FEDERAL DEPOSIT INSURANCE CORPORATION

2017

FDIC National Survey of Unbanked and Underbanked Households

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2017

FDIC National Survey of Unbanked and Underbanked Households

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Table of Contents

1. Executive Summary 1
2. Background and Objectives 15
3. Banking Status of U.S. Households 17
4. Banked Households: Types of Accounts, Methods Used to Access Accounts, and Bank Branch Visits 25
5. Prepaid Cards 34
6. Alternative Financial Services 39
7. Saving for Unexpected Expenses or Emergencies 43
8. Credit 48
9. How Households Conduct Their Financial Transactions in a Typical Month 56
10. Measuring Economic Inclusion 61
11. Implications and Conclusions 67

Appendix 1. FDIC Technical Notes 71
Appendix 2. 2017 Revisions to the *FDIC National Survey of Unbanked and Underbanked Households* 75
Appendix 3. Survey Instrument 77

Appendix Tables A – H (published separately)

1. Executive Summary

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.

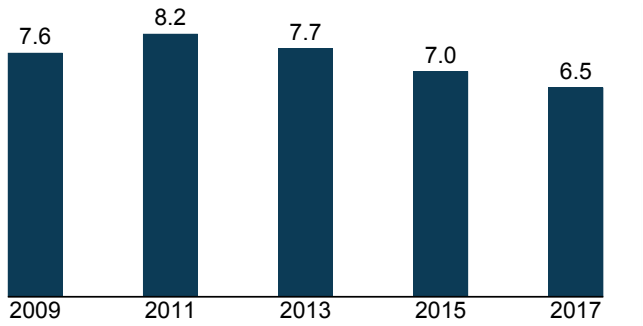
To assess the inclusiveness of the banking system, and in partial response to a statutory mandate, the FDIC has conducted the survey biennially since 2009.[1] The most recent survey was administered in June 2017 in partnership with the U.S. Census Bureau, collecting responses from more than 35,000 households. 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 2017 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 2017, 6.5 percent of U.S. households were "unbanked," meaning that no one in the household had a checking or savings account. The unbanked rate in 2017 declined to the lowest level since the survey began in 2009. Since the survey was last administered in 2015, the unbanked rate has fallen by 0.5 percentage points.
  - » Approximately 8.4 million U.S. households, made up of 14.1 million adults and 6.4 million children, were unbanked in 2017.[2]

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



- An additional 18.7 percent of U.S. households were "underbanked" in 2017, meaning that the household had an account at an insured institution but also obtained financial products or services 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 24.2 million U.S. households, composed of 48.9 million adults and 15.4 million children, were underbanked in 2017.
  - » The underbanked rate in 2017 was 1.2 percentage points lower than the 2015 estimate (19.9 percent).
- Almost 70 percent (68.4 percent) of U.S. households were "fully banked" in 2017, meaning that the household had a bank account and did not use AFS in the past 12 months. The fully banked rate in 2017 was slightly higher than the 2015 estimate (68.0 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. The estimates of 14.1 million adults and 6.4 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.

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)
2013	123,750	7.7	20.0	67.0	5.3
2015	127,538	7.0	19.9	68.0	5.0
2017	129,276	6.5	18.7	68.4	6.3

Changes in Banking Status

- The decline in the unbanked rate from 2015 to 2017 can be explained almost entirely by changes in household characteristics across survey years, particularly improvements in the socioeconomic circumstances of U.S. households. After accounting for these changes, the remaining difference in the unbanked rate from 2015 to 2017 was very close to zero and no longer statistically significant.[3]
- Consistent with previous surveys, banking status in 2017 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, working-age disabled households, and households with volatile income.[4]
- Unbanked rates in 2017 were lower than or similar to unbanked rates in recent years for most segments of the population.
  - » Recent declines in unbanked rates have been particularly sharp for younger households, black households, and Hispanic households.[5] Despite these improvements, unbanked rates for these groups remained substantially higher than the overall unbanked rate in 2017.
  - » Unbanked rates did not decline in recent years for a few segments of the population. For example, among working-age disabled households, unbanked rates were similar in 2013, 2015, and 2017.
- Reflecting the decline in the underbanked rate at the national level between 2015 and 2017, underbanked rates also declined for many segments of the population during that period.
  - » For example, underbanked rates decreased for households with less than $15,000 in income, households with a high school diploma (but no college), and working-age disabled households.

Unbanked Households: Previous Banking Status and Future Banking Plans

As discussed in previous reports, bank account ownership is not static and some households appear to cycle in and out of the banking system.

- Nearly half of unbanked households in 2017 had a bank account at some point in the past, similar to previous years.
- The proportion of unbanked households that were "very likely" or "somewhat likely" to open an account in the next 12 months declined in 2017 compared with earlier years, while the proportion that were "not at all likely" increased.
  - » One in four unbanked households in 2017 were very likely or somewhat likely to open an account, down from 37.9 percent in 2013.[6]
  - » More than half (58.7 percent) of unbanked households in 2017 were not at all likely to open an account, up from 40.0 percent in 2013. This increase was fairly widespread among segments of the unbanked population.[7]
- As in previous years, interest in opening an account in the next 12 months was higher among unbanked households that had a bank account at some point in the past, compared with unbanked households that never had an account.

[3]A linear probability model was estimated to account for changes from 2015 to 2017 in the distribution of households across the household characteristics listed in Appendix Table A.2. Changes in the socioeconomic characteristics of households (annual income level, monthly income volatility, employment status, homeownership status, and educational attainment) between 2015 and 2017 accounted for almost all of the difference in unbanked rates between 2015 and 2017. Adding 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, and education, 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 household" refers to a household in which the householder has a disability and is aged 25 to 64. See Appendix 1 for additional details. For monthly income volatility, the 2015 and 2017 surveys 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." The term "volatile income" refers to a household with income that varied somewhat or a lot from month to month.

[5]The decline in the unbanked rate for black households from 2013 to 2017 was no longer statistically significant after accounting for changes in the other household characteristics listed in Appendix Table A.2 (except for monthly income volatility, which is not available for 2013). Most of the decline can be attributed to changes in income and the other household characteristics across survey years.

[6]Estimates of the likelihood of opening a bank account in the next 12 months for 2013 and 2015 differ from those published in earlier reports because observations with missing information on the likelihood of opening a bank account in the next 12 months were not dropped in earlier reports.

[7]The proportion of unbanked households that were not at all likely to open an account in the next 12 months was substantially higher in 2017 than in 2013, even after accounting for changes in the household characteristics listed in Appendix Table A.2 (except for monthly income volatility, which is not available for 2013) and in the use of prepaid cards between 2013 and 2017.

