

## **FDIC Survey of Banks' Efforts to Serve the Unbanked and Underbanked Comparison of the 2008 and 2011 Survey Instruments**

The 2011 Survey of Banks' Efforts to Serve the Unbanked and Underbanked (2011 survey) gathers information about products and services that help bring unbanked and underbanked consumers into federally insured institutions.

There are two main differences between the 2011 and 2008 surveys. First, the 2011 Bank Survey effort will survey both bank branches and bank headquarters; the 2008 survey included only bank headquarters. Surveying bank branches will help us gain a better understanding of the products and services offered at the branch level and will allow for a more meaningful geographic analysis of product and service offerings. Two very similar survey instruments have been submitted for OMB approval. The headquarter survey contains all branch survey questions, plus additional questions on strategies and obstacles that would typically be relevant to only bank headquarters.

Second, the 2011 survey is streamlined and much shorter than the 2008 survey. The 2008 had an estimated completion time of 290 minutes, while the 2011 survey instruments are estimated to take an average of 30 minutes. The FDIC hopes that a shorter survey instrument will increase the survey response rate and reduce burden on respondents.

The 2011 survey has been shortened through the following types of revisions:

- a. Removing or consolidating questions by prioritizing topics of interest.
- b. Reducing the level of detail asked in the question
- c. Minimizing the use of open ended questions and structuring questions as multiple choice to reduce the burden on the respondent.

Below is a comparison of the 2011 survey instrument (headquarter survey) relative to the 2008 survey. This follows the structure of the 2008 survey:

### **Instructions**

In addition to a public burden and confidentiality statements, the 2011 headquarter survey includes questions requesting the bank's consent to allow branches to participate in the branch survey.

The 2011 survey also include screening questions to ensure that respondents are qualified to answer the survey, confirm whether a bank is a unit bank (i.e., banks with only a main office with no branches), and confirm that the responding branch is a full-service branch (only full-service branches are part of the branch universe).

### **Retail Bank Information**

This information was excluded from the 2011 survey to reduce the burden on respondents.

## **Education and Outreach**

- In the 2011 survey, this section revolves around identifying the type of financial education (Q33) or outreach (Q35) activities conducted by the bank and their effectiveness (Q34, Q36). These cover content that were included in a number of 2008 questions (2008.QIIB3,QIIC,QIID,QIIG,QIIH)
- From the 2008 survey experience we learned that banks do not typically distinguish unbanked from underbanked consumers in their education and outreach efforts. Therefore, the 2011 survey does not make this distinction when requesting information on efforts that target these populations.
- Questions regarding targeted marketing (2008.QIIF) and expansion of services to unbanked/underbanked (2008.QIii) are included in the 2011 survey in the section on ‘Bank efforts to identify Unbanked/Underbanked population (2011.Q1,Q2,Q3A)’. The 2011 survey, added a question about the most effective marketing channels used (2011.Q4). No questions are asked on the specific type of population targeted (e.g. working poor, urban, African Americans, etc.) (2008.QIIF2).
- Questions regarding challenges related to providing financial products and services to unbanked/underbanked (2008.QIIL, QIIM) are included in a Challenges section on the 2011 survey (2011Q37-Q39). In addition to identifying the specific challenges, the 2011 questions are intended to quantify the extent to which these challenges are an obstacle in serving unbanked/underbanked (major obstacle, minor obstacle, etc.). The 2011 survey also drills down on the types of competition and regulatory challenges faced by financial institutions (2011Q38-39).
- The 2011 survey does not have specific questions on financial education materials that were included in 2008 (2008. QIIB, QIIB1, QIIB2) since it was unclear whether banks were reporting standard product brochures in this category. Instead, specific financial education materials can be captured as the “other” option of 2011.Q33-Q34.
- In order to have a more concise survey, no information is requested regarding how long the bank has performed the activities( 2008.QIIC1), about the specific topics addressed in financial education efforts (2008.QIIC2), or about research performed by the bank on unbanked/underbanked population (2008.QIIJ).
- Open ended question QII3 of the 2008 Survey (2008.QIIB3) was replaced with 2011Q32.
- No data is gathered on payroll cards (2008. QIIE)

## **Retail Branch Information**

- The 2011 and 2008 surveys both gather information on the type of retail strategies used by banks to attract underserved consumers (2011.Q30-31). Specifically, 2011.Q30 consolidates and simplifies QIIIA-C of the 2008 survey.
- The 2011 survey asks an additional question regarding effectiveness of these retail strategies (2011.Q31).
- No information is requested on specific extended hours (2008.QIIIA) or specific foreign languages used in at the branch (2008.QIIIB).

