FEDERAL DEPOSIT INSURANCE CORPORATION

2015

FDIC National Survey of Unbanked and Underbanked Households

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2015

FDIC National Survey of Unbanked and Underbanked Households

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1. Executive Summary

Public confidence in the banking system stems in part from how effectively banks serve the needs of the nation's diverse population. Accordingly, the FDIC is committed to expanding Americans' access to safe, secure, and affordable banking services. The FDIC National Survey of Unbanked and Underbanked Households is one contribution to this end.

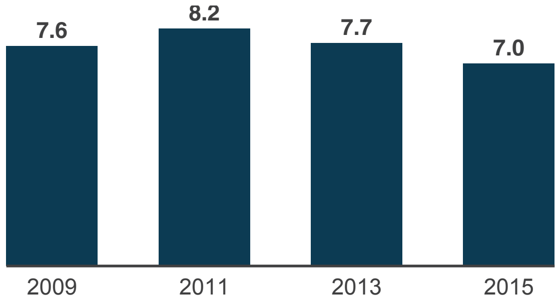
To assess the inclusiveness of the banking system, and in partial response to a statutory mandate, the FDIC has conducted the survey biennially since 2009.[1] The most recent survey was administered in June 2015 in partnership with the U.S. Census Bureau, collecting responses from more than 36,000 households. The survey provides estimates of the proportion of U.S. households that do not have an account at an insured institution, and the proportion that have an account but obtained (nonbank) alternative financial services in the past 12 months. The survey also provides insights that may inform efforts to better meet the needs of these consumers within the banking system.

This executive summary presents key results from the 2015 survey and summarizes the implications of these results for policymakers, financial institutions, and other stakeholders who are working to improve access to mainstream financial services.

Banking Status of U.S. Households

- In 2015, 7.0 percent of U.S. households were "unbanked," meaning that no one in the household had a checking or savings account. The unbanked rate fell by 0.7 percentage points from 2013 (7.7 percent) and was lower in 2015 than in any of the past years of the survey.
  - » Approximately 9.0 million U.S. households, made up of 15.6 million adults and 7.6 million children, were unbanked in 2015.[2]

Figure ES.1 National Estimates, Household Unbanked Rates by Year



- An additional 19.9 percent of U.S. households were "underbanked" in 2015, meaning that the household had an account at an insured institution but also obtained financial services and products outside of the banking system. Specifically, a household is categorized as underbanked if it had a checking or savings account and used one of the following products or services from an alternative financial services (AFS) provider in the past 12 months: money orders, check cashing, international remittances, payday loans, refund anticipation loans, rent-to-own services, pawn shop loans, or auto title loans.
  - » Approximately 24.5 million U.S. households, composed of 51.1 million adults and 16.3 million children, were underbanked in 2015.
  - » The underbanked rate was essentially unchanged from 2013 (20.0 percent).
- 68.0 percent of households in 2015 were "fully banked," meaning that the household had a bank account and did not use AFS in the past 12 months. This was a 1.0 percentage point increase from the fully banked rate in 2013 (67.0 percent).

[1]Section 7 of the Federal Deposit Insurance Reform Conforming Amendments Act of 2005 (Pub. L. 109–173) calls for the FDIC to conduct ongoing surveys, "on efforts by insured depository institutions to bring those individuals and families who have rarely, if ever, held a checking account, a savings account or other type of transaction or check cashing account at an insured depository institution ['unbanked'] into the conventional finance system." Section 7 further instructs the FDIC to consider several factors when conducting the surveys, including estimating the size and worth of the unbanked market in the United States and identifying the primary issues that prevent unbanked individuals from establishing conventional accounts.

[2]Adults are defined as people aged 16 and older. This is a lower-bound estimate of the number of unbanked adults in the United States, because it is based on the assumption that all adults residing in a "banked" household are banked in the sense that they may benefit from the account. A banked household may have one or more unbanked adults; such adults are not included in the 15.6 million adults estimate cited in this report.

Table ES.1 National Estimates, Household Banking Status by Year
For all households, row percent

Year	Number of Households (1000s)	Unbanked (Percent)	Underbanked (Percent)	Fully banked (Percent)	Banked, underbanked status unknown (Percent)
2011	120,408	8.2	20.1+	68.8+	2.9+
2013	123,750	7.7	20.0	67.0	5.3
2015	127,538	7.0	19.9	68.0	5.0

Notes: The + symbol indicates that the 2011 estimates of the underbanked, fully banked, and underbanked status unknown rates are not directly comparable to the 2013 and 2015 estimates. Specifically, the 2011 definitions do not incorporate use of auto title loans because this information was not collected in the 2011 survey.

Changes in Banking Status

- Approximately half of the decline in the unbanked rate from 2013 to 2015 can be attributed to improvements in the socioeconomic circumstances of U.S. households. However, even after accounting for these changes, the remaining decline in the unbanked rate across years was statistically significant.[3]
- Consistent with previous results, banking status varied considerably across the U.S. population in 2015. For example, unbanked and underbanked rates were higher among the following groups: lower-income households, less-educated households, younger households, black and Hispanic households, and working-age disabled households.[4]
- Reflecting the decline in the unbanked rate at the national level, unbanked rates fell between 2013 and 2015 for many segments of the population.
  - » In particular, unbanked rates declined substantially among groups that had high unbanked rates in 2013, including households with incomes of less than $15,000, younger households, and black and Hispanic households. Despite these improvements, unbanked rates within these groups remained substantially higher than the overall unbanked rate in 2015.
  - » Some segments of the population that experienced declines in unbanked rates also experienced declines in underbanked rates. This was true for black households, for whom the unbanked rate decreased from 20.6 percent in 2013 to 18.2 percent in 2015. The underbanked rate also decreased among black households, resulting in a large increase in the fully banked rate from 40.0 percent in 2013 to 45.5 percent in 2015.[5]
- Unbanked rates increased between 2013 and 2015 for some groups. In particular, among Asian households the unbanked rate increased from 2.2 to 4.0 percent. Underbanked rates also increased among Asian households, leading to a substantial decline in the fully banked rate (from 73.4 to 67.2 percent).

Income Volatility and Banking Status

The 2015 survey added a new question to examine the potential influence of income volatility on the ways households manage their finances.

- More than one in five U.S. households had income that "varied somewhat from month to month" or "varied a lot from month to month" (over the past 12 months). Unbanked and underbanked rates were higher among these households.
- Unbanked rates among households with income that varied somewhat or a lot from month to month were 8.7 and 12.9 percent, respectively, compared to 5.7 percent among households with income that "was about the same each month."
- An additional 26.6 and 30.9 percent of households with income that varied somewhat or a lot, respectively, were underbanked, compared to 19.1 percent among those with steady monthly income.
- Even among households with higher levels of income, unbanked and underbanked rates were higher when that income was volatile. For example, among households with annual income between $50,000 and $75,000, unbanked rates among those with income that varied somewhat or a lot were 2.9 and 4.1 percent, respectively, compared to less than 1 percent for those with steady monthly income.

[3]A linear probability model was estimated to account for changes from 2013 to 2015 in the distribution of households across the household-level characteristics shown in Appendix Table A.2. Changes in the socioeconomic characteristics of households (income, employment status, homeownership status, and educational attainment) between 2013 and 2015 accounted for about half of the difference in unbanked rates between 2013 and 2015. Adding additional controls for the remaining demographic characteristics listed in Appendix Table A.2 had little effect on the remaining difference.

[4]For characteristics that vary at the person-level, such as race, age, education, and employment, the characteristics of the owner or renter of the home (i.e., "householder") are used to represent the household. For convenience, abbreviated language is used when referring to certain household characteristics. For example, the term "white household" refers to a household in which the householder has been identified as white, non-black, non-Hispanic, and non-Asian. The phrase "working-age disabled" refers to a household in which the householder has a disability and is aged 25 to 64. See Appendix 1 for additional details.

[5]As noted in Table 3.3, the decline in the underbanked rate among black households is not statistically significant at the 10 percent level, although the increase in the fully banked rate is statistically significant.

Reasons Households Were Unbanked

As in previous years, the 2015 survey asked unbanked households about the reasons why they did not have an account. The 2015 estimates were qualitatively quite similar to those from the 2013 survey.

- The most commonly cited reason was "Do not have enough money to keep in an account." An estimated 57.4 percent of unbanked households cited this as a reason and 37.8 percent cited it as the main reason.
- Other commonly cited reasons were "Avoiding a bank gives more privacy," "Don't trust banks," "Bank account fees are too high," and "Bank account fees are unpredictable." Of these, the most cited main reasons were "Don't trust banks" (10.9 percent) and "Bank account fees are too high" (9.4 percent).
- A higher proportion of unbanked households that previously had an account cited high or unpredictable fees as reasons for not having an account (33.8 and 31.5 percent, respectively), compared to those that never had an account (23.1 and 17.7 percent, respectively).

Perceptions of Banks' Interest

The 2015 survey included a new question asked of all households: "How interested are banks in serving households like yours?" The survey results revealed pronounced differences across households.

- Overall, 76.6 percent of households perceived that banks were "very interested" or "somewhat interested" in serving households like theirs. Approximately 16 percent thought that banks were "not at all interested" in serving households like theirs, and the perceptions of the remaining 8 percent were unknown.
- Unbanked households were substantially less likely than underbanked or fully banked households to perceive that banks were interested in serving households like theirs. More than half (55.8 percent) thought that banks were not at all interested, compared to roughly 17 percent of underbanked households and 12 percent of fully banked households.
    - » The perception that banks were not at all interested in serving households like theirs was similar among unbanked households that previously had an account (54.2 percent) and those that never had an account (58.7 percent).

Figure ES.2 Reasons for Not Having a Bank Account, Unbanked Households, 2015 (Percent)

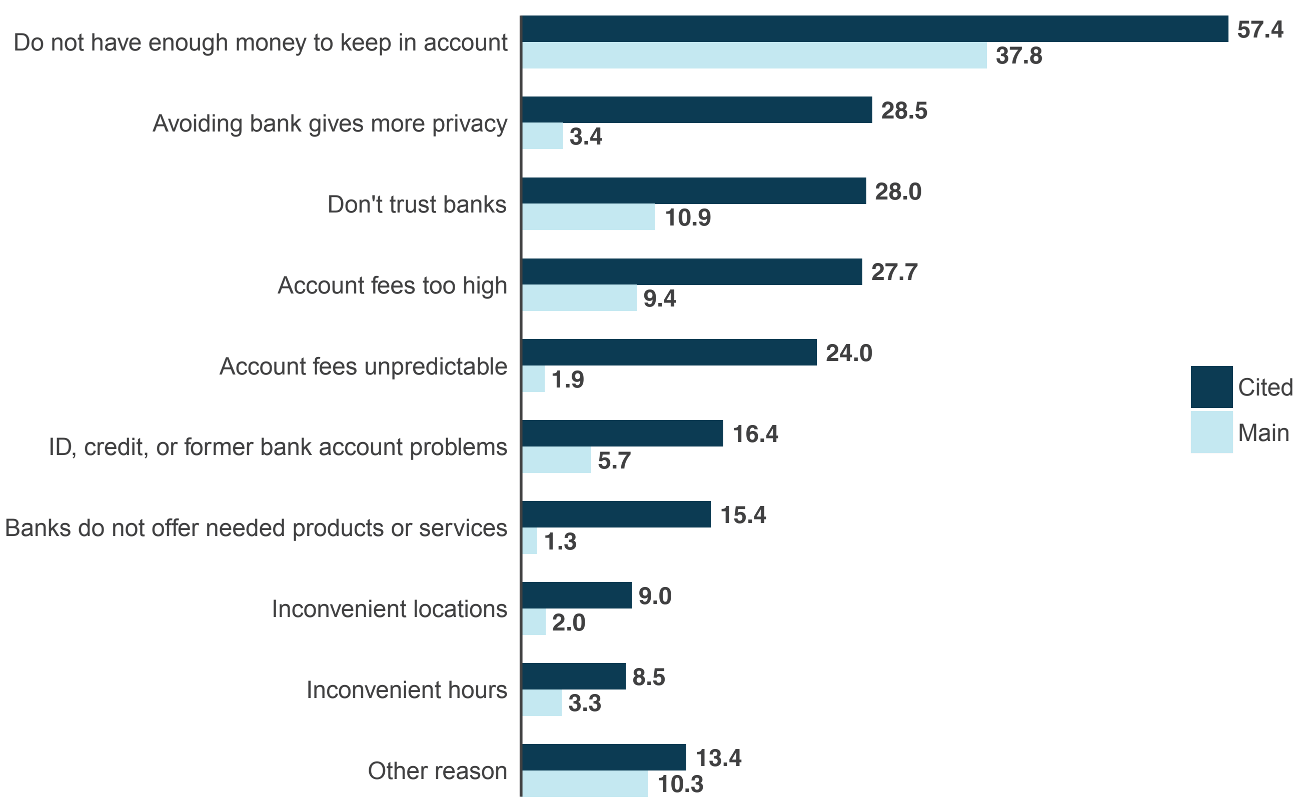
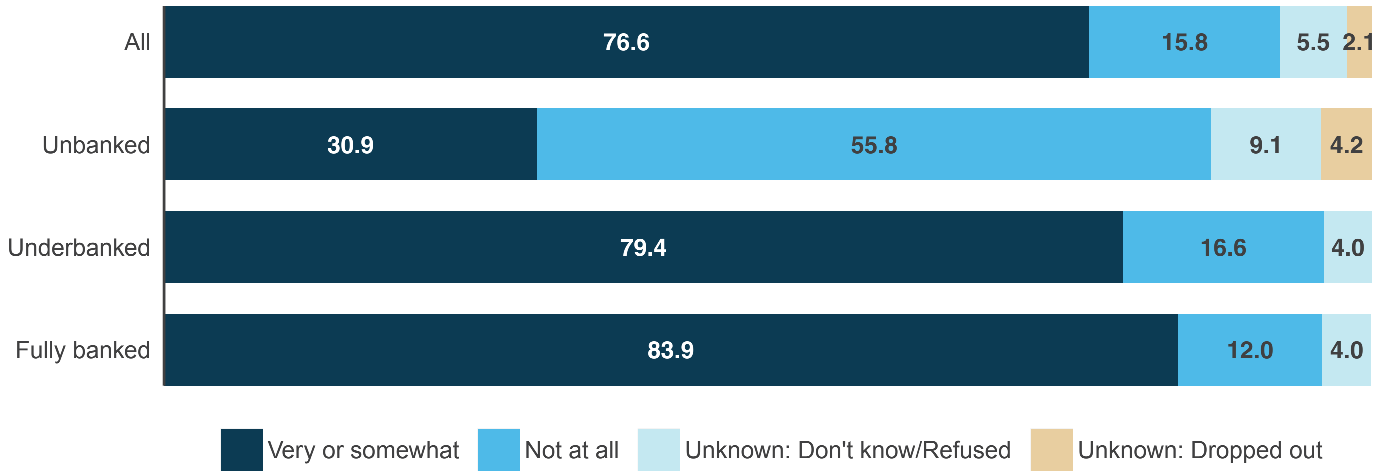


Figure ES.3 “How Interested Are Banks in Serving Households Like Yours?” by Banking Status, 2015 (Percent)



Notes: The category “Unknown: Don’t know/Refused” includes households that were asked the survey question but did not select a response (“very interested,” “somewhat interested,” or “not at all interested”). The category “Unknown: Dropped out” includes households that dropped out of the survey before this question.

- » Among unbanked households that thought banks were not at all interested in serving households like theirs, only 17.3 percent were very or somewhat likely to open an account in the next 12 months compared to 50.4 percent among unbanked households that perceived banks to be very or somewhat interested in serving households like theirs.

Banked Households: Types of Accounts

- Among banked households in 2015, patterns of savings and checking account ownership were generally similar to previous years.
  - » Almost all banked households had a checking account (98.0 percent), while roughly three in four (77.8 percent) had a savings account.
  - » Savings account ownership was substantially lower among certain segments of the population, including households with lower income and lower education, black and Hispanic households, and working-age disabled households.

Banked Households: Methods Used to Access Accounts

- Use of online and mobile banking to access accounts increased substantially from 2013 to 2015, while use of bank tellers decreased. However, use of bank tellers remained quite prevalent, particularly among segments of the population that had higher unbanked and underbanked rates.
  - » The proportion of banked households that used online banking to access their accounts in the past 12 months increased from 55.1 percent in 2013 to 60.4 percent in 2015. Further, 31.9 percent of banked households in 2015 used mobile banking, compared to 23.2 percent in 2013.
  - » The proportion of households that used a bank teller to access their accounts in the past 12 months fell from 78.8 percent in 2013 to 75.5 percent in 2015.
  - » Use of bank tellers was especially prevalent among lower-income households, less-educated households, older households, and households located in rural areas.
  - » Slightly less than half (49.2 percent) of banked households used a physical channel (bank branch or ATM/kiosk) as the primary method for accessing a bank account.

Figure ES.4 All Methods Used to Access Bank Accounts by Year (Percent)

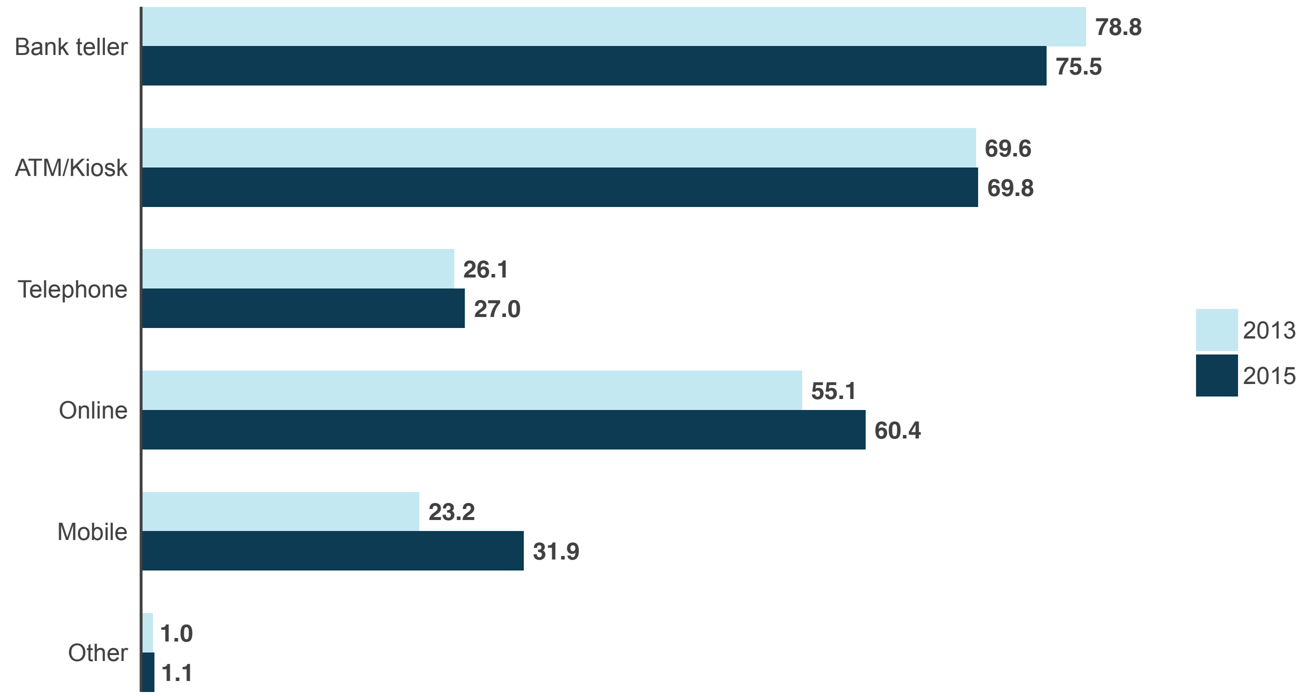
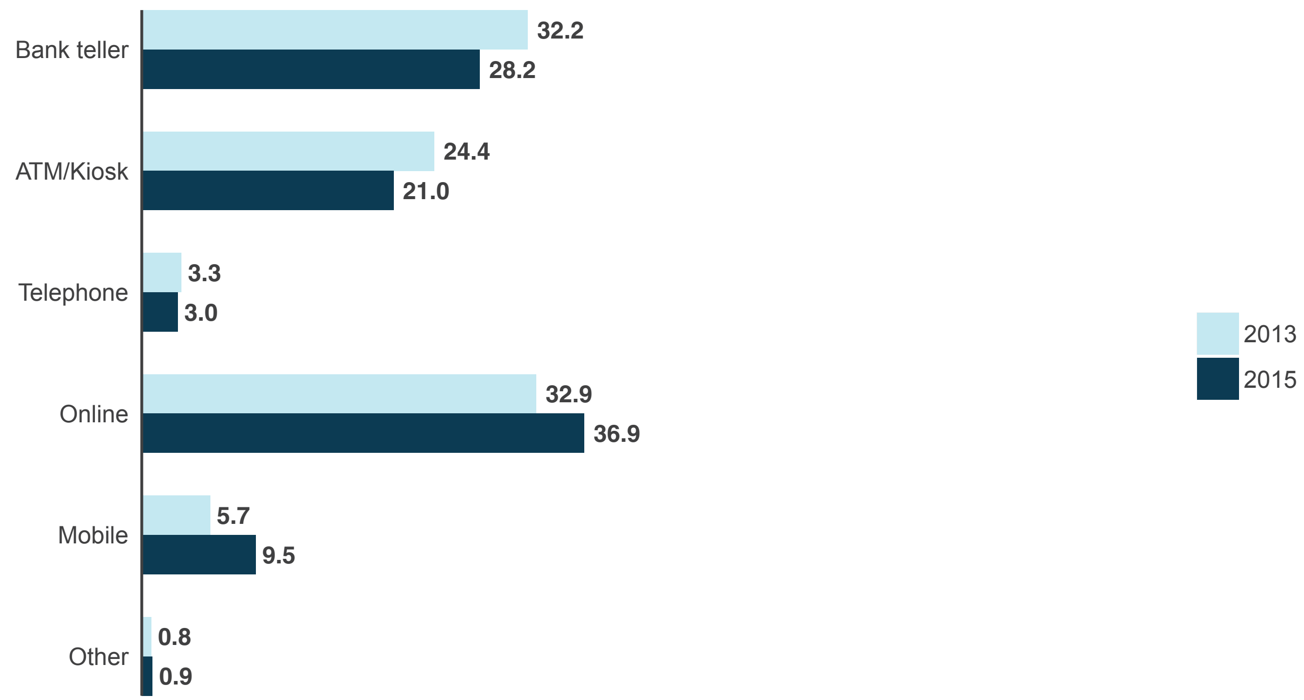


Figure ES.5 Primary Method Used to Access Bank Accounts by Year (Percent)



Prepaid Cards

Some consumers use general purpose reloadable prepaid cards to address their financial transaction needs. Similar to a checking account, these cards can be used to pay bills, withdraw cash at ATMs, make purchases, deposit checks, and receive direct deposits. These cards may have been obtained from sources such as a bank location or bank website, a nonbank store or website, a government agency, or an employer. Many, although not all, such cards store funds in accounts eligible for deposit insurance.[6]

- Between 2013 and 2015, the proportion of households that used a prepaid card in the past 12 months increased from 7.9 percent to 9.8 percent. This growth occurred broadly across socioeconomic and demographic groups.
- Consistent with results from the 2013 survey, prepaid card use in 2015 was higher among lower-income households, less-educated households, younger households, black households, and working-age disabled households.
- Households with income that varied somewhat or a lot from month to month were more likely to use prepaid cards in 2015 (13.5 percent and 15.5 percent, respectively) than households with income that was about the same each month (9.2 percent). This pattern held for households of all income levels.
- Use of prepaid cards was most prevalent among unbanked households. An estimated 27.1 percent of unbanked households used a prepaid card in 2015, compared to 15.4 percent of underbanked households and 6.9 percent of fully banked households.
  - » Unbanked households that used prepaid cards were more likely to have had a bank account at some point in the past: 64.1 percent of unbanked households that used prepaid cards had a bank account in the past versus 42.3 percent of unbanked households that did not use prepaid cards.
- Households that used prepaid cards obtained the cards from a variety of sources. The most common source was a store or website that is not a bank (42.6 percent of households that used prepaid cards obtained cards from this source), followed by a bank location or a bank's website (17.3 percent).

Alternative Financial Services

- In 2015, almost one in four households (24.0 percent) used AFS in the past 12 months.[7]
  - » Use of transaction AFS continued to be substantially more common than use of credit AFS: 20.2 percent of households used transaction AFS, and 7.7 percent of households used credit AFS.[8]
- Consistent with previous reports, use of AFS was much higher among unbanked households than banked households.
  - » The proportion of unbanked households that used AFS, however, fell by about 10 percent between 2013 and 2015. This decline was attributable to decreased use of transaction AFS among the unbanked.
- Households with volatile income were more likely to use AFS.
  - » Use of transaction AFS among households with income that varied somewhat or a lot from month to month was 27.7 and 34.3 percent, respectively, compared to 18.9 percent among households with income that was about the same each month. Similarly, use of credit AFS was substantially higher among households with more volatile income.
  - » These patterns held even among households with higher levels of income.

Saving for Unexpected Expenses or Emergencies

Savings can help households better manage unexpected expenses or emergencies, such as health issues or major automobile repairs. The absence of savings can sometimes be a barrier to financial stability and resilience, particularly for consumers with uneven or low incomes. To gain insight into these issues, the 2015 survey included new questions on whether households saved for unexpected expenses or emergencies and the methods they used.

- Overall, 56.3 percent of households saved; that is, they set aside money in the past 12 months that could be used for unexpected expenses or emergencies, even if the funds were later spent.
  - » Rates of saving for unexpected expenses or emergencies were lower among certain segments of the popu-

[6]Unless noted otherwise, estimates of prepaid card use are based on the 12 months before the survey. Households were instructed that the survey questions about prepaid cards were "not asking about gift cards or debit cards linked to a checking account."

[7]Unless noted otherwise, all estimates of AFS use are based on the 12 months before the survey.

[8]For the purposes of this report, transaction AFS include the following nonbank products and services: money orders, check cashing, and international remittances. Credit AFS include the following nonbank products and services that may be used in lieu of bank credit: payday loans, refund anticipation loans, rent-to-own services, pawn shop loans, and auto title loans.

lation, including lower-income households, less-educated households, black and Hispanic households, and working-age disabled households.

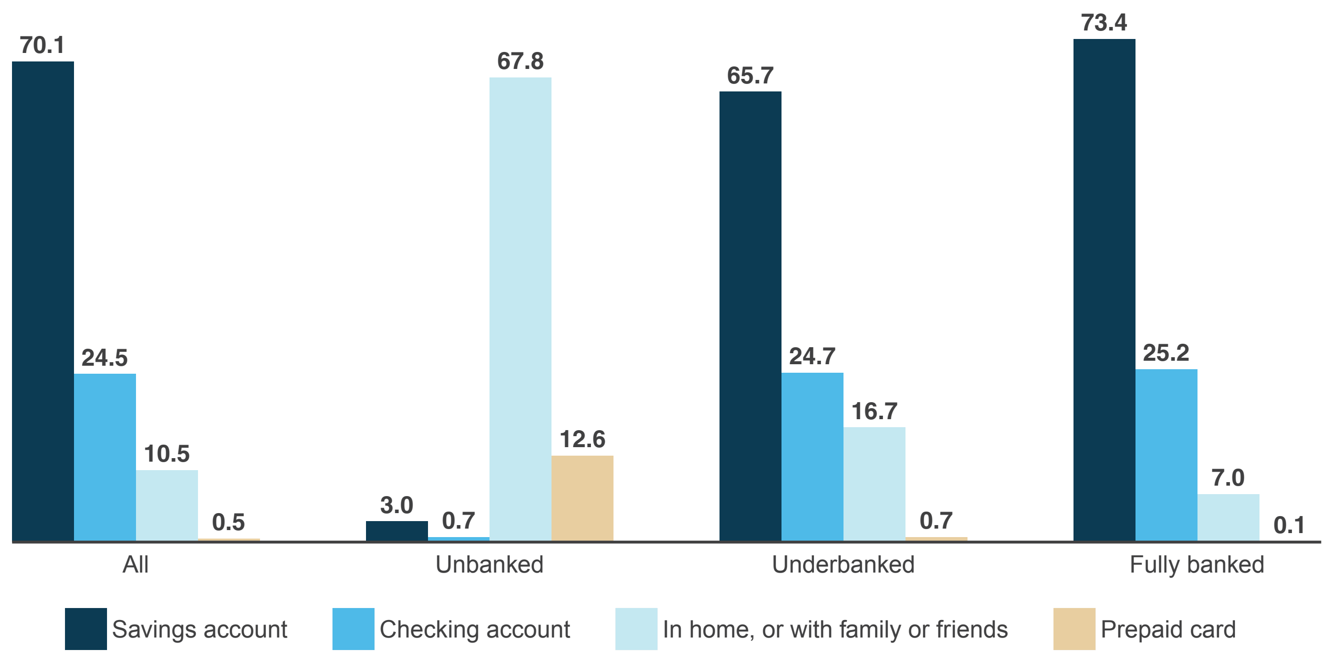
   » Unbanked households saved for unexpected expenses or emergencies at a much lower rate than underbanked and fully banked households: 20.2 percent of unbanked households saved for this purpose, compared to 55.2 percent of underbanked households and 60.0 percent of fully banked households.

- Among all households that saved for unexpected expenses or emergencies, savings accounts were the most used savings method followed by checking accounts: more than four in five (84.9 percent) kept savings in one of these accounts. About one in ten (10.5 percent) households that saved maintained savings in the home, or with family or friends.

   » The use of formal (e.g., savings or checking accounts) and informal (e.g., in the home, or with family or friends) savings methods varied by household characteristics. For example, among households that saved for unexpected expenses or emergencies, lower-income households, less-educated households, and working-age disabled households were less likely to keep savings in a savings account and more likely to maintain savings in the home, or with family or friends.

   » Unbanked households generally saved using informal methods, while underbanked and fully banked households generally saved using formal methods. Unbanked households that saved primarily kept savings in the home, or with family or friends, and on prepaid cards. In contrast, underbanked and fully banked households that saved primarily used savings and checking accounts.

Figure ES.6 Selected Savings Methods for Households That Saved by Banking Status, 2015 (Percent)

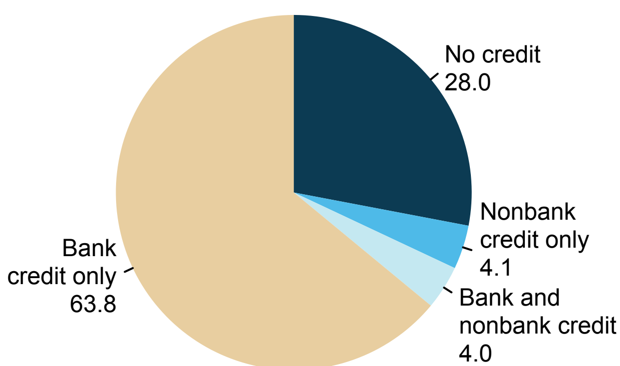


Bank and Nonbank Credit

To gain a more complete picture of household credit behavior, the 2015 survey included a new series of questions on bank credit, in addition to questions about nonbank credit asked in previous surveys. Specifically, households were asked whether, in the past 12 months, they had a credit card or a personal loan or line of credit from a bank (i.e., "bank credit"), applied for bank credit, were denied bank credit or not given as much credit as they applied for (i.e., "denied"), or thought about applying for bank credit but did not because they thought they might be turned down (i.e., "felt discouraged about applying"). Households were also asked whether they fell behind on bills in the past 12 months.

- Most households had bank credit, though a significant share of households used nonbank credit.
    - » 67.9 percent of households had bank credit, and 63.8 percent of households had bank credit only.
    - » 8.2 percent of households used nonbank credit. About half of these households had a mix of bank and nonbank credit (4.0 percent), and the other half (4.1 percent) had nonbank credit only.
    - » The remaining 28.0 percent of households did not use any of the credit products asked about in the survey.