Figure ES.2 Unbanked Rates by Household Age and Year

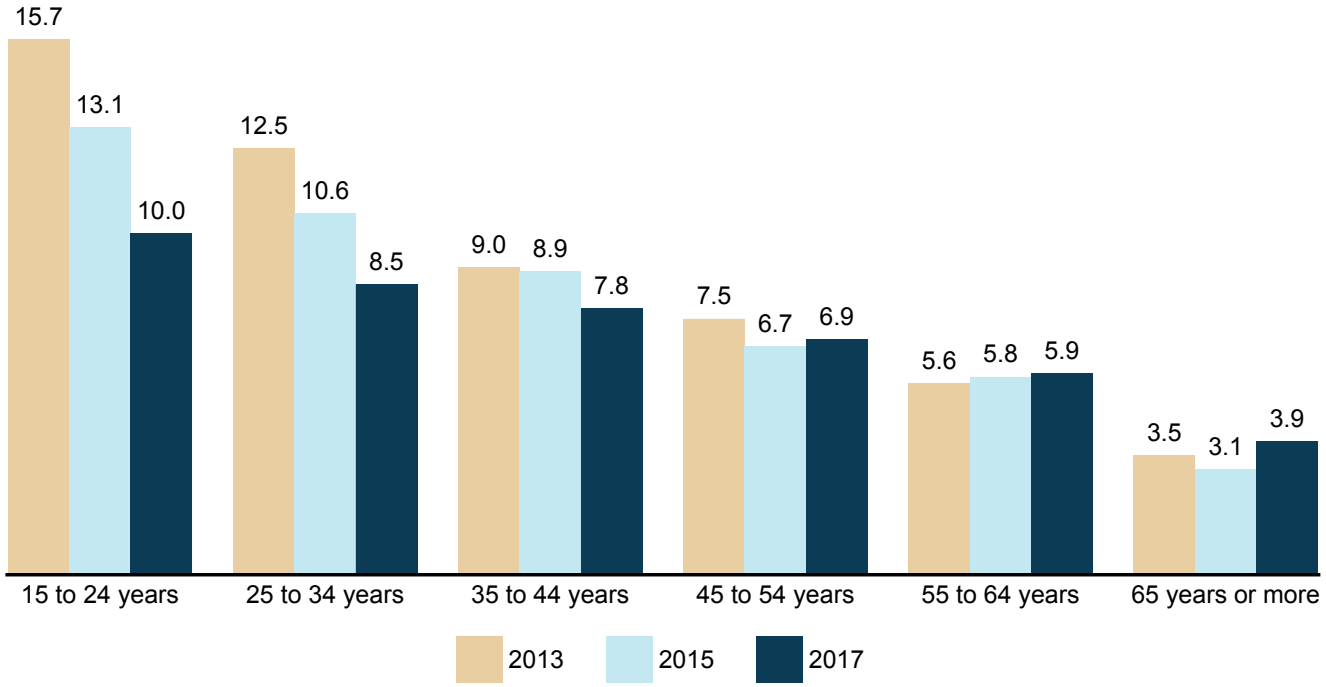


Figure ES.3 Unbanked Rates by Household Race and Ethnicity and Year

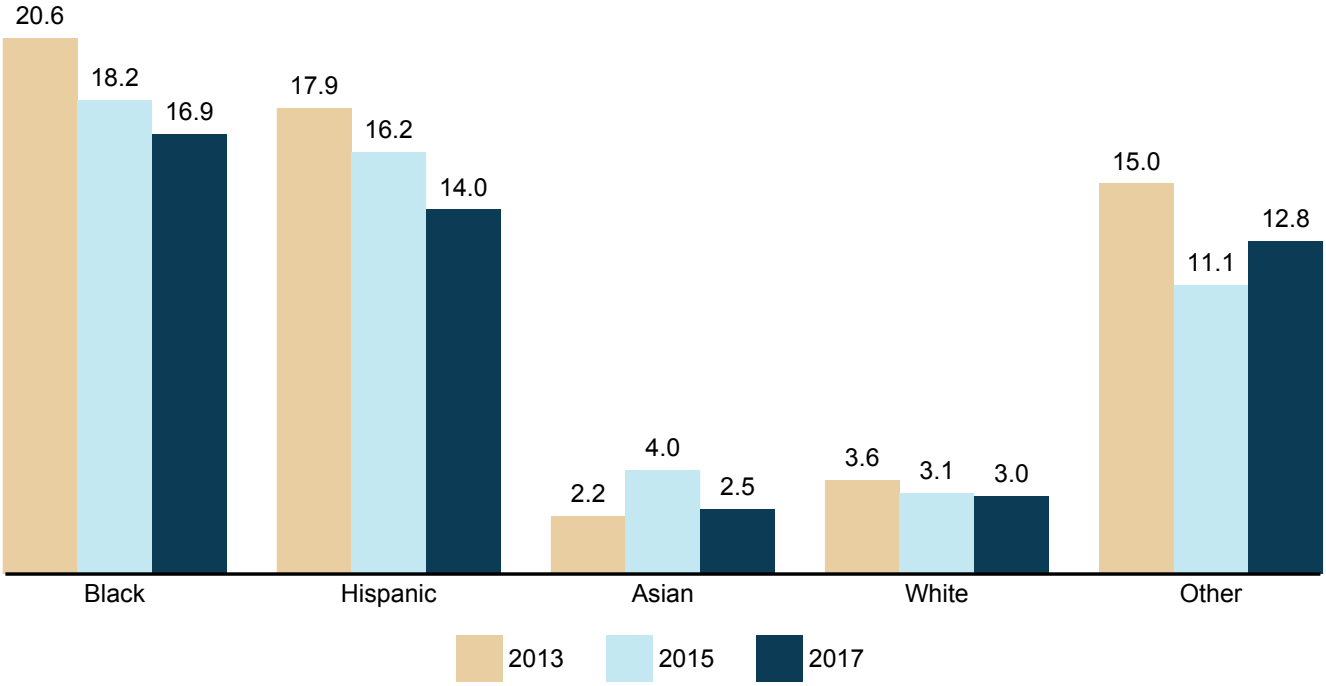


Table ES.2 Unbanked Households' Likelihood of Opening a Bank Account in Next 12 Months by Year

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)
2013	9,021	14.6	23.3	22.1	40.0
2015	8,358	10.2	18.2	19.4	52.2
2017	7,682	9.5	15.6	16.3	58.7

Reasons Households Were Unbanked

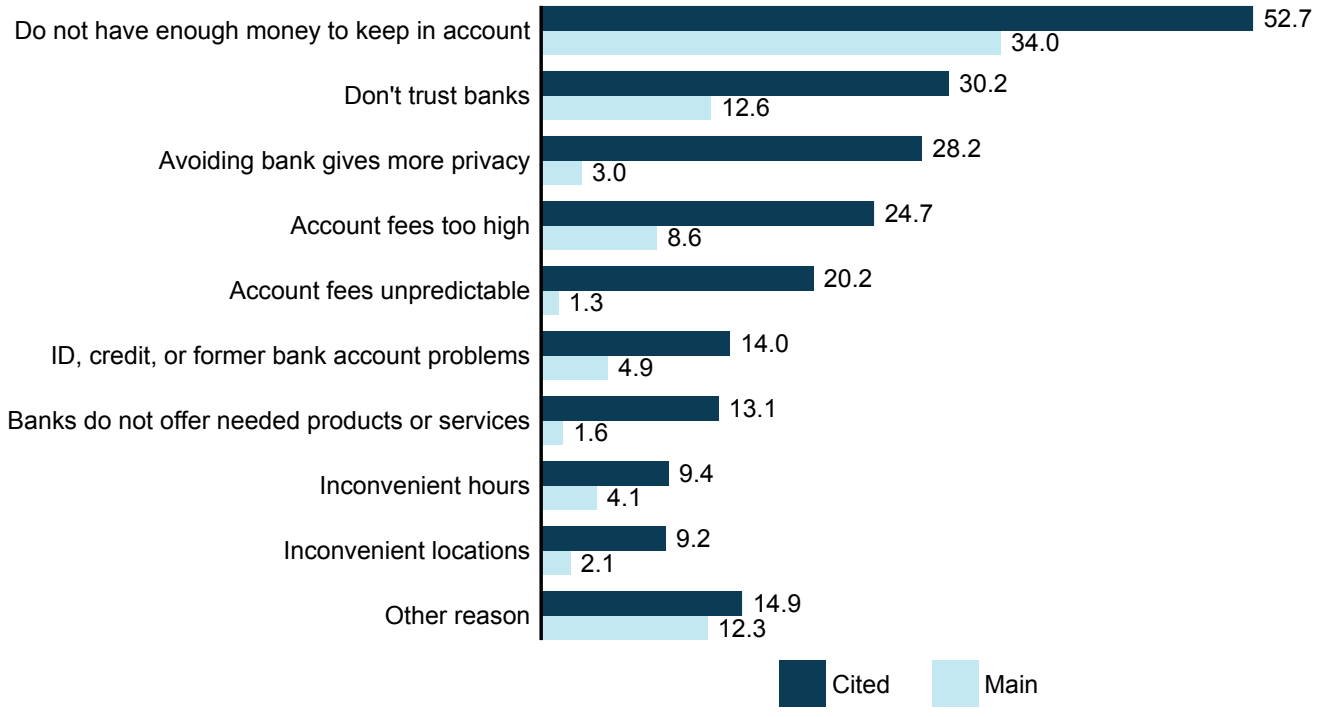
As in previous years, the 2017 survey asked unbanked households about the reasons why they did not have a bank account. Findings are similar to those reported in previous years.