- Questions regarding the services offered by the bank (e.g., money order, check cashing, etc.)(2008.QIIID) are included in the ‘Auxiliary Service’ section of the 2011 survey (2011.Q26)

### **Services Provided to Non-Customers**

- The 2008 questions about services offered by the banks (e.g., check cashing, money orders, remittances, etc.) (2008.QIVA, QIVD) are simplified in 2011.Q26. In the 2011 survey check cashing questions (2011.Q26A) focus on payroll checks, as opposed to a variety of types of checks.
- Questions regarding consumer identification (2008.IVC) were simplified to focus only on non-US passport and other foreign ID (2011.Q5A-B).
- Question 2008.IVB,IVC1, IVC2, IVE were removed since they asked for more in depth information about products and services included in the survey. 2008QIVE can be indirectly captured in the 2011 survey through questions about challenges in serving unbanked (2001.Q37)

### **Account Opening & On boarding Process for New Customers**

- In terms of ID requirements for opening an account, the 2011 survey (2011.Q5C-E) focuses only on whether a bank accepts non-traditional forms of ID or tax ID (e.g., matricula consular, foreign passport, and ITIN) since other standard IDs will generally be accepted by banks. Thus some of the options included in 2008 QVA are not included in the current survey. 2008 survey question QVB is also not included to keep the section short.
- Account screening questions are similar to the 2008 survey. The current survey asks about the process of rejecting an application (2011.Q6 compared to 2008.QVE), and the most common reasons for rejecting an account (2011.Q8-9 compared to 2008.QVG).
- Questions about specific screening tools (2008.QVC-QVD, QVF) are not included since 2011.Q8-9 capture the extent to which these screening tools preclude account opening.
- Similar to the 2008 survey (2008.QVH), the 2011 survey includes a question on the availability of a stepping stone account if the application for a conventional account is denied (2011.Q7). In order to keep the survey short, no information is requested on the specific characteristics of this account (2008.QVH1). However, some banks may include the characteristics of this stepping stone account in the checking account section (2011. Q10-19).

### **Deposit Products**

- In the 2011 survey, deposit products are divided into two sections: checking account and savings account. Basic fees and features of these accounts are captured in a more comprehensive way.
- The 2008 survey asked only for the minimum balance requirement of a basic checking account (2008.QVIA). The 2011 survey asks for minimum balance requirements, monthly maintenance fees, and the minimum amount required to open an account. (2011. Q10-Q12).

- Regarding payment features of the checking account, similar to the 2008 survey(2008.QVIB), the 2011 survey asks whether check writing is part of the basic account features (2011.Q14), and whether there is a fee involved (2011 Q15). Questions regarding other payment features and/or the cost associated these features have been removed (2008.Q.VIB).
- Regarding overdraft/Non-sufficient funds information, the 2011 survey asks about the NSF feature and NSF fee (2011Q17), similar to the 2008 survey (2008QVI.C1). In addition, the 2011 survey asks about whether there is an overdraft feature in the account and the associated fee (2011.Q16) and the availability of line of credit or linked account options (2011.Q18). This last item was covered by Q.VI.C2 in the 2008, but less explicitly.
- Questions regarding low balance alerts and threshold NSF items (2008QVI.C3) are not included to reduce survey length.
- A question regarding whether the most basic entry level checking account is card based is added to the 2011 survey (2011.Q13). Electronic accounts are typically less costly for banks to offer and can be a way to offer low-cost accounts to underserved consumers.
- A question on whether partnerships are used to promote checking account products was added (2011.Q32A).

### **Savings Accounts**

- Similar to the checking account section of the 2011 survey, the savings account section has additional questions to obtain more compressive information regarding basic fees and requirements for savings account (2011.Q20-22).
- The types of savings accounts available to customers (2008.VIIA) are included in 2011.Q25, but no information about the interest rate is collected to reduce the burden on responding banks.
- Questions 23-24 of the 2011 survey regarding an automatic saving option and the associated fee are new.
- The 2008 question regarding partnering with organizations to promote savings (2008QVIIB) is captured by 2011.Q32B.

### **Payment Products**

- Questions regarding availability of funds from a deposited check (2008.VIIIA) are part of the checking account section of the 2011 survey (2011.Q19).
- Advance loan questions are not included (2008.VIIIB) since they were often confused with overdraft programs.

### **Credit Products**

- In the 2011 survey the credit questions focus on identifying the extent to which banks offer small dollar loans. Other unsecured credit products (2008 QIXA), tax refund anticipation loans (2008.QIXC), and credit cards (2008.QIXD) are excluded from the survey instrument to keep the survey as short as possible.
- Regarding small dollar loan products, the 2011 asks about the amount of the smallest unsecured personal loan (2011.Q28). If the minimum amount is below

\$5,000, the survey asks which of the loan characteristics are consistent with the FDIC Small-Dollar Loan Template (2011.Q29): repayment period, APR, and underwriting process. This structure will allow the FDIC to identify which features are consistent with the template and which ones are not.

- The 2008 question on small-dollar loans (2008.QIXB) did not allow us to identify which specific loan features differ from the FDIC Small-Dollar Loan Template.

The 2011 survey has a general open-ended question (2011.Q40) where the respondent is asked to describe the type of program they think would be effective in bringing unbanked/underbanked consumers to the financial services.