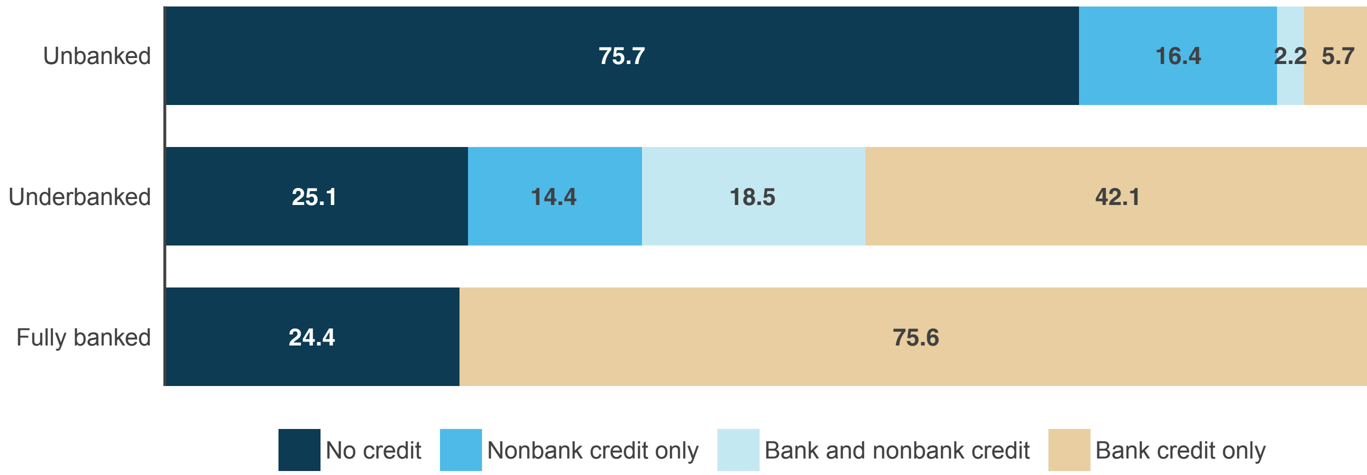
Figure ES.7 Bank and Nonbank Credit, 2015 (Percent)



Note: Households may have used credit products that were not asked about in the survey (e.g., mortgages, auto loans, certain nonbank installment loans, and informal loans from family or friends).

- Similar shares of underbanked and fully banked households had credit: 74.9 percent of underbanked and 75.6 percent of fully banked households had at least one of the credit products asked about in the survey.
- Many underbanked households had credit from nonbank sources. While 42.1 percent of underbanked households had bank credit only, nearly one in five (18.5 percent) had both bank and nonbank credit and 14.4 percent had only nonbank credit.
- Lower-income, less-educated, black, Hispanic, and working-age disabled households were more likely to use nonbank credit only or not to use any of the credit products asked about in the survey.
- Households with volatile income were more likely to use nonbank credit, either on its own or in addition to bank credit.
    - » 7.9 percent of households with income that varied a lot from month to month used only nonbank credit, and 7.6 percent used both bank and nonbank credit. In comparison, 3.4 percent of households with income that was about the same each month used nonbank credit only and 3.5 percent had credit from both banks and nonbanks.
    - » Income volatility was associated with greater nonbank credit use even for higher-income households.
- Use of nonbank credit was strongly associated with whether the household was denied bank credit, felt discouraged about applying for bank credit, or reported falling behind on bills.
    - » Among households that applied for bank credit and were denied, 24.7 percent used nonbank credit (15.2 percent had both bank and nonbank credit, while 9.5 percent used nonbank credit only). In comparison, only 7.7 percent of households that were not denied (or did not apply) used nonbank credit.
    - » Similarly, 28.7 percent of households that were discouraged about applying for bank credit used nonbank credit, compared to 6.8 percent among those that were not discouraged about applying. Also, 24.7 percent of households that fell behind on bills used nonbank credit, compared to 4.8 percent among those that did not fall behind on bills.
- For the purposes of this report, we classify a household as having credit needs that were not fully met by banks if the household was denied bank credit, felt discouraged about applying for bank credit, or used any nonbank credit product. Applying this convention, 13.7 percent of households had credit needs that were not fully met by banks. About half (52.5 percent) of these households reported that they stayed current on bills.

Figure ES.8 Bank and Nonbank Credit by Banking Status, 2015 (Percent)



Note: Households may have used credit products that were not asked about in the survey (e.g., mortgages, auto loans, certain nonbank installment loans, and informal loans from family or friends).

How Households Conduct Their Financial Transactions in a Typical Month

To learn more about the extent to which households use banks and other methods to meet their financial transactions needs, the 2015 survey contained a number of new questions about the ways households pay bills and receive income in a typical month.

- Unbanked households used a variety of methods outside of the banking system to pay bills and receive income.
  - » To pay bills, 62.3 percent used cash, 35.5 percent used nonbank money orders, and 18.2 percent used prepaid cards in a typical month. The most prevalent method of receiving income among unbanked households was by paper check or money order. Among the 42.1 percent of unbanked households that received income in this way, roughly 45 percent (or 19.1 percent of all unbanked households) went to a place other than a bank to cash the check or money order.
- Underbanked households, on the other hand, used banks extensively to pay bills and receive income in a typical month. The key difference between underbanked and fully banked households is that, in addition to bank methods, underbanked households also widely used other methods, particularly for paying bills.
  - » Electronic payment from a bank account was the most used method of paying bills among both underbanked (62.3 percent) and fully banked (70.4 percent) households. Relative to the fully banked, use of personal checks was lower among underbanked households, and use of bank debit cards was higher. Direct deposit into a bank account was by far the most used method of receiving income, both for underbanked (82.0 percent) and fully banked (87.9 percent) households.
  - » 27.7 percent of underbanked households paid bills using cash in a typical month, and 25.6 percent used nonbank money orders.
  - » Overall, nearly half (44.9 percent) of underbanked households exclusively used banks to pay bills and receive income in a typical month.

Implications

The survey results presented in this report suggest implications for policymakers, financial institutions, and other stakeholders that are working to improve access to mainstream financial services.

1. **Households with volatile income have higher unbanked and underbanked rates. Bank products and services that enable households to better manage their account relationships and meet their financial needs when income is volatile may help these consumers open and sustain bank accounts and conduct a greater share of their financial transactions within the banking system.**
2. **Use of smartphones to engage in banking activities continues to grow at a rapid pace. Consistent with implications from the 2013 survey, this growth presents promising opportunities to use the mobile platform to increase economic inclusion. At the same time, physical access to branches remains important.**

3. **One in five unbanked households save for unexpected expenses, although for the most part not in insured depositories. Bringing these savings into the banking system could allow these households to build banking relationships that help them safeguard funds, enhance access to credit, and increase financial security.**
4. **Banks may have the opportunity to help meet the credit needs of some households that have an unmet demand for bank credit. The vast majority of these households are banked, yet few applied for bank credit in the past 12 months. Many are also young. Banks could help meet the credit needs of these households by promoting the importance of building a credit history, incorporating nontraditional data into underwriting, and increasing households' awareness of personal credit products.**
5. **The great majority of underbanked households use banks to pay bills, although many also use cash and nonbank money orders. Efforts to encourage and make it easier for a range of payees to accept electronic payments, and outreach to raise awareness of bill pay and other electronic payments among lower-income households, may facilitate the movement of these transactions into the banking system.**
6. **The majority of unbanked households think that banks have no interest in serving households like theirs, and a significant share of unbanked households do not trust banks. These findings suggest that understanding and addressing the sources of these attitudes and building trust and familiarity are important to attract and develop relationships with unbanked consumers.**

2. Background and Objectives

Background

When households open an account at a federally insured depository institution, they establish a mainstream banking relationship that provides them the opportunity to deposit funds securely, conduct basic financial transactions, accumulate savings, and access credit on fair and affordable terms.

Despite these benefits, many households—referred to in this report as "unbanked"—do not have an account at an insured institution. Other households have an account, but also obtained financial services and products from alternative financial services (AFS) providers in the past 12 months. These households are referred to as "underbanked" in this report. Unbanked and underbanked households present an opportunity for banks to expand access to and utilization of their products and services.

The FDIC recognizes that public confidence in the banking system is strengthened when banks effectively serve the broadest possible set of consumers. As a result, the agency is committed to expanding economic inclusion in the financial mainstream by ensuring that all Americans have access to safe, secure, and affordable banking services. The FDIC National Survey of Unbanked and Underbanked Households represents one contribution to this end.

Conducted to assess the inclusiveness of the banking system, and in partial response to a statutory mandate, this biennial survey provides estimates of unbanked and underbanked populations. It also seeks to offer insights that will inform efforts to better meet the needs of these groups.

The FDIC conducts the household survey in partnership with the U.S. Census Bureau. Specifically, the FDIC sponsors a special supplement on unbanked and underbanked households that is administered in conjunction with Census Bureau's Current Population Survey (CPS).

The first FDIC National Survey of Unbanked and Underbanked Households was conducted in January 2009, and subsequent surveys were conducted in June 2011, June 2013, and June 2015. Results from these surveys are available at http://www.economicinclusion.gov.

This report presents the results of the 2015 FDIC National Survey of Unbanked and Underbanked Households. This survey was conducted in June 2015, collecting responses from 36,189 households. See Appendix 1 (FDIC Technical Notes) for additional details.

Where appropriate, this report discusses trends in survey results over time. In certain cases, results are not comparable across years, because of changes in the survey instrument. For example, underbanked rates in 2015 and 2013 are not comparable to the 2011 or 2009 estimates, because of differences in the types of AFS included in the survey that were used to categorize households as underbanked.

The results of this survey complement other FDIC efforts to increase sustainable and safe access to the financial mainstream. For more information on those efforts and for additional resources from this survey, including the ability to query the underlying data, readers should visit http://www.economicinclusion.gov.

The FDIC encourages researchers, policymakers, consumer and community groups, and financial institutions to use the publicly available data to improve understanding of the issues and challenges underserved households perceive when deciding how and where to conduct financial transactions. The information provided in this report, as well as future analyses produced with the publicly available data, will contribute to efforts to create sustainable banking opportunities for a broad set of consumers.

What's New

A number of changes were made to the 2015 survey instrument to provide additional information about the characteristics of unbanked and underbanked households. The details of these changes, summarized below, are provided in Appendix 2.

The notable additions to the 2015 survey instrument fall into five main areas.

First, questions were added to obtain additional information about household economic circumstances and perceptions. A new question asked households to indicate the extent to which their income varied from month to month over the past 12 months, and another asked households whether they fell behind on bill payments over the same period. Households were also asked, “How interested are banks in serving households like yours?”

Second, questions about certain mainstream credit products were added. Specifically, a new question asked households whether they had a credit card in the past 12 months, and another asked about personal loans or lines of credit from a bank. These “bank credit” products are potential substitutes for the small-dollar, short-term credit available from AFS providers. Households were also asked about new applications and denials for such bank credit, and whether they felt discouraged about applying for such credit because they thought they might be turned down.

Third, the survey included new questions about household saving for unexpected expenses or emergencies. Households were asked whether they saved for this purpose in the past 12 months (even if they later spent the funds). Households that saved were also asked where they kept the funds.

Fourth, to explore the ways that households use banks and other providers to meet their financial transactions needs, the survey included new questions about the ways households pay bills (for things like a mortgage, rent, utilities, or child care) and receive income (from work, government benefits, or other regular sources) in a typical month.

Finally, the survey included new questions about the role that banks play in helping consumers learn about managing their finances and financial products. Specifically, a question was added on whether households asked a bank teller or customer service agent about financial products or services, or about managing money. Another question asked households whether they attended a financial education or counseling session, and if so, whether they learned about the session from a bank.

3. Banking Status of U.S. Households

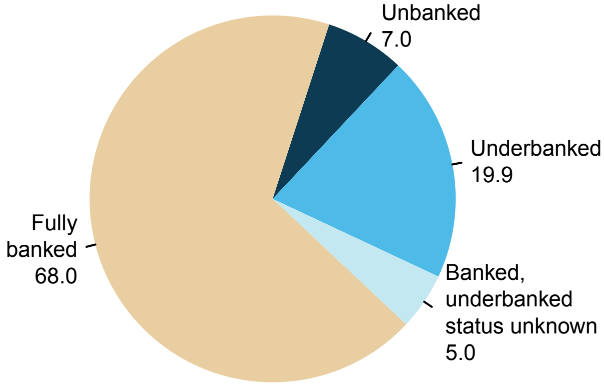
2015 Estimates

An estimated 7.0 percent of U.S. households were "unbanked" in 2015, meaning that no one in the household had a checking or savings account. This proportion represents approximately 9.0 million U.S. households composed of 15.6 million adults and 7.6 million children.[9]

An additional 19.9 percent of U.S. households (24.5 million) were "underbanked" in 2015, meaning that the household had a checking or savings account and used one of the following products or services from an alternative financial services (AFS) provider in the past 12 months: money orders, check cashing, international remittances, payday loans, refund anticipation loans, rent-to-own services, pawn shop loans, or auto title loans. These underbanked households were made up of 51.1 million adults and 16.3 million children.

Most households in the United States (68.0 percent) were "fully banked" in 2015, meaning that the household had a bank account and did not use an AFS in the past 12 months. The remaining 5.0 percent of U.S. households had a bank account, but information on their use of AFS was insufficient to categorize the household as either underbanked or fully banked.

Figure 3.1 Banking Status of U.S. Households, 2015 (Percent)

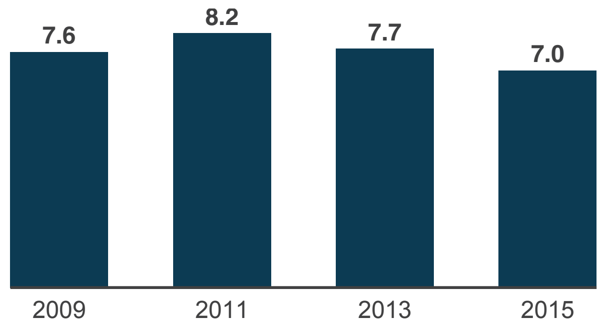


Changes in Banking Status

The proportion of U.S. households that were unbanked (i.e., the "unbanked rate") in 2015 was lower than in any of the past years of the survey, as shown in Figure 3.2. For example, the unbanked rate in 2013 was 7.7 percent, 0.7 percentage points higher than the 2015 estimate.[10]

The decline in the unbanked rate from 2013 to 2015 was attributable in part to changes in household characteristics across survey years. Approximately half of the decline can be attributed to improvements in the socioeconomic circumstances of U.S. households. Even after accounting for these changes, the remaining decline in the unbanked rate across years was statistically significant.[11]

Figure 3.2 National Estimates, Household Unbanked Rates by Year



In contrast to the unbanked rate, the underbanked rate in 2015 (19.9 percent) was essentially unchanged from the 2013 estimate (20.0 percent), as shown in Table 3.1.

[9] Adults are defined as people aged 16 and older. The estimates of 15.6 million adults and 7.6 million children may understate the total number of people in the United States who do not have access to a bank account, because these figures do not include residents of "banked" households who do not have an account in their name and do not benefit from a bank account owned by another household resident.

[10] All differences discussed in the text of this report are statistically significant at the 10 percent level, unless noted otherwise. In other words, there is a 10 percent or lower probability that the difference observed in the survey is due to chance.

[11] A linear probability model was estimated to account for changes from 2013 to 2015 in the distribution of households across the household-level characteristics shown in Appendix Table A.2. Changes in the socioeconomic characteristics of households (income, employment status, homeownership status, and educational attainment) between 2013 and 2015 accounted for about half of the difference in unbanked rates between 2013 and 2015. Adding controls for the remaining demographic characteristics shown in Appendix Table A.2 had little effect on the remaining difference.

The fully banked rate increased from 67.0 percent in 2013 to 68.0 percent in 2015, reflecting the decline in the unbanked rate and the relative stability of the underbanked rate.[12]

Banking Status by Household Characteristics

Consistent with previous FDIC National Surveys of Unbanked and Underbanked Households, banking status in 2015 varied considerably across the U.S. population. For example, unbanked and underbanked rates were higher among lower-income households, less-educated households, younger households, black and Hispanic households, and working-age disabled households.[13]

Reflecting the decline in the unbanked rate at the national level, unbanked rates fell between 2013 and 2015 for many segments of the population. In particular, unbanked rates improved substantially among groups with high unbanked rates in 2013. For example, as illustrated in Table 3.2, the unbanked rate fell from 27.7 to 25.6 percent among households with less than $15,000 in income, while the unbanked rate was similar across years for other income groups. Unbanked rates also fell disproportionately among younger households, and among black and Hispanic households. Despite these improvements, unbanked rates within these groups remained substantially higher than the overall unbanked rate in 2015.

No clear pattern emerged between changes in unbanked rates and changes in underbanked rates. Some segments of the population saw a decline in both unbanked and underbanked rates. For example, the unbanked rate among black households fell from 20.6 percent in 2013 to 18.2 percent in 2015. As shown in Table 3.3, the underbanked rate also decreased among black households, resulting in a large increase in the fully banked rate from 40.0 percent in 2013 to 45.5 percent in 2015.[14]

In contrast, the underbanked rate increased for some segments of the population where the unbanked rate fell. For example, the unbanked rate declined among households with less than $15,000 in income, while the underbanked rate increased. As a result, the fully banked rate for this group was essentially unchanged from 2013.

Although the unbanked rate declined for most segments of the population, it increased for some groups. In particular, among Asian households the unbanked rate increased from 2.2 percent in 2013 to 4.0 percent in 2015. Underbanked rates among Asian households also increased, leading to a substantial decline in the fully banked rate (from 73.4 percent to 67.2 percent).

Income Volatility and Banking Status

Recent research has documented the presence of financial volatility among U.S. households and has examined the potential influence of volatility on the ways households manage their finances.[15] To further explore this topic, the 2015 survey included a new question that asked households whether their income over the past 12 months "was about the same each month," "varied somewhat from month to month," or "varied a lot from month to month."

Table 3.1 National Estimates, Household Banking Status by Year
For all households, row percent

Year	Number of Households (1000s)	Unbanked (Percent)	Underbanked (Percent)	Fully banked (Percent)	Banked, underbanked status unknown (Percent)
2011	120,408	8.2	20.1+	68.8+	2.9+
2013	123,750	7.7	20.0	67.0	5.3
2015	127,538	7.0	19.9	68.0	5.0

Note: The + symbol indicates that the 2011 estimates of the underbanked, fully banked, and underbanked status unknown rates are not directly comparable to the 2013 and 2015 estimates because of a change in how these categories were defined.

[12]The 2011 estimates of the underbanked and fully banked rates are not directly comparable to the 2013 and 2015 estimates because of changes in the definitions of these categories. Specifically, beginning with the 2013 survey, use of auto title loans was considered when determining whether a household was underbanked or fully banked. Further, as discussed in the 2013 report, the proportion of unknown responses for most of the AFS questions generally doubled from 2011 to 2013, resulting in an increase in the proportion of households that were categorized as underbanked status unknown. Excluding households with unknown underbanked status and using the 2011 definitions of underbanked and fully banked (that exclude use of auto title loans), the underbanked rate in 2015 was similar to the 2013 and 2011 estimates, and the fully banked rate in 2015 was higher than the 2013 and 2011 estimates.

[13]For characteristics that vary at the person-level, such as race, age, education, and employment, the characteristics of the owner or renter of the home (i.e., the "householder") are used to represent the household. For convenience, abbreviated language is used when referring to certain household characteristics. For example, the term "white household" refers to a household for which the householder has been identified as white, non-black, non-Hispanic, and non-Asian. The phrase "working-age disabled" refers to a household in which the householder has a disability and is aged 25 to 64. See Appendix 1 for additional details.

[14]As noted in Table 3.3, the decline in the underbanked rate among black households is not statistically significant at the 10 percent level, although the increase in the fully banked rate is statistically significant.

[15]For example, the Federal Reserve Board's "Report on the Economic Well-Being of U.S. Households in 2015" examined monthly income and expense volatility among U.S. consumers, showing that this volatility was associated with difficulty in paying bills (see http://www.federalreserve.gov/2015-report-economic-well-being-us-households-201605.pdf). The 2013 FDIC National Survey of Unbanked and Underbanked Households showed that household transitions into and out of the banking system were related to economic shocks, such as changes in employment or income (see https://www.economicinclusion.gov/surveys/2013household/documents/2013_FDIC_Unbanked_HH_Survey_Report.pdf).

Table 3.2 Unbanked Rates by Selected Household Characteristics and Year
For all households

Characteristics	2011 (Percent)	2013 (Percent)	2015 (Percent)	Difference (2015-2013)
All	8.2	7.7	7.0	-0.7*
Family income				
Less than $15,000	28.2	27.7	25.6	-2.1*
$15,000 to $30,000	11.7	11.4	11.8	0.5
$30,000 to $50,000	4.9	5.1	5.0	-0.1
$50,000 to $75,000	2.0	1.7	1.6	-0.1
At least $75,000	0.4	0.5	0.5	-0.1
Education				
No high school diploma	25.8	25.1	23.2	-1.9
High school diploma	10.9	10.8	9.7	-1.2*
Some college	5.9	5.6	5.5	-0.1
College degree	1.1	1.1	1.1	0.0
Age group				
15 to 24 years	17.4	15.7	13.1	-2.7*
25 to 34 years	12.7	12.5	10.6	-1.8*
35 to 44 years	9.3	9.0	8.9	-0.1
45 to 54 years	8.1	7.5	6.7	-0.9
55 to 64 years	5.5	5.6	5.8	0.2
65 years or more	3.9	3.5	3.1	-0.4
Race/Ethnicity				
Black	21.4	20.6	18.2	-2.4*
Hispanic	20.1	17.9	16.2	-1.7*
Asian	2.7	2.2	4.0	1.8*
White	4.0	3.6	3.1	-0.5*
Other	13.0	15.0	11.1	-3.9*
Disability status				
Disabled, age 25 to 64	18.9	18.4	17.6	-0.8
Not disabled, age 25 to 64	7.4	7.2	6.5	-0.7*

Notes: Asterisks indicate differences that are statistically significant at the 10 percent level. See Appendix Table A.3 for estimates by other household characteristics, as well as for selected confidence intervals.

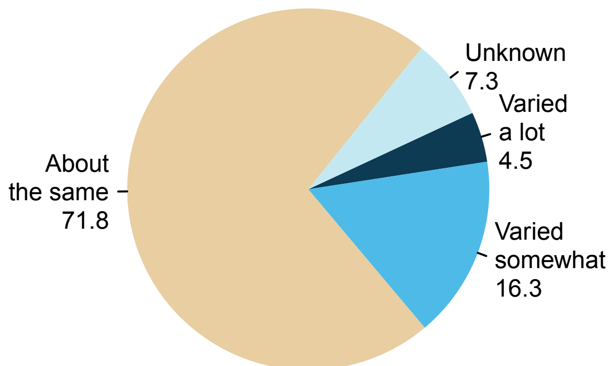
Table 3.3 Underbanked and Fully Banked Rates by Selected Household Characteristics and Year
For all households

Characteristics	Underbanked			Fully banked			Banked, underbanked status unknown		
	2013 (Percent)	2015 (Percent)	Difference (2015-2013)	2013 (Percent)	2015 (Percent)	Difference (2015-2013)	2013 (Percent)	2015 (Percent)	Difference (2015-2013)
All	20.0	19.9	-0.1	67.0	68.0	1.0*	5.3	5.0	-0.2
Family income									
Less than $15,000	22.4	24.3	2.0*	45.2	45.1	-0.1	4.7	4.9	0.2
$15,000 to $30,000	25.0	23.6	-1.4*	57.9	59.5	1.5	5.7	5.1	-0.6
$30,000 to $50,000	23.3	23.7	0.5	65.7	66.2	0.4	5.9	5.1	-0.8*
$50,000 to $75,000	19.8	20.2	0.5	73.2	73.0	-0.2	5.2	5.1	-0.1
At least $75,000	13.6	13.4	-0.2	81.0	81.3	0.3	4.9	4.9	0.0
Education									
No high school diploma	24.1	25.9	1.8*	46.3	46.4	0.1	4.6	4.5	-0.1
High school diploma	21.9	22.2	0.3	61.7	62.9	1.2	5.6	5.3	-0.3
Some college	23.0	22.0	-1.1	66.2	67.7	1.5*	5.2	4.8	-0.4
College degree	14.3	14.5	0.2	79.3	79.1	-0.1	5.3	5.2	-0.1
Age group									
15 to 24 years	30.8	29.4	-1.4	48.8	52.1	3.2	4.6	5.5	0.9
25 to 34 years	24.7	24.5	-0.2	58.3	60.8	2.5*	4.6	4.0	-0.5
35 to 44 years	23.8	22.7	-1.2	62.5	63.1	0.6	4.6	5.3	0.6
45 to 54 years	21.9	21.1	-0.8	65.4	67.5	2.1*	5.2	4.8	-0.4
55 to 64 years	17.7	18.5	0.8	71.7	70.9	-0.9	5.0	4.8	-0.2
65 years or more	11.6	13.0	1.4*	78.2	78.1	-0.1	6.7	5.8	-0.9*
Race/Ethnicity									
Black	33.2	31.1	-2.0	40.0	45.5	5.5*	6.3	5.2	-1.1*
Hispanic	28.6	29.3	0.7	48.4	48.9	0.5	5.1	5.6	0.5
Asian	17.7	21.0	3.3*	73.4	67.2	-6.3*	6.7	7.8	1.1
White	15.9	15.6	-0.3	75.4	76.6	1.2*	5.0	4.7	-0.3
Other	25.3	27.5	2.2	55.2	56.7	1.6	4.5	4.6	0.1
Disability status									
Disabled, age 25 to 64	28.1	28.4	0.3	49.0	49.7	0.7	4.5	4.3	-0.3
Not disabled, age 25 to 64	21.1	20.6	-0.5	66.8	68.1	1.3*	4.9	4.8	-0.1

Notes: Asterisks indicate differences that are statistically significant at the 10 percent level. See Appendix Tables A.4 and A.5 for underbanked and fully banked rates by other household characteristics, as well as for selected confidence intervals.

As illustrated in Figure 3.3, 71.8 percent of households in 2015 had income that was about the same each month, 16.3 percent had income that varied somewhat from month to month, and 4.5 percent had income that varied a lot from month to month. Income volatility affected households at all income levels. For example, 21.6 percent of households with less than $15,000 in annual income had income that varied somewhat or a lot from month to month, as did 19.6 percent of households with annual income of $75,000 or more.[16]

Figure 3.3 Monthly Income Volatility, 2015 (Percent)



Higher income volatility was associated with higher unbanked rates. As shown in Figure 3.4, the unbanked rate for households with income that varied a lot from month to month (12.9 percent) was more than twice as high as the unbanked rate for households with steady monthly income (5.7 percent).

The influence of income volatility on bank account ownership was most pronounced among the lowest-income households. Indeed, among households with less than $15,000 in annual income, the unbanked rate was more than 30 percent for households with income that varied somewhat or a lot, compared to about 22 percent for households with steady income. Volatility appeared to play a role even at higher income levels. For example, among households with annual income between $50,000 and $75,000, the unbanked rate was 2.9 for households with income that varied somewhat and 4.1 percent for households with income that varied a lot, compared to 0.9 percent for households with steady monthly income.

Income volatility was also associated with substantial differences in underbanked rates, as shown in Figure 3.5. The underbanked rate was 26.6 percent among households with income that varied somewhat and 30.9 percent among those with income that varied a lot, compared to 19.1 percent among those with steady income. These patterns held across household income levels. For example, the underbanked rate was about 30 percent for households with annual income between $50,000 and $75,000 that varied somewhat or a lot from month to month. In contrast, the underbanked rate was substantially lower among households at the same income level with steady monthly income (19.0 percent).

Banking Status by Geography

Regional variation in unbanked and underbanked rates in 2015 was similar to previous years: unbanked and underbanked rates were highest among households in the Southern region. However, underbanked rates declined among Southern households from 23.5 percent in 2013 to 21.6 percent in 2015, contributing to an increase in the fully banked rate from 62.1 to 65.0 percent. Unbanked rates in the Western region declined from 7.4 to 5.9 percent, but this was offset by an increase in the underbanked rate from 17.6 to 19.9 percent. As a result, the fully banked rate was essentially unchanged from 2013.

Unbanked and underbanked rates varied considerably across states, as illustrated in Figures 3.6 and 3.7. Reflecting the regional variation described above, and similar to estimates from previous years, unbanked and underbanked rates were generally higher among states in the Southern region. Unbanked rates ranged from 1.5 percent (Vermont) to 14.0 percent (Louisiana), and underbanked rates ranged from 12.8 percent (Vermont) to 27.3 percent (Nevada). Some states saw large swings in unbanked rates between 2013 and 2015. For example, the unbanked rate in Alabama increased from 9.2 to 12.5 percent while the unbanked rate in Arizona declined from 12.8 to 8.5 percent. (See Appendix Tables A.7 – A.14 for detailed state- and MSA-level estimates, along with selected confidence intervals.)

[16]See Appendix Table A.6 for the distribution of households by income level and income volatility.