- More than half (52.7 percent) of unbanked households cited "Do not have enough money to keep in an account" as a reason for not having an account, the most commonly cited reason. This reason was also the most commonly cited *main* reason for not having an account (34.0 percent).
- Almost one-third (30.2 percent) of unbanked households cited "Don't trust banks" as a reason for not having an account, the second-most commonly cited reason. This reason was also the second-most commonly cited main reason (12.6 percent).
- As in previous years, higher proportions of unbanked households that previously had an account cited "Bank account fees are too high" (29.9 percent) or "Bank account fees are unpredictable" (24.9 percent) in 2017, compared with unbanked households that never had an account (21.1 and 17.0 percent, respectively).
- Higher proportions of unbanked households that were not at all likely or not very likely to open a bank account in the next 12 months cited "Don't trust banks" (36.2 and 31.5 percent, respectively) in 2017, compared with unbanked households that were somewhat likely or very likely to open a bank account in the next 12 months (24.7 and 21.0 percent, respectively).

Types of Accounts Owned by Banked Households

- Savings and checking account ownership among banked households in 2017 was similar to previous years.
  - » Almost all banked households had a checking account (98.2 percent), while roughly three in four (78.0 percent) had a savings account.
  - » Savings account ownership rates in 2017 varied widely across the population. For example, savings account ownership rates were lower among lower-income households, less-educated households, Hispanic households, working-age disabled households, and households in rural areas.

Figure ES.4 Reasons for Not Having a Bank Account, Unbanked Households, 2017 (Percent)



Methods Banked Households Used to Access Their Accounts

Use of mobile banking to access a bank account continued to increase sharply, while use of bank tellers declined. Use of bank tellers, however, remained quite prevalent, particularly among segments of the population that had higher unbanked and underbanked rates.

- The proportion of banked households that used mobile banking to access their accounts in the past 12 months increased from 23.2 percent in 2013 to 31.9 percent in 2015 and 40.4 percent in 2017. The share of banked households that used mobile banking as their *primary* method of account access also increased sharply from 2013 to 2017, both overall and across household characteristics.
- In 2017, almost three in four (73.6 percent) banked households used bank tellers to access their accounts in the past 12 months, a higher proportion than any other method asked about in the survey. However, use of bank tellers declined modestly between 2013 and 2017. The share of banked households that used bank tellers as their primary method of account access decreased substantially, both overall and across household characteristics; however, this method is still the second-most prevalent primary method overall after online banking.
  - » 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 in rural areas. These groups were also disproportionately more likely to access their accounts using only bank tellers.

Bank Branch Visits Among Banked Households

The 2017 survey included new questions that asked all households whether they spoke with a teller or other employee in person at a bank branch (i.e., visited a bank branch) in the past 12 months, and if so, how many times. Since 2013, the survey has measured the share of households that accessed their account using bank tellers. However, some households may rely on bank branches for activities other than accessing an account, such as resolving a problem or asking about products or services, and the questions on account access methods provide only an imprecise measure of the intensity of branch use. The goal of the new questions is to provide a more complete picture of household use of bank branches.

- Overall, 86.0 percent of banked households visited a bank branch in the past 12 months, and 35.4 percent visited ten or more times.[8]
- Branch visits were prevalent even among banked households that used online or mobile banking as their primary method of account access. For example, 81.0 percent of banked households that used mobile banking as their primary method visited a branch in the past 12 months, and nearly one-quarter (23.0 percent) visited ten or more times.
- Patterns of bank branch visits among banked households varied by household characteristics. For example, older households, households in rural areas, and households with volatile income were more likely to visit a branch or to have visited ten or more times. Black, Hispanic, and Asian households were less likely to visit a branch or to have visited ten or more times.

Table ES.3 All Methods Used to Access Bank Accounts by Year
For all banked households that accessed their account in the past 12 months, row percent

Year	Number of Households (1000s)	Bank teller (Percent)	ATM/Kiosk (Percent)	Telephone banking (Percent)	Online banking (Percent)	Mobile banking (Percent)	Other (Percent)
2013	108,295	78.8	69.6	26.1	55.1	23.2	1.0
2015	113,315	75.5	69.8	27.0	60.4	31.9	1.1
2017	115,040	73.6	71.6	28.9	63.0	40.4	0.9

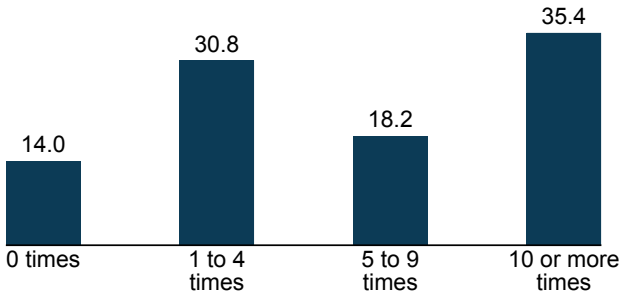
Note: Row percentages sum to more than 100 because households were asked to select all bank account access methods used.

Table ES.4 Primary Method Used to Access Bank Accounts by Year
For all banked households that accessed their account in the past 12 months, row percent

Year	Number of Households (1000s)	Bank teller (Percent)	ATM/Kiosk (Percent)	Telephone banking (Percent)	Online banking (Percent)	Mobile banking (Percent)	Other (Percent)
2013	108,295	32.2	24.4	3.3	32.9	5.7	0.8
2015	113,315	28.2	21.0	3.0	36.9	9.5	0.9
2017	115,040	24.3	19.9	2.9	36.0	15.6	0.7

[8]Among unbanked households, 14.7 percent visited a bank branch in the past 12 months: 7.7 percent visited a branch one to four times, 2.2 percent visited five to nine times, and 4.7 percent visited ten or more times. Approximately two-thirds of unbanked households that visited a branch did not have a bank account at any time in the past 12 months.

