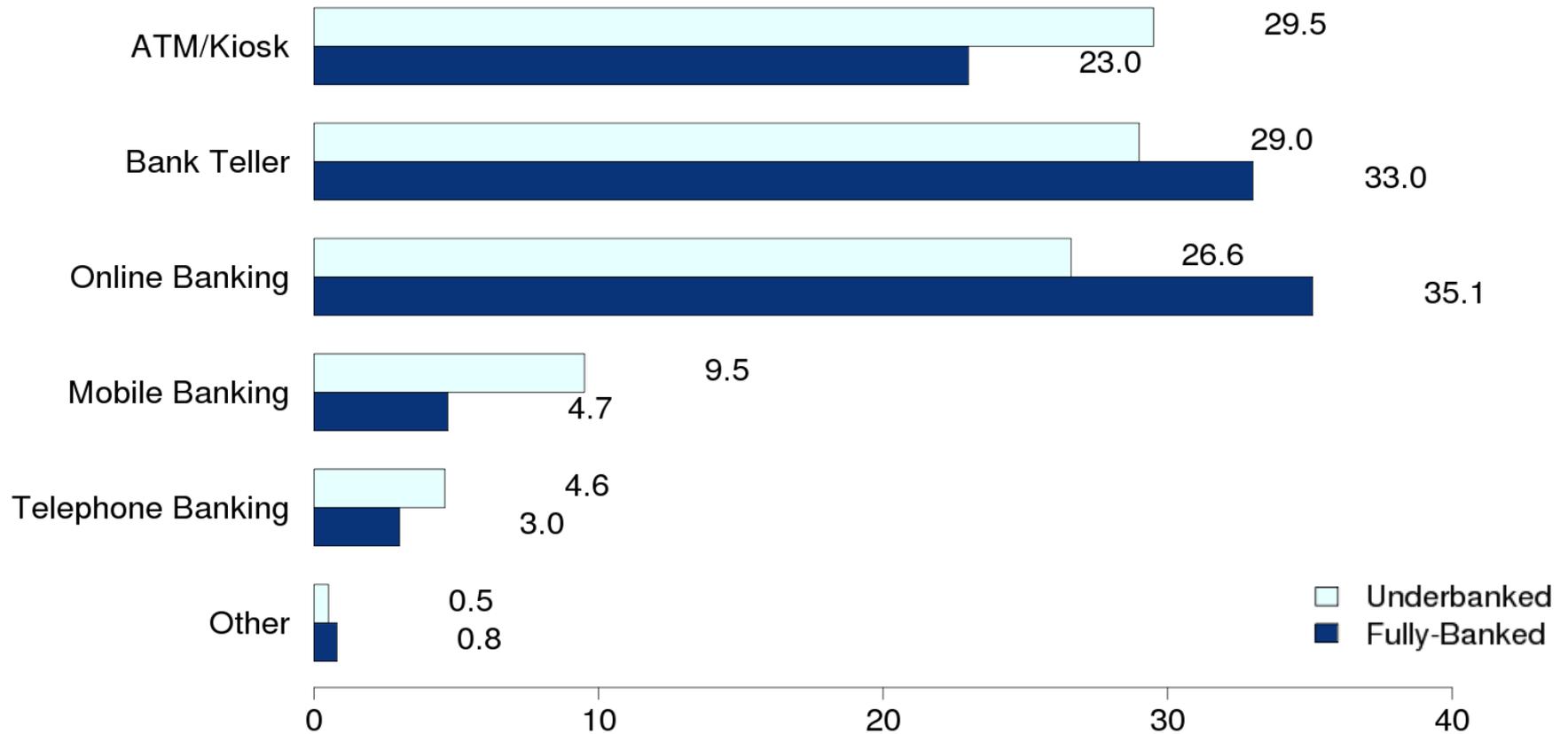
Nation

- Most banked households used multiple methods to access their bank accounts
 - 71.1 percent used 2 or more methods
 - 47.9 percent used 3 or more methods