Figure 3.4 Unbanked Rates by Income Level and Income Volatility, 2015

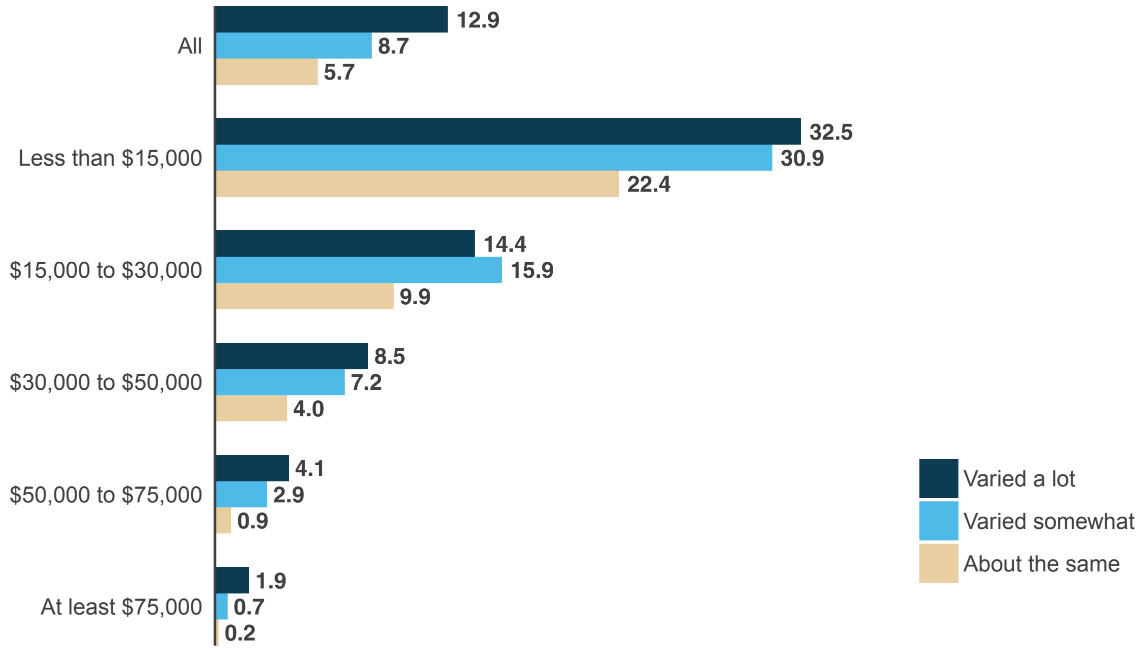


Figure 3.5 Underbanked Rates by Income Level and Income Volatility, 2015

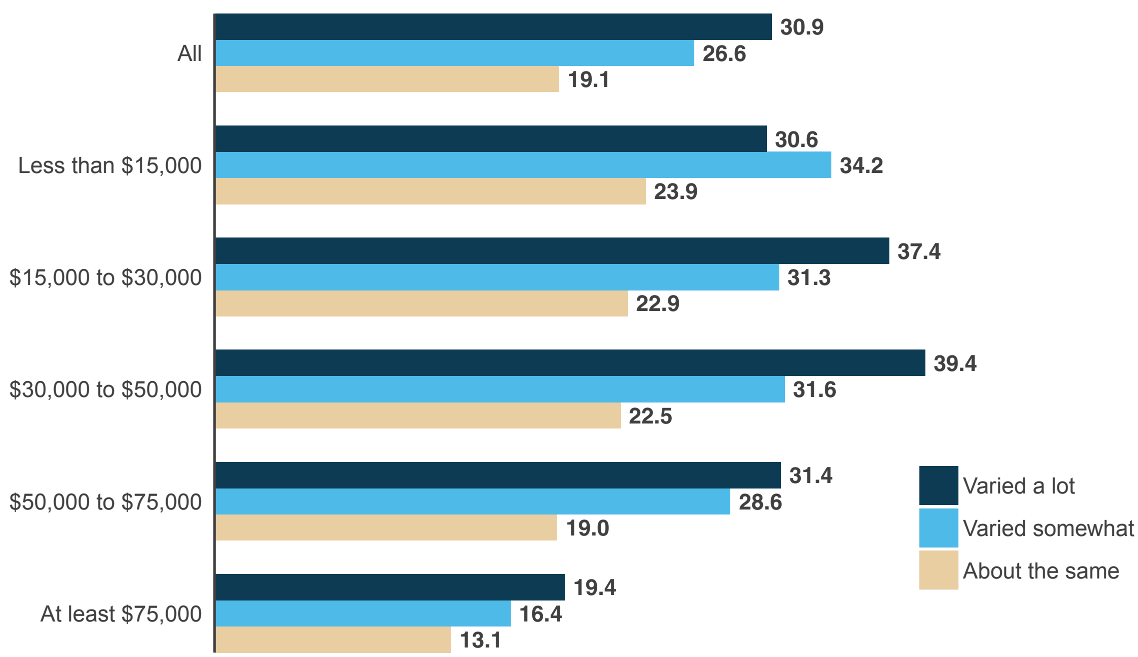


Figure 3.6 Unbanked Rates by State, 2015

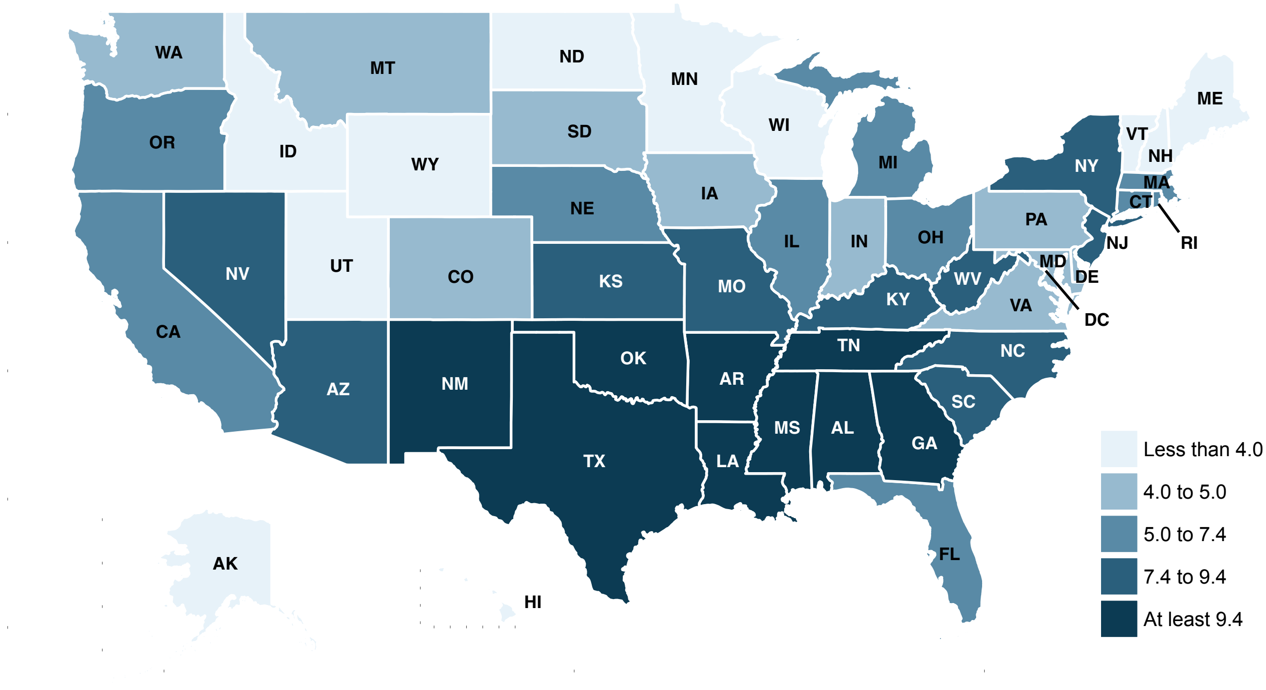
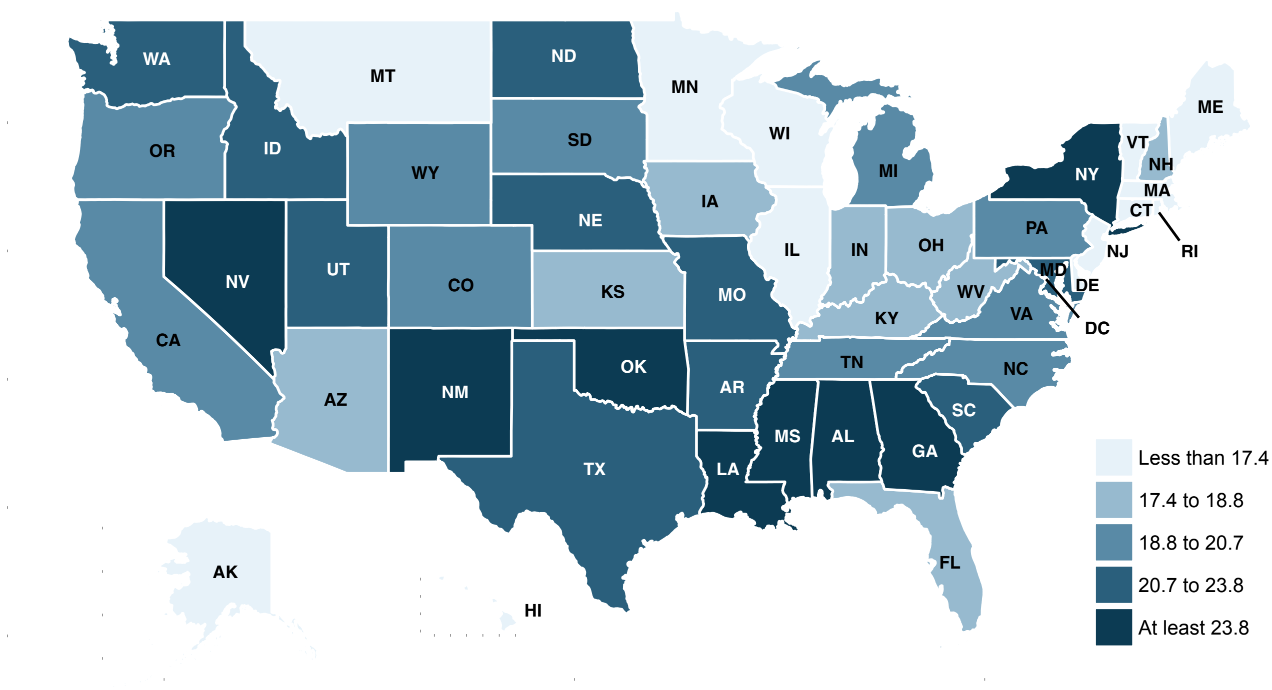


Figure 3.7 Underbanked Rates by State, 2015



Unbanked Households: Previous Banking Status and Future Banking Plans

As discussed in detail in the 2013 report, bank account ownership is not static and some households appear to cycle in and out of the banking system.[17] Consistent with these findings, Table 3.4 shows that nearly half (46.5 percent) of unbanked households in 2015 had a bank account at some point in the past (i.e., were "previously banked"). This estimate is similar to those from previous years.[18]

Further, some households that did not have a bank account at the time of the survey were interested in opening one in the future. As shown in Table 3.5, approximately 26 percent of unbanked households in 2015 were "very" or "somewhat" likely to open an account in the next 12 months. Interest in opening an account in the future was higher among certain segments of the unbanked population, including previously banked households, younger households, and unemployed households. (See Appendix Table A.15 for detailed estimates of the likelihood of opening a bank account by previous banking status and household characteristics.)

The proportion of unbanked households that were very or somewhat likely to open an account in the next 12 months declined in 2015 compared to earlier years, while the proportion that were "not at all likely" increased. An estimated 48.6 percent of unbanked households in 2015 were not at all likely to open an account, an increase of 11.0 percentage points from the 2013 estimate (37.6 percent). This increase did not appear to be driven by any particular segment of the unbanked population, nor was it attributable to the growth in prepaid card use among unbanked households between survey years.[19]

Reasons Households Were Unbanked

As in previous years, the 2015 survey asked unbanked households about the reasons why they did not have an account. Although changes to the survey instrument make it difficult to make direct comparisons, the 2015 estimates were qualitatively quite similar to those from the 2013 survey.[20]

The most commonly cited reason for not having a bank account was "Do not have enough money to keep in an account." As illustrated in Figure 3.8, 57.4 percent of unbanked households cited this as a reason and 37.8 percent cited it as the main reason. Other commonly cited reasons were "Avoiding a bank gives more privacy," "Don't trust banks," "Bank account fees are too high," and "Bank account fees are unpredictable." Of these, the most cited main reasons were "Don't trust banks" (10.9 percent) and "Bank account fees are too high" (9.4 percent). Less commonly cited reasons included "Cannot open an account due to personal identification, credit, or former bank account problems," "Banks do not offer products or services you need," "Bank hours are inconvenient," and "Bank locations are inconvenient."

Reasons for not having an account were generally similar for previously banked households and those that never had an account, with two notable exceptions. Higher proportions of previously banked households cited "Bank account fees are too high" (33.8 percent) or "Bank account fees are unpredictable" (31.5 percent), compared to households that never had an account (23.1 and 17.7 percent, respectively). (See Appendix Table A.16.)

Table 3.4 Previous Banking Status of Unbanked Households by Year

For all unbanked households, row percent

Year	Number of Unbanked Households (1000s)	Once had bank account (Percent)	Never had bank account (Percent)	Unknown (Percent)
2011	9,875	44.7	53.4	2.0
2013	9,582	45.9	52.6	1.5
2015	8,969	46.5	51.8	1.8

[17]The 2013 survey included a number of questions examining household transitions into and out of the banking system and the events that may have contributed to these transitions. As discussed in Appendix 2, those questions were not repeated in the 2015 survey.

[18]Although the proportion of unbanked households that previously had an account was slightly higher in 2015 (46.5 percent) than in 2013 (45.9 percent) and 2011 (44.7 percent), the differences between these estimates are not statistically significant.

[19]The proportion of unbanked households that were not at all likely to open an account in the next 12 months was substantially higher in 2015 than in 2013, even after accounting for differences in observable household characteristics (listed in Appendix Table A.2) and in the use of prepaid cards between 2013 and 2015.

[20]For a detailed description of changes to the survey instrument, see Appendix 2.

Table 3.5 Unbanked Households' Likelihood of Opening Bank Account in Next 12 Months by Year
For all unbanked households, row percent

Year	Number of Unbanked Households (1000s)	Very likely (Percent)	Somewhat likely (Percent)	Not very likely (Percent)	Not at all likely (Percent)	Unknown (Percent)
2011	9,875	13.5+	20.4+	21.7+	39.0+	5.3+
2013	9,582	13.8	21.9	20.9	37.6	5.9
2015	8,969	9.5	16.9	18.1	48.6	6.8

Note: The + symbol indicates that the 2011 estimates are not directly comparable to those from 2013 and 2015, because the 2011 survey asked about the likelihood of opening an account in the "future" instead of in the "next 12 months."

Figure 3.8 Reasons for Not Having a Bank Account, Unbanked Households, 2015 (Percent)

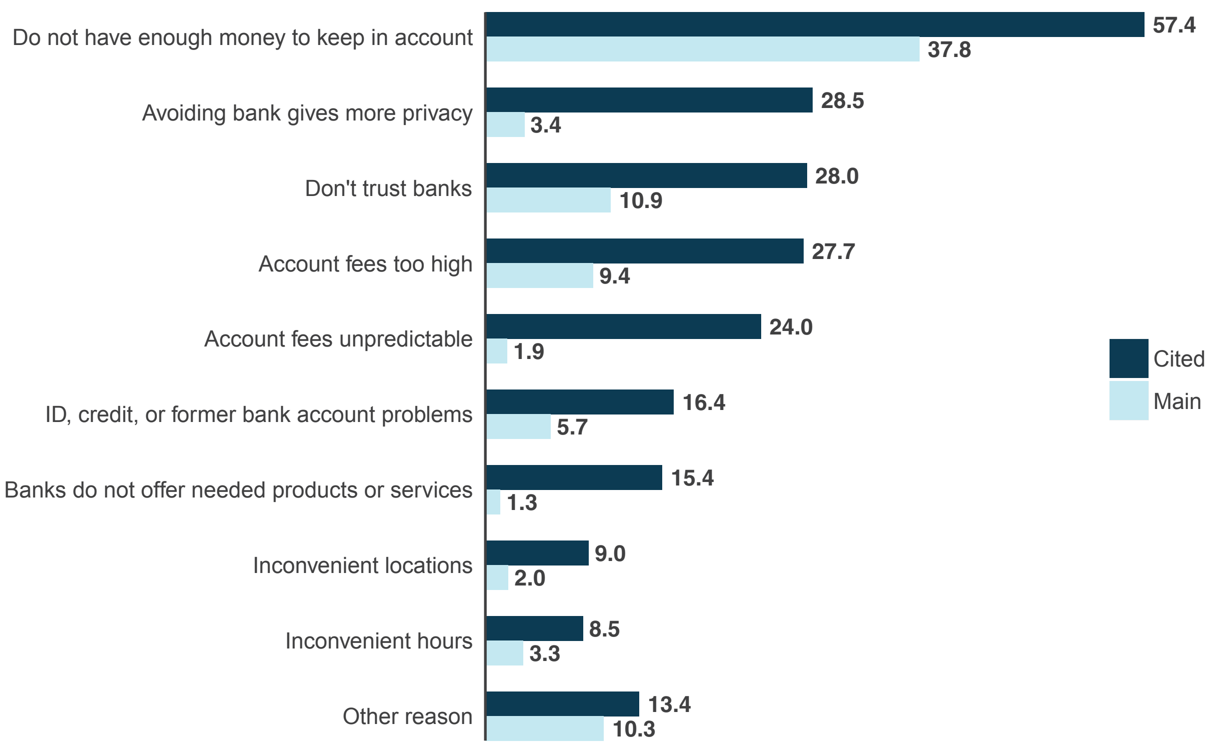
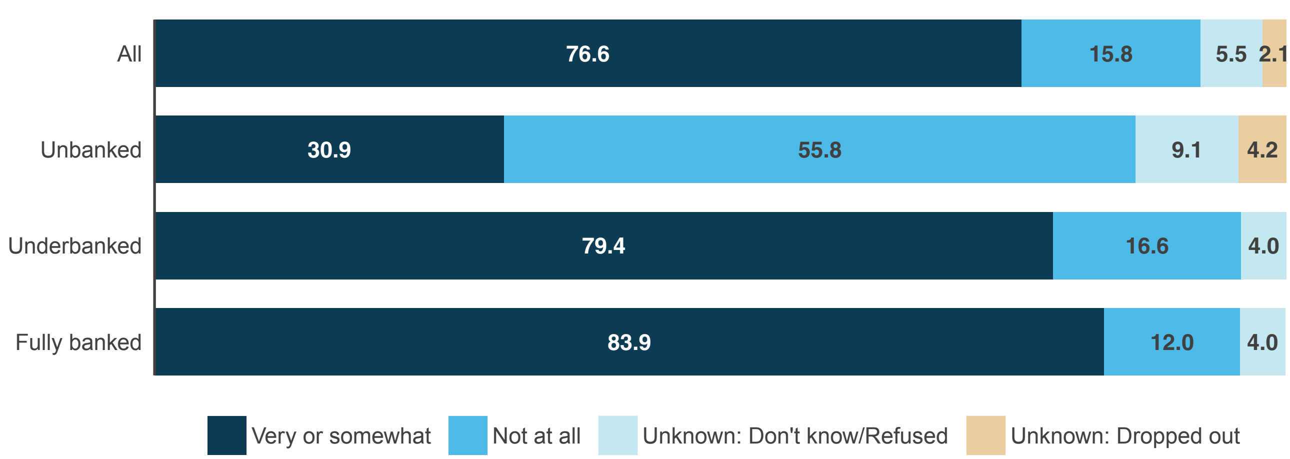


Figure 3.9 "How Interested Are Banks in Serving Households Like Yours?" by Banking Status, 2015 (Percent)



Perceptions of Banks' Interest

The 2015 survey included a new question asked of all households: "How interested are banks in serving households like yours?" The survey results revealed pronounced differences across households.

As illustrated in Figure 3.9, more than three-quarters of U.S. households thought that banks were "very interested" or "somewhat interested" in serving households like theirs. Approximately 16 percent thought that banks were "not at all interested," and the perceptions of the remaining 8 percent were unknown.

Unbanked households were substantially less likely than underbanked or fully banked households to perceive that banks were interested in serving households like theirs. More than half (55.8 percent) of unbanked households thought that banks were not at all interested, compared to 16.6 percent of underbanked households and 12.0 percent of fully banked households. In contrast, the perceptions of underbanked households were quite similar to those of fully banked households. Indeed, nearly 80 percent of underbanked households thought that banks were very or somewhat interested in serving households like theirs, compared to 83.9 percent of fully banked households who felt this way.

Figure 3.9 also shows that a higher proportion of unbanked households had "don't know" or "refused" recorded for this question, compared to underbanked and fully banked households. Unbanked households that had not had a bank account in the past were especially likely to have don't know or refused recorded for this question. These results suggest that some unbanked households might not have been familiar with banks.[21]

Perceptions among unbanked households varied based on whether the household was previously banked. As shown in Table 3.6, similar shares of previously banked (54.2 percent) and never banked households (58.7 percent) perceived that banks were not at all interested in serving households like theirs. However, a higher share of previously banked households (38.2 percent) perceived that banks were very or somewhat interested in serving households like theirs, compared with 25.1 percent of households that were never banked.

Perceptions of bank interest also varied by household characteristics. For example, the proportion that thought banks were very or somewhat interested in serving households like theirs ranged from 59.8 percent among the lowest income group (less than $15,000) to 85.9 percent among the highest income group ($75,000 or more). Perceptions also varied by race and ethnicity: the proportions of black and Hispanic households that thought banks were interested in serving households like theirs were lower than for white households. Working-age disabled households were less likely than nondisabled households to think that banks were interested in serving households like theirs. The differences in perceptions of bank interest across household characteristics were generally smaller in magnitude than the differences between banked and unbanked households discussed above.

Finally, the likelihood of unbanked households opening an account in the future was associated with differences in their perceptions of banks' interest in serving households like theirs. Among unbanked households that thought banks were not at all interested in serving households like theirs, only 17.3 percent were very or somewhat likely to open an account in the next 12 months. In contrast, among unbanked households that perceived banks to be very or somewhat interested in serving households like theirs, 50.4 percent were very or somewhat likely to open an account in the next 12 months.

[21]Households recorded as "Unknown: Don't know/Refused" were asked the survey question but did not select a response ("very interested," "somewhat interested," or "not at all interested"). Households recorded as "Unknown: Dropped out" dropped out of the survey before being asked this question.

Table 3.6 "How Interested Are Banks in Serving Households Like Yours?" by Previous Banking Status and Selected Household Characteristics, 2015
For all households, row percent

Characteristics	Very or somewhat interested (Percent)	Not at all interested (Percent)	Unknown: Don't know / Refused (Percent)	Unknown: Dropped out (Percent)
All	76.6	15.8	5.5	2.1
Previous banking status				
Banked	80.0	12.8	5.2	2.0
Unbanked, once had bank account	38.2	54.2	5.2	2.4
Unbanked, never had bank account	25.1	58.7	12.1	4.1
Family income				
Less than $15,000	59.8	30.2	7.5	2.5
$15,000 to $30,000	68.5	22.1	7.0	2.4
$30,000 to $50,000	76.7	16.3	5.1	2.0
$50,000 to $75,000	81.2	11.9	4.6	2.3
At least $75,000	85.9	7.7	4.6	1.8
Education				
No high school diploma	60.6	29.5	7.5	2.3
High school diploma	72.3	19.6	5.8	2.4
Some college	77.8	15.4	4.7	2.1
College degree	84.1	8.8	5.3	1.9
Age group				
15 to 24 years	71.2	20.9	5.7	2.2
25 to 34 years	76.2	16.4	5.8	1.7
35 to 44 years	75.7	17.0	5.1	2.2
45 to 54 years	77.8	15.4	4.7	2.1
55 to 64 years	77.8	15.7	4.5	2.0
65 years or more	76.8	13.7	7.0	2.5
Race/Ethnicity				
Black	67.2	23.7	6.2	2.9
Hispanic	68.5	23.3	5.3	2.8
Asian	76.5	13.0	8.3	2.3
White	80.2	12.9	5.1	1.8
Other	72.4	18.3	7.3	2.0
Disability status				
Disabled, age 25 to 64	63.5	29.2	5.1	2.2
Not disabled, age 25 to 64	78.9	14.2	5.0	2.0

Note: See Appendix Table A.18 for estimates by additional household characteristics.

4. Banked Households: Types of Accounts and Methods Used to Access Accounts

Types of Accounts Owned by Banked Households

Patterns of savings and checking account ownership among banked households in 2015 were generally similar to previous years, as shown in Table 4.1.[22] Almost all banked households had a checking account (98.0 percent), while roughly three in four (77.8 percent) had a savings account.

Savings account ownership rates in 2015 varied widely across the population. For example, savings account ownership rates were lower among black and Hispanic households, working-age disabled households, and households in rural areas. Differences by income and education were especially pronounced. For example, among banked households with less than $15,000 in income, only 52.6 percent had a savings account in 2015, compared to 91.6 percent among those with over $75,000 in income. (See Appendix Table B.1 for details.)

Methods Banked Households Used to Access Their Accounts

Knowing how households access their bank accounts can help inform discussions about how best to serve different groups of consumers. As in the 2013 survey, banked households were asked about the methods they used to access their accounts in the past 12 months and about the most common (i.e., "primary") method used.[23] The results show that use of online and mobile banking increased from 2013 to 2015, while use of bank tellers fell. Use of bank tellers remained quite prevalent, however, particularly among segments of the population that have higher unbanked and underbanked rates.

As illustrated in Figure 4.1, 75.5 percent of banked households in 2015 used bank tellers to access their accounts in the past 12 months, a higher proportion than any other method asked about in the survey.[24] However, use of bank tellers to access accounts fell slightly in 2015 compared to 2013 (78.8 percent). During the same period, use of online banking and mobile banking grew substantially. The growth in mobile banking was particularly striking, as 31.9 percent of banked households in 2015 accessed an account using a mobile phone compared to 23.2 percent in 2013.

These patterns were also present when looking at the *primary* methods banked households used to access their accounts (Figure 4.2). Use of bank tellers and ATMs/kiosks fell from 2013 to 2015, while use of online and mobile banking increased. Notably, 36.9 percent of banked households used online banking as the primary method of account access in 2015, more than any other method asked about in the survey. Slightly less than half (49.2 percent) used a physical channel (bank teller or ATM/kiosk) as their primary method of bank account access.

Table 4.3 shows changes in the proportion of banked households that primarily used bank tellers, online banking, and mobile banking between 2013 and 2015, by banking status and selected household characteristics. Patterns were similar within each of the groups listed in the table: use of bank tellers fell, while use of online and mobile banking increased.

The estimates by banking status show that use of mobile banking grew substantially among both underbanked and fully banked households. The proportion of underbanked households that used mobile banking as their primary means of account access in 2015 (12.6 percent) was higher than the share of fully banked households (8.7 percent) that primarily used mobile banking, although this gap closed somewhat between 2013 and 2015.

Changes in the use of bank tellers and online banking were less pronounced for underbanked households than for fully banked households. The proportion of underbanked households that primarily used bank tellers in 2015 was 27.8 percent, and the proportion that primarily used online bank-

[22]As in previous years, the 2015 survey asked about savings and checking account ownership for each person within the household. The analysis of checking and savings account ownership presented in this section excludes 647 observations (representing roughly 2.4 million banked households) where at least one person in the household had missing information on bank account type, and there was not enough information from the remaining persons in the household to categorize the household by the types of bank accounts owned. Estimates of checking and savings account ownership among banked households presented in this section may differ slightly from the 2011 and 2013 reports, because observations with missing information on bank account type were not dropped in prior years.

[23]Specifically, banked households were asked about bank tellers, ATMs/kiosks, telephone banking, online banking, mobile banking, and other methods of account access used in the past 12 months. Households were then asked which method they most commonly used. The estimates presented in this section do not necessarily reflect intensity of use.

[24]The analysis of bank account access methods presented in this section excludes 1,423 observations (representing roughly 5.3 million banked households) that did not access their accounts in the past 12 months or that did not report whether they accessed their accounts.

ing was 27.6 percent. These are fairly similar to the proportions from the 2013 survey. In contrast, among fully banked households the proportion that primarily used bank tellers decreased from 33.0 to 28.2 percent, and the proportion that primarily used online banking increased from 35.1 to 39.9 percent.

Use of bank tellers as the primary means of account access remained quite prevalent among certain segments of the population, including lower-income households, less-educated households, older households, and households located in rural areas. These groups also were disproportionately more likely to access their accounts using only bank tellers. For example, approximately one-quarter of banked households with income of $30,000 or less and one-third of banked households with no high school degree exclusively used bank tellers to access their accounts (see Appendix Table B.10).

Table 4.1 Types of Accounts Owned by Banked Households by Year
For all banked households, row percent

Year	Number of Households (1000s)	Checking and savings (Percent)	Savings only (Percent)	Checking only (Percent)	Memo: Has savings (Percent)	Memo: Has checking (Percent)
2011	108,682	74.5	2.2	23.4	76.6	97.8
2013	111,926	73.8	2.2	24.0	76.0	97.8
2015	116,137	75.8	2.0	22.2	77.8	98.0

Mobile Phone, Smartphone, and Home Internet Access

Financial institutions, nonbank prepaid card issuers, and AFS providers are increasingly seeking to interact with customers through the Internet and mobile phones, especially smartphones.

As shown in Table 4.2, smartphone access grew markedly, from 55.7 percent in 2013 to 67.1 percent in 2015. As in 2013, the vast majority of U.S. households had access to a mobile phone in 2015.

Mobile phone and smartphone access continued to be lower among unbanked households than underbanked and fully banked households. Notably, unbanked households in 2015 were more likely to own or have regular access to a smartphone (42.9 percent) than to have Internet access at home using a desktop, laptop, or tablet computer (27.7 percent).

Table 4.2 Mobile Phone, Smartphone, and Home Internet Access by Banking Status and Year
For all households

	Mobile phone			Smartphone			Internet at home
	2013 (Percent)	2015 (Percent)	Difference (2015-2013)	2013 (Percent)	2015 (Percent)	Difference (2015-2013)	2015 (Percent)
All	82.7	84.2	1.5*	55.7	67.1	11.4*	72.0
Banking status							
Unbanked	68.1	69.0	0.9	33.1	42.9	9.8*	27.7
Underbanked	90.5	91.4	0.9	64.5	75.5	11.0*	72.8
Fully banked	86.8	88.6	1.8*	59.0	71.1	12.1*	80.6

Notes: Asterisks indicate differences that are statistically significant at the 10 percent level. Estimates of Internet access at home are not available for 2013. See Appendix Tables B.11 – B.15 for estimates by household characteristics, and for selected confidence intervals.

Figure 4.1 All Methods Used to Access Bank Accounts by Year (Percent)

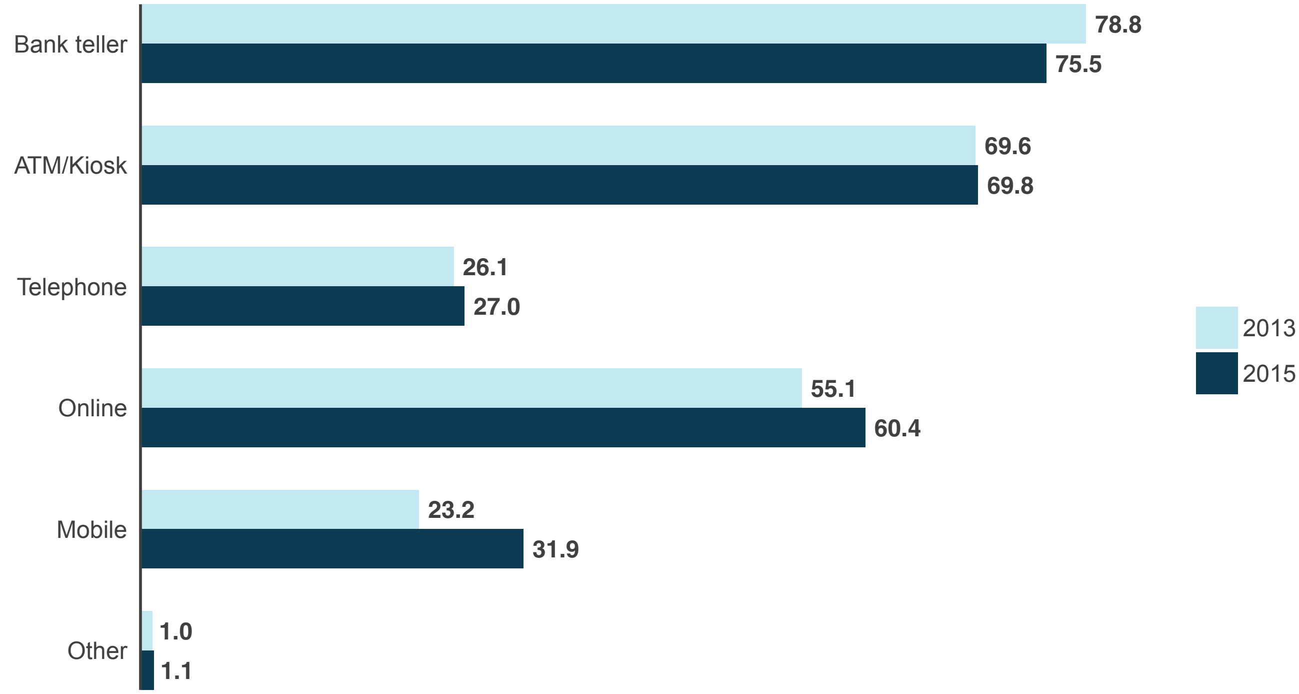


Figure 4.2 Primary Method Used to Access Bank Accounts by Year (Percent)

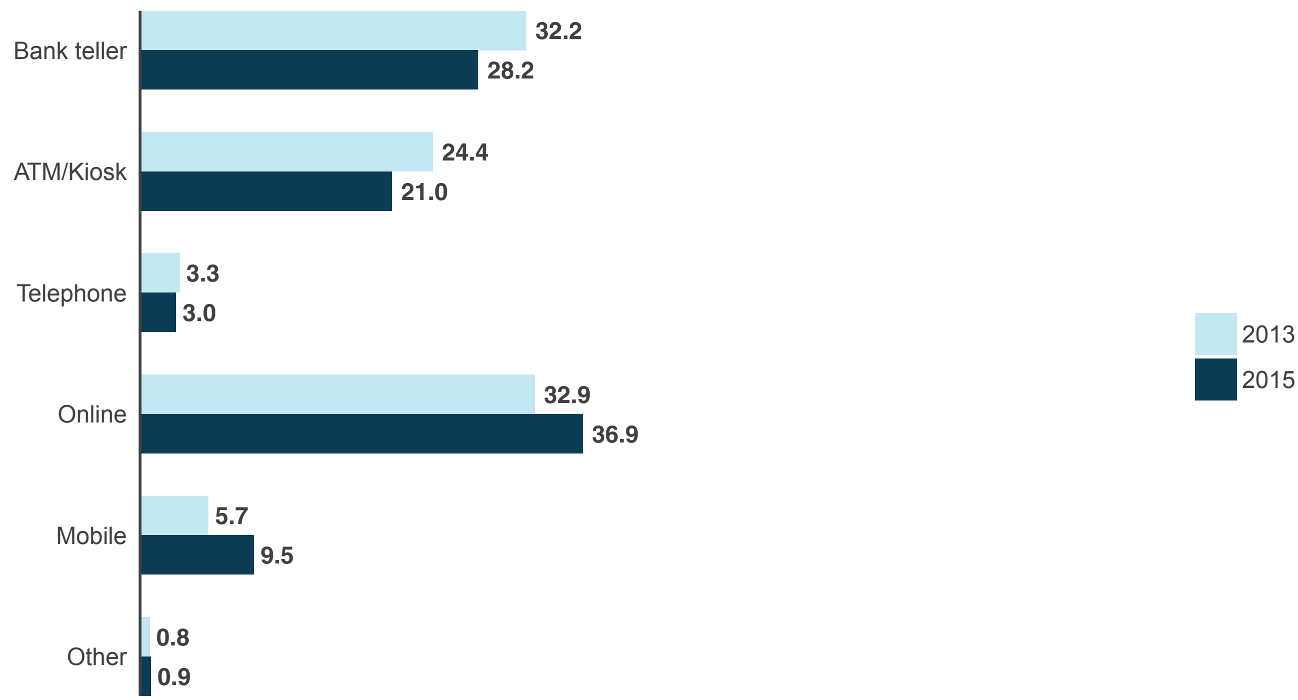


Table 4.3 Use of Bank Tellers, Online Banking, or Mobile Banking as Primary Method of Account Access by Selected Household Characteristics and Year

For all banked households that accessed their account in the past 12 months

Characteristics	Bank teller			Online banking			Mobile banking		
	2013 (Percent)	2015 (Percent)	Difference (2015-2013)	2013 (Percent)	2015 (Percent)	Difference (2015-2013)	2013 (Percent)	2015 (Percent)	Difference (2015-2013)
All	32.2	28.2	-4.1*	32.9	36.9	4.0*	5.7	9.5	3.8*
Banking status									
Underbanked	29.0	27.8	-1.3	26.6	27.6	1.0	9.5	12.6	3.1*
Fully banked	33.0	28.2	-4.8*	35.1	39.9	4.8*	4.7	8.7	4.0*
Family income									
Less than $15,000	47.5	41.7	-5.8*	14.5	18.0	3.5*	4.0	7.1	3.0*
$15,000 to $30,000	44.9	40.5	-4.4*	17.3	20.8	3.5*	5.3	8.1	2.7*
$30,000 to $50,000	35.7	32.5	-3.3*	26.7	29.1	2.4*	6.3	9.7	3.4*
$50,000 to $75,000	28.3	25.8	-2.5*	36.8	39.7	2.8*	6.4	11.3	4.9*
At least $75,000	20.1	16.7	-3.4*	49.4	53.6	4.2*	5.7	9.7	4.0*
Education									
No high school diploma	55.6	50.8	-4.8*	8.8	11.8	3.0*	2.4	4.0	1.6*
High school diploma	41.8	38.2	-3.6*	21.0	24.5	3.5*	4.3	7.5	3.2*
Some college	30.2	25.6	-4.6*	32.5	36.8	4.2*	7.4	11.6	4.2*
College degree	21.0	17.9	-3.1*	48.0	51.5	3.5*	6.2	10.4	4.2*
Age group									
15 to 24 years	21.1	15.9	-5.2*	27.8	31.4	3.6*	20.3	25.0	4.7*
25 to 34 years	17.0	14.3	-2.8*	42.5	42.6	0.1	13.2	21.9	8.7*
35 to 44 years	21.1	16.9	-4.2*	41.5	45.8	4.3*	8.9	14.3	5.4*
45 to 54 years	26.7	22.9	-3.8*	37.7	42.0	4.3*	3.7	7.6	3.8*
55 to 64 years	36.1	31.7	-4.4*	31.6	37.3	5.7*	1.4	3.4	2.0*
65 years or more	54.6	48.7	-5.9*	17.8	23.8	5.9*	0.6	1.2	0.6*
Race/Ethnicity									
Black	33.1	30.1	-3.0*	21.3	25.1	3.7*	7.8	11.3	3.5*
Hispanic	34.0	29.3	-4.7*	23.0	27.2	4.2*	8.3	12.6	4.3*
Asian	29.7	25.5	-4.2*	40.2	44.4	4.1*	5.7	9.0	3.3*
White	32.0	27.9	-4.1*	35.8	40.0	4.2*	5.0	8.6	3.6*
Other	32.0	25.4	-6.7*	29.4	33.8	4.4	3.7	12.5	8.8*
Disability status									
Disabled, age 25 to 64	35.6	32.4	-3.2*	24.8	25.9	1.1	2.7	6.6	3.9*
Not disabled, age 25 to 64	24.5	20.6	-3.9*	39.7	43.8	4.1*	6.9	11.9	5.0*
Metropolitan status									
Metro area - principal city	28.9	24.6	-4.3*	32.9	36.9	4.1*	6.8	11.1	4.3*
Metro area - balance	29.1	24.9	-4.2*	37.0	40.8	3.8*	6.0	9.5	3.5*
Not in metro area	44.9	41.5	-3.3*	23.2	27.4	4.2*	3.2	6.7	3.5*
Not identified	34.0	31.9	-2.2*	31.1	34.0	2.8*	5.5	8.9	3.4*

Notes: Asterisks indicate differences that are statistically significant at the 10 percent level. See Appendix Tables B.5 – B.9 for estimates by other household characteristics, and for selected confidence intervals.