Figure ES.5 Bank Branch Visits in Past 12 Months Among Banked Households, 2017 (Percent)



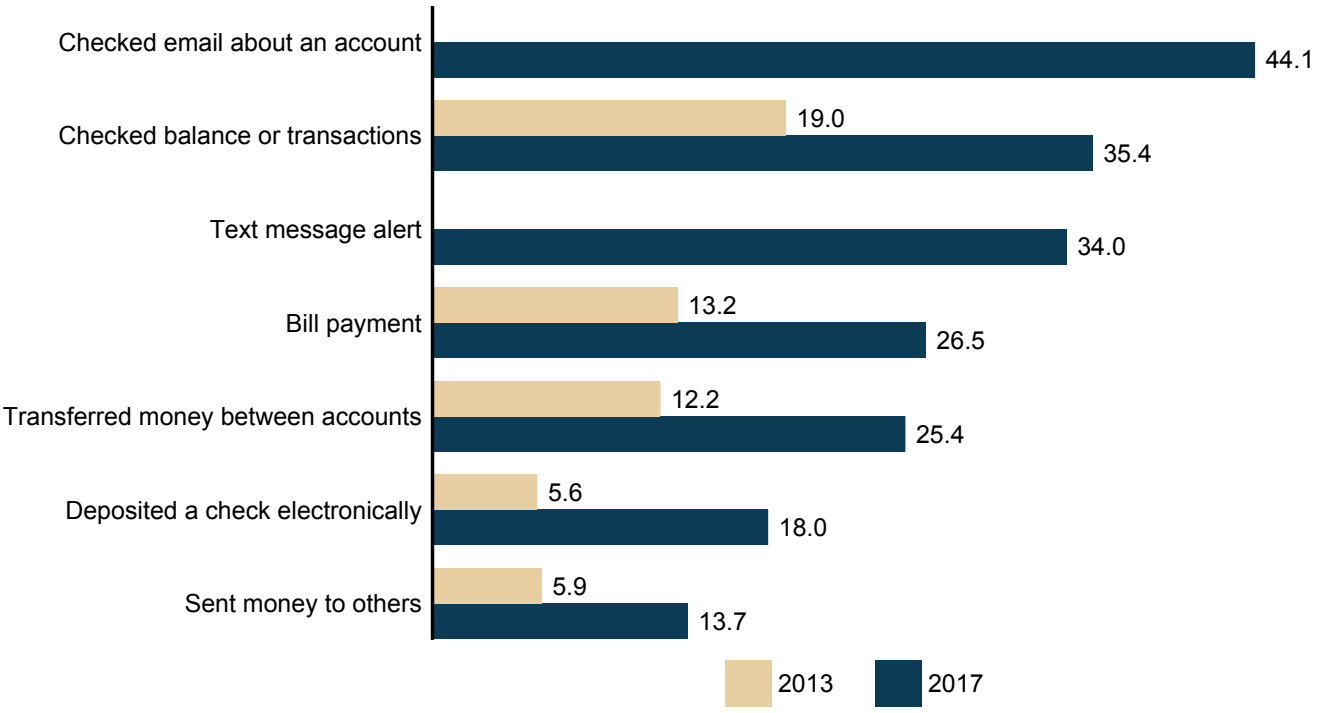
Note: Households that visited a branch but with unknown frequency (1.6 percent of banked households) are not shown.

Mobile Activities Among Banked Households

The 2017 survey included a series of questions about the ways households used a mobile phone for banking activities in the past 12 months. Most of these activities were also asked about in the 2013 survey.

- Use of a mobile phone to check email from a bank about an account was the most common activity in 2017, performed by 44.1 percent of banked households.
  - » Other common activities, performed by approximately one-third of banked households in 2017, were using a bank's mobile website or bank's mobile app to check a bank account balance or recent transactions, and receiving a mobile text alert or push notification from a bank about an account.
  - » The remaining mobile activities asked about in the survey were less common, but the proportion of banked households that performed each of these activities doubled or more than doubled from 2013 to 2017.
- Underbanked households were more likely to perform each mobile activity than fully banked households. Use of each mobile activity was also more common among higher-income households, more-educated households, younger households, working-age nondisabled households, and households with volatile income.

Figure ES.6 Mobile Activities Among Banked Households by Year (Percent)



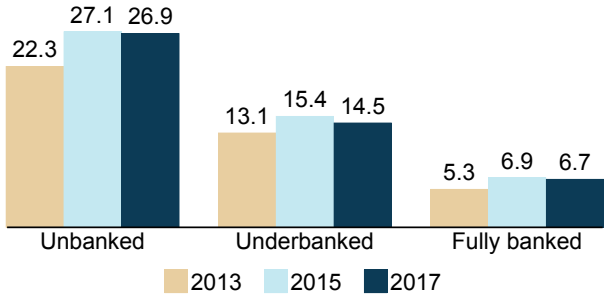
Note: Estimates of the proportion of banked households that used a mobile phone to check email from a bank about an account or that received a mobile text alert or push notification from a bank about an account are not available for 2013.

Prepaid Cards

Some consumers use general purpose reloadable prepaid cards to address their financial transactions 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. Consumers can obtain prepaid cards from sources such as a bank location or bank's 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.[9]

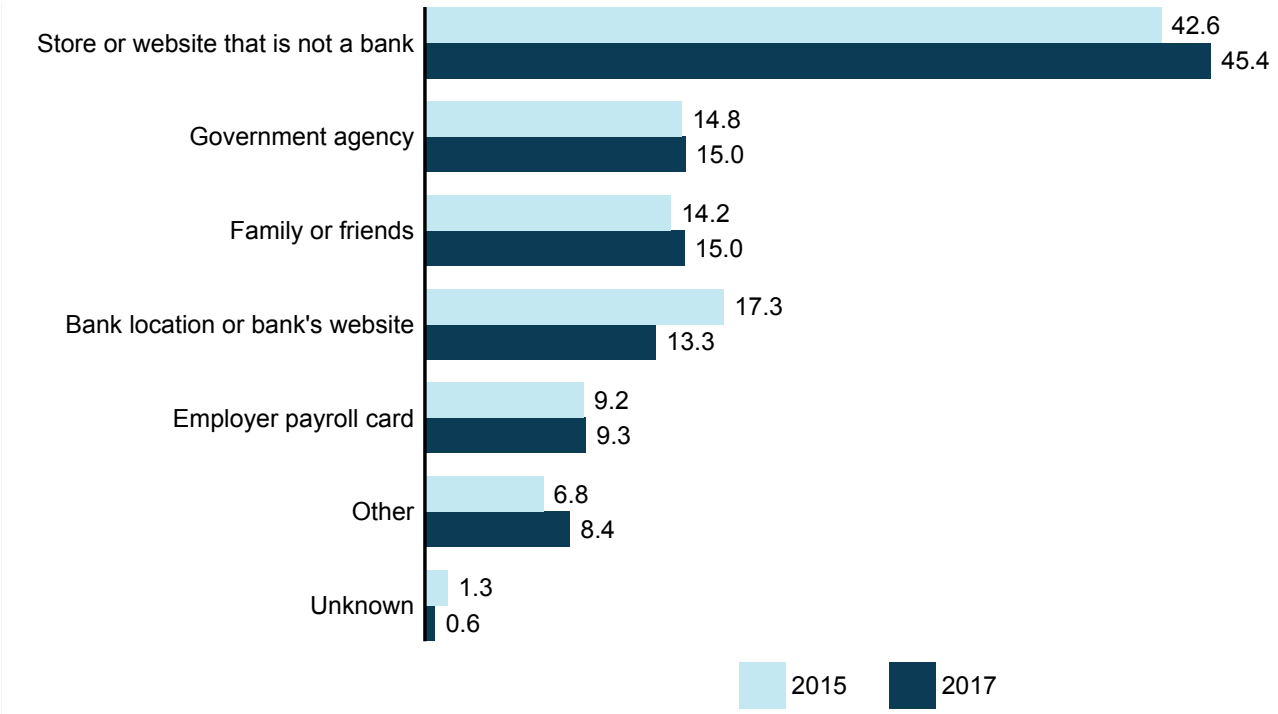
- Between 2015 and 2017, the proportion of households that used prepaid cards decreased from 9.8 percent to 9.2 percent. This decline can be attributed primarily to changes in income and other characteristics of U.S. households between 2015 and 2017. However, the proportion of households that used prepaid cards in 2017 remained higher than in 2013 (7.9 percent).
- As in previous years, prepaid card use in 2017 was higher among lower-income households, less-educated households, younger households, black households, working-age disabled households, and households with volatile income.
- Use of prepaid cards in 2017 was most prevalent among unbanked households, as in previous years.