Primary Method Used To Access Bank Account by Banking Status

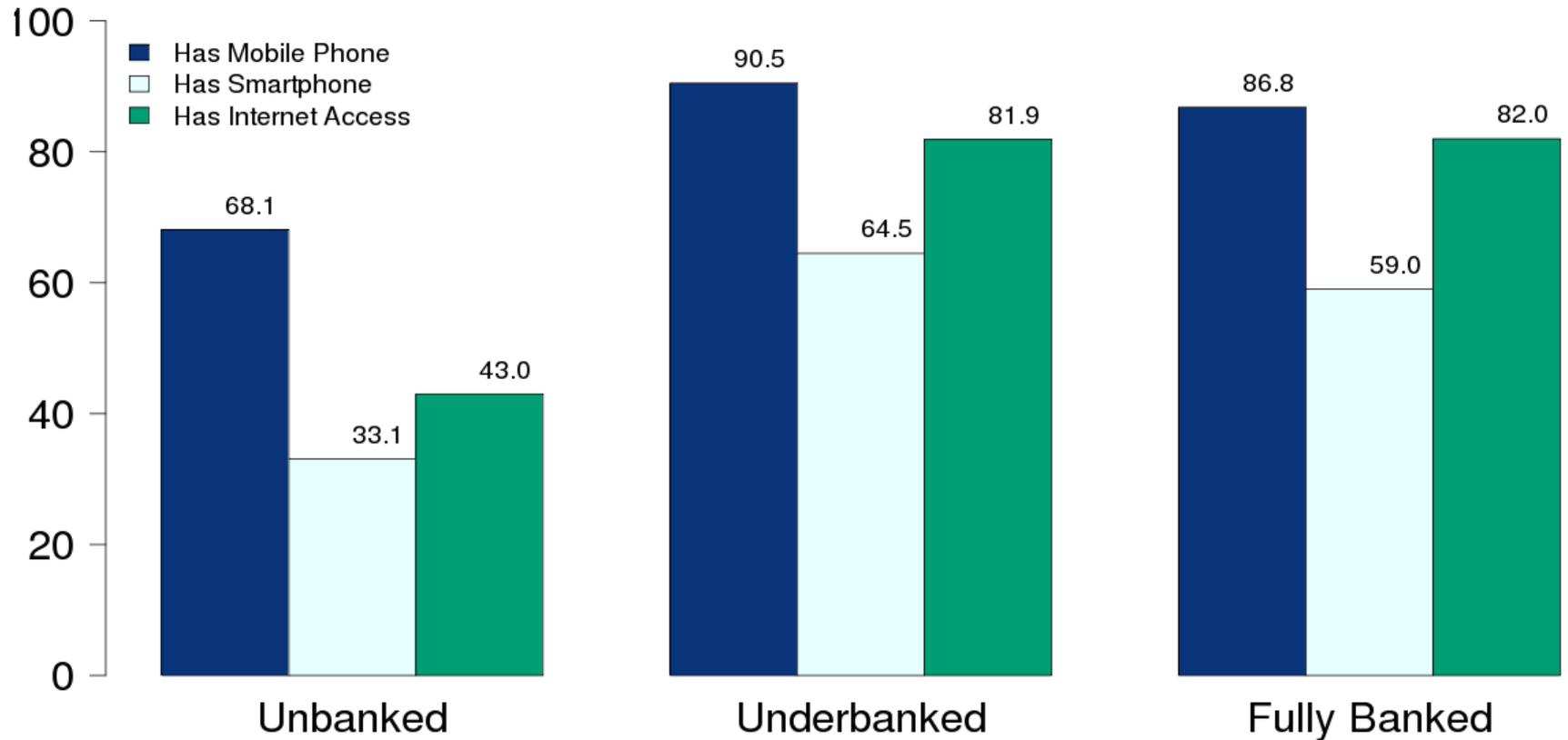
Nation





Access to Mobile Phones, Smartphones, And The Internet

Nation



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www.economicinclusion.gov

ECONOMICINCLUSION.GOV **FDIC**

WHAT IS ECONOMIC INCLUSION? SURVEYS & DATA INITIATIVES RESOURCES NEWS AND UPDATES

2013 FDIC National Survey of Unbanked and Underbanked Households

To assess the inclusiveness of the banking system, and in partial fulfillment of a statutory responsibility, the FDIC conducts biennial surveys of households to estimate the proportion of households that do not fully participate in the banking system.