5. Prepaid Cards

Some consumers use general purpose reloadable prepaid cards to address their financial transaction needs. Similar to a checking account, these cards can be used to pay bills, withdraw cash at ATMs, make purchases, deposit checks, and receive direct deposits. These cards may have been obtained from sources such as a bank location or bank website, a nonbank store or website, a government agency, or an employer.[25] Many, although not all, such cards store funds in accounts eligible for deposit insurance.

As with the 2013 survey, the 2015 survey asked households whether they used a prepaid card in the past 12 months, which we refer to as prepaid card use.[26] Between 2013 and 2015, the proportion of households that used a prepaid card increased from 7.9 percent to 9.8 percent, as shown in Table 5.1.[27]

Table 5.1 Prepaid Card Use in Past 12 Months by Year
For all households, row percent

Year	Number of Households (1000s)	Used (Percent)	Did not use (Percent)	Unknown (Percent)
2013	123,750	7.9	86.4	5.7
2015	127,538	9.8	85.8	4.4

Prepaid Card Use by Household Characteristics

Differences in prepaid card use across households were similar in 2015 to earlier survey years. As shown in Table 5.2, prepaid card use was higher among lower-income households, less-educated households, younger households, black households, and working-age disabled households. Growth in prepaid card use from 2013 to 2015 occurred broadly among socioeconomic and demographic groups.

Table 5.2 Prepaid Card Use in Past 12 Months by Selected Household Characteristics and Year
For all households

Characteristics	2013 (Percent)	2015 (Percent)	Difference (2015-2013)
All	7.9	9.8	1.8*
Family income			
Less than $15,000	11.4	14.3	3.0*
$15,000 to $30,000	8.3	10.8	2.5*
$30,000 to $50,000	8.3	8.8	0.6
$50,000 to $75,000	6.4	9.2	2.8*
At least $75,000	6.5	8.1	1.5*
Education			
No high school diploma	8.9	11.0	2.1*
High school diploma	8.1	10.3	2.2*
Some college	8.8	10.8	2.0*
College degree	6.7	8.0	1.4*
Age group			
15 to 24 years	12.7	12.4	-0.3
25 to 34 years	10.9	12.6	1.6*
35 to 44 years	10.3	11.4	1.1
45 to 54 years	9.1	11.0	1.8*
55 to 64 years	6.4	9.3	2.9*
65 years or more	3.0	5.5	2.6*
Race/Ethnicity			
Black	11.5	13.9	2.4*
Hispanic	7.8	9.6	1.9*
Asian	4.4	5.7	1.3
White	7.3	9.1	1.7*
Other	13.8	17.0	3.2
Disability status			
Disabled, age 25 to 64	12.4	15.2	2.8*
Not disabled, age 25 to 64	8.7	10.4	1.7*

Notes: Asterisks indicate differences that are statistically significant at the 10 percent level. See Appendix Table C.2 for estimates by other household characteristics, as well as for selected confidence intervals.

[25]Households were instructed that the survey questions about prepaid cards were "not asking about gift cards or debit cards linked to a checking account."

[26]Several questions on prepaid cards were added to the 2015 survey, and some questions from the 2013 survey were either revised or dropped. The introductory description of prepaid cards was made more concise in the 2015 survey, and the list of prepaid card sources was revised. The 2013 survey included questions about whether households used a prepaid card in the past 30 days or had ever used a prepaid card, reasons for prepaid card use, and reloading prepaid cards; these questions were not repeated in the 2015 survey. The 2015 survey included new questions about the use of prepaid cards to save for unexpected expenses or emergencies, receive income in a typical month, and pay bills in a typical month (these questions are discussed in sections 7 and 9). See Appendix 2 for additional details.

[27]Between 2011 and 2013, prepaid card use also increased, as measured by the proportion of households that had ever used a prepaid card. Estimates of prepaid card use in 2011 are not comparable to 2015 because in 2011, households were only asked if they had ever used a prepaid card, while in 2015 households were only asked if they used a prepaid card in the past 12 months.

Figure 5.1 Prepaid Card Use in Past 12 Months by Income Level and Income Volatility, 2015 (Percent)

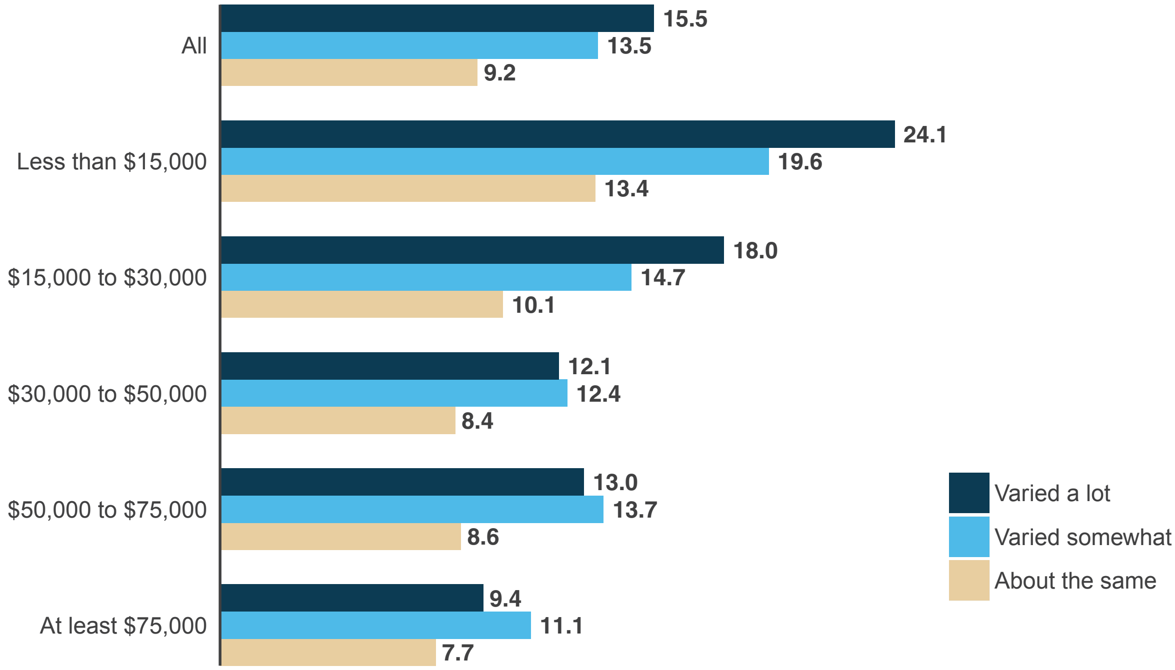
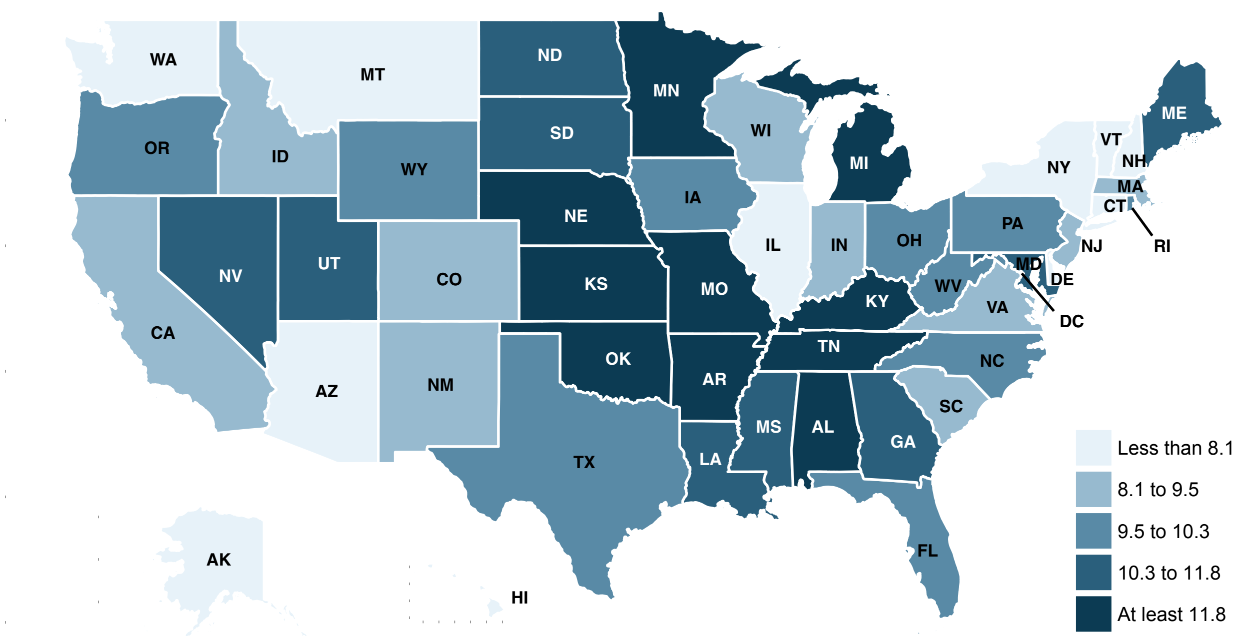


Figure 5.1 presents prepaid card use for 2015 by income level and income volatility. Households with income that varied somewhat or a lot from month to month were more likely to use prepaid cards (13.5 percent and 15.5 percent, respectively) than households with income that was about the same each month (9.2 percent). This pattern held for households of all income levels.

Prepaid Card Use by Geography

Prepaid card use was higher in the Southern (10.7 percent) and Midwestern regions (10.2 percent) and lower in the Western (8.8 percent) and Northeastern regions (8.4 percent). Figure 5.2 shows that prepaid card use varied considerably by state, ranging from 6.2 percent in Hawaii to 17.7 percent in Arkansas. (See Appendix Tables C.5 and C.6 for detailed state- and MSA-level estimates of changes in prepaid card use from 2013 to 2015, along with selected confidence intervals.)

Figure 5.2 Prepaid Card Use in Past 12 Months by State, 2015 (Percent)



Prepaid Card Use by Banking Status

Use of prepaid cards in 2015 was most prevalent among unbanked households, consistent with earlier survey results. As illustrated in Figure 5.3, 27.1 percent of unbanked households used a prepaid card, compared to 15.4 percent of underbanked households and 6.9 percent of fully banked households. Prepaid card use increased substantially within each of the banking status groups relative to 2013 estimates. For example, 27.1 percent of unbanked households used a prepaid card in 2015, an increase of 4.8 percentage points from the 2013 estimate of 22.3 percent.

Overall, approximately half (51.1 percent) of households that used prepaid cards in 2015 were either unbanked or underbanked, as shown in Figure 5.4. For context, this is substantially higher than the 27.0 percent of households in 2015 that were either unbanked or underbanked (see Figure 3.1).

Figure 5.3 Prepaid Card Use in Past 12 Months by Banking Status and Year (Percent)

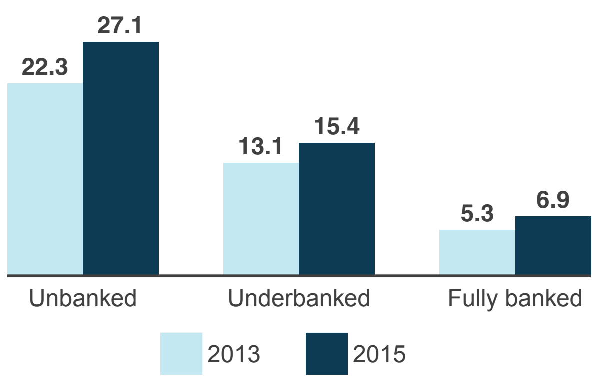
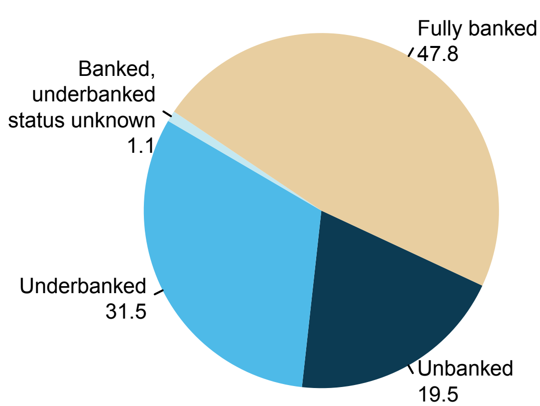


Figure 5.4 Banking Status of Households That Used Prepaid Cards in Past 12 Months, 2015 (Percent)



Unbanked households that used prepaid cards were more likely to have had a bank account at some point in the past: 64.1 percent of unbanked households that used prepaid cards had a bank account in the past versus 42.3 percent of unbanked households that did not use prepaid cards.

Though many of the cited reasons for not having a bank account were similar for households that used prepaid cards and those that did not, in some cases differences existed between these groups. For example, as illustrated in Figure 5.5, unbanked households that used prepaid cards were more likely than those that did not use prepaid cards to cite the following reasons for not having an account: bank account fees are too high; bank account fees are unpredictable; and personal identification, credit, or former bank account problems.[28] Irrespective of prepaid card use, the most commonly cited reason for not having a bank account was not having enough money to keep in an account.

Sources of Prepaid Cards

Households that used prepaid cards in 2015 obtained them from a variety of sources. As shown in Figure 5.6, the most common source for obtaining a prepaid card was a store or website that is not a bank (42.6 percent of households that used prepaid cards obtained cards from this source), followed by a bank location or a bank's website (17.3 percent).[29]

Sources of prepaid cards differed by banking status, as indicated in Table 5.3. In particular, higher proportions of fully banked (19.8 percent) and underbanked (18.4 percent) households that used prepaid cards obtained them from a bank, in comparison to unbanked households (9.3 percent). Regardless of banking status, stores or websites that are not banks were the most common sources of prepaid cards: 46.5 percent of unbanked, 47.1 percent of underbanked, and 38.2 percent of fully banked households that used prepaid cards obtained them from this source.

[28]The main reasons cited for not having a bank account were similar across unbanked households, regardless of prepaid card use.

[29]Estimates of the share of households that obtained prepaid cards from the various sources were not comparable in 2013 and 2015. The 2013 survey asked which location was typically used to get the prepaid card, allowing only one selection, while the 2015 survey allowed households to select multiple sources. In addition, the list of prepaid card sources was different in 2013. For example, while the 2015 survey asked households that used prepaid cards whether they obtained a card from a bank location or bank's website, the 2013 survey asked households whether they typically used a bank branch to obtain the card. Approximately one in ten (10.7 percent) households that used prepaid cards in 2013 typically got the card from a bank branch.

Figure 5.5 Cited Reasons for Not Having a Bank Account by Prepaid Card Use, 2015 (Percent)

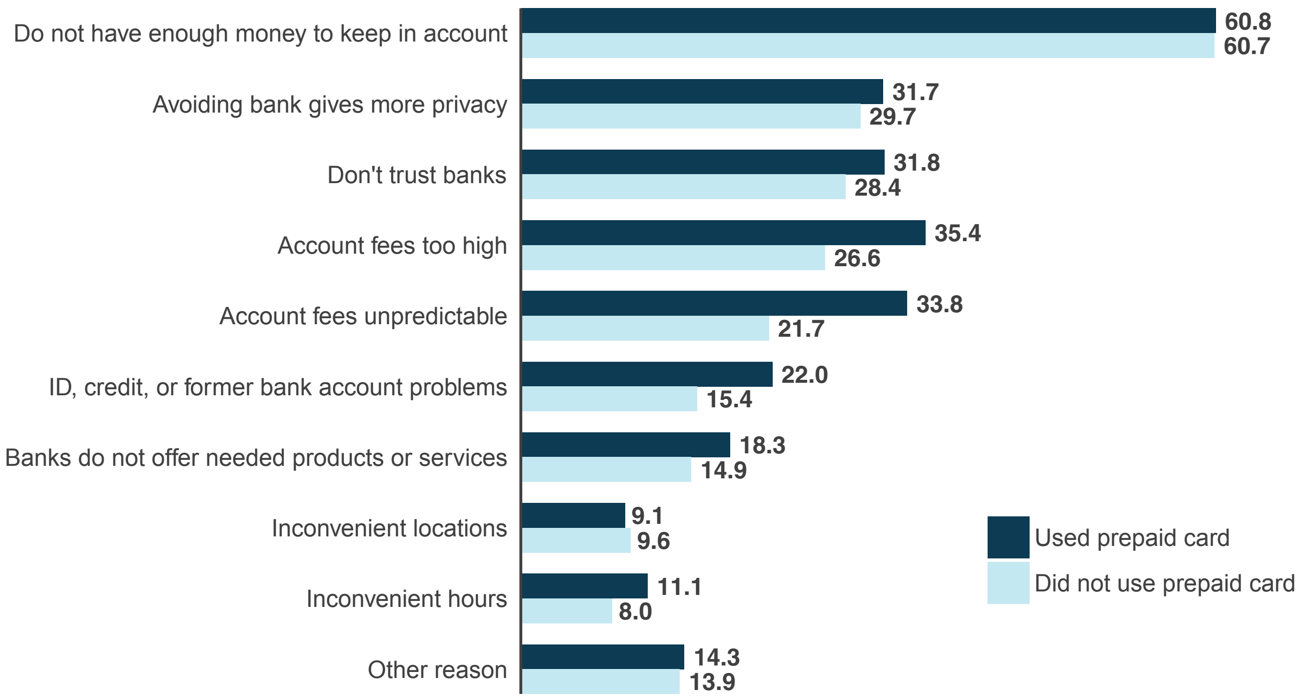


Figure 5.6 Sources of Prepaid Cards for Households That Used Prepaid Cards in Past 12 Months, 2015 (Percent)

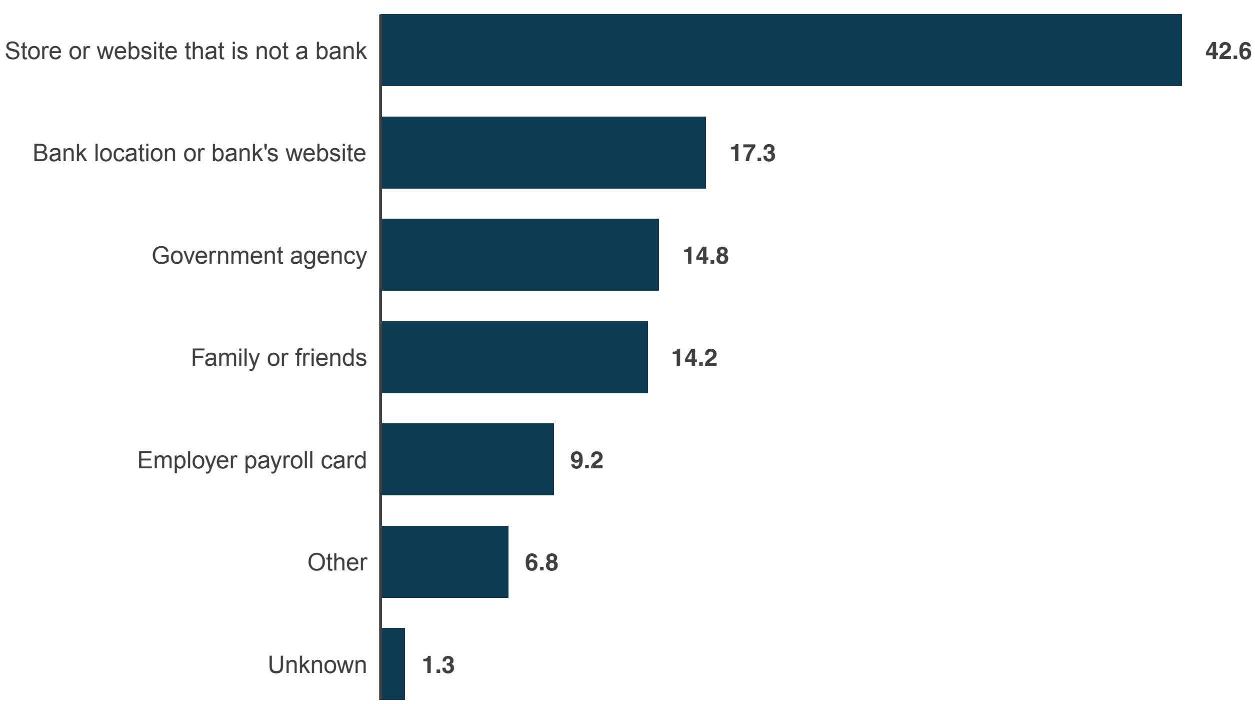


Table 5.3 Sources of Prepaid Cards by Banking Status, 2015
For all households that used prepaid cards in past 12 months, row percent

	Bank location or bank's website (Percent)	Store or website that is not a bank (Percent)	Government agency (Percent)	Employer payroll card (Percent)	Family or friends (Percent)	Other (Percent)	Unknown (Percent)
All	17.3	42.6	14.8	9.2	14.2	6.8	1.3
Banking status							
Unbanked	9.3	46.5	24.8	13.8	4.4	5.2	1.0
Underbanked	18.4	47.1	13.1	9.9	13.2	4.8	1.0
Fully banked	19.8	38.2	12.1	7.0	19.1	8.9	0.9

6. Alternative Financial Services

As in earlier surveys, the 2015 survey asked households about their use of alternative financial services (AFS) during the past 12 months.[30] Households were asked if they went to a place other than a bank to send a money order, cash a check, or send an international remittance (transaction AFS). Households were also asked whether they used any of the following nonbank products and services that may be used in lieu of bank credit: payday loans, refund anticipation loans, rent-to-own services, pawn shop loans, and auto title loans (credit AFS).

Patterns of AFS use among households in 2015 were generally similar to 2013. As shown in Table 6.1, about one in four households (24.0 percent) used an AFS in 2015, compared with 24.9 percent in 2013. Use of transaction AFS continued to be substantially more common than use of credit AFS: 20.2 percent of households used transaction AFS and 7.7 percent of households used credit AFS. However, use of transaction AFS decreased (from 21.9 percent in 2013), while use of credit AFS increased (from 7.0 percent in 2013).

Alternative Financial Services Use by Bank Account Ownership

Use of AFS continued to be much higher among unbanked households than banked households. As shown in Figures 6.1 and 6.2, 57.3 percent of unbanked households used an AFS in 2015, compared to 21.4 percent of banked households.

Although AFS were more widely used by unbanked households, the proportion that used AFS fell from 63.2 percent in 2013 to 57.3 percent in 2015. This decrease was almost entirely attributable to a decline in the use of transaction AFS among the unbanked, which occurred broadly across socioeconomic and demographic groups, and among unbanked households that used (or did not use) prepaid cards.

In contrast, similar proportions of banked households used AFS in 2013 and 2015. While use of transaction AFS fell slightly among banked households (from 18.6 to 17.6 percent), this decline was offset by an increase in the use of credit AFS (from 6.2 to 7.0 percent).

Figure 6.1 Alternative Financial Services Use in Past 12 Months by Year, Unbanked Households (Percent)

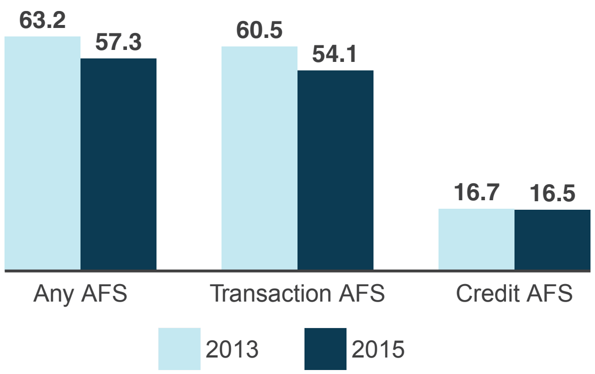


Figure 6.2 Alternative Financial Services Use in Past 12 Months by Year, Banked Households (Percent)

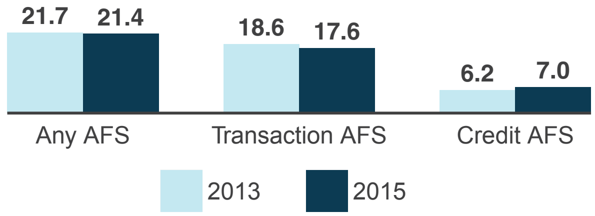


Table 6.1 Alternative Financial Services Use in Past 12 Months by Year
For all households, row percent

Year	Number of Households (1000s)	Any AFS			Transaction AFS			Credit AFS		
		Used (Percent)	Did not use (Percent)	Unknown (Percent)	Used (Percent)	Did not use (Percent)	Unknown (Percent)	Used (Percent)	Did not use (Percent)	Unknown (Percent)
2011	120,408	25.4+	71.2+	3.4+	23.3	73.8	2.9	6.0+	90.8+	3.2+
2013	123,750	24.9	69.3	5.8	21.9	72.9	5.2	7.0	87.2	5.8
2015	127,538	24.0	70.3	5.8	20.2	74.2	5.6	7.7	86.9	5.5

Note: The + symbol indicates that estimates of Any AFS and Credit AFS in 2011 are not directly comparable to years 2013 and 2015 because the 2011 survey did not ask about auto title loans.

[30]In this section, all estimates of AFS use are based on the past 12 months. The 2013 and 2015 surveys asked about the same set of AFS. The 2013 survey included questions about whether households used AFS in the past 30 days or had ever used AFS. As discussed in Appendix 2, those questions were not repeated in the 2015 survey.

Table 6.2 shows use of specific AFS by bank account ownership and year. Overall, as shown in panel A, money orders were the most commonly used AFS in 2015, followed by check cashing. Use of nonbank money orders declined substantially in recent years, however, particularly among unbanked households. Use of nonbank check cashing also declined sharply among unbanked households, from 35.9 percent in 2013 to 30.3 percent in 2015.

Alternative Financial Services Use by Household Characteristics

Consistent with past survey results, AFS use differed widely across households. As shown in Appendix Table D.1, use of AFS was higher among lower-income households, less-educated households, younger households, black and Hispanic households, and working-age disabled households. As indicated in Appendix Table D.4, declines in the use of transaction AFS between 2013 and 2015 were fairly widespread across segments of the population.

Income volatility was also related to AFS use, as illustrated in Figures 6.3 and 6.4. For example, 34.3 percent of households with income that varied a lot from month to month used transaction AFS, compared to 18.9 percent of households with steady monthly income. Similarly, use of credit AFS was substantially higher among households with more volatile income.

Even at higher levels of income, AFS use was higher among households with volatile income. For example, among households with annual income of at least $75,000 that varied a lot from month to month, 17.5 percent used transaction AFS and 8.6 percent used credit AFS. In contrast, for households with annual income of at least $75,000 and steady monthly income, 10.8 percent used transaction AFS and 3.4 percent used credit AFS.

Table 6.2 Use of Specific Alternative Financial Services by Bank Account Ownership and Year
For all households

Specific AFS	2011 (Percent)	2013 (Percent)	2015 (Percent)	Difference (2015-2013)
A. All households				
Money orders	18.3	17.3	15.0	-2.3*
Check cashing	7.7	6.5	6.5	-0.1
Remittances	3.7	3.7	3.7	0.0
Pawn shop loans	2.9	2.9	1.8	-1.1*
Payday loans	1.7	2.0	2.0	0.0
Refund anticipation loans	1.2	1.8	2.6	0.8*
Rent-to-own	1.5	1.5	1.8	0.3*
Auto title loans		0.9	1.3	0.5*
B. Unbanked households				
Money orders	49.1	47.3	43.2	-4.2*
Check cashing	38.0	35.9	30.3	-5.6*
Remittances	9.2	9.2	7.9	-1.3
Pawn shop loans	10.5	9.9	6.6	-3.3*
Payday loans	1.6	2.7	3.6	0.9*
Refund anticipation loans	3.4	3.8	4.5	0.7
Rent-to-own	5.1	4.5	5.0	0.6
Auto title loans		1.7	2.3	0.7
C. Banked households				
Money orders	15.6	14.7	12.8	-1.9*
Check cashing	5.0	4.1	4.7	0.6*
Remittances	3.2	3.2	3.4	0.2
Pawn shop loans	2.2	2.3	1.5	-0.8*
Payday loans	1.7	1.9	1.8	-0.1
Refund anticipation loans	1.0	1.6	2.5	0.8*
Rent-to-own	1.2	1.2	1.5	0.3*
Auto title loans		0.8	1.3	0.5*

Notes: Asterisks indicate differences that are statistically significant at the 10 percent level. Estimates of auto title loan use are not available for the year 2011.