Figure ES.7 Prepaid Card Use in Past 12 Months by Banking Status and Year (Percent)



  - » Unbanked households that used prepaid cards were more likely to have had a bank account at some point in the past: 62.7 percent of unbanked households that used prepaid cards in 2017 had a bank account in the past, compared with 41.9 percent of unbanked households that did not use prepaid cards.
- Consistent with previous survey results, households that used prepaid cards in 2017 obtained them from a variety of sources. The most common source in 2017 was a store or website that is not a bank, followed by a government agency, family or friends, and a bank location or a bank's website.

Figure ES.8 Sources of Prepaid Cards for Households That Used Prepaid Cards in Past 12 Months by Year (Percent)



Note: Bars sum to more than 100 percent because households with multiple prepaid cards were asked to select all sources of their cards.

[9]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."

Alternative Financial Services

- In 2017, 22.1 percent of households used some type of AFS in the past 12 months, down from 24.0 percent in 2015 and 24.9 percent in 2013.[10]
  - » Use of transaction AFS remained more common than use of credit AFS.[11]
- Consistent with past survey results, AFS use differed across households. AFS use in 2017 was more common among lower-income households, less-educated households, younger households, black and Hispanic households, working-age disabled households, and households with volatile income.
  - » Declines in AFS use over time were fairly widespread across segments of the population.
- AFS use continued to be much higher among unbanked households than banked households.
  - » The proportion of unbanked households that used AFS, however, decreased substantially from 2013 to 2017. This decrease is attributable to declines in the use of both transaction and credit AFS over this period.

Figure ES.9 Alternative Financial Services Use in Past 12 Months by Year, Unbanked Households (Percent)

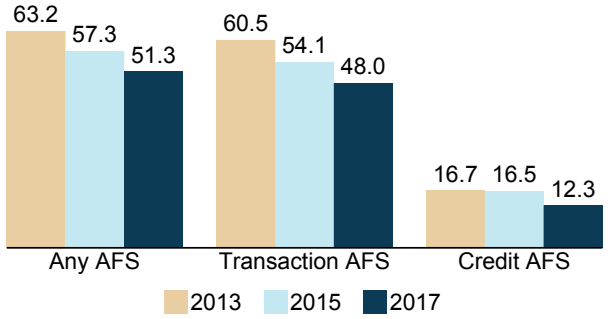
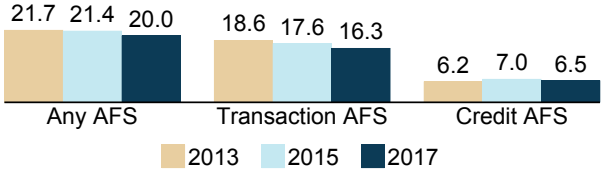


Figure ES.10 Alternative Financial Services Use in Past 12 Months by Year, Banked Households (Percent)

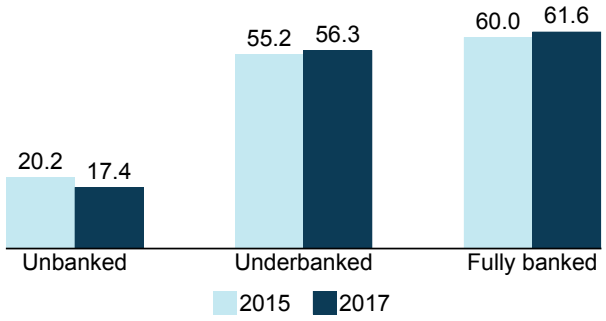


Saving for Unexpected Expenses or Emergencies

Savings can help households better manage unexpected expenses or emergencies, such as a sudden illness, job loss, or home or car repairs. The absence of savings can sometimes be a barrier to financial stability and resilience, particularly for consumers with uneven or low incomes.

- Overall, 57.8 percent of households saved for unexpected expenses or emergencies in 2017; 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. The increase in the savings rate since 2015 (56.3 percent) can be attributed primarily to changes in income and other characteristics of U.S. households between 2015 and 2017.
  - » As in 2015, rates of saving for unexpected expenses or emergencies in 2017 were lower among certain segments of the population, including lower-income households, less-educated households, older households, black and Hispanic households, and working-age disabled households.
  - » The savings rate increased substantially among Hispanic households from 42.5 percent in 2015 to 48.2 percent in 2017. Moreover, savings rates among younger households increased more than savings rates among older households.
  - » Unbanked households continued to save for unexpected expenses or emergencies at a much lower rate than underbanked and fully banked households.

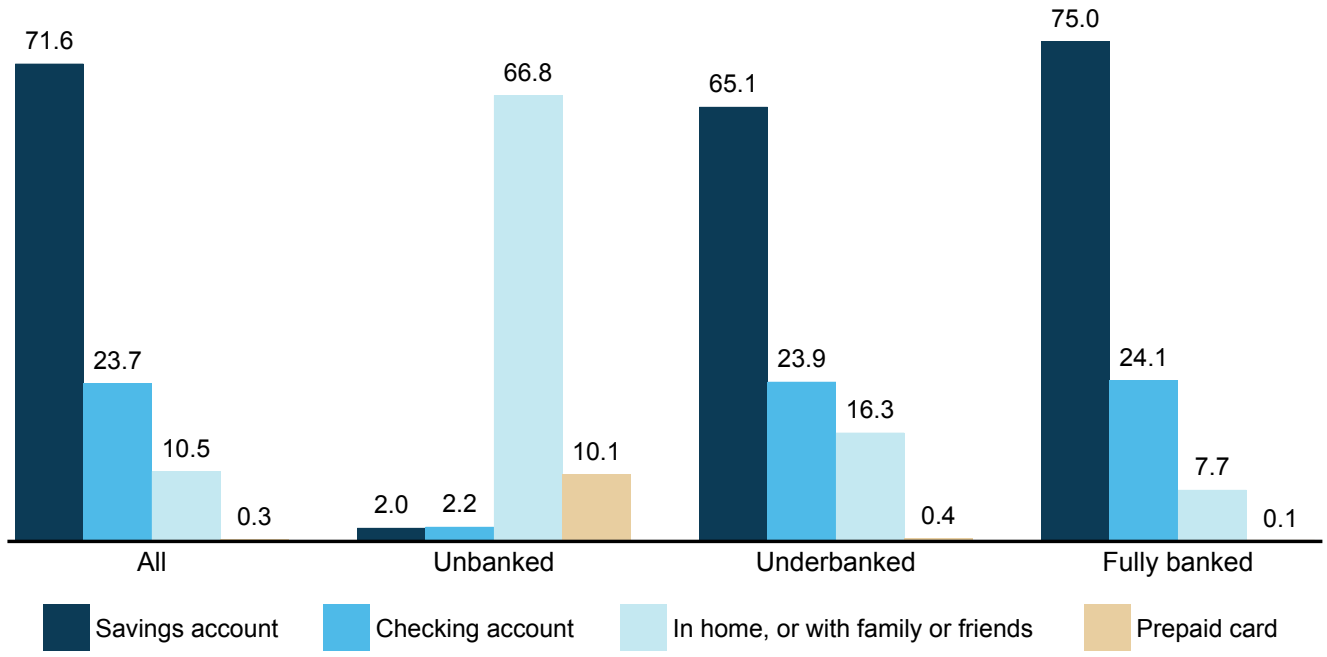
Figure ES.11 Rates of Saving for Unexpected Expenses or Emergencies by Banking Status and Year



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

[11]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.