The 2013 FDIC National Survey of Unbanked and Underbanked Households presents new data and insights on the size of unbanked and underbanked markets at the national, regional, state, and large metropolitan statistical area (MSA) levels. This is the third installment of the report.

EXPLORE 2013 SURVEY →

SELECT GEOGRAPHY: NATION REGION STATE MSA

VIEW MSA DATA
Please Select One
VIEW >

COMPARE AREAS
COMPARE DIFFERENT AREAS >

CREATE CUSTOM DATA TABLES
Explore the full data set for the FDIC National Survey of Unbanked and Underbanked Households. Create custom tables based on year, geography, topic and other variable filters.
CREATE CUSTOM DATA TABLE →

2013 SURVEY RESULTS
In 2013, the FDIC conducted the third biennial survey of unbanked and underbanked household and the efforts of banks to serve these populations. See the full findings here.
📄 [2013 Executive Summary - PDF \(PDF Help\)](#)
📄 [2013 Full Report - PDF \(PDF Help\)](#)

RELATED RESEARCH
The FDIC released a white paper assessing the economic inclusion potential of mobile financial services.
READ THE WHITE PAPER →

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Custom Data Table Tool

To assess the inclusiveness of the banking systems, and in partial fulfillment of a statutory responsibility, the FDIC conducts biennial surveys of households to estimate the proportion of households that do not fully participate in the banking system.

You can use this tool to explore the data from all National Household surveys conducted.

[CUSTOM DATA TABLE TOOL INSTRUCTIONS](#)

[FREQUENTLY ASKED QUESTIONS](#)

1. Select Geography

State

California

2. Select Year

2013

3. Select Analysis Variable

See frequently used variables See all variables

First Select Topic:

Then Select Variable:

To generate a table with your selected variable by Demographics, press the Get Table button below. You can customize the row variables and filter the data further after the table has been generated.

[CLEAR](#)

[GET TABLE](#)

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Implications

2013 survey and data availability help identify:

- Factors leading households to transition into or out of a banking relationship
- Methods used to access insured depository institutions (teller, online, mobile)
- Opportunities to use technology to promote economic inclusion (access to internet, mobile phone, smartphone)
- Opportunities to serve unbanked populations (15-24 and 25-34/Millennials have the highest percentages of unbanked)
- Data Set availability allows for custom analysis of select demographic groups in different geographies and times (2009, 2011 and 2013 surveys) up to MSA levels.

For a detailed presentation about the conclusions of the 2013 Survey, go to the FDIC Website and view the pre-recorded presentation of the comE-IN Meeting (Oct. 2014)



Safe Account Template

- Purpose: To help meet the needs of 25 percent of U.S. households that are either unbanked or underbanked and serve as an on-ramp to mainstream institutions.
- Development: Advisory Committee on Economic Inclusion
- Core features:
 - ✓ Insured deposits with consumer protections
 - ✓ Transparent charges
 - ✓ Reduced minimum to open: e.g. \$10-20
 - ✓ Low-costs with fees that are proportional to costs: e.g. \$3-\$5 monthly fee or fee waiver with direct deposit or bill pay
 - ✓ Card-based electronic access
 - ✓ Free: direct deposit, automatic saving, online access
 - ✓ No insufficient funds or overdraft fees



Pilot Results: Transaction Accounts

- Account retention was in line with other transaction accounts. A large proportion of account holders – about 80% -- were retained over the year.
- Average opening balance among banks was \$244, ranging from \$200 to \$400.
- Average monthly balance among banks was \$243, ranging from \$200 to \$300
- Costs were generally reported as the same or lower due to card-based features, measurement varied.



Recent Developments

- Institutions continue to implement accounts consistent with the Safe Account Template
- Card-based transaction accounts
- Two regional institutions
- Two very large national banks
- Pre-paid cards that encourage banking relationships
- Details (including presentation video) at www.fdic.gov/about/comein/index.html

Contacts

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