Figure 6.3 Use of Transaction AFS in Past 12 Months by Income Level and Income Volatility, 2015 (Percent)

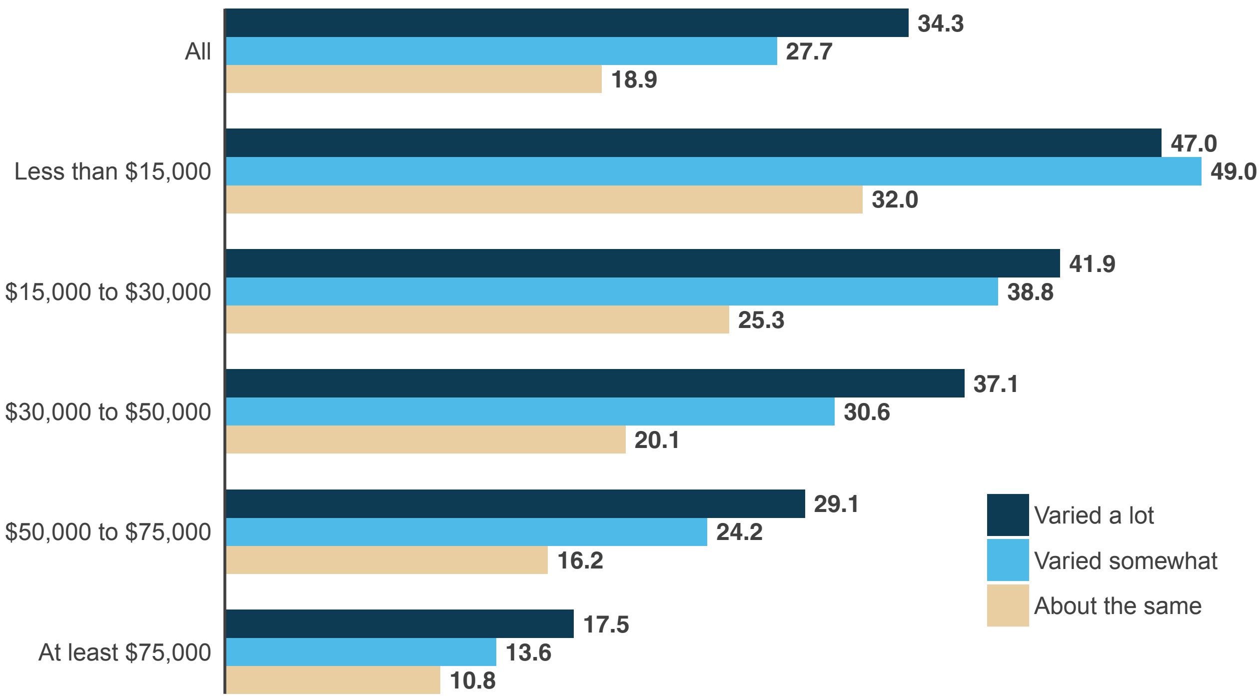
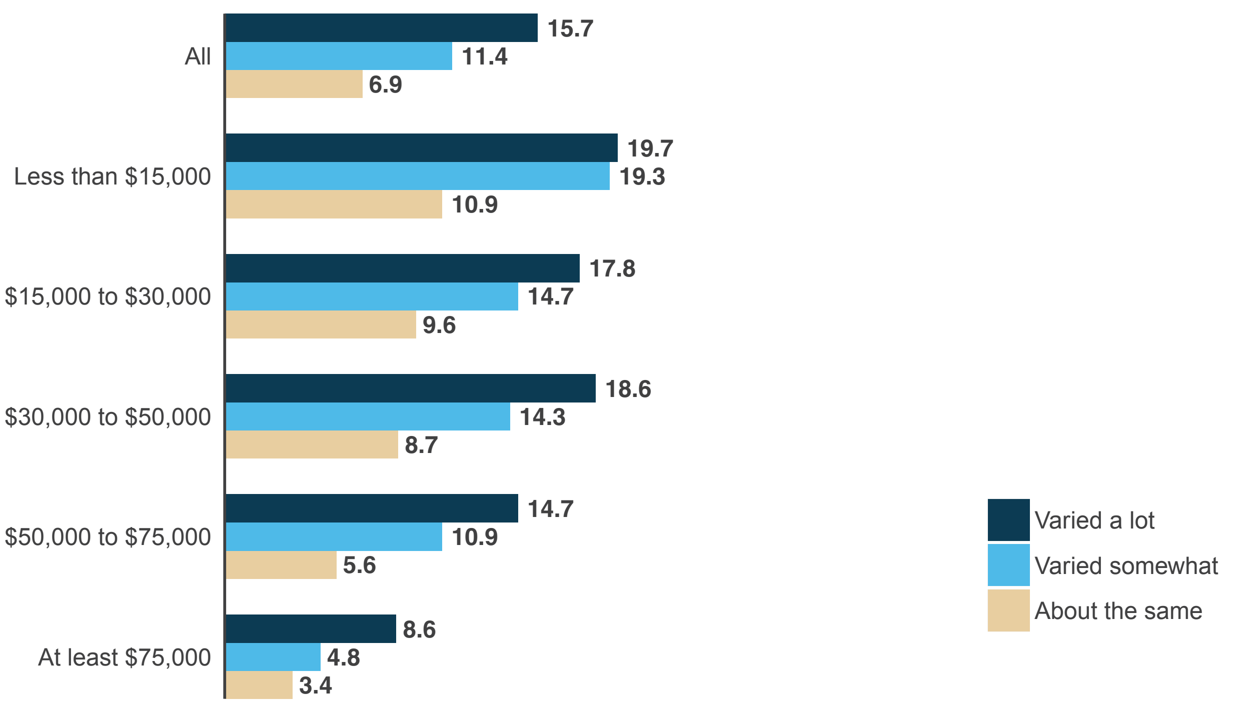


Figure 6.4 Use of Credit AFS in Past 12 Months by Income Level and Income Volatility, 2015 (Percent)



International Remittances

The 2015 survey included a series of questions about the ways households send money abroad to family or friends (i.e., remittances). Households were asked whether they sent money abroad using a bank in the past 12 months and if so, whether they did this in a typical month. Households were asked analogous questions about nonbank remittance use.

Among all U.S. households in 2015, 5.7 percent sent money abroad in the past 12 months. Of these households, roughly 40 percent (or 2.4 percent of all households) sent money abroad in a typical month. Remittance activity was substantially higher among certain segments of the population, including Hispanic and Asian households, and foreign-born citizen and noncitizen households.

Most households that sent a remittance did not use a bank. Specifically, as shown in Table 6.3, of the households that sent a remittance in the past 12 months, roughly 20 percent (or 1.2 percent of all households) used only banks and 8 percent (or 0.5 percent of all households) used both banks and nonbanks. Certain groups were more likely to use banks to send a remittance. For example, among households that sent a remittance in the past 12 months, over 30 percent of Asian and white households used only banks to do so, compared to 10 percent of Hispanic households.[31]

Table 6.3 Use of Banks and Nonbanks to Send Remittances in Past 12 Months by Selected Household Characteristics, 2015
For all households, row percent

Characteristics	Nonbank only (Percent)	Nonbank and bank (Percent)	Bank only (Percent)	Sent, place unknown (Percent)	Did not send (Percent)	Unknown (Percent)
All	3.2	0.5	1.2	0.9	88.9	5.4
Bank account ownership						
Unbanked	7.5	0.4	0.2	1.0	80.5	10.4
Banked	2.9	0.5	1.2	0.9	89.5	5.0
Race/Ethnicity						
Black	3.8	0.6	0.9	0.6	87.2	6.9
Hispanic	13.1	1.7	1.9	2.9	73.5	7.0
Asian	9.8	1.3	7.3	2.4	71.5	7.8
White	0.8	0.2	0.6	0.4	93.4	4.6
Other	2.1	0.3	0.6	1.8	90.4	4.8
Nativity						
U.S.-born	0.8	0.2	0.5	0.4	93.1	5.0
Foreign-born citizen	12.4	2.1	5.1	2.4	71.4	6.5
Foreign-born noncitizen	22.0	2.3	4.9	4.1	58.2	8.5

Notes: "Sent, place unknown" includes households that sent a remittance, but use of banks or nonbanks is unknown. "Unknown" indicates households with unknown remittance activity.

[31] Patterns of household use of banks to send remittances in a typical month (not shown) were generally similar to those described here.

7. Saving for Unexpected Expenses or Emergencies

Savings can help households better manage unexpected expenses or emergencies, such as health issues or major automobile repairs. The absence of savings can sometimes be a barrier to financial stability and resilience, particularly for consumers with uneven or low incomes. To gain insight into these issues, the 2015 survey included new questions on whether households saved for unexpected expenses or emergencies and the methods they used.

Specifically, households were asked whether they set aside any money in the past 12 months that could be used for unexpected expenses or emergencies, even if the funds were later spent.[32] Households were prompted to consider only funds that could have been easily spent, if necessary, and not retirement or other long-term savings. Households that set aside money for this purpose were then asked where they kept the money, choosing one or more of the following methods: savings accounts; checking accounts; prepaid cards; other accounts such as certificates of deposit, brokerage accounts, or savings bonds; in the home, or with family or friends; buying something with the intent to pawn it or sell it later, if necessary; or other methods.

Overall, 56.3 percent of households saved for unexpected expenses or emergencies in the past 12 months.[33]

Savings Rates by Household Characteristics

Rates of saving for unexpected expenses or emergencies varied by household characteristics (see Table 7.1). For example, savings rates were lower among lower-income households, less-educated households, black and Hispanic households, and working-age disabled households. Differences by income and education were especially pronounced. For instance, only 30.8 percent of households with income of less than $15,000 saved for unexpected expenses or emergencies, compared to 72.9 percent of households with income of at least $75,000.

Savings rates varied little by income volatility: 56.3 percent of households with income that was about the same each month saved, compared to 58.3 percent of households with income that varied somewhat from month to month and 51.3 percent of households with income that varied a lot.[34]

Savings Rates by Geography

Rates of saving for unexpected expenses or emergencies were higher in the Midwestern (61.1 percent) and Western regions (59.1 percent) and lower in the Northeastern (56.2 percent) and Southern regions (52.1 percent). Figure 7.1 shows that savings rates varied widely across states, ranging from 42.7 percent in Florida to 71.3 percent in Utah. (See Appendix Tables E.2 and E.3 for detailed estimates of savings rates by state and MSA.)

Savings Methods

Figure 7.2 shows that among all households that saved for unexpected expenses or emergencies, savings accounts were the most used savings method followed by checking accounts: more than four in five (84.9 percent) kept savings in one of these accounts. About one in ten (10.5 percent) households that saved maintained savings in the home, or with family or friends.

[32]The question allows for funds to be later spent because a household might have experienced an unexpected expense or emergency that required the household to draw on the money that had been saved.

[33]The analysis presented in this section excludes 2,658 observations (representing roughly 10.1 million households) with missing information on whether the household saved for unexpected expenses or emergencies.

[34]The absence of a strong association between income volatility and savings rates may be due to the fact that the survey focused on saving for unexpected expenses or emergencies, and month-to-month volatility in income could be expected or unexpected. For example, households that expected their income to vary from month to month might have saved in higher-income months to pay for regular expenses in lower-income months, but they might not have viewed this activity as having saved for unexpected expenses or emergencies.

Table 7.1 Rates of Saving for Unexpected Expenses or Emergencies by Selected Household Characteristics, 2015
For all households, row percent

Characteristics	Saved (Percent)
All	56.3
Family income	
Less than $15,000	30.8
$15,000 to $30,000	42.2
$30,000 to $50,000	53.2
$50,000 to $75,000	63.6
At least $75,000	72.9
Education	
No high school diploma	30.1
High school diploma	47.2
Some college	58.9
College degree	69.4
Age group	
15 to 24 years	55.7
25 to 34 years	60.7
35 to 44 years	58.8
45 to 54 years	58.2
55 to 64 years	56.4
65 years or more	50.1
Race/Ethnicity	
Black	45.6
Hispanic	42.5
Asian	52.9
White	61.3
Other	56.2
Disability status	
Disabled, age 25 to 64	39.0
Not disabled, age 25 to 64	61.3
Monthly income volatility	
Income was about the same each month	56.3
Income varied somewhat from month to month	58.3
Income varied a lot from month to month	51.3

Note: See Appendix Table E.1 for estimates by other household characteristics.

Savings Methods by Household Characteristics

The use of formal (e.g., savings or checking accounts) and informal (e.g., in the home, or with family or friends) savings methods varied by household characteristics (see Table 7.2). For example, among households that saved for unexpected expenses or emergencies, lower-income households, less-educated households, and working-age disabled households were less likely to keep savings in a savings account and more likely to maintain savings in the home, or with family or friends. As with savings rates, differences in savings methods by income and education were considerable. For instance, among households that saved, 47.3 percent of households with income of less than $15,000 kept savings in a savings account, compared to 77.6 percent of households with income of at least $75,000.[35]

Differences in savings methods by household race and ethnicity were small relative to differences by income and education. Among households that saved, black and Hispanic households were somewhat less likely than white households to keep savings in a savings account and more likely to maintain savings in the home, or with family or friends.[36]

[35]Among households that saved, 67.2 percent of households with income of less than $15,000 kept savings in a savings or checking account, relative to 88.8 percent of households with income of at least $75,000.

[36]After accounting in a multivariate model for household income and the other household characteristics listed in Appendix Table A.1, these disparities in savings methods by race and ethnicity were even smaller and, for savings accounts, no longer statistically significant.

Figure 7.1 Rates of Saving for Unexpected Expenses or Emergencies by State, 2015

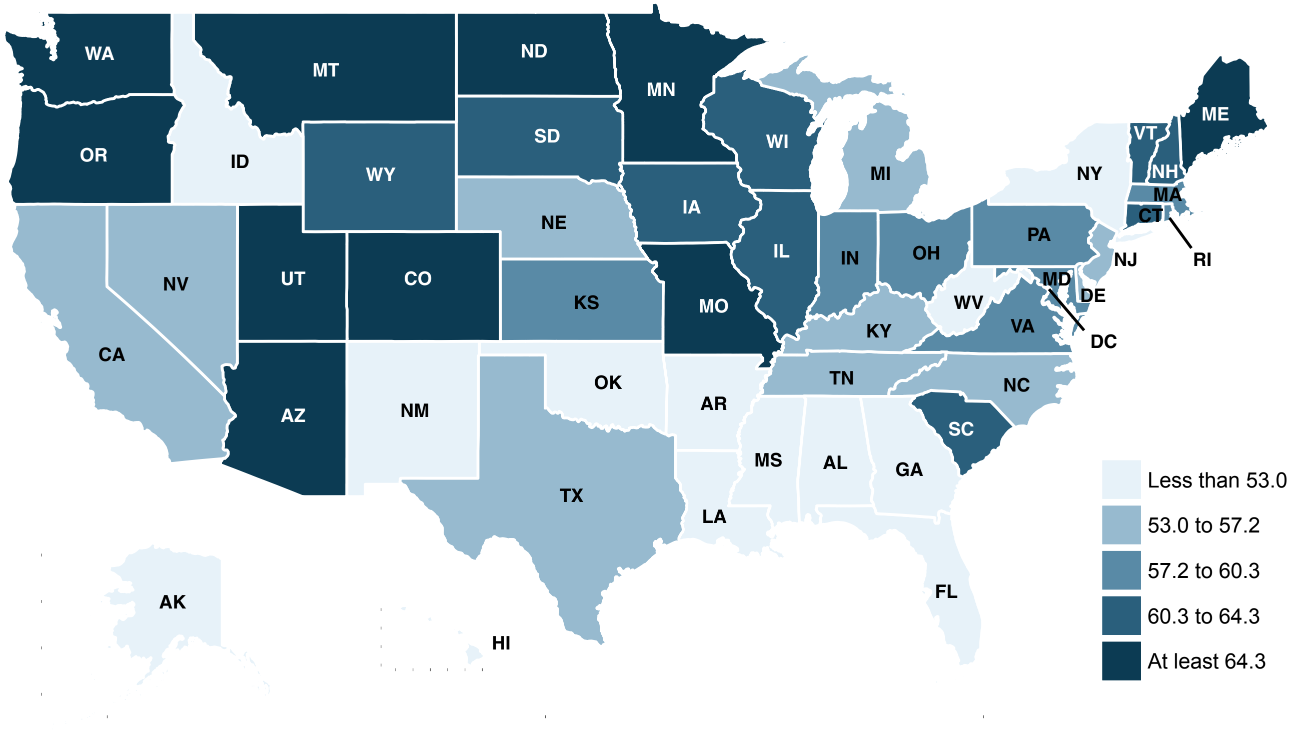


Figure 7.2 All Savings Methods for Households That Saved, 2015 (Percent)

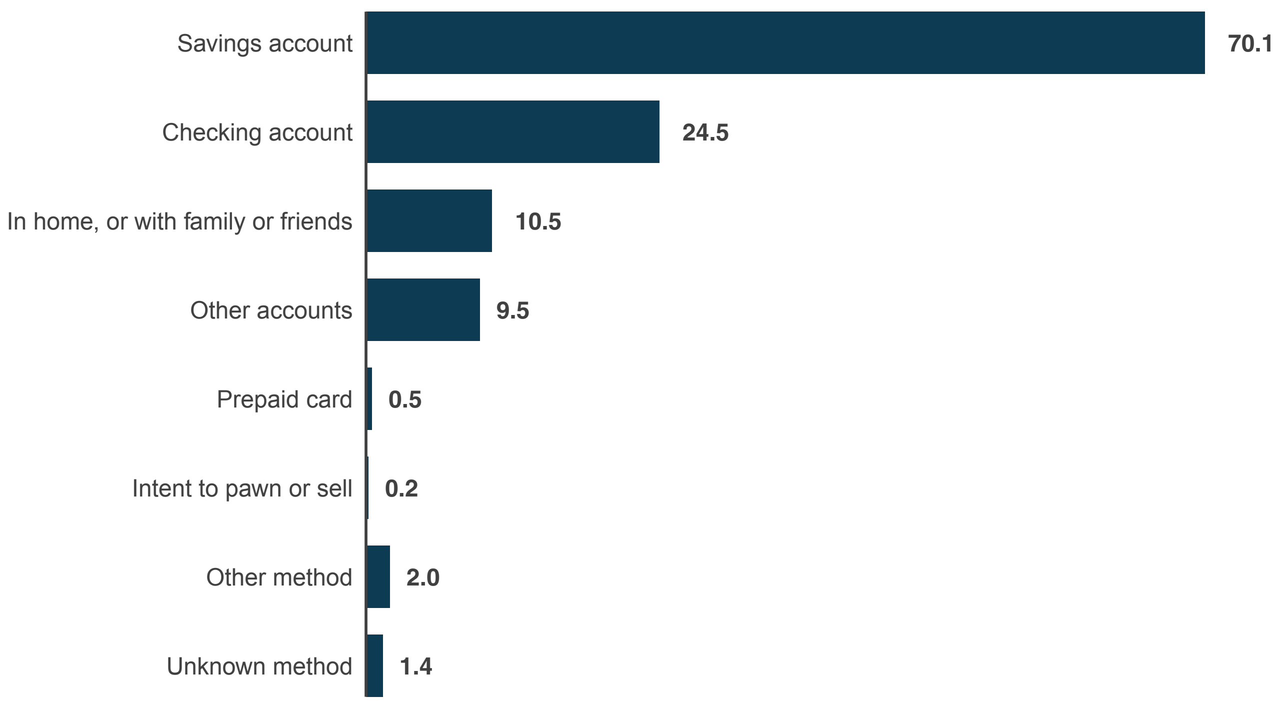


Table 7.2 Savings Methods by Selected Household Characteristics, 2015
For all households that saved for unexpected expenses or emergencies, row percent

Characteristics	Checking account (Percent)	Savings account (Percent)	Prepaid card (Percent)	In home, or with family or friends (Percent)
All	24.5	70.1	0.5	10.5
Family income				
Less than $15,000	25.5	47.3	2.2	26.5
$15,000 to $30,000	27.8	59.7	1.1	15.8
$30,000 to $50,000	25.4	66.5	0.5	12.4
$50,000 to $75,000	23.5	73.1	0.5	9.8
At least $75,000	23.4	77.6	0.1	5.3
Education				
No high school diploma	26.6	52.1	1.6	21.6
High school diploma	24.8	62.9	0.8	15.8
Some college	23.5	70.5	0.6	11.6
College degree	24.8	76.0	0.1	5.3
Age group				
15 to 24 years	23.7	66.1	1.5	17.8
25 to 34 years	22.8	70.7	1.0	12.5
35 to 44 years	21.1	72.9	0.5	10.9
45 to 54 years	24.3	71.4	0.5	10.3
55 to 64 years	25.3	69.4	0.3	9.1
65 years or more	28.5	67.6	0.1	7.9
Race/Ethnicity				
Black	24.6	65.1	1.9	16.1
Hispanic	24.3	65.2	0.8	16.0
Asian	28.6	72.8	0.2	6.8
White	24.3	71.4	0.2	9.1
Other	23.1	63.7	2.7	14.3
Disability status				
Disabled, age 25 to 64	22.3	55.1	1.5	22.2
Not disabled, age 25 to 64	23.5	72.5	0.5	9.6

Note: See Appendix Table E.4 for the full set of savings methods and for estimates by other household characteristics.

Savings Rates and Methods by Banking Status

Figure 7.3 shows that unbanked households saved for unexpected expenses or emergencies at a much lower rate than underbanked and fully banked households: 20.2 percent of unbanked households saved for this purpose, compared to 55.2 percent of underbanked households and 60.0 percent of fully banked households.

Figure 7.3 Rates of Saving for Unexpected Expenses or Emergencies by Banking Status, 2015

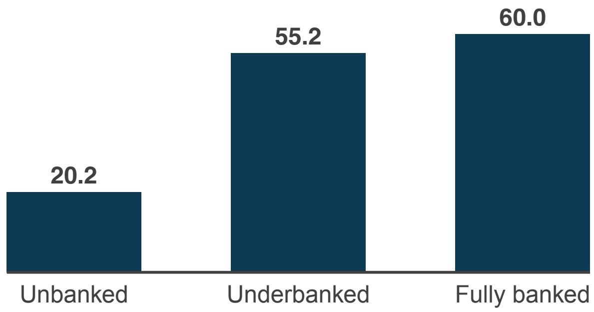
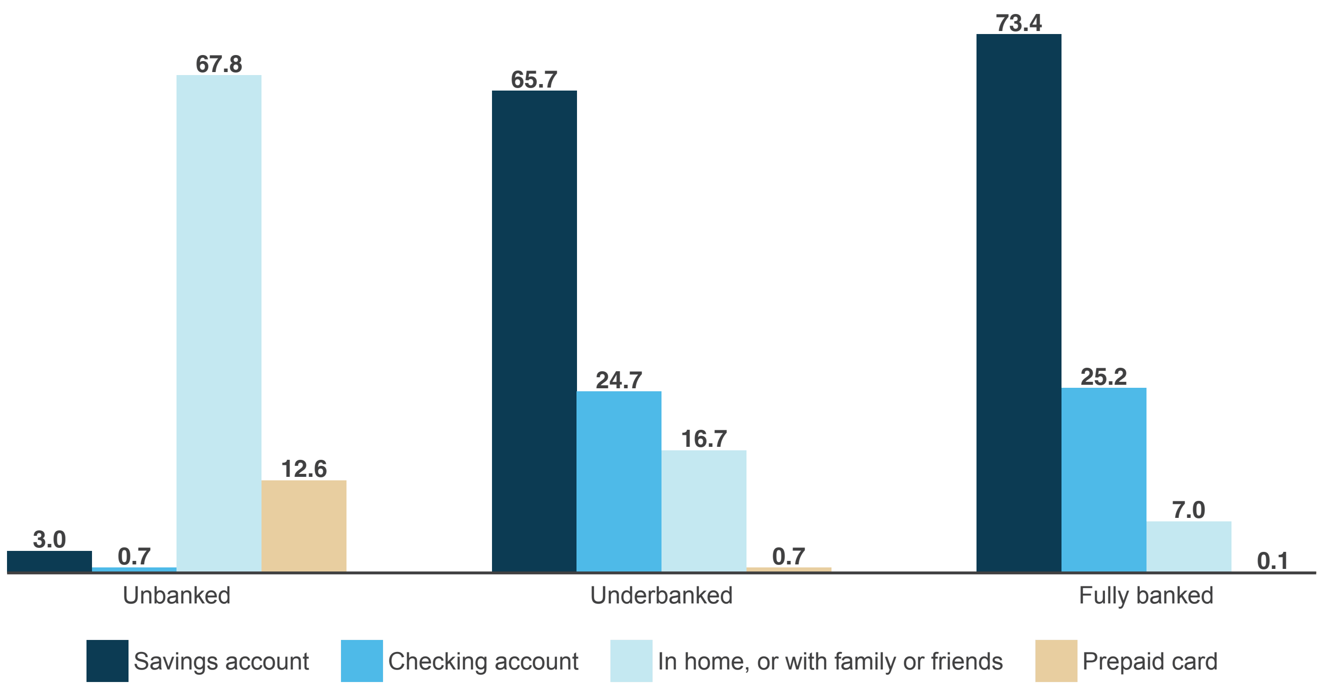


Figure 7.4 shows that unbanked households generally saved using informal methods, while underbanked and fully banked households generally saved using formal methods. Unbanked households that saved primarily kept savings in the home, or with family or friends (67.8 percent), and on prepaid cards (12.6 percent).[37] In contrast, underbanked and fully banked households that saved primarily used savings and checking accounts. The vast majority of underbanked (82.0 percent) and fully banked (88.2 percent) households that saved kept savings in one of these accounts.

Although prepaid cards are generally thought of as transactional, some households, particularly the unbanked, used them as savings vehicles. Among households that saved and used a prepaid card in the past 12 months, 27.0 percent of unbanked households kept savings on a prepaid card, compared to only 4.1 percent of underbanked households and 1.2 percent of fully banked households.

Figure 7.4 Selected Savings Methods for Households That Saved by Banking Status, 2015 (Percent)



[37]In addition, 12.3 percent of unbanked households selected other method, which is substantially higher than the percentage of underbanked (2.2 percent) and fully banked (1.6 percent) households that selected other method. (See Appendix Table E.4.)

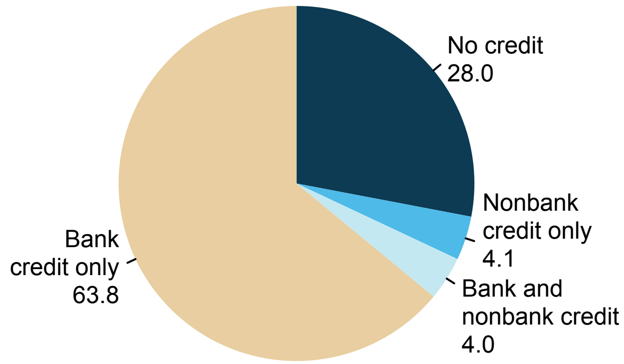
8. Bank and Nonbank Credit

To gain a more complete picture of household credit behavior, the 2015 survey included a new series of questions on bank credit, in addition to questions about nonbank (AFS) credit asked in previous surveys. Specifically, the new questions asked households whether, in the past 12 months, they had a credit card or a personal loan or line of credit from a bank (i.e., "bank credit"), applied for bank credit, were denied bank credit or not given as much credit as they applied for (i.e., "denied"), or thought about applying for bank credit but did not because they thought they might be turned down (i.e., "felt discouraged about applying"). Households were also asked whether they fell behind on bills in the past 12 months.[38]

The survey results indicate that most households (67.9 percent) had bank credit. Credit cards were much more common than personal loans or lines of credit from a bank: 66.5 percent of households had a credit card, and 9.8 percent of households had a personal loan or line of credit from a bank. In contrast, 8.2 percent of households used nonbank credit (rent-to-own services or payday, auto title, pawn shop, or refund anticipation loans).

As illustrated in Figure 8.1, a majority of households had bank credit only (63.8 percent). Some had a mix of bank and nonbank credit (4.0 percent) or used only nonbank credit (4.1 percent).[39] The remaining 28.0 percent of households are classified as "no credit," meaning that they did not use any of the credit products asked about in the survey.

Figure 8.1 Bank and Nonbank Credit, 2015 (Percent)



Note: Households may have used credit products that were not asked about in the survey (e.g., mortgages, auto loans, certain nonbank installment loans, and informal loans from family or friends).

Credit Use by Banking Status and Household Characteristics

Figure 8.2 shows use of bank and nonbank credit by banking status. Roughly three-quarters of unbanked households did not use any of the credit products asked about in the survey, compared to one-quarter of underbanked and fully banked households. Among unbanked households that did have credit, the majority (67.3 percent, or 16.4 percent of all unbanked households) used nonbank credit only.

The share of households with credit was fairly similar among underbanked and fully banked households: 74.9 percent of underbanked households and 75.6 percent of fully banked households had one of the credit products asked about in the survey. Underbanked households were much less likely to have only bank credit compared to fully banked households (42.1 percent versus 75.6 percent). Nearly one in five (18.5 percent) underbanked households had both bank and nonbank credit, while a similar share (14.4 percent) used only nonbank credit. By definition, fully banked households did not use any nonbank credit products.

[38]The analysis presented in this section excludes 3,078 observations (representing roughly 11.8 million households) with any missing information on whether the household had bank credit, used nonbank credit, applied for or was denied bank credit, was discouraged about applying for bank credit, or fell behind on bills. As a result, estimates of nonbank credit use presented in this section differ slightly from estimates presented in other sections.

[39]Use of specific nonbank credit products differed for households with both bank and nonbank credit and those with only nonbank credit. Payday loans, pawn shop loans, and rent-to-own services were the most common types of nonbank credit products used among households that only used nonbank credit, whereas auto title and refund anticipation loans were more widely used by households that had both bank and nonbank credit.

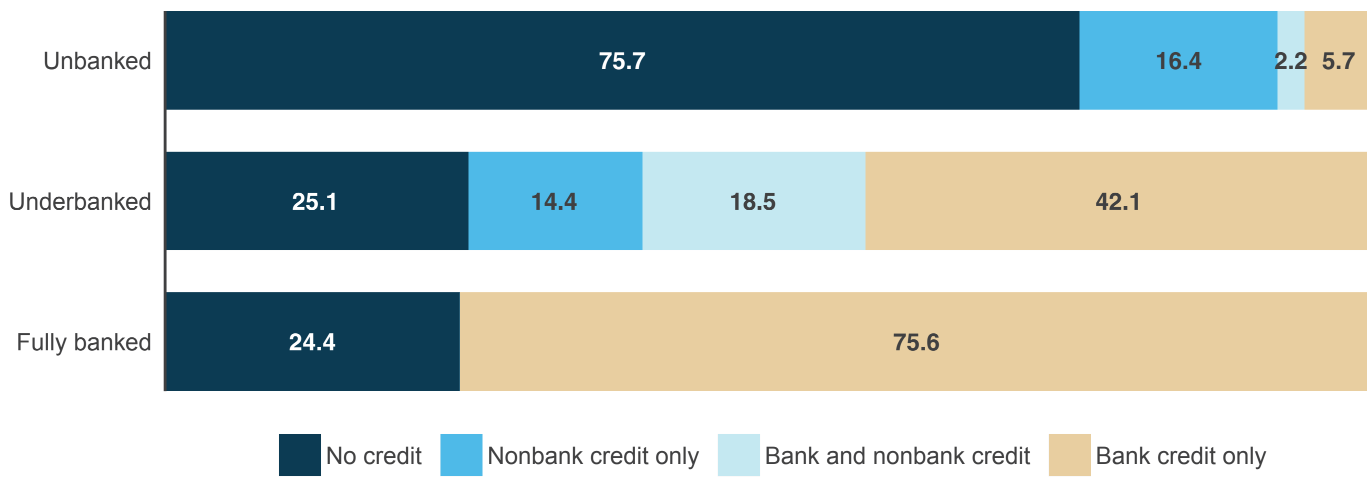
Household credit use varied by household characteristics, as shown in Table 8.1. Lower-income households were more likely to use nonbank credit only or not to have credit, and were less likely to have only bank credit. For example, 10.0 percent of households with income of less than $15,000 used nonbank credit only, and 57.8 percent did not have any of the credit products asked about in the survey. Among households with income greater than $75,000, less than 1 percent (0.7 percent) used nonbank credit only and 10.6 percent had no credit. Patterns were similar by educational attainment.

Black and Hispanic households were more likely not to have credit (45.4 percent and 44.2 percent, respectively) compared to white and Asian households (22.0 percent and 19.7 percent, respectively). Moreover, 9.4 percent of black households used only nonbank credit, compared to 2.8 percent of white households.

Working-age disabled households were much more likely than nondisabled households to use nonbank credit only (10.5 percent versus 3.9 percent) or not to have credit (47.0 percent versus 24.3 percent). Working-age disabled households were also much less likely to have only bank credit: 37.3 percent had only bank credit, compared to 67.4 percent of nondisabled households.

Another factor associated with credit use was income volatility. As shown in Table 8.1, households with income that varied a lot from month to month were less likely to have only bank credit and were more likely to use nonbank credit, either on its own or in addition to bank credit. Income volatility was associated with greater nonbank credit use even for higher-income households (see Figure 6.4).

Figure 8.2 Bank and Nonbank Credit by Banking Status, 2015 (Percent)



Note: Households may have used credit products that were not asked about in the survey (e.g., mortgages, auto loans, certain nonbank installment loans, and informal loans from family or friends).