Figure ES.12 Selected Savings Methods for Households That Saved by Banking Status, 2017 (Percent)



Note: Bars may sum to more than 100 percent because households were asked to select all savings methods used.

- Among all households that saved for unexpected expenses or emergencies in 2017, savings and checking accounts were the most used savings methods: more than four in five (85.5 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.
  - » As in 2015, 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 in 2017.
  - » 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, while underbanked and fully banked households that saved primarily used savings accounts.

Credit

Building on the 2015 survey, which introduced questions about small-dollar bank credit, the 2017 survey included new questions to capture the full range of credit products that are likely reported to credit bureaus (i.e., mainstream credit). Specifically, the 2015 survey asked households whether, in the past 12 months, they had a credit card from Visa, MasterCard, American Express, or Discover (i.e., credit card) or a personal loan or line of credit from a bank (i.e., bank personal loan). Additional questions in the 2017 survey asked households whether, in the past 12 months, they had a store credit card; an auto loan; a student loan; a mortgage, home equity loan, or home equity line of credit (HELOC); or other personal loans or lines of credit from a company other than a bank (i.e., other mainstream nonbank).[12] A household is considered to have used mainstream credit if it used any of the above credit products in the past 12 months.

- Credit cards were the most common type of mainstream credit (68.7 percent of households had a credit card from Visa, MasterCard, American Express, or Discover, and 41.6 percent had a store credit card), followed by mortgages, home equity loans, or HELOCs; and auto loans.
  - » Use of each mainstream credit product was much lower among unbanked households, relative to underbanked and fully banked households. For example, only 7.2 percent of unbanked households had a credit card, compared with 60.0 percent of underbanked households and 76.3 percent of fully banked households.
  - » Use of mainstream credit products also varied widely across socioeconomic and demographic groups. In

[12]Other mainstream nonbank credit includes finance company loans and purchase loans or lines of credit from retailers. This category does not include credit AFS.

general, lower-income households, less-educated households, the youngest and oldest households, black and Hispanic households, and working-age disabled households were less likely to use most mainstream credit products.

- Households that did not have mainstream credit in the past 12 months likely did not have a credit score, which could make it more difficult to obtain mainstream credit should a credit need arise.[13]
  - » One in five (19.7 percent) households in 2017 had no mainstream credit in the past 12 months.
  - » Differences in the share of households with no mainstream credit by banking status were striking. Four in five (80.2 percent) unbanked households had no mainstream credit, compared with 21.9 percent of underbanked households and 14.1 percent of fully banked households.
  - » The share of households with no mainstream credit also varied substantially across socioeconomic and demographic groups. Lower-income households, less-educated households, black and Hispanic households, working-age disabled households, and foreign-born, noncitizen households were more likely not to have mainstream credit.
  - » Differences by race and ethnicity were substantial: 36.0 percent of black households and 31.5 percent of Hispanic households had no mainstream credit, compared with 14.4 percent of white households. At all income levels, black and Hispanic households were more likely not to have mainstream credit. Racial and ethnic differences in bank account ownership and socioeconomic and demographic characteristics beyond income can account for some, but not all, of the racial and ethnic differences in the likelihood of not having mainstream credit.
- Two reasons why households may not have mainstream credit are that they are not interested in having credit or that they do not appear creditworthy. For the purposes of this report, we consider a household to have shown interest in having credit if, in the past 12 months, the household applied for a credit card or bank personal loan, thought about applying for a credit card or bank personal loan but did not because it thought it might be turned down (i.e., felt discouraged about applying), or use credit AFS.[14]
  - » Approximately one in six (15.8 percent) households with no mainstream credit in 2017 showed interest in having credit.
  - » Staying current on bills is one potential indicator of creditworthiness. About three in four (76.3 percent) households with no mainstream credit stayed current on bills in the past 12 months. Among households with no mainstream credit that showed interest in having credit, roughly half (46.7 percent) stayed current on bills. While staying current on bills is an imperfect measure of creditworthiness, it nevertheless provides some insight into these households' financial situation.
- Households may use certain credit products, including credit cards, bank personal loans, and credit AFS, to meet their small-dollar credit needs. Some households may have small-dollar credit needs that are not fully met by mainstream financial institutions. As in the 2015 report, we classify a household as having unmet demand for mainstream small-dollar credit if, in the past 12 months, the household applied for and was denied a credit card or bank personal loan, felt discouraged about applying, or used credit AFS.
  - » Applying this convention, 12.9 percent of households had unmet demand for mainstream small-dollar credit in 2017, compared with 13.7 percent in 2015. The decline in the share of households with unmet demand from 2015 to 2017 is consistent with the declines in the shares of households that used credit AFS or that felt discouraged about applying for a credit card or bank personal loan.
  - » Among households with unmet demand, 57.2 percent stayed current on bills in 2017, up slightly from 52.5 percent in 2015.

[13]Households without a credit score may be "credit invisible," meaning that no one in the household has a record at one of the credit bureaus. Alternatively, a household member may have a record at one of the credit bureaus but not have sufficient credit history to be scored. At least one active trade line in the past six months is generally required to generate a credit score.

[14]This definition is an approximation and likely does not capture all households that have shown interest in having credit. For example, households may have applied for or have felt discouraged about applying for other credit products, such as auto loans or student loans.

Figure ES.13 Use of Mainstream Credit Products, 2017 (Percent)