Table 8.1 Bank and Nonbank Credit by Selected Household Characteristics, 2015
For all households, row percent

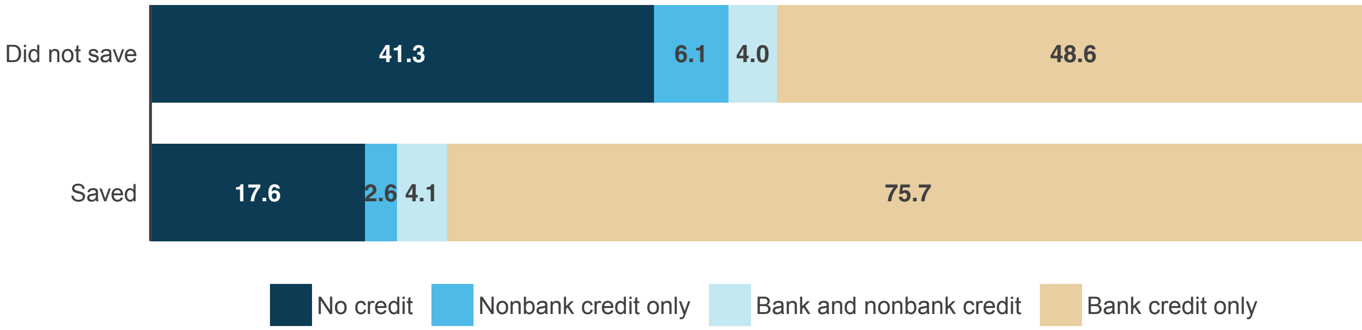
Characteristics	Bank credit only (Percent)	Bank and nonbank credit (Percent)	Nonbank credit only (Percent)	No credit (Percent)
All	63.8	4.0	4.1	28.0
Family income				
Less than $15,000	29.1	3.1	10.0	57.8
$15,000 to $30,000	46.8	4.1	6.9	42.2
$30,000 to $50,000	59.9	5.5	4.8	29.9
$50,000 to $75,000	72.7	4.7	2.3	20.3
At least $75,000	85.6	3.1	0.7	10.6
Education				
No high school diploma	30.4	4.0	8.2	57.3
High school diploma	53.0	4.2	6.3	36.5
Some college	63.9	4.9	4.4	26.8
College degree	82.6	3.2	0.9	13.3
Age group				
15 to 24 years	47.0	6.4	7.9	38.7
25 to 34 years	59.1	5.7	6.4	28.8
35 to 44 years	62.5	4.9	5.4	27.2
45 to 54 years	64.7	4.3	4.3	26.7
55 to 64 years	67.4	3.2	3.0	26.4
65 years or more	68.2	2.2	1.5	28.0
Race/Ethnicity				
Black	40.4	4.8	9.4	45.4
Hispanic	45.3	4.8	5.8	44.2
Asian	75.5	3.7	1.1	19.7
White	71.5	3.7	2.8	22.0
Other	48.0	6.3	10.8	35.0
Disability status				
Disabled, age 25-64	37.3	5.1	10.5	47.0
Not disabled, age 25-64	67.4	4.4	3.9	24.3
Monthly income volatility				
Income was about the same each month	65.3	3.5	3.4	27.8
Income varied somewhat from month to month	60.8	5.5	6.1	27.6
Income varied a lot from month to month	53.4	7.6	7.9	31.1

Notes: Households may have used credit products that were not asked about in the survey (e.g., mortgages, auto loans, certain nonbank installment loans, and informal loans from family or friends). See Appendix Table F.2 for estimates by other household characteristics.

As shown in Figure 8.3, households that saved for unexpected expenses or emergencies were less likely to use nonbank credit only, less likely not to have credit, and more likely to have bank credit only. For example, among households that saved, 2.6 percent used nonbank credit only, 17.6 percent did not have credit, and 75.7 percent had bank credit only. In comparison, of the households that did not save, 6.1 percent used nonbank credit only, 41.3 percent did not have credit, and 48.6 percent had bank credit only.[40]

[40]The differences in bank and nonbank credit associated with savings activity were statistically significant in a multivariate model that accounted for income and other household characteristics listed in Appendix Table A.1. Nonetheless, the differences in bank and nonbank credit associated with savings activity should not be interpreted as causal, because there are likely factors associated with both savings activity and credit behavior that are not observed in the survey and therefore omitted from the model.

Figure 8.3 Bank and Nonbank Credit by Savings Activity, 2015 (Percent)



Note: Households may have used credit products that were not asked about in the survey (e.g., mortgages, auto loans, certain nonbank installment loans, and informal loans from family or friends).

Applications for Bank Credit, and Indicators of Potential Ability to Qualify for Bank Credit

Table 8.2 presents the proportions of households in 2015 that applied for a credit card or a personal loan or line of credit from a bank (bank credit), by banking status and selected household characteristics. Overall, 13.9 percent of households applied for bank credit in the past 12 months. Unbanked households applied for bank credit at a substantially lower rate (2.5 percent) than underbanked (17.8 percent) and fully banked households (13.8 percent). Applications for bank credit were also lower among lower-income households, less-educated households, and black and Hispanic households.

Table 8.2 also shows the shares of households that applied for bank credit and were denied, that felt discouraged about applying, and that reported falling behind on bills. These measures may reflect a household's ability to qualify for bank credit. Differences across household groups were generally similar to the patterns observed for nonbank credit use.

Lower-income households, households with volatile income, and working-age disabled households were all more likely to be denied bank credit (conditional on applying for bank credit) or to be discouraged about applying for bank credit. These groups also fell behind on bills at higher rates.

Household use of nonbank credit was strongly associated with whether the household was denied bank credit, discouraged about applying for bank credit, or fell behind on bills. As shown in Table 8.3, among households that applied for bank credit and were denied, 24.7 percent used nonbank credit (15.2 percent used both bank and nonbank credit, while 9.5 percent used nonbank credit only). In contrast, only 7.7 percent of households that were not denied (or did not apply) used nonbank credit. Similarly, 28.7 percent of households that were discouraged about applying for bank credit used nonbank credit, compared to 6.8 percent among those that were not discouraged. Also, 24.7 percent of households that fell behind on bills used nonbank credit, compared to 4.8 percent of households that did not fall behind on bills.

Table 8.2 Applications for Bank Credit and Indicators of Potential Ability to Qualify for Bank Credit by Banking Status and Selected Household Characteristics, 2015
For all households, row percent

Characteristics	Applied for bank credit (Percent)	Denied bank credit (Percent)	Discouraged about applying for bank credit (Percent)	Fell behind on bills (Percent)	Denied bank credit, conditional on applying (Percent)
All	13.9	2.8	6.1	16.9	20.0
Banking status					
Unbanked	2.5	1.5	10.7	42.2	NA
Underbanked	17.8	5.8	13.3	32.5	32.5
Fully banked	13.8	2.0	3.5	10.0	14.6
Family income					
Less than $15,000	6.0	2.5	9.5	32.0	42.0
$15,000 to $30,000	9.3	3.3	8.7	24.8	35.3
$30,000 to $50,000	12.1	3.1	6.4	18.3	25.9
$50,000 to $75,000	15.9	3.2	5.6	13.6	20.4
At least $75,000	19.8	2.1	3.3	7.1	10.8
Education					
No high school diploma	5.5	1.9	7.0	25.5	35.4
High school diploma	10.3	2.7	7.3	21.2	25.9
Some college	15.5	3.7	7.1	19.5	23.6
College degree	17.9	2.4	4.0	8.6	13.2
Age group					
15 to 24 years	16.6	5.4	10.2	20.8	32.3
25 to 34 years	17.8	4.3	9.3	22.0	24.2
35 to 44 years	16.9	3.7	7.3	21.7	21.9
45 to 54 years	15.8	2.9	6.9	19.7	18.3
55 to 64 years	12.7	2.2	4.9	16.0	17.0
65 years or more	7.9	0.9	2.4	7.6	11.4
Race/Ethnicity					
Black	10.0	2.8	10.7	30.7	28.4
Hispanic	11.5	3.6	8.7	23.0	31.0
Asian	17.3	2.9	4.4	8.8	16.6
White	14.9	2.6	4.7	13.4	17.5
Other	12.6	3.0	9.6	25.7	NA
Disability status					
Disabled, age 25-64	11.3	3.7	11.3	34.2	32.7
Not disabled, age 25-64	16.4	3.2	6.4	17.6	19.3
Monthly income volatility					
Income was about the same each month	13.0	2.2	4.8	13.5	17.1
Income varied somewhat from month to month	16.3	4.1	9.1	24.8	25.1
Income varied a lot from month to month	19.2	6.6	15.4	41.8	34.5

Notes: NA indicates that the sample size was too small to produce a precise estimate. See Appendix Table F.3 for estimates by other household characteristics.

Table 8.3 Bank and Nonbank Credit by Indicators of Potential Ability to Qualify for Bank Credit, 2015
For all households, row percent

	Bank credit only (Percent)	Bank and nonbank credit (Percent)	Nonbank credit only (Percent)	No credit (Percent)
All	63.8	4.0	4.1	28.0
Applied for bank credit and denied				
Yes	60.3	15.2	9.5	15.0
No	63.9	3.7	4.0	28.4
Discouraged about applying for bank credit				
Yes	41.2	11.9	16.8	30.1
No	65.3	3.5	3.3	27.8
Fell behind on bills				
Yes	35.5	9.3	15.3	39.8
No	69.6	3.0	1.8	25.6
Denied, discouraged, or fell behind on bills				
Yes	40.4	9.1	13.5	37.1
No	69.9	2.7	1.7	25.6

Note: Households may have used credit products that were not asked about in the survey (e.g., mortgages, auto loans, certain nonbank installment loans, and informal loans from family or friends).

Unmet Demand for Bank Credit

The new survey questions on whether households were discouraged about applying for bank credit and whether they were denied bank credit, along with existing questions on nonbank credit use, allow us to estimate the share of households that may have credit needs which are not fully met by mainstream financial institutions. Moreover, the new survey question about whether households fell behind on bills allows us to explore if some households with unmet demand for bank credit could potentially be served by banks.

For the purposes of this report, we classify a household as having "unmet demand for bank credit" if the household was denied bank credit, felt discouraged about applying for bank credit, or used any nonbank credit product. Applying this convention, 13.7 percent of households had unmet demand for bank credit. These households can be categorized into four types: those that had bank credit only, yet were also discouraged about applying for or were denied bank credit (3.5 percent of all households); those that had both bank and nonbank credit (4.0 percent of all households); those that used nonbank credit only (4.1 percent of all households); and those that did not have credit and were discouraged about applying for or were denied bank credit (2.0 percent of all households).

Among households with unmet demand for bank credit, some of those that reported staying current on bills may potentially be served by banks. While staying current on bills is an imperfect measure of creditworthiness, it nevertheless provides some insight into these households' financial situation.[41] Figure 8.4 presents the share of households with unmet demand for bank credit that stayed current on bills, overall and for each of the four types of households with unmet demand for bank credit. Among all households with unmet demand for bank credit, about half (52.5 percent) stayed current on bills. Of the households that had only bank credit but were denied or felt discouraged about applying for new bank credit, 65.1 percent stayed current on bills. In contrast, 37.1 percent of households that used only nonbank credit stayed current on bills.

[41]In some cases, the credit needs of households that did not fall behind on bills may not be serviceable by banks because of previous negative credit events or high debt-to-income ratios.

Figure 8.4 Share of Households With Unmet Demand for Bank Credit That Stayed Current on Bills, 2015

Note: Households may have used credit products that were not asked about in the survey (e.g., mortgages, auto loans, certain nonbank installment loans, and informal loans from family or friends).

9. How Households Conduct Their Financial Transactions in a Typical Month

The 2015 survey included a number of new questions about the ways households pay bills (for things like mortgage, rent, utilities, or child care) and receive income (from work, government benefits, or other regular sources). The goal of these questions was to learn more about the extent to which households use banks and other methods to meet their financial transactions needs in a typical month over the past 12 months.

For the purposes of this report, the following methods of paying bills are classified as "bank" methods: electronic payment from a bank account, personal check drawn on a bank, debit card linked to a bank account, credit card, or cashier's check or money order purchased at a bank. "Other" methods of paying bills include nonbank money orders, prepaid cards, and cash.

Similarly, "bank" methods of receiving income include the following: direct deposit into a bank account, or paper check or money order if the household had a bank account and did not go to a nonbank check casher in a typical month. "Other" methods of receiving income include cash, direct deposit onto a prepaid card, and check (for households that were unbanked or that used a nonbank check casher to get the funds).[42]

2015 National Estimates

The great majority of U.S. households used banks to pay bills in a typical month, consistent with the fact that most U.S. households have a bank account.[43] As illustrated in Figure 9.1, the most widely used method was electronic payment from a bank account (64.3 percent). Use of bank personal checks was nearly as common (61.2 percent), despite the emergence of widely available and increasingly diverse means of making electronic payments. Use of other bill payment methods, such as cash, nonbank money orders, and prepaid cards, was substantially lower. Overall, more than 90 percent of households paid bills using a bank-related method in a typical month, and three out of four used only banks (i.e., they used banks and did not use cash, nonbank money orders, prepaid cards, or other).

The most prevalent method of receiving income was, by far, direct deposit into a bank account. More than four out of five households (81.3 percent) used this method in a typical month, as shown in Figure 9.2. The next most prevalent method of receiving income was by paper check or money order (29.1 percent). Of the households that used this method, approximately 7 percent (or 2.1 percent of all households) used a nonbank check casher to get the funds in a typical month.[44] Less commonly used ways of receiving income were cash (8.2 percent) and direct deposit onto a prepaid card (3.9 percent).[45] Overall, most households (88.5 percent) received income using a bank-related method in a typical month, and 79.2 percent used only banks.

[42]The distinction between bank and other methods is not always straightforward. The approach used in this report is to classify a method as bank-related if a bank is likely to be directly involved in the transaction, at least from the household's perspective. Use of prepaid cards to pay bills or receive income is treated as other because, in most cases, consumers do not obtain the card directly from a bank. Similarly, use of cash to pay bills or receive income is considered to be other, although, in some cases, the cash may have been obtained directly from a bank account (particularly among banked households). Unbanked households that received income via check or money order and did not use a nonbank check casher in a typical month are also classified as other, although it is possible that in at least some of these cases, the households may have gone to a bank to receive the funds.

[43]The analysis presented in this section excludes 3,012 observations (representing roughly 11.4 million households) with any missing information on use of prepaid cards or nonbank money orders or check cashers in the past 12 months, on methods used to pay bills or receive income, or where the household volunteered that it did not pay bills or receive income in a typical month.

[44]This does not necessarily mean that only 2.1 percent of households used a nonbank check casher in a typical month. Households may use check cashers to handle paper checks or money orders that they do not think of as "income." For reference, results from the 2013 survey indicate that 3.4 percent of all households cashed a check in a place other than a bank in the past 30 days.

[45]Because of an issue with the administration of the survey instrument, information on use of prepaid cards to receive income is missing for many unbanked households. The estimates of income received through direct deposit onto a prepaid card or using other methods incorporate imputed values for these households. See Appendix 1 for details.

Figure 9.1 Methods Used to Pay Bills in a Typical Month, 2015 (Percent)

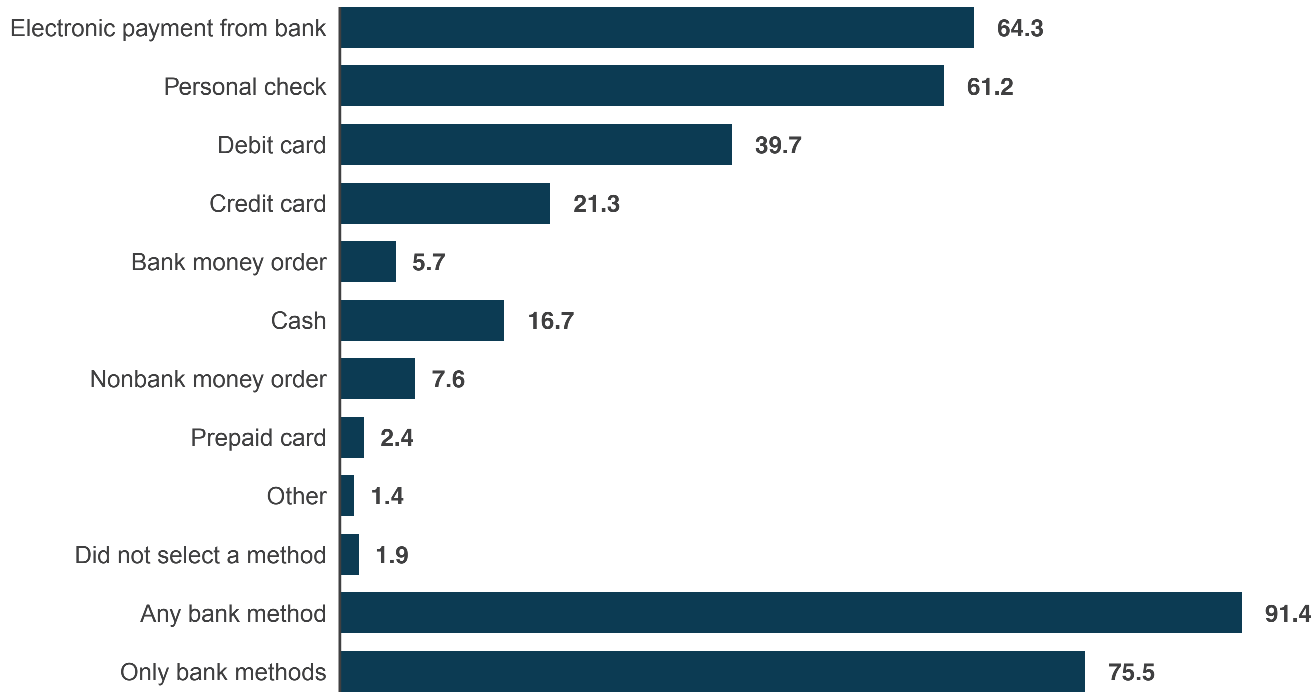
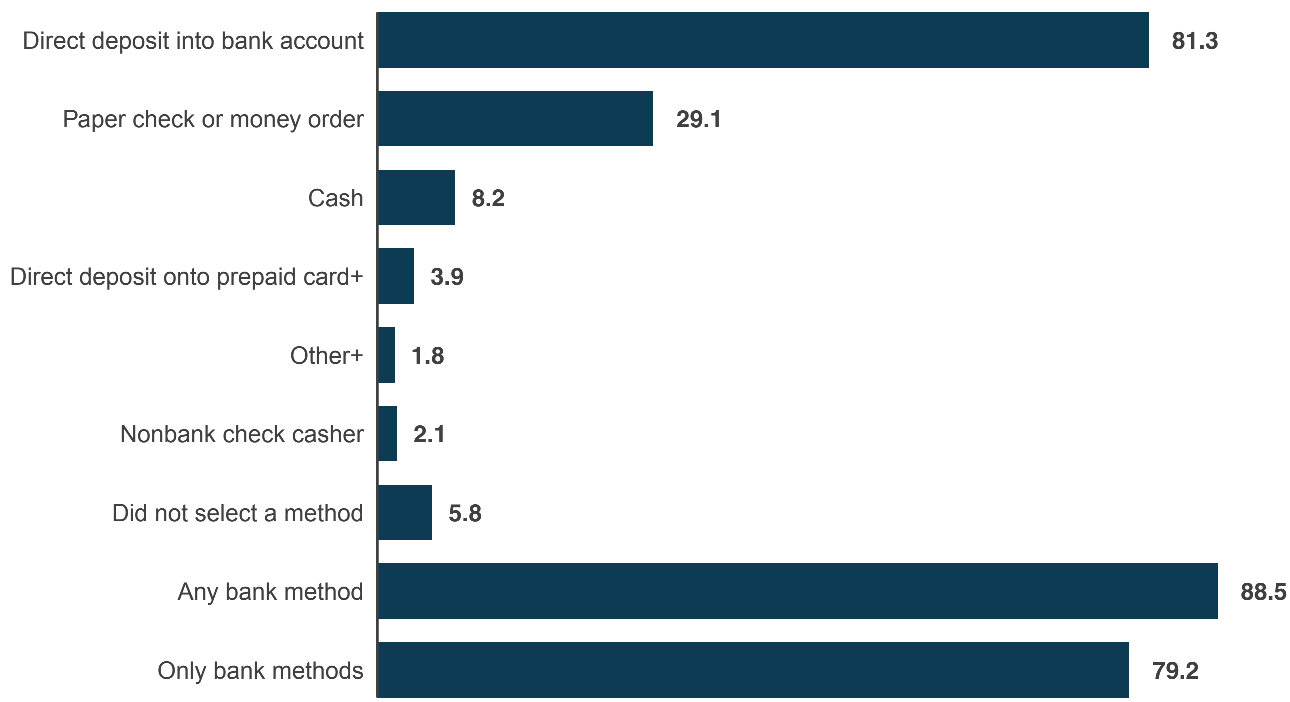


Figure 9.2 Methods Used to Receive Income in a Typical Month, 2015 (Percent)



Notes: The + symbol indicates estimates that were computed in part using imputed values. See Appendix 1 for details.

Bill Payment and Income Receipt Methods by Household Characteristics

Most U.S. households used banks to handle their financial transactions in a typical month, although certain segments of the population were less likely to do so.[46] For example, panel A of Table 9.1 illustrates differences by income in the methods households used to pay bills. Lower-income households were substantially less likely to use banks and more likely to use other methods such as cash and nonbank money orders. Most notably, the use of electronic payments from a bank account varied sharply by income, ranging from 33.1 percent of households with less than $15,000 in income to 84.2 percent of households with income of $75,000 or more.

Lower-income households were also substantially less likely to receive income using a bank. As shown in panel B of Table 9.1, 61.8 percent of households with income less than $15,000 received income through direct deposit into a bank account, compared to 92.0 percent of households with income of $75,000 or more. The proportion of households that received income through paper check or money order in a typical month was fairly similar across income groups. However, lower-income households were more likely to use a nonbank check casher to get these funds.

Examining differences across other household characteristics revealed that use of banks to pay bills and receive income in a typical month was less prevalent among less-educated households, younger households, and black and Hispanic households. Even within these groups, the proportion of households that used bank-related methods was still high relative to the proportions that used other methods.[47]

Table 9.1 Methods Used to Pay Bills and Receive Income in a Typical Month by Income, 2015
For all households that paid bills and received income in a typical month, column percent

	All	Less than $15,000	$15,000 to $30,000	$30,000 to $50,000	$50,000 to $75,000	At least $75,000
A. Paying bills (Percent)						
Electronic payment from bank	64.3	33.1	45.7	60.5	73.4	84.2
Personal check	61.2	43.7	56.9	63.0	66.4	66.7
Debit card	39.7	29.9	37.3	44.0	44.2	39.9
Credit card	21.3	11.3	14.1	18.8	23.4	29.7
Bank money order	5.7	9.8	8.3	6.8	4.3	2.5
Cash	16.7	33.8	25.4	17.8	11.8	7.0
Nonbank money order	7.6	17.7	13.2	8.4	4.8	1.7
Prepaid card	2.4	6.3	3.7	2.2	1.9	0.6
Other	1.4	4.0	2.0	1.2	0.8	0.6
Did not select a method	1.9	4.7	2.6	1.8	1.2	0.8
Any bank method	91.4	71.8	86.0	92.7	96.8	98.6
Only bank methods	75.5	48.4	63.0	74.0	82.8	90.4
B. Receiving income (Percent)						
Direct deposit into bank account	81.3	61.8	71.7	79.7	87.3	92.0
Paper check or money order	29.1	26.1	29.1	30.8	29.9	28.8
Cash	8.2	11.6	10.4	8.5	7.8	5.7
Direct deposit onto prepaid card+	3.9	8.3	5.0	3.4	3.2	2.2
Other+	1.8	4.4	2.2	1.6	1.0	1.1
Nonbank check casher	2.1	5.4	3.9	2.1	0.9	0.4
Did not select a method	5.8	13.3	7.7	5.1	4.2	2.9
Any bank method	88.5	69.0	81.7	89.6	93.9	96.5
Only bank methods	79.2	59.6	72.0	79.8	83.8	88.3

Notes: The + symbol indicates rows with estimates that were computed in part using imputed values. See Appendix 1 for details.

[46] Differences across households in the methods used to pay bills and receive income may be attributable to a number of factors, some of which may be outside of the household's control such as the ways employers disburse earnings (e.g., availability of direct deposit or use of payroll cards) or in the types of payment instruments required by payees.

[47] See Appendix Tables G.1 – G.15 for estimated use of all bill payment and income receipt methods in a typical month, and for the most common (i.e., "primary") method of bill payment in a typical month, by selected household characteristics. Differences across households in the primary method of bill payment generally followed the same patterns as the differences in all bill payment methods described in this report.

Table 9.2 Methods Used to Pay Bills and Receive Income in a Typical Month by Banking Status, 2015
For all households that paid bills and received income in a typical month, column percent

	All	Unbanked	Underbanked	Fully banked
A. Paying bills (Percent)				
Electronic payment from bank	64.3	1.6	62.3	70.4
Personal check	61.2	1.7	55.3	68.2
Debit card	39.7	2.7	56.2	38.2
Credit card	21.3	6.6	21.1	22.7
Bank money order	5.7	12.4	12.3	3.1
Cash	16.7	62.3	27.7	9.4
Nonbank money order	7.6	35.5	25.6	0.0
Prepaid card	2.4	18.2	4.0	0.6
Other	1.4	7.7	1.6	0.8
Did not select a method	1.9	10.7	0.9	1.4
Any bank method	91.4	20.4	92.7	97.2
Only bank methods	75.5	3.9	54.3	88.0
B. Receiving income (Percent)				
Direct deposit into bank account	81.3	3.5	82.0	87.9
Paper check or money order	29.1	42.1	33.7	26.6
Cash	8.2	22.8	10.9	6.2
Direct deposit onto prepaid card	3.9+	16.9+	5.8	2.2
Other	1.8+	10.7+	2.0	1.0
Nonbank check casher	2.1	19.1	4.2	0.0
Did not select a method	5.8	28.7	3.9	4.3
Any bank method	88.5	3.5	92.4	94.8
Only bank methods	79.2	2.1	76.2	86.8

Notes: The + symbol indicates estimates that were computed in part using imputed values. See Appendix 1 for details.

Bill Payment and Income Receipt Methods by Banking Status

Unbanked households paid bills and received income primarily using methods outside of the banking system, as shown in Table 9.2. More than 60 percent of unbanked households paid bills using cash, and roughly one in three used nonbank money orders in a typical month. The third most prevalent method of paying bills among unbanked households was prepaid cards (18.2 percent). Unbanked households used prepaid cards to pay bills at a substantially higher rate than underbanked (4.0 percent) and fully banked households (0.6 percent).

Unbanked households received income in a variety of ways, but the most commonly used method was paper check or money order (42.1 percent). Of the households that used this method, about 45 percent (or 19.1 percent of all unbanked households) used a nonbank check casher to get the funds in a typical month.[48] Approximately 22.8 percent of unbanked households received income in cash, and 16.9 percent received income by direct deposit onto a prepaid card.[49]

Underbanked households, on the other hand, used banks extensively to handle their financial transactions. In fact, 92.7 percent of underbanked households used banks to pay bills in a typical month, a share that is almost as high as the estimate for fully banked households (97.2 percent). Electronic payment from a bank account was the most widely used method of paying bills among both underbanked (62.3 percent) and fully banked households (70.4 percent). Relative to the fully banked, use of personal checks was lower among underbanked households and use of bank debit cards was higher.

[48]The remaining 55 percent of unbanked households that received income by paper check or money order in a typical month did not use a nonbank check casher to get these funds. We do not directly observe how these households obtained the funds from the income received by paper check or money order.

[49]As noted earlier, information on use of prepaid cards to receive income is missing for many unbanked households because of an issue with the administration of the survey instrument. The estimates of income received through direct deposit onto a prepaid card or using other methods incorporate imputed values for these households. See Appendix 1 for details.

Table 9.3 Joint Methods of Paying Bills and Receiving Income in a Typical Month by Banking Status, 2015
For all households that paid bills and received income in a typical month, column percent

	All	Unbanked	Underbanked	Fully banked
Any bank method	94.2	21.6	98.6	99.3
Cash	21.9	67.5	33.8	14.4
Prepaid card	4.5+	18.7+	7.5	2.4
AFS	8.7	43.6	28.3	0.0
Other or none selected	9.8+	48.4+	7.8	7.0
Only bank methods	66.1	0.5	44.9	78.0

Notes: "Any bank method" includes households that paid bills or received income using a bank method. "AFS" includes households that used a nonbank money order to pay bills or used a nonbank check casher to get the money from income received by paper check or money order. "Other or none selected" includes households that indicated they used other methods for bill payment or income receipt, or that did not select a method of bill payment or income receipt. "Only bank methods" includes households that used a bank method to pay bills and receive income, and did not use any other methods. The + symbol indicates estimates that were computed in part using imputed values. See Appendix 1 for details.

The key difference between underbanked and fully banked households is that, in addition to using bank methods, the underbanked also widely used other methods to pay bills. An estimated 27.7 percent of underbanked households paid bills using cash, and 25.6 percent used nonbank money orders. These estimates are substantially higher than the corresponding estimates for fully banked households: 9.4 and 0.0 percent, respectively.[50] As a result, only 54.3 percent of underbanked households exclusively used banks to pay bills, compared to 88.0 percent for the fully banked.

Underbanked households were also less likely than fully banked households to use bank methods to receive income in a typical month, but the differences between the two groups were fairly small. Direct deposit into a bank account was by far the most used method of receiving income, both for underbanked (82.0 percent) and fully banked households (87.9 percent). Roughly one in three underbanked households received income by paper check or money order, and of these households 12 percent (or 4.2 percent of all underbanked households) went to a nonbank check casher to get the funds in a typical month. Fewer underbanked households received income in cash (10.9 percent) or by direct deposit onto a prepaid card (5.8 percent) in a typical month. These estimates were not much higher than for the fully banked.

Patterns were generally similar when looking at bill payment together with income receipt. As shown in Table 9.3, unbanked households primarily operated outside of the banking system, using cash, AFS, or other methods. In contrast, almost all (98.6 percent) underbanked households used bank methods at least in part to pay bills and receive income in a typical month, and nearly half (44.9 percent) used bank methods exclusively.[51] These findings confirm that unbanked and underbanked households did not participate in the mainstream financial system to the same extent, at least when handling these financial transactions.

Use of Prepaid Cards for Bill Payment and Income Receipt

Given the continued growth of prepaid cards in the financial marketplace, we explored the extent to which households have integrated these cards into the ways they pay bills and receive income in a typical month. Overall, the estimates indicate that unbanked households with prepaid cards used them extensively to handle monthly bill payments and to receive income. In contrast, among underbanked households with prepaid cards, use of these cards to pay bills and receive income was not as prevalent.

Table 9.4 shows that more than half of unbanked households with a prepaid card used their cards to pay bills (59.1 percent) or to receive income (55.1 percent).[52] In both cases, prepaid card use was more prevalent than any other method, but these households also used several other methods to handle their financial transactions. In fact, unbanked households with prepaid cards were more likely than those without prepaid cards to pay bills using nonbank money orders and were almost as likely to use cash.[53]

[50] By definition, fully banked households did not use nonbank money orders (or any other AFS asked about in the survey) in the past 12 months.

[51] Of the 44.9 percent of underbanked households that exclusively used bank methods to pay bills and receive income in a typical month, nearly two in three (or 30.3 percent of all underbanked households) also did not use any credit AFS in the past 12 months. These households were categorized as underbanked because they used a transaction AFS in the past 12 months. Roughly 60 percent of these households used a nonbank money order in the past 12 months, 27 percent used a nonbank check casher, and 22 percent used a nonbank remittance.

[52] As discussed in section 5, approximately 27 percent of unbanked households and 15 percent of underbanked households used a prepaid card in the past 12 months.

[53] This finding is consistent with the 2013 survey report, which showed that unbanked prepaid card users were more prevalent users of transaction AFS than unbanked households that did not use prepaid cards.

In contrast, use of prepaid cards was not quite as widespread among underbanked households with a prepaid card: 25.6 percent used the cards to pay bills in a typical month, and 37.5 percent used the cards to receive income. Use of prepaid cards for these financial transactions was not nearly as prevalent as bank-related methods such as electronic payment from a bank account (63.0 percent) or direct deposit into a bank account (80.5 percent).

These results indicate that unbanked and underbanked households may be using prepaid cards in different ways. Many unbanked households with prepaid cards used them along with other nonbank methods to pay bills and receive income in a typical month. This was not the case for most underbanked households, suggesting that the underbanked may be using prepaid cards primarily for purposes such as retail spending or other consumption.

Table 9.4 Methods Unbanked and Underbanked Households Used to Pay Bills and Receive Income in a Typical Month by Prepaid Card Ownership, 2015

For all unbanked and underbanked households that paid bills and received income in a typical month, column percent

	Unbanked, no prepaid card	Unbanked, prepaid card	Underbanked, no prepaid card	Underbanked, prepaid card
A. Paying bills (Percent)				
Electronic payment from bank	1.5	1.9	62.1	63.0
Personal check	1.8	1.5	55.8	52.3
Debit card	2.6	2.9	55.0	62.4
Credit card	4.0	12.6	20.7	23.2
Bank money order	12.4	12.3	11.9	14.4
Cash	63.9	58.7	26.1	36.4
Nonbank money order	30.9	45.9	24.5	31.1
Prepaid card	0.0	59.1	0.0	25.6
Other	9.6	3.5	1.6	1.4
Did not select a method	13.9	3.6	0.8	1.6
Any bank method	18.4	24.9	92.9	91.7
Only bank methods	4.3	2.9	57.4	37.5
B. Receiving income (Percent)				
Direct deposit into bank account	3.5	3.3	82.3	80.5
Paper check or money order	43.3	39.4	33.1	37.0
Cash	26.1	15.3	10.0	15.9
Direct deposit onto prepaid card	0.0	55.1+	0.0	37.5
Other	10.8	10.7+	2.0	2.0
Nonbank check casher	18.6	20.1	3.7	6.6
Did not select a method	28.1	29.9	4.1	2.4
Any bank method	3.5	3.3	92.8	89.9
Only bank methods	2.7	0.6	81.5	47.2

Notes: The + symbol indicates estimates that were computed in part using imputed values. See Appendix 1 for details.

10. Household Learning About Finances: The Role of Banks

Banks are one source consumers can use to learn about managing their finances. The 2015 survey included new questions about whether households sought financial information from banks, and about attending financial education or counseling sessions.[54]

As shown in Table 10.1, 4.2 percent of households "asked a bank teller or bank customer service agent about financial products and services or managing your money" in the past 12 months. An estimated 4.4 percent of households attended "any financial education classes or financial counseling sessions, either in-person, by phone, or online" in the past 12 months. Of those, 20.7 percent (or 0.9 percent of all households) learned "about any of those financial education classes or counseling sessions through a bank."

Unbanked households were less likely than banked households to learn about finances from a bank. An estimated 1.3 percent of unbanked households asked a bank teller or customer service agent about finances, compared to 5.3 percent of underbanked households and 4.1 percent of fully banked households. Unbanked households were also not as likely as banked households to attend a financial education or counseling session.

The estimates in Table 10.1 also suggest that certain populations—for example, lower-income households, less-educated households, and black and Hispanic households—were less likely to ask a bank teller or customer service agent about financial products or services or managing money.[55] Patterns were generally similar when looking at the percentage that attended any financial education or counseling session in the past 12 months.

Among households that attended a financial education or counseling session, black and Hispanic households were more likely than white households to have learned about it from a bank. There are also differences by age: households aged 65 or older that attended a financial education or counseling session were less likely to have learned about it from a bank, relative to younger households.

[54]The analysis presented in this section excludes 2,534 observations (representing roughly 9.6 million households) with missing responses to any of the three questions related to financial education and learning.

[55]These differences are attributable in part to differences in unbanked rates across populations. Among households with a bank account, differences by household characteristics in the likelihood of going to a bank to learn about financial products or services or managing money were generally smaller in magnitude, and in some cases became statistically insignificant.

Table 10.1 Household Learning About Finances by Banking Status and Selected Household Characteristics, 2015
For all households, row percent

Characteristics	Asked bank teller or customer service agent about finances (Percent)	Attended financial education classes or counseling sessions (Percent)	Learned about financial education classes or counseling sessions from bank, conditional on attending (Percent)
All	4.2	4.4	20.7
Banking status			
Unbanked	1.3	1.4	NA
Underbanked	5.3	5.2	22.6
Fully banked	4.1	4.4	20.1
Family income			
Less than $30,000+	3.0	2.4	25.2
$30,000 to $50,000	3.3	3.2	19.3
$50,000 to $75,000	4.4	5.0	17.6
At least $75,000	5.6	6.8	20.9
Education			
High school diploma or less+	2.6	2.0	22.1
Some college	3.8	4.5	19.0
College degree	6.2	6.9	21.2
Age group			
15 to 34 years+	4.4	4.8	24.0
35 to 44 years	5.2	4.3	22.8
45 to 54 years	3.8	4.3	18.7
55 to 64 years	4.0	5.4	21.1
65 years or more	3.6	3.3	16.0
Race/Ethnicity			
Black	3.4	4.1	26.4
Hispanic	3.0	3.4	27.6
Asian	4.7	3.1	NA
White	4.5	4.7	18.6
Other	4.6	5.5	NA
Disability status			
Disabled, age 25 to 64	3.9	3.6	19.5
Not disabled, age 25 to 64	4.4	4.9	21.5

Notes: NA indicates that the sample size was too small to produce a precise estimate. The + symbol indicates instances where categorical groups typically used in this report have been combined to increase the sample size.

11. Implications and Conclusions

The survey results presented in this report show a 0.7 percentage point reduction in the unbanked rate between June 2013 and June 2015, with roughly half of the decline attributable to improvements in the economic circumstances of U.S. households. The unbanked rate fell for many groups that had high unbanked rates in 2013. However, unbanked rates for these groups remain substantially higher than the overall unbanked rate in 2015. Below, the report concludes with a discussion of opportunities to increase the use of mainstream banking services by unbanked and underbanked households.

1. **Households with volatile income have higher unbanked and underbanked rates. Bank products and services that enable households to better manage their account relationships and meet their financial needs when income is volatile may help these consumers open and sustain bank accounts and conduct a greater share of their financial transactions within the banking system.**

More than one in five U.S. households have income that varies "somewhat" or "a lot" from month to month, and these households are more likely to be unbanked or underbanked. Income volatility has notable effects even among households with moderate levels of income.

For example, among households with annual income between $30,000 and $50,000, those with volatile income have an unbanked rate (7.4 percent) almost twice that of households with steady income (4.0 percent). This difference of 3.5 percentage points is similar in magnitude to the difference in unbanked rates between households with annual income of $30,000 to $50,000 and households with annual income of $50,000 to $75,000. Households with volatile income also use alternative financial services at higher rates, even among banked and moderate- and higher-income households.

Banks may have opportunities to build and strengthen relationships with unbanked and underbanked households that have volatile monthly income by offering products and services that enable them to better manage their account relationships and meet their financial needs within the banking system. Later in this section, we discuss implications related to savings and bank credit that may be helpful to these households. The following are three additional examples of opportunities for banks to serve these households:

- Consumers with volatile income might find it difficult to consistently meet minimum balance requirements even in cases where, over time, their balances and deposits are substantial. Accounts with low or no minimum balance requirements and low fees that are consistent with the FDIC Model Safe Accounts Template may help these households enter and stay in the banking system.[56] In addition, in the 2013 survey, we found that households that recently became unbanked were more likely to have experienced either a significant income loss or job loss that they said contributed to the household becoming unbanked. Targeted solutions that assist customers who experience unexpected events such as job loss may also help these households retain their bank accounts during these periods of transition.
- Consumers with volatile income may have a need to monitor account balances closely. Almost all households with volatile income have access to a mobile phone, and more than eight in ten have access to a smartphone. Mobile banking technology may help these households manage their financial inflows and outflows. Encouraging the use of mobile banking, including features such as balance monitoring and timely alerts and notification, may help these households better cope with their fluctuating income streams.[57]
- In addition, during periods when income is low, households with volatile income may feel more pressed to use incoming funds as soon as they are received. Banking services that offer expedited access to funds for a reasonable

[56]See https://www.fdic.gov/consumers/template/template.pdf for the FDIC Model Safe Accounts Template.

[57]In focus groups conducted by the FDIC in 2015, some consumers who used mobile financial services reported that mobile alerts and monitoring tools helped them reduce fees, better track their finances, and improved on-the-spot decision making. See "Opportunities for Mobile Financial Services to Engage Underserved Consumers Qualitative Research Findings," May 25, 2016 (available at https://www.fdic.gov/consumers/community/mobile/MFS_Qualitative_Research_Report.pdf), and "Bank Efforts to Serve Unbanked and Underbanked Consumers Qualitative Research," May 25, 2016 (available at https://www.fdic.gov/consumers/community/research/QualitativeResearch_May2016.pdf).

fee, while following sound risk-management practices, may be particularly attractive to these households. Similarly, current efforts to offer quicker availability of funds through improvements in the payment system may also benefit households with volatile income.

2. **Use of smartphones to engage in banking activities continues to grow at a rapid pace. Consistent with implications from the 2013 survey, this growth presents promising opportunities to use the mobile platform to increase economic inclusion. At the same time, physical access to branches remains important.**

Access to, and use of, smartphones to engage in banking activities continues to grow at a rapid pace. Between 2013 and 2015, smartphone access increased by 30 percent for unbanked households and by 17 percent for underbanked households. As of 2015, roughly four in ten unbanked households and three in four underbanked households have access to a smartphone. From 2013 to 2015, overall use of mobile banking grew by 37 percent, and mobile banking as the primary method of account access grew by 66 percent. By 2015, slightly less than half (49.2 percent) of all banked households use a physical channel (bank branch or ATM/kiosk) as their primary method of account access. Underbanked households continue to be more likely than fully banked households to use the mobile channel as their primary means of account access (12.6 percent versus 8.7 percent). These findings suggest, consistent with other FDIC research, that banks could use the mobile banking platform to increase economic inclusion.[58]

At the same time, the results suggest that modification of branch services may have economic inclusion implications. Although the proportion of households that primarily use bank tellers to access their accounts has fallen, lower-income households, less-educated households, older households, and households located in rural areas continue to rely on bank tellers as their primary method for accessing their bank accounts. In addition, use of bank tellers remains prevalent, even among households that primarily use other methods for accessing their accounts. Finally, research from the Federal Reserve Board of Governors indicates that 44 percent of households responding to a 2013 survey chose their bank based on the location of its offices, by far the leading factor in their selection.[59]

3. **One in five unbanked households save for unexpected expenses, although for the most part not in insured depositories. Bringing these savings into the banking system could allow these households to build banking relationships that help them safeguard funds, enhance access to credit, and increase financial security.**

While unbanked households are less likely than underbanked and fully banked households to set aside money for unexpected expenses or emergencies, one in five unbanked households save for this purpose. However, roughly two-thirds of these households keep the savings in the home, or with family or friends. When not kept in a bank account, these savings are not insured and could be lost or stolen. An additional one in eight of these households keep these savings on a prepaid card, most of which are not obtained from a bank.

Access to mainstream financial services at an insured depository institution provides consumers with a safe place to save, conduct basic financial transactions, and build a credit history and access credit on favorable terms. Banks that provide households with safe, affordable savings options can address a present need and create opportunities for these additional benefits. Low-cost savings accounts with low minimum balance requirements are one option that unbanked households could use as a gateway to enter the banking system and build relationships with banks.[60] With an established banking relationship, these households could eventually access lower-cost bank credit and increase their financial security. For example, households with thin or no credit histories that save in banks may use those deposits as collateral to access credit or to obtain credit on more favorable terms.

4. **Banks may have the opportunity to help meet the credit needs of some households that have an unmet demand for bank credit. The vast majority of these households are banked, yet few applied for bank credit in the past 12 months. Many are also young. Banks could help meet the credit needs of these households by promoting the importance of building a credit history, incorporating nontraditional data into underwriting, and increasing households' awareness of personal credit products.**

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[58]See "Opportunities for Mobile Financial Services to Engage Underserved Consumers Qualitative Research Findings," May 25, 2016.

[59]Estimates are from the 2013 Survey of Consumer Finances, available at: www.federalreserve.gov/econresdata/scf/scfindex.htm.

[60]In interviews conducted by the FDIC in 2015, some banks discussed using low-fee savings accounts as gateway products into the banking system for unbanked consumers. See "Bank Efforts to Serve Unbanked and Underbanked Consumers Qualitative Research," May 25, 2016.

Almost 14 percent of households have unmet demand for bank credit, meaning that in the past 12 months they used a nonbank credit product or were denied or felt discouraged about applying for bank credit (specifically credit cards and personal loans or lines of credit).

The vast majority (88 percent) of these households are banked. They conduct their monthly financial transactions (i.e., paying bills and receiving income) using their bank account. Despite an active banking relationship, fewer than one in three banked households with unmet demand for bank credit applied for a credit card or personal loan or line of credit from a bank in the past 12 months.

Some of these households may present opportunities for banks to extend credit in the form of credit cards or small-dollar personal loans. For example, about one-half of households with unmet demand for bank credit indicate that they were current on their bills over the past 12 months. While keeping up with bills is an incomplete measure of creditworthiness, it nevertheless provides some insight into the financial situation of these households.[61]

Many households with unmet demand for bank credit are young, suggesting they may have little to no credit history. Efforts to promote credit building or to incorporate nontraditional credit data into bank underwriting could expand access to bank credit for such households, while also building or strengthening these consumers' relationships with banks.

For banked households, banks could potentially use households' account transaction and other banking relationship information to help underwrite and offer credit. In addition, banks could undertake communications strategies to increase households' awareness of short-term personal credit products.[62]

5. **The great majority of underbanked households use banks to pay bills, although many also use cash and nonbank money orders. Efforts to encourage and make it easier for a range of payees to accept electronic payments, and outreach to raise awareness of bill pay and other electronic payments among lower-income households, may facilitate the movement of these transactions into the banking system.**

Roughly 20 percent of households are classified as underbanked in this report, meaning that they have a bank account but used at least one alternative financial service in the past 12 months. However, substantial differences exist among underbanked households in the ways they conduct their financial transactions. Understanding these differences has implications for policymakers, financial institutions, and other stakeholders interested in strengthening these households' engagement with the mainstream financial system.

The vast majority of underbanked households use banks to pay monthly bills. About one in six, however, use cash or nonbank money orders as their primary method for paying bills. Another roughly one in four use bank methods as their primary method for paying bills, including bank debit card, electronic payment from a bank account, and personal check drawn on a bank account, but they also use cash and nonbank money orders to pay some bills in a typical month.

For the one in four underbanked households that primarily use bank methods to pay bills but also use cash or nonbank money orders to pay some bills in a typical month, the use of cash or money orders may be the result of payee requirements. Efforts to encourage and make it easier for a range of payees (for example, landlords) to accept electronic payments may help these households reduce their use of cash and nonbank money orders.

Some of the underbanked households that use cash and nonbank money orders as their primary method of paying bills may not be aware of the range of bank products that they can use to pay bills. In focus groups conducted by the FDIC in 2015, some consumers and consumer counselors noted that low-income and underbanked consumers may be unfamiliar with the range of bank products and services that they can use to meet their financial transaction needs.[63] Banks may have an opportunity to encourage consumers to conduct these transactions within the banking system, for example, by raising awareness of alternatives such as bank bill pay or person-to-person payments through bank accounts, including emerging options for faster payments.

[61] In some cases, banks may not be able to meet the credit needs of households that did not fall behind on bills, because of credit risk associated with previous negative credit events or high debt-to-income ratios.

[62] In interviews and focus groups conducted by the FDIC in 2015, many consumers said that they were unaware of bank products and services that provide alternatives to nonbank providers. Similarly, many banks said it was essential to have a marketing and communication strategy to make consumers aware of these offerings. See "Bank Efforts to Serve Unbanked and Underbanked Consumers Qualitative Research," May 25, 2016.

[63] See "Bank Efforts to Serve Unbanked and Underbanked Consumers Qualitative Research," May 25, 2016.

6. **The majority of unbanked households think that banks have no interest in serving households like theirs, and a significant share of unbanked households do not trust banks. These findings suggest that understanding and addressing the sources of these attitudes and building trust and familiarity are important to attract and develop relationships with unbanked consumers.**

More than half (55.8 percent) of unbanked households think that banks are “not at all interested” in serving households like theirs. This is more than three times higher than the roughly 17 percent of underbanked households, and more than four times higher than the 12 percent of fully banked households, that hold the same view. Even among unbanked households with income of at least $50,000, 47 percent perceive that banks are not at all interested in serving households like theirs. Similar shares of previously banked households and households that have never had a bank account also have this perception.

Unbanked households that hold this view are significantly less likely to be interested in opening an account in the future compared with unbanked households that perceive banks to be “very interested” or “somewhat interested” in serving households like theirs. Only a small proportion (17 percent) of unbanked households that perceive banks to be not at all interested in serving households like their own is “very” or “somewhat” likely to open an account in the next 12 months, compared with 50 percent of unbanked households that perceive banks to be very or somewhat interested.

Among unbanked households that think banks are not at all interested in serving households like theirs, only a minority are unbanked because banks do not offer needed products or services. Less than one in five (18 percent) of these households cited this as one reason they are unbanked, and only 1 percent cited this as the main reason.

In addition, more than one in four unbanked households say they are unbanked because they do not trust banks, and roughly one in ten unbanked households are unbanked mainly because they do not trust banks. Lack of trust in banks was the second most frequently cited main reason for being unbanked.

These statistics are consistent with key findings from qualitative research that the FDIC conducted with unbanked, underbanked, and low-and-moderate income consumers, in which trust and familiarity emerged as important themes.[64] Taken together, the survey and qualitative research findings suggest that attracting and developing longer-term sustainable relationships with unbanked consumers requires going beyond developing new products and services to establish trust and familiarity with unbanked consumers.[65]

[64]Ibid.

[65]In interviews conducted by the FDIC in 2015, some banks discussed working with established, trusted partners in their local communities to build trust and educate unbanked and low-and-moderate income consumers about banking services. For examples of this and other strategies, see “Bank Efforts to Serve Unbanked and Underbanked Consumers Qualitative Research,” May 25, 2016.

Appendix 1. FDIC Technical Notes

The data for this report were collected through a Federal Deposit Insurance Corporation (FDIC)-sponsored Unbanked/Underbanked Supplement to the Current Population Survey (CPS) for June 2015. The CPS is a monthly survey of about 53,000 interviewed households conducted by the U.S. Census Bureau for the Bureau of Labor Statistics (BLS). The survey is based on a scientific sample that is representative of the U.S. civilian, noninstitutionalized population, aged 15 or older.

The CPS is the primary source of information on the labor force characteristics of the U.S. population, including employment, unemployment, and earnings statistics. The CPS includes a variety of demographic characteristics, such as age, sex, race, marital status, and educational attainment. Additional information about the CPS is provided on the Census website.[1]

The CPS sample consists of independent samples in each state and the District of Columbia. The sample sizes for each state are set so that specific precision requirements for estimating unemployment rates will be met.[2] The sample design ensures that most of the households in a given state have the same probability of being selected, though, in general, household selection probabilities will vary across states. Because the CPS design is state-based, most of the estimates for the Unbanked/Underbanked Supplement should be precise at the state level and for some metropolitan statistical areas (MSAs).

Unbanked/Underbanked Supplement

The fourth Unbanked/Underbanked Supplement was conducted in June 2015. The first, second, and third supplements were conducted in January 2009, June 2011, and June 2013, respectively. The primary purpose of the supplement is to estimate the percentage of U.S. households that are "unbanked" and "underbanked" and to identify the reasons why. The supplement survey instrument used in 2015, attached as Appendix 3, included approximately 50 questions designed to provide this information.

The 2015 survey instrument is similar to the 2013, 2011, and 2009 survey instruments. The 2009 instrument was developed with the expertise of a national consulting firm, which specializes in public opinion research, as well as input from the Census Bureau's Demographic Surveys Division and the BLS. The 2009 survey instrument underwent four rounds of cognitive field pre-testing and was revised to address the feedback gathered from each round.[3] The questionnaire was revised in 2011, 2013, and 2015. For a detailed description of the most recent revisions, which underwent two rounds of cognitive testing, see Appendix 2. Because of changes in the questionnaire, direct comparisons between 2015 and prior-year estimates are not possible in some cases.

Eligibility and Exclusions

All households that participated in the June 2015 CPS were eligible to participate in the Unbanked/Underbanked Supplement. However, only households whose respondents specified that they had some level of participation in their household finances *and* responded "Yes" or "No" to whether someone in their household had a bank account (survey supplement Question 2, or Q2) were considered survey respondents.[4] CPS household respondents who did not answer or answered "Don't know" to Q2, or who did not participate in their household financial decisions (or refused to answer), were asked no further questions and were classified as nonrespondents for the supplement.

Coverage and Response Rates

For the June 2015 CPS, a statistical sample of 60,841 survey-eligible households was selected from the sampling frame.[5] Of these households, 52,801 participated in the CPS,

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[1]See, for example, Technical Paper 66, "Design and Methodology, Current Population Survey," available at http://www.census.gov/prod/2006pubs/tp-66.pdf.

[2]The precision targets that are the basis for the sample design of the CPS are provided in Chapter 3 of the U.S. Census Bureau's Technical Paper 66, available at http://www.census.gov/prod/2006pubs/tp-66.pdf.

[3]The goal of each round was to determine respondents' comprehension of each question, test the flow of the questions, find major recall difficulties, ascertain the sensitivity or inappropriateness of any questions, and gauge the operational feasibility of the supplement. No changes to the survey were recommended following the fourth round of testing.

[4]Respondents involved in their household finances include respondents in households where adults have separate finances or in households where the respondent was the only adult in the household. For households where adults share finances or have a mix of shared and separate finances, respondents were asked to specify how much they participated in their household financial decisions. Only those who reported having at least some level of participation were considered to be involved in their household finances.

[5]For details on the sampling frame, refer to the technical documentation for the June 2015 supplement, available at http://thedataweb.rm.census.gov/ftp/cps_ftp.html.

resulting in an 87 percent response rate. There were 8,040 nonrespondent eligible households. Most of these nonrespondents either refused to participate (66 percent) or were not home at the time of the interview visit or call (20 percent). The remaining 14 percent consisted of households where (a) the household respondent was temporarily absent, (b) the household could not be located, (c) language barriers prevented the interview, or (d) other reasons. Because of the availability of translators for many languages, only 0.5 percent of the nonrespondents (37 households) did not participate as a result of language barriers.

Coverage ratios for the CPS are derived as a measure of the percentage of persons in the target universe (the U.S. civilian, noninstitutionalized population, aged 15 or older) that are included in the sampling frame.[6] The overall coverage ratio for the June 2015 CPS was 89 percent. The missing 11 percent consists of three groups: (a) persons residing in households that are not in the CPS sampling frame, (b) noninstitutionalized persons not residing in households at the time the CPS was conducted, and (c) household residents that were not listed as household members for the CPS for various reasons. The coverage ratios varied across demographic groups. For example, among women aged 15 and older, the coverage ratio was 92 percent for whites, 81 percent for blacks, and 84 percent for Hispanics.

Of the 52,801 households that participated in the CPS, 36,189 (69 percent) also participated in the Unbanked/Underbanked Supplement.[7] Supplement survey response rates vary by household characteristics, ranging from 63 to 74 percent for the segments of the population listed in Appendix Table A.1. The weights calculated by the Census Bureau for the CPS and the Unbanked/Underbanked Supplement respondents were adjusted to account for both nonresponse and undercoverage. These weight adjustments help correct any biases in estimates because of nonresponse and undercoverage, so that results from the CPS are representative of the U.S. civilian, noninstitutionalized population, aged 15 or older.[8]

Analysis of Supplement Survey Results

Using supplement survey results, households were classified as "unbanked" if they answered "No" to the question, "Do you or anyone else in your household have a checking or savings account now?" Households that answered "Yes" to this question were classified as "underbanked" if they indicated that they used one of the following products or services from an alternative financial services provider in the past 12 months: money orders, check cashing, international remittances, payday loans, refund anticipation loans, rent-to-own services, pawn shop loans, or auto title loans.

The estimated proportion of U.S. households that is unbanked was derived by dividing the sum of the weights of the household respondents that were identified as being unbanked by the sum of the weights of all household respondents. The same formula was used to estimate the proportion of U.S. households that is underbanked. For estimated proportions of unbanked or underbanked households for demographic subgroups, the same computational approach was used and applied to respondent households in the subgroup.

In addition to presenting estimated proportions, many of the tables in this report include estimated numbers of households (e.g., total households, unbanked households, or underbanked households). An estimated number of households for a given category such as unbanked is derived as the sum of the weights of the sample households in that category. For example, for the entire supplement sample of 36,189 respondent households, the sum of the household weights is roughly 127.5 million, which would be an estimate of all U.S. households as of June 2015. The Housing Vacancy Survey, another survey related to the CPS that uses household controls to produce household weights, provided an estimate of 117.3 million as the number of households in June 2015. This difference (127.5 million versus 117.3 million) is because household weights prepared by Census for the CPS and for this supplement survey are generally taken to be the reference person weights and are not adjusted to align with household count controls. Household count controls were not used to adjust household weights because the CPS is a person-level survey rather than a household-level survey; therefore, universe controls were used only in the preparation of person weights. As a result, the sum of household weights shown in our tables for a category tends to be somewhat higher than the actual household count for the category.

This report also contains a number of tables for which unbanked percentages and other household statistics are computed for subgroups defined by a particular economic or demographic characteristic. The household classification of an economic or demographic variable that is defined at the

[6]The coverage ratio is the weighted number of persons in a demographic group (after weights are adjusted to account for household nonresponse) divided by an independent count of persons in that demographic group (obtained from the 2010 Census with updates based on the American Community Survey).

[7]Taking into account the nonresponse to the base CPS, the overall response rate for the Unbanked/Underbanked Supplement was 59 percent.

[8]This adjustment is done by introducing three stages of ratio estimation that adjust weights to align with population control totals (independent population estimates for various demographic and geographic groups). The household weight is generally taken to be the weight of the householder/reference person; however, if the householder/reference person is a married male, the spouse's weight is used.

person level rather than the household level (e.g., race/ethnicity, education, or employment status) is based on the economic or demographic classification of the householder/reference person (i.e., the person who owns or rents the home).[9]

The Census Bureau classifies households into different household types. For instance, a family household is a household that includes two or more people related by birth, marriage, or adoption and residing together, along with any unrelated people who may be residing there. Detailed definitions regarding household types can be found in the technical documentation on the CPS website.[10]

Households are categorized into racial/ethnic classifications as follows: if the householder is identified as black, the household is classified as "black" regardless of whether the householder is identified as Hispanic or any other race. If the householder is not identified as black and is identified as Hispanic, the household is classified as "Hispanic." If the householder is identified as Asian and not black or Hispanic, then the household is classified as "Asian." If the householder is identified as white and not any other race and not Hispanic, then the household is classified as "white." All remaining households are classified as "other."

This report provides unbanked and other estimates for the population of households with disabilities. As in the 2013 report (the first time these estimates were presented), households are categorized as follows: if the householder is between age 25 and 64 and either (a) indicates "Yes" to any of the six-question disability sequence in the base CPS or (b) is classified as "Not in labor force – disabled," the household is classified as "Disabled, age 25 to 64."[11] If the householder is between age 25 and 64 and neither condition (a) nor (b) above is met, the household is classified as "Not disabled, age 25 to 64." If the householder is not between the ages of 25 and 64, the household is classified as "Not applicable (not age 25 to 64)."[12]

This report presents estimates of unbanked and underbanked rates (and other outcomes of interest) for larger metropolitan statistical areas (MSAs). MSA delineations are established by the Office of Management and Budget (OMB). OMB published a revised set of MSA delineations in February 2013, based on data from the 2010 Census and the 2006-2010 American Community Surveys. The 2013 delineations superseded the earlier delineations based on Census 2000 data, first established by OMB in June 2003.[13]

As discussed in the technical documentation to the June 2015 supplement, the Census Bureau phased the 2013 MSA delineations into the CPS (and phased out the 2003 delineations) over the period May 2014 to July 2015.[14] Housing units first included in the CPS before May 2014 were assigned metropolitan area codes based on the 2003 delineations. These metropolitan area codes consisted of metropolitan New England city and town area (NECTA) codes for New England states (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont) and MSA codes for other states.[15] Housing units first included in the CPS in May 2014 or later were assigned metropolitan area codes based on the 2013 delineations. These metropolitan area codes consisted only of MSA codes, as housing units in New England were given MSA codes as part of the phase-in of the 2013 delineations.

To facilitate MSA-level estimates using the 2015 survey data, an observation with an obsolete 2003 MSA code was assigned the corresponding 2013 MSA code.[16] An observation with a NECTA code was assigned the 2013 MSA code that

[9]In a few cases, the householder/reference person is classified as an ineligible respondent for the CPS, but another eligible household resident participated in the CPS and in the Unbanked/Underbanked Supplement. In these cases we use the attributes of the eligible respondent to characterize the household.

[10]See https://www.census.gov/programs-surveys/cps/technical-documentation/subject-definitions.html.

[11]Specifically, we use the variable PEMLR ("Monthly labor force recode") to determine if the respondent is not in the labor force because of a disability. Refer to the CPS Data Dictionary for detail on the six-question disability sequence, available at the following link: http://thedataweb.rm.census.gov/ftp/cps_ftp.html.

[12]A universally accepted method to identify the population with disabilities does not exist. Key estimates from the FDIC Unbanked/Underbanked Supplement, such as the proportion of disabled households that are unbanked, are qualitatively similar using alternative disability measures. See Appendix I of the 2013 report for details, available at https://www.economicinclusion.gov/surveys/2013household/documents/2013_FDIC_Unbanked_HH_Survey_Appendix.pdf.

[13]For February 2013 delineations, see OMB Bulletin Number 13-01 (February 28, 2013), available at https://www.whitehouse.gov/sites/default/files/omb/bulletins/2013/b13-01.pdf. For June 2003 delineations, see OMB Bulletin Number 03-04 (June 6, 2003), available at https://www.whitehouse.gov/omb/bulletins_b03-04. In each year between 2003 and 2009, OMB published minor revisions to the MSA delineations, based on the Census Bureau's annual population estimates.

[14]The technical documentation for the June 2015 supplement is available at http://thedataweb.rm.census.gov/ftp/cps_ftp.html.

[15]Unlike MSAs, which are made up of one of more full counties or county equivalents, NECTAs are composed of cities and towns and often do not follow county boundaries.

[16]In the 2015 survey data, some housing units were located in counties populous enough to be identified, but no MSA code was assigned because these counties were not in an MSA based on the 2003 delineations (all of these housing units were first included in the CPS before May 2014). Because some of these counties were in an MSA based on the 2013 delineations, a 2013 MSA code was assigned to housing units located in such counties.

comprised that majority of the NECTA population.[17] Overall, less than 3 percent of observations in the 2015 data were affected by these adjustments.

For the 2013 and earlier survey years, metropolitan area estimates provided in this report are based on the 2003 delineations (MSA or NECTA). Consequently, some metropolitan area estimates that use 2015 survey data are not directly comparable to the corresponding metropolitan area estimates that use 2013 and earlier survey data, because of changes in geographic boundaries (e.g., the addition or subtraction of a county). In the report tables, a tilde (~) next to an MSA name indicates that the MSA was affected by a geographic boundary change. All MSA names in the tables, however, reflect the 2013 delineations.

Imputed Values for Income Received Through Prepaid Card or Other Methods in a Typical Month

Because of an issue with the administration of the survey instrument, Q140c – about whether the household received income or benefits through direct deposit or electronic transfer onto a prepaid card in a typical month – was not asked of households that used a prepaid card in the past 12 months, received income in a typical month, and were longer-term unbanked (i.e., unbanked and did not have a bank account at any point in the 12 months before the survey). This issue also appeared to influence responses to Q140e – about whether the household received income in any other form in a typical month. The proportion that indicated "Yes" to this question was substantially higher among the affected households.[18]

For the 540 households affected by this issue, predicted probabilities of receiving income through a prepaid card were generated using estimates from a logit model. The logit model was estimated on the sample of 2,915 households that used a prepaid card in the past 12 months and that received income in a typical month. Of these 2,915 households, 2,844 had a bank account, and the remaining 71 were recently unbanked (i.e., unbanked but had a bank account at some point in the 12 months before the survey).

The logit model specification included an indicator for bank account ownership; an indicator for whether the household obtained a prepaid card from a government agency or an employer; an indicator for whether the household fell behind on bills in the past 12 months; and categorical variables that characterized the household's monthly income volatility, income level, employment status, education, age, race/ethnicity, nativity, metropolitan status, and geographic region. Predicted probabilities of receiving income by other methods were generated for these households using a similar logit model.[19]

Estimates of the proportions of households that received income through a prepaid card (and through other methods) presented in this report incorporate these predicted values. For example, Appendix Table G.3 shows that among unbanked households, 16.9 percent received income through direct deposit or electronic transfer onto a prepaid card. This estimate is the weighted average of the proportion among unbanked households that did not use a prepaid card (0 percent, by construction), the proportion among recently unbanked households that used a prepaid card (54 percent), and the average predicted probability among longer-term unbanked households that used a prepaid card (55 percent).[20]

Statistical Precision of Estimates

To indicate the precision of certain estimates, standard errors were calculated based on the variation of the estimates across a set of 160 sample replicates provided by the Census Bureau. Details of the calculation of standard errors based on sample replicates (and on the CPS methodology in general) are available from the Census Bureau.[21]

Estimated differences discussed in this report are significant at the 10 percent level unless noted otherwise. That is, if the population difference were zero, then the probability of obtaining estimates having the observed difference or a larger difference would be no more than 10 percent, and could be considerably less. For example, the estimated difference

[17]For example, households with a NECTA code for Boston-Cambridge-Quincy, MA-NH, were assigned the MSA code for Boston-Cambridge-Newton, MA-NH. For each NECTA code in the 2015 survey data, at least 80 percent of the Census 2010 NECTA population (and the estimated July 1, 2015, NECTA population) resided within the corresponding MSA, and for the majority of the NECTAs this number was at least 90 percent.