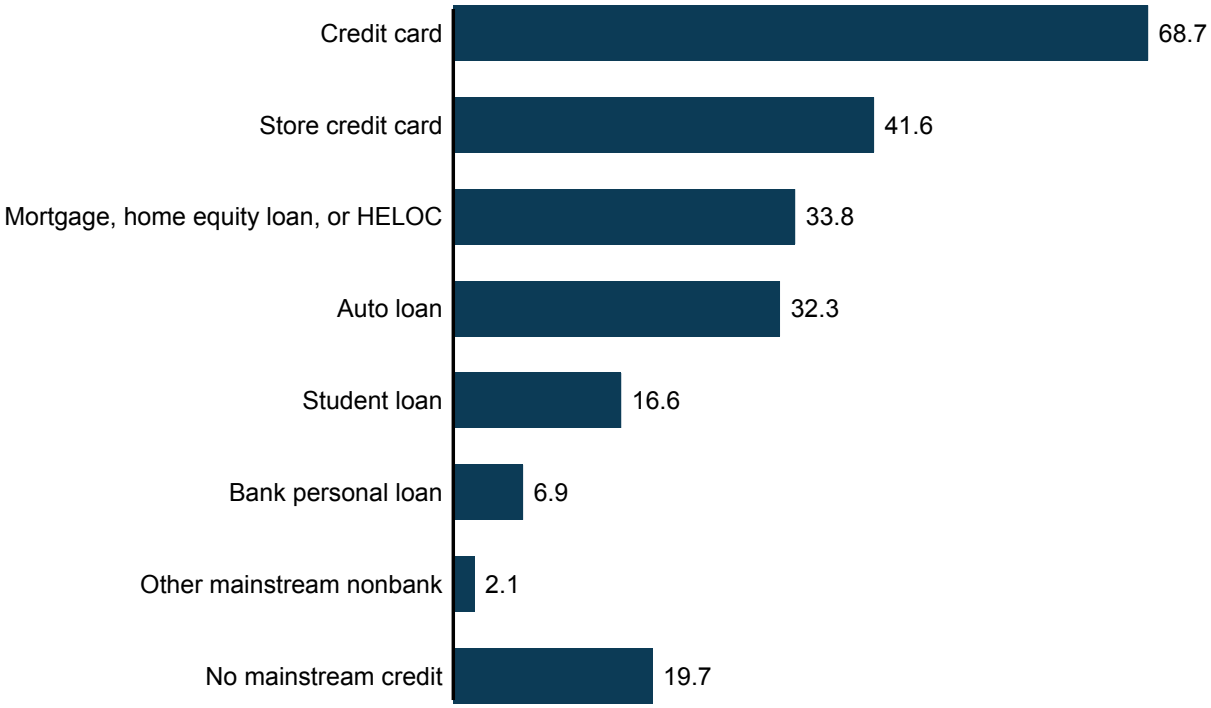
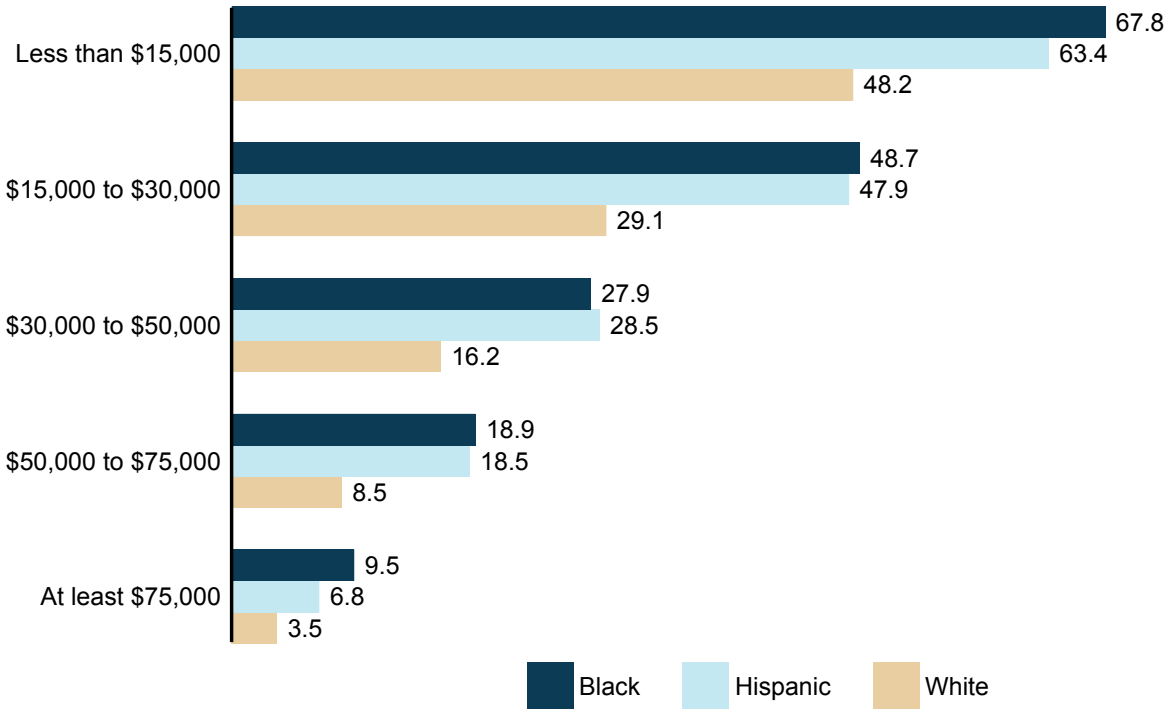


Figure ES.14 No Mainstream Credit by Household Race and Ethnicity and Income Level, 2017 (Percent)



Note: To simplify the figure, estimates for Asian households and for households of other races and ethnicities are not shown.

Table ES.5 Methods Used to Pay Bills and Receive Income in a Typical Month by Banking Status, 2017
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	68.4	2.5	67.2	73.0
Personal check	61.3	1.2	52.0	67.8
Debit card	47.3	3.1	63.1	45.9
Credit card	24.8	8.4	25.0	25.8
Bank money order	5.7	13.0	11.8	3.5
Cash	15.9	66.1	26.2	9.8
Nonbank money order	6.9	39.1	24.2	0.0
Prepaid card	2.3	22.1	4.0	0.5
Other	1.2	8.0	1.3	0.7
Did not select a method	0.5	3.3	0.3	0.4
Any bank method	93.8	22.7	94.0	98.4
Only bank methods	78.2	6.2	56.6	88.8
B. Receiving income (Percent)				
Direct deposit into bank account	86.7	5.6	86.6	92.0
Paper check or money order	27.6	45.4	30.8	25.6
Cash	7.9	26.5	10.5	6.0
Direct deposit onto prepaid card	3.4	23.3	5.0	1.6
Other	1.8	10.6	1.9	1.2
Nonbank check casher	1.9	23.7	3.8	0.0
Did not select a method	1.6	10.5	1.3	1.1
Any bank method	93.2	5.6	95.3	98.2
Only bank methods	84.1	2.6	80.0	90.5

How Households Conduct Their Financial Transactions in a Typical Month

To learn more about the extent to which households use bank and other methods to meet their financial transactions needs, the 2017 survey asked about the ways households pay bills and receive income in a typical month.

- From 2015 to 2017, use of paper instruments to handle these financial transactions declined somewhat, while use of electronic methods increased.
  - » Although personal checks remained the second-most prevalent method of paying bills, after electronic payments from a bank account, the proportion of households that used personal checks decreased from 2015 to 2017. Over the same period, the proportions that used electronic payments from a bank account, debit cards, or credit cards increased.
  - » Likewise, the proportion of households that received income by paper check or money order decreased from 2015 to 2017, while the proportion that received income through direct deposit into a bank account increased.
- As in 2015, unbanked households in 2017 paid bills and received income primarily using methods outside of the banking system.
  - » Approximately two-thirds paid bills using cash in 2017, the most prevalent method. Nonbank money orders and prepaid cards were the next two most prevalent methods of paying bills.
  - » Unbanked households also received income in a variety of ways, but the most prevalent method was paper check or money order, followed by cash and direct deposit onto a prepaid card.
- Underbanked households, on the other hand, used banks extensively to handle their financial transactions. The key difference between underbanked and fully banked households is that, in addition to using bank methods, underbanked households also widely used other methods to pay bills.

» Electronic payment from a bank account was the most prevalent method of paying bills among both underbanked and fully banked households in 2017. Relative to the fully banked, use of personal checks was lower among underbanked households and use of debit cards was higher. Direct deposit into a bank account was by far the most prevalent method of receiving income, both for underbanked and fully banked households.

» Approximately one in four underbanked households used cash to pay bills in a typical month, and a similar share used nonbank money orders.

Measuring Economic Inclusion

A primary goal of the *FDIC National Survey of Unbanked and Underbanked Households* is to assess the inclusiveness of the U.S. banking system. Specifically, the survey is used to estimate the proportion of households that do not have an account at a federally insured depository institution (i.e., the unbanked rate) and the proportion that have an account but go outside of the banking system to meet their financial needs (i.e., the underbanked rate). As consumer financial product markets evolve and new products mature, measurement of the unbanked and underbanked may require updating to reflect such changes and to better assess the inclusiveness of the banking system.

- In this report and since the survey was first conducted in 2009, a household is categorized as unbanked if no one in the household has a checking or savings account. General purpose reloadable prepaid cards that were obtained from banks may offer many of the same features as checking accounts as well as a relationship with a retail banking institution.
  - » As a result, unbanked households that use prepaid cards obtained from banks *could* be considered banked. If they were, the unbanked rate in 2017 would fall slightly from 6.5 percent to 6.4 percent.
- In this report and since 2013, a household is classified as underbanked if it has a checking or savings account and used one of the following products or services from an 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.
  - » This underbanked definition does not incorporate intensity of AFS use: some underbanked households may routinely use AFS, while others may do so only sporadically.
  - » It also considers a wide range of AFS, including transaction and credit products and services.
- As a result, households categorized as underbanked in this report are a fairly broad group, with a variety of experiences and levels of engagement with the banking system.
  - » In 2017, approximately half (48.6 percent) of underbanked households used only bank methods to pay bills and receive income in a typical month, which we denote as underbanked group 1.[15] The remaining 51.4 percent of underbanked households did not exclusively use bank methods to pay bills and receive income in a typical month, which we denote as underbanked group 2.
  - » Households in underbanked group 1 were quite similar to the fully banked in their socioeconomic and demographic characteristics, savings activity, and use of mainstream credit products. Compared with households in underbanked group 1 and with the fully banked, households in underbanked group 2 had lower income and educational attainment; were more likely to be young, black, Hispanic, or working-age disabled; and were more likely to have volatile income.
  - » Use of mobile banking as the primary method of bank account access was similar across the two underbanked groups. In contrast, use of bank tellers was more prevalent and use of online banking less prevalent among households in underbanked group 2.
  - » Rates of savings for unexpected expenses or emergencies, use of savings or checking accounts for keeping savings, and use of most mainstream credit products were also lower among households in underbanked group 2, compared with households in underbanked group 1 and with the fully banked.
  - » Some of the characteristics and behaviors of households in underbanked group 2 were similar to the characteristics and behaviors of the unbanked, including the share with volatile income, the use of cash to pay bills or receive income in a typical month, and the proportion that fell behind on bills.
  - » Overall, this analysis suggests that it is important to consider intensity of transaction AFS use in measuring the underbanked. If intensity of transaction AFS use were considered in the classification of underbanked households, fewer households in underbanked group 1 may be classified as underbanked.

[15]Households in underbanked group 1 were classified as underbanked because either they used credit AFS in the past 12 months, or they used transaction AFS in the past 12 months but not to pay bills or receive income in a typical month.

Implications

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

1. New underwriting technologies could help expand access to small-dollar credit for banked consumers, including consumers with little or no credit history. The vast majority of the 13 percent of households with unmet demand for mainstream small-dollar credit are banked, and almost all receive income and pay bills using their bank accounts. But few of these households applied for a credit card or bank personal loan. Account balances and transactions may provide information for banks to underwrite small-dollar credit to some of these households.

2. About one in five households likely have little or no credit history. The vast majority of these households are banked and may not seek credit until a need arises. Helping these households establish and build a credit history may particularly benefit black households, Hispanic households, and households headed by a working-age individual with a disability. All of these households are disproportionately less likely to have mainstream credit.

3. Mobile banking holds real promise for deepening the connection between underbanked households and their banks while increasing the safety and convenience of bill payments. A large share of underbanked households pays bills in a typical month with cash or nonbank money orders. More than two in five of these households already use mobile banking to access their bank accounts. Increased use of mobile banking activities by these households may enable them to conduct a greater share of their basic financial transactions within the banking system.

4. Physical access to bank branches remains important even as use of mobile banking and online banking has increased. In 2017, the great majority of banked households visited a bank branch in the past 12 months, and more than one-third visited ten or more times. In addition, almost one in six unbanked households visited a bank branch in the past 12 months. These findings suggest that branches continue to play an important role for banked households and that opportunities may exist for branch staff to inform unbanked households about products and services that can help meet their financial needs.

5. Unbanked rates for some segments of the population have declined as economic conditions improved between 2011 and 2017. Still, unbanked rates for these groups, including black and Hispanic households, remain substantially above the national average. At the same time, unbanked rates for other population segments, such as working-age disabled households, have remained high and stayed fairly constant between 2011 and 2017. Understanding the evolution of unbanked rates for different population segments and adopting targeted strategies may help sustain increases in bank account ownership in future economic downturns and increase access for different population segments with high unbanked rates.

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, and accumulate savings.

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 products or services from an alternative financial services (AFS) provider 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 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* is 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 the 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, June 2015, and June 2017. Results from these surveys are available at http://www.economicinclusion.gov.

This report presents the results of the *2017 FDIC National Survey of Unbanked and Underbanked Households.* This survey was conducted in June 2017 and collected responses from 35,217 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 2013, 2015, and 2017 are not comparable to the 2009 or 2011 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 unbanked and underbanked households face 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 2017 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 2017 survey instrument fall into three main areas.

First, to supplement existing questions on use of bank tellers to access a bank account, the survey included new questions that asked all households whether they spoke with a teller or other employee in person at a bank branch in the past 12 months and, if so, how many times. The goal of these questions is to provide a more complete picture of household use of bank branches. Banked households may rely on bank branches for activities other than accessing an account, such as resolving a problem or asking about products or services. Unbanked households may visit a bank branch to learn about products or services or to use those provided to non-account holders.

Second, to supplement existing questions on use of mobile banking, the survey included a series of questions that asked households about the ways they used a mobile phone in the past 12 months for banking activities, such as paying bills, sending money to others, and depositing a check. Most of these questions were also asked in the 2013 survey.

Finally, to approximate the share of households that do not have a credit score, the survey added questions to capture the full range of credit products that are likely reported to the major credit bureaus (i.e., mainstream credit). As in 2015, households were asked whether, in the past 12 months, they had a credit card from Visa, MasterCard, American Express, or Discover or whether they had a personal loan or line of credit from a bank. New questions asked households whether, in the past 12 months, they had a store credit card; an auto loan; a student loan; a mortgage, home equity loan, or home equity line of credit; or other personal loans or lines of credit from a company other than a bank.

3. Banking Status of U.S. Households

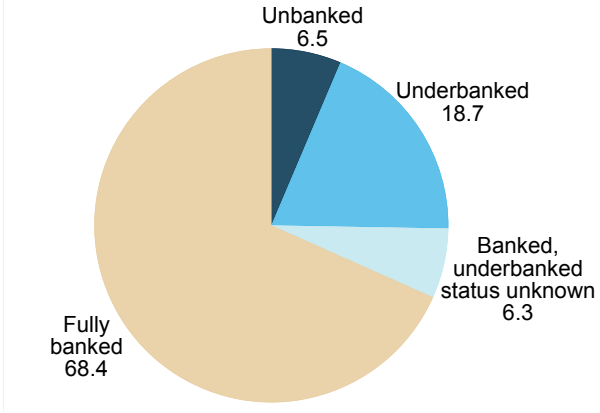
2017 National Estimates