[18]Specifically, 24 percent of the 540 households affected by this issue answered "Yes" to the question about receiving income from other sources, compared to roughly 10 percent among other (unaffected) unbanked households and 2 percent among banked households. Further, households that indicated they received income in any other form were asked to specify the method. Among the households that were affected by this issue and gave a verbatim response, a substantially higher proportion of the verbatim responses directly referred to a prepaid card (compared to households that were not affected and gave a verbatim response).

[19]The logit model of income receipt by some other method was estimated on the 35,443 households in the sample that received income in a typical month and that were not affected by the issue with the administration of the survey instrument. The model specification was identical to the model of income receipt through a prepaid card described in the text.

[20]The estimated proportion of households that received income through a prepaid card in a typical month (and through other methods) was quite robust to using alternative logit model specifications and to alternative predictive approaches such as random forest.

[21]For a detailed description of the methodology used to calculate standard errors based on sample replicates, see Chapter 14 of the U.S. Census Bureau's Technical Paper 66, available at http://www.census.gov/prod/2006pubs/tp-66.pdf.

between the proportion of unbanked households in the U.S. between 2015 (7.0 percent) and 2013 (7.7 percent) is -0.7 percentage points. The estimated standard error of this difference (computed using the 160 replicates as described above) is 0.2 percentage points. Under the assumption that the true difference in the unbanked rate between 2015 and 2013 is zero, the probability of observing the -0.7 percentage point difference in our sample data is 0.4 percent (i.e., the p-value is 0.004).

Certain 2015 report appendix tables include 90 percent confidence intervals in addition to point estimates. The confidence interval is one way to describe the uncertainty surrounding the estimate. For example, as shown in Appendix Table A.3, the estimated proportion of U.S. households that were unbanked in 2015 is 7.0 percent, and the 90 percent confidence interval around this estimate ranges from 6.8 to 7.3 percent.

Appendix 2. 2015 Revisions to the FDIC National Survey of Unbanked and Underbanked Households

The FDIC revised the survey instrument based on past survey experience, feedback received in response to the 2013 survey, and recent research on economic inclusion topics. The revisions retained successful elements of the 2013 survey, reorganized and revised existing questions, and added questions to gain new insights. The new and revised questions provide a detailed view of household financial transactions, credit, and savings behavior. The questions also increase our understanding of the extent to which use of alternative financial services (AFS) is typical rather than incidental, and provide information on household characteristics that could influence financial services use, such as monthly income volatility and perceptions about banks.

To accommodate the new questions in the 2015 survey instrument, several questions from the 2013 survey instrument were dropped because responses were not expected to differ from the 2013 responses. For example, the 2015 survey did not contain questions about recent events that might explain transitions into and out of the banking system (e.g., changes in income, marital status, or residence) or questions on where households obtained AFS.

Specific revisions to the 2015 survey are described below.

Introduction, Transitions, Reasons for Being Unbanked, and Household Perceptions About Banks

One question dropped from the 2013 survey asked households that opened an account less than 12 months ago the main reason for opening an account (2013 survey Q2f).

A new question asked all households, “How interested are banks in serving households like yours? Would you say very interested, somewhat interested, not at all interested?” (Q101).

Minor revisions were made to questions that asked unbanked households the reasons why they did not have a bank account (Q5 and Q6). The response, “Banks do not have convenient hours or locations” (2013 survey Q5a) was split into separate reasons: “Bank hours are inconvenient” (Q5a1) and “Bank locations are inconvenient” (Q5a2). “Bank account fees are too high or unpredictable” (2013 survey Q5b) was also split into separate reasons: “Bank account fees are too high” (Q5b1) and “Bank account fees are unpredictable” (Q5b2). Wording for other reasons was modified as follows: “Don’t like dealing with or don’t trust banks” was shortened to “Don’t trust banks” (Q5d), “Do not have enough money to keep in an account or meet a minimum balance” was shortened to “Do not have enough money to keep in an account” (Q5e), “Not using a bank provides more privacy for my personal finances” was changed to “Avoiding a bank gives more privacy” (Q5f), and “Can’t open an account due to ID, credit, or banking history problems” became “Cannot open an account due to personal identification, credit, or former bank account problems” (Q5g). Responses for the main reason a household was unbanked (Q6) were updated to be consistent with Q5.

Finally, questions on recent events that might explain transitions into and out of the banking system (2013 survey Q49, Q50, and Q51) were dropped.

Direct Deposit and Account Access Methods

Questions that asked about automatic transfers or deposits (2013 survey Q2c and Q2d) were dropped. Instead, the 2015 survey asked households whether they received income through direct deposit or electronic transfer into a bank account in a typical month (Q140b).

A question on types of mobile banking activities that households engaged in (2013 survey Q2i), such as downloading a bank’s mobile app, reading text message alerts, or sending money to others using a bank’s website or mobile app, was dropped.

Prepaid Cards

The introductory description of prepaid cards was shortened in the 2015 survey instrument.

The language and responses for the question on prepaid card sources were changed. The 2013 survey asked which location the household typically used to get the prepaid card, allowing only one selection (2013 survey Q43), while the 2015 survey allowed households to select multiple sources (Q111). The location choices also differed. The 2015 survey included as sources a bank location or bank's website (as opposed to a bank branch in the 2013 survey), a government agency, an employer payroll card, and family or friends.

A new follow-up question asked households that used a prepaid card from a government agency whether they received the card for social security or disability benefits, unemployment benefits, or food or child care benefits like SNAP or WIC (Q112).

The following questions about prepaid cards were dropped: whether households had ever used a prepaid card (2013 survey Q39), whether households used a prepaid card in the past 30 days (2013 survey Q41), reasons for using a prepaid card (2013 survey Q42 and Q42b), reloading of prepaid cards (Q44), methods to access or load a prepaid card account (2013 survey Q45), and prepaid card access and use through a mobile phone (2013 survey Q45b).

Although many prepaid card questions were dropped, prepaid card use was incorporated into new questions on income receipt and bill payment in a typical month and on saving for unexpected expenses or emergencies (described below).

Alternative Financial Services

All AFS questions that asked households whether they had ever used a particular AFS or whether they used a particular AFS in the past 30 days (2013 survey Q9, Q11, Q14, Q16, Q20, Q22, Q25, Q27, Q29, Q31, Q33, Q35, Q37, Q38, and Q38c) were dropped.

Questions that asked which nonbank locations were typically used to cash checks (2013 survey Q13b), purchase money orders (2013 survey Q19b), or send money to friends or relatives living outside the U.S. (2013 survey Q24b) were also dropped.

A question on online payday loan use in the past 12 months (2013 survey Q28b) was dropped.

Minor wording changes were made to questions on pawn shop loans (2013 survey Q30 and 2015 survey Q123), rent-to-own services (2013 survey Q36 and 2015 survey Q125), and auto title loans (2013 survey Q38b and 2015 survey Q126).[1]

The 2015 survey included new questions about international remittances. All households were asked whether they sent money abroad to family or friends in the past 12 months (Q130). For households that sent money abroad in the past 12 months, follow-up questions asked whether the money was sent using a bank (Q131) or a nonbank (Q133) in the past 12 months. Households that sent money abroad using a bank in the past 12 months were asked whether they did so in a typical month (Q132). Similarly, households that sent money abroad using a nonbank in the past 12 months were asked whether they did so in a typical month (Q134). The question about nonbank remittance use in the past 12 months in the 2015 survey (Q133) was similar to a question from the 2013 survey (2013 survey Q21).

Bank Credit, Saving, and Income Volatility

The 2015 survey included new questions about bank credit, saving for unexpected expenses or emergencies, and income volatility. All of these questions refer to the past 12 months.

Q160 asked households whether they had a credit card from Visa, MasterCard, American Express, or Discover. Q161 asked whether they had a personal loan or line of credit from a bank, excluding student loans or loans for major purchases like a house or car. These new credit questions focused on bank credit products most likely to be substitutes for small-dollar, short-term credit available from AFS providers.

New questions asked households whether they applied for a new credit card, or a personal loan or line of credit at a bank (Q162), and, if so, whether they were turned down or not given as much credit as requested (Q163). Q164 asked households whether they thought about applying for a new credit card, or a personal loan or line of credit at a bank, but changed their mind because they thought they might be turned down.

A new question asked households whether they set aside any money that could be used for unexpected expenses or emergencies, even if the funds were later spent (Q170). Households were prompted to consider only funds that could have been easily spent, if necessary, and not retirement or other long-term savings. Q171 asked households that saved for unexpected expenses or emergencies where they kept the funds, with responses that included savings accounts; checking accounts; prepaid cards; other accounts such as certificates of deposit, brokerage accounts, or savings bonds; in the home, or with family or friends; buying something with

[1]In the 2013 survey, Q36 asked about use of rent-to-own services in the past 12 months, but Q35, which asked households whether they had ever used rent-to-own services, contained language describing rent-to-own services. Similarly, in the 2013 survey, Q38b asked about use of auto title loans in the past 12 months, but Q38 contained language describing auto title loans.

the intent to pawn it or sell it later, if necessary; and other methods. Only households that saved and were either banked or recently unbanked (i.e., unbanked but had a bank account at some point in the 12 months before the survey) were asked whether they kept savings in a savings account or a checking account, and only households that saved and used a prepaid card in the past 12 months were asked whether they kept savings on a prepaid card.

A new question asked households whether their income over the past 12 months was about the same each month, varied somewhat from month to month, or varied a lot from month to month (Q180).

A new question asked households whether they fell behind on bill payments (Q181).

Income Receipt and Bill Payment in a Typical Month

A new series of questions asked households about the methods they used to receive income (from work, government benefits, or other regular sources) and pay bills (for things like mortgage, rent, utilities, or child care) in a typical month. Households were prompted to consider the past 12 months before answering those questions.

All households were asked whether they received income in a typical month by paper check or money order (Q140a) or in cash (Q140d).[2] Banked households and recently unbanked households were asked whether they received income in a typical month through direct deposit or electronic transfer into a bank account (Q140b). Banked households and recently unbanked households that used a prepaid card in the past 12 months were asked whether they received income through direct deposit or electronic transfer onto a prepaid card (Q140c).[3] All households were asked whether they received income in any other form (Q140e). For households that received income by paper check or money order and that used a nonbank check casher in the past 12 months, a follow-up question asked whether they typically cashed the check or money order at a place other than a bank (Q141).

All households were asked whether they paid bills in a typical month with cash (Q150a), with a credit card (Q150d), or with a cashier's check or money order from a bank (Q150h).[4] Banked and recently unbanked households were asked whether they paid bills with a personal check drawn on a bank account (Q150b), using a debit card linked to a bank account (Q150c), or electronically from a bank account through online bill pay or direct withdrawal (Q150f). Households that used a prepaid card in the past 12 months were asked whether they used a prepaid card to pay bills (Q150e). Households that used a nonbank money order in the past 12 months were asked whether they paid bills with a money order from a place other than a bank (Q150g). All households were asked whether they paid bills in any other way (Q150i). Q151 asked households to choose their most common method of paying bills from the methods they selected in Q150.

Household Learning About Finances

A question was added on whether households asked a bank teller or bank customer service agent about financial products and services or managing money in the past 12 months (Q182).

Another question asked households whether, in the past 12 months, they attended any financial classes or financial counseling sessions, either in-person, by phone, or online (Q183). For households that attended such classes or counseling sessions, a follow-up question asked whether they learned about the classes or counseling sessions through a bank (Q184).

Internet Access

The question on Internet access (2013 survey Q46 and 2015 survey Q187) was modified to ask whether the household currently had Internet access at home, rather than at home or outside the home (e.g., school, work, public library, etc.) as in 2013.

[2] If at any point during the questions on receiving income respondents volunteered that they did not receive income, they were not asked further questions about receiving income.

[3] The universe for Q140c was intended to include all households that used a prepaid card in the past 12 months. Because of an issue with the administration of the survey instrument, only banked and recently unbanked households that used a prepaid card were asked this question. See Appendix 1 for details.

[4] If at any point during the questions on paying bills respondents volunteered that they did not pay bills, they were not asked further questions about paying bills.

Appendix 3. Survey Instrument

Next, I'd like to ask you some questions about household finances.

1. Which of the following best describes your household finances? Do the adults…

- ☐ Share all finances [CONTINUE]
- ☐ Share some finances [CONTINUE]
- ☐ Share no finances at all [SKIP TO Q2]
- ☐ I AM THE ONLY ADULT IN THE HOUSEHOLD (VOLUNTEERED) [SKIP TO Q2]
- ☐ DK/REFUSE [CONTINUE]

1a. How much do you participate in making financial decisions for your household?

- ☐ A lot [CONTINUE]
- ☐ Some [CONTINUE]
- ☐ Not at all [TERMINATE]
- ☐ DK/REFUSE [TERMINATE]

2. Do you (if OTHERS AGE≥15 FILL: or anyone else in your household) have a checking or savings account now?

- ☐ YES [CONTINUE]
- ☐ NO [SKIP TO Q3]
- ☐ DK/REFUSE [TERMINATE]

[Questions 2a-2h are asked only of households that have a bank account.]

2a. Who is that? *(Enter Line Number)*

- ☐ 1-16 [CONTINUE]
- ☐ DK/REFUSE [SKIP TO Q2e]

2b. What type or types of accounts do you and each of your household members have? *(Ask this question for each adult (15 years of age and older) individual of the household.)*

- ☐ Only checking accounts [CONTINUE]
- ☐ Only savings accounts [CONTINUE]
- ☐ Or both checking and savings accounts [CONTINUE]
- ☐ OTHER (VOLUNTEERED) [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

2e. In the past 12 months, that is since June 2014, was there any time when no one in your household had an account?

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

2g. In the past 12 months, have you (if OTHERS AGE≥15 FILL: or anyone else in your household) accessed an account in any of the following ways? *(Mark all that apply.)*

- ☐ Bank teller [CONTINUE]
- ☐ ATM or bank kiosk [CONTINUE]
- ☐ Telephone banking through phone call or automated voice/touch tone [CONTINUE]
- ☐ Online banking with a laptop, desktop computer, or tablet such as an iPad [CONTINUE]
- ☐ Mobile banking with text messaging, mobile app, or Internet browser or email on a mobile phone [CONTINUE]
- ☐ Other (Specify) [CONTINUE]
- ☐ Did not access an account in the past 12 months [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

2h. What was the most common way that you (if OTHERS AGE≥15 FILL: or anyone else in your household) accessed an account? *(Read only answers marked in Q2g. Mark only one.)*

- ☐ Bank teller [SKIP TO Q101]
- ☐ ATM or bank kiosk [SKIP TO Q101]
- ☐ Telephone banking through phone call or automated voice/touch tone [SKIP TO Q101]
- ☐ Online banking with a laptop, desktop computer, or tablet such as an iPad [SKIP TO Q101]
- ☐ Mobile banking with text messaging, mobile app, or Internet browser or email on a mobile phone [SKIP TO Q101]
- ☐ Other (Specify) [SKIP TO Q101]
- ☐ DK/REFUSE [SKIP TO Q101]

[Questions 3-7 are asked only of households that do not have a bank account.]

3. Have you (if OTHERS AGE≥15 FILL: or anyone else in your household) ever had a checking or savings account?

- ☐ YES [CONTINUE]
- ☐ NO [SKIP TO Q5]
- ☐ DK/REFUSE [SKIP TO Q5]

4. Have you (if OTHERS AGE≥15 FILL: or anyone else in your household) had a checking or savings account in the past 12 months, that is since June 2014?

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

5. There are different reasons people might not have a checking or savings account. Do any of the following reasons apply to you (IF OTHERS AGE≥15 FILL: or others in your household)? Do you not have an account…

a1. Because bank hours are inconvenient?

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

a2. Because bank locations are inconvenient?

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

b1. Because bank account fees are too high?

☐	YES	[CONTINUE]
☐	NO	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

b2. Because bank account fees are unpredictable?

☐	YES	[CONTINUE]
☐	NO	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

c. Because banks do not offer products or services you need?

☐	YES	[CONTINUE]
☐	NO	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

d. Because you don't trust banks?

☐	YES	[CONTINUE]
☐	NO	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

e. Because you do not have enough money to keep in an account?

☐	YES	[CONTINUE]
☐	NO	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

f. Because avoiding a bank gives more privacy?

☐	YES	[CONTINUE]
☐	NO	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

g. Because you cannot open an account due to personal identification, credit, or former bank account problems?

☐	YES	[CONTINUE]
☐	NO	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

h. Was there some other reason (Specify)?

☐	YES (Specify)	[CONTINUE]
☐	NO	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

[If YES to more than one reason in Q5a1-Q5h, continue. Otherwise, skip to Q7.]

6. What is the main reason why no one in your household has an account? (*Read only answers marked in Q5a1-Q5h. Mark only one.*)

☐	Bank hours are inconvenient	[CONTINUE]
☐	Bank locations are inconvenient	[CONTINUE]
☐	Bank account fees are too high	[CONTINUE]
☐	Bank account fees are unpredictable	[CONTINUE]
☐	Banks do not offer products or services you need	[CONTINUE]
☐	Don't trust banks	[CONTINUE]
☐	Do not have enough money to keep in an account	[CONTINUE]
☐	Avoiding a bank gives more privacy	[CONTINUE]
☐	Cannot open an account due to personal identification, credit, or former bank account problems	[CONTINUE]
☐	Some other reason (Specify)	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

7. How likely is it that you (IF OTHERS AGE≥15 FILL: or someone else in your household) will open a checking or savings account within the next 12 months?

☐	Very likely	[CONTINUE]
☐	Somewhat likely	[CONTINUE]
☐	Not very likely	[CONTINUE]
☐	Not at all likely	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

[Question 101 is asked of all households.]

101. The next question is about your household. How interested are banks in serving households like yours? Would you say very interested, somewhat interested, not at all interested?

☐	VERY INTERESTED	[CONTINUE]
☐	SOMEWHAT INTERESTED	[CONTINUE]
☐	NOT AT ALL INTERESTED	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

Now I have a question about prepaid cards. I am not asking about gift cards or debit cards linked to a checking account. Prepaid cards allow you or others, like relatives or a government agency, to load funds that can later be spent. Prepaid cards also allow you to withdraw cash from ATMs.

110. In the past 12 months, that is since June 2014, did you (if OTHERS AGE≥15 FILL: or anyone else in your household) use any prepaid cards like these?

☐	YES	[CONTINUE]
☐	NO	[SKIP to Q120]
☐	DK/REFUSE	[SKIP to Q120]

[Question 111 is asked only of households that used a prepaid card in the last 12 months.]

111. Where did the prepaid cards that you used in the past 12 months come from? *(Mark all that apply.)*

☐	A bank location or bank's website	[CONTINUE]
☐	A store or website that is not a bank	[CONTINUE]
☐	A government agency	[CONTINUE]
☐	Employer payroll card	[CONTINUE]
☐	Family or friends	[CONTINUE]
☐	Other (Specify)	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

[Question 112 is asked only of households that used a prepaid card from a government agency.]

112. Thinking about the card(s) received from a government agency, why did you (if OTHERS AGE≥15 FILL: or others in your household) have these card(s)? *(Mark all that apply.)*

☐	To receive social security or disability benefits	[CONTINUE]
☐	To receive unemployment benefits	[CONTINUE]
☐	To receive food or child care benefits like SNAP or WIC	[CONTINUE]
☐	Other (Specify)	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

Earlier, we asked about banks, including any bank, savings and loans institution, credit union, or brokerage firm. The next questions ask about going to places other than a bank for your financial services.

120. In the past 12 months, that is since June 2014, did you (if OTHERS AGE≥15 FILL: or anyone else in your household) go to some place other than a bank to cash a check?

☐	YES	[CONTINUE]
☐	NO	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

121. In the past 12 months, did you (if OTHERS AGE≥15 FILL: or anyone else in your household) go to some place other than a bank to purchase a money order?

☐	YES	[CONTINUE]
☐	NO	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

122. Did you (if OTHERS AGE≥15 FILL: or anyone else in your household) take out a payday loan or payday advance from some place other than a bank in the past 12 months?

☐	YES	[CONTINUE]
☐	NO	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

123. Did you (if OTHERS AGE≥15 FILL: or anyone else in your household) pawn an item at a pawn shop in the past 12 months? Do not include selling an unwanted item to a pawn shop.

☐	YES	[CONTINUE]
☐	NO	[CONTINUE]
☐	DK/REFUSE	[CONTINUE]

124. In the past 12 months, that is since June 2014, did you (if OTHERS AGE≥15 FILL: or anyone else in your household) take out a tax refund anticipation loan, or use a tax preparation service in order to receive your tax refund faster than the IRS would provide it?

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

125. Some stores allow people to rent to own items such as furniture or appliances. We do not mean stores that offer installment plans or layaway plans. In the past 12 months, did you (if OTHERS AGE≥15 FILL: or anyone else in your household) rent anything from a rent-to-own store because it couldn't be financed any other way?

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

126. Auto title loans use a car title to borrow money for a short period of time. They are NOT loans used to purchase a car. In the past 12 months, did you (if OTHERS AGE≥15 FILL: or someone else in your household) take out an auto title loan?

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

The next few questions are about sending money abroad.

130. In the last 12 months, that is since June 2014, did you (if OTHERS AGE≥15 FILL: or someone else in your household) send money to family or friends living outside of the US?

- ☐ YES [CONTINUE]
- ☐ NO [SKIP TO Q140a]
- ☐ DK/REFUSE [SKIP TO Q140a]

[Question 131 is asked only of households that sent money abroad.]

131. In the last 12 months, did you (if OTHERS AGE≥15 FILL: or someone else in your household) send money abroad using a bank?

- ☐ YES [CONTINUE]
- ☐ NO [SKIP TO Q133]
- ☐ DK/REFUSE [SKIP TO Q133]

[Question 132 is asked only of households that used a bank to send money abroad.]

132. Did you (if OTHERS AGE≥15 FILL: or someone else in your household) send money abroad using a bank **in a typical month**?

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

[Question 133 is asked only of households that sent money abroad.]

133. In the last 12 months, did you (if OTHERS AGE≥15 FILL: or someone else in your household) send money abroad using a place other than a bank?

- ☐ YES [CONTINUE]
- ☐ NO [SKIP TO Q140a]
- ☐ DK/REFUSE [SKIP TO Q140a]

[Question 134 is asked only of households that used a place other than a bank to send money abroad.]

134. Did you (if OTHERS AGE≥15 FILL: or someone else in your household) send money abroad using a place other than a bank **in a typical month**?

☐ YES	[CONTINUE]
☐ NO	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

The next few questions are about the different ways people receive income. People may receive income from work, government benefits, or other regular sources in a number of ways. Think about the ways income has come into your household in the past 12 months, that is since June 2014.

[Question 140a is asked of all households.]

140a. **In a typical month**, have you (if OTHERS AGE≥15 FILL: or others in your household) received income by paper check or money order?

☐ YES	[CONTINUE]
☐ NO	[CONTINUE]
☐ DID NOT RECEIVE INCOME (VOLUNTEERED)	[SKIP TO Q150a]
☐ DK/REFUSE	[CONTINUE]

[Question 140b is asked only of households that are banked or recently unbanked.]

140b. In a typical month, have you (if OTHERS AGE≥15 FILL: or others in your household) received income or benefits through direct deposit or electronic transfer into a bank account?

☐ YES	[CONTINUE]
☐ NO	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

[Question 140c is asked only of households that have used a prepaid card and that have received income.][1]

140c. In a typical month, have you (if OTHERS AGE≥15 FILL: or others in your household) received income or benefits through direct deposit or electronic transfer onto a prepaid card?

☐ YES	[CONTINUE]
☐ NO	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

[Questions 140d-140e are asked of all households that have received income.]

140d. In a typical month, have you (if OTHERS AGE≥15 FILL: or others in your household) received income in cash?

☐ YES	[CONTINUE]
☐ NO	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

140e. In a typical month, have you (if OTHERS AGE≥15 FILL: or others in your household) received income in any other form?

☐ YES (Specify)	[CONTINUE]
☐ NO	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

[1]Due to an issue with the administration of the survey instrument, some households that used a prepaid card and that received income were not asked question 140c. See Appendix 1 (FDIC Technical Notes) for details.

[Question 141 is asked only of households that received income by paper check or money order, and used a non-bank check casher in the last 12 months.]

141. Think about the income you (if OTHERS AGE≥15 FILL: or others in your household) received by paper check or money order in the past 12 months. Did you **typically** use some place other than a bank to cash the check or money order?

☐ YES	[CONTINUE]
☐ NO	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

The next few questions are about the different ways people pay their monthly bills for things like mortgage, rent, utilities, or child care. Think about the ways your household has paid bills in the past 12 months, that is since June 2014.

[Question 150a is asked of all households.]

150a. **In a typical month**, did you (if OTHERS AGE≥15 FILL: or someone else in your household) use cash to pay these types of bills?

☐ YES	[CONTINUE]
☐ NO	[CONTINUE]
☐ DID NOT PAY BILLS IN PAST 12 MONTHS (VOLUNTEERED)	[SKIP TO Q160]
☐ DK/REFUSE	[CONTINUE]

[Questions 150b-150c are asked only of households that have a bank account or had a bank account in the last 12 months.]

150b. In a typical month, did you (if OTHERS AGE≥15 FILL: or someone else in your household) pay bills with a personal check drawn on a bank account?

☐ YES	[CONTINUE]
☐ NO	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

150c. In a typical month, did you (if OTHERS AGE≥15 FILL: or someone else in your household) pay bills using a debit card linked to a bank account?

☐ YES	[CONTINUE]
☐ NO	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

[Question 150d is asked of all households that pay bills.]

150d. In a typical month, did you (if OTHERS AGE≥15 FILL: or someone else in your household) use a credit card to pay bills?

☐ YES	[CONTINUE]
☐ NO	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

[Question 150e is asked only of households that used a prepaid card in the last 12 months and that pay bills.]

150e. In a typical month, did you (if OTHERS AGE≥15 FILL: or someone else in your household) use a prepaid card to pay bills?

☐ YES	[CONTINUE]
☐ NO	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

[Question 150f is asked only of households that have a bank account or had a bank account in the last 12 months and that pay bills.]

150f. In a typical month, did you (if OTHERS AGE≥15 FILL: or someone else in your household) pay bills electronically from a bank account, either through online bill pay or direct withdrawal?

☐ YES	[CONTINUE]
☐ NO	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

[Question 150g is asked only of households that used a money order from a place other than a bank in the last 12 months and that pay bills.]

150g. In a typical month, did you (if OTHERS AGE≥15 FILL: or someone else in your household) use a money order from a place other than a bank to pay bills?

☐ YES	[CONTINUE]
☐ NO	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

[Questions 150h-150i are asked of all households that pay bills.]

150h. Over the past 12 months, in a typical month, did you (if OTHERS AGE≥15 FILL: or someone else in your household) use a cashier's check or money order from a bank to pay bills?

☐ YES	[CONTINUE]
☐ NO	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

150i. In a typical month, did you (if OTHERS AGE≥15 FILL: or someone else in your household) pay bills in any other way?

☐ YES (Specify)	[CONTINUE]
☐ NO	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

[If YES to multiple questions in Q150a-Q150i, continue. Otherwise, skip to Q160.]

151. Which was the most common method you (or if OTHERS AGE≥15 FILL: or others in your household) used to pay bills over the last 12 months? *(Read only answers marked in Q150a-Q150i. Mark only one.)*

☐ Cash	[CONTINUE]
☐ Personal check	[CONTINUE]
☐ Debit card	[CONTINUE]
☐ Credit card	[CONTINUE]
☐ Prepaid card	[CONTINUE]
☐ Electronic payments from a bank account (e.g. online bill pay)	[CONTINUE]
☐ Money order from a place other than a bank	[CONTINUE]
☐ Cashier's check or money order from a bank	[CONTINUE]
☐ Other (Specify)	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

The next few questions are about how people borrow money or purchase items on credit.

160. In the past 12 months, that is since June 2014, did you (if OTHERS AGE≥15 FILL: or someone else in your household) have a credit card from Visa, MasterCard, American Express, or Discover? Please do not include debit cards.

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

161. Have you (if OTHERS AGE≥15 FILL: or anyone in your household) had a personal loan or line of credit from a bank any time in the last 12 months? I am not asking about student loans, or loans taken out to make major purchases like a house or car.

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

162. In the past 12 months, that is since June 2014, did you (if OTHERS AGE≥15 FILL: or someone else in your household) apply for a new credit card, or a personal loan or line of credit at a bank?

- ☐ YES [CONTINUE]
- ☐ NO [SKIP TO Q164]
- ☐ DK/REFUSE [SKIP TO Q164]

[Question 163 is asked only of households that applied for credit in the last 12 months.]

163. In the past 12 months, did any lender or creditor turn down your (if OTHERS AGE≥15 FILL: or someone else in your household's) request for new credit or not give you as much credit as you applied for?

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

[Question 164 is asked of all households.]

164. Was there any time in the past 12 months that you (if OTHERS AGE≥15 FILL: or someone else in your household) thought about applying for a new credit card, or a personal loan or line of credit at a bank, but changed your mind because you thought you might be turned down?

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

The next few questions are about the different ways that people save their money.

170. Even if you later spent it, did you (if OTHERS AGE≥15 FILL: or anyone else in your household) set aside any money in the past 12 months that could be used for unexpected expenses or emergencies? I'm only asking about funds that could be easily spent if necessary, and am not asking about retirement or other long-term savings.

- ☐ YES [CONTINUE]
- ☐ NO [SKIP TO Q180]
- ☐ DK/REFUSE [SKIP TO Q180]

[Question 171 is asked only of households that set aside some savings in the past 12 months.]

171. Where did you (if OTHERS AGE≥15 FILL: or anyone else in your household) keep this money? *(Mark all that apply.)*

- ☐ *(Read only for banked or recently unbanked)* In a checking account? [CONTINUE]
- ☐ *(Read only for banked or recently unbanked)* In a savings account? [CONTINUE]
- ☐ *(Read only for those with a prepaid card)* On a prepaid card? [CONTINUE]
- ☐ In other accounts such as certificates of deposit, brokerage accounts, or savings bonds? [CONTINUE]
- ☐ Did you keep the savings in the home, or with family or friends? [CONTINUE]
- ☐ Did you buy something with the intent to pawn or sell later if necessary? [CONTINUE]
- ☐ Other (Specify) [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

[Questions 180-183 are asked of all households.]

180. Which best describes your household's income over the past 12 months? *(Mark only one.)*

- ☐ Income is about the same each month [CONTINUE]
- ☐ Income varies somewhat from month to month [CONTINUE]
- ☐ Income varies a lot from month to month [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

181. Often times, households find that they are not able to keep up with their bills. Over the last 12 months, was there a time when you (if OTHERS AGE≥15 FILL: or someone else in your household) fell behind on bill payments?

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

182. In the past 12 months, have you (if OTHERS AGE≥15 FILL: or anyone else in your household) asked a bank teller or bank customer service agent about financial products and services or managing your money?

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

183. In the past 12 months, did you (if OTHERS AGE≥15 FILL: or others in your household) attend any financial education classes or financial counseling sessions, either in-person, by phone, or online?

- ☐ YES [CONTINUE]
- ☐ NO [SKIP TO Q185]
- ☐ DK/REFUSE [SKIP TO Q185]

[Question 184 is asked only of households that attended a financial education class or counseling.]

184. Did you (if OTHERS AGE≥15 FILL: or someone else in your household) learn about any of those financial education classes or counseling sessions through a bank?

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

[Question 185 is asked of all households.]

185. Do you (if OTHERS AGE≥15 FILL: or someone else in your household) currently own or have regular access to a mobile phone?

- ☐ YES [CONTINUE]
- ☐ NO [SKIP TO Q187]
- ☐ DK/REFUSE [SKIP TO Q187]

[Question 186 is asked only of households that have a mobile phone.]

186. Are any of these mobile phones a smartphone with features to access the Internet, send emails, and download apps?

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

[Question 187 is asked of all households.]

187. Do you (if OTHERS AGE≥15 FILL: or someone else in your household) currently have regular access to the Internet at **home**, using a desktop, laptop, or tablet computer?

- ☐ YES [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

<END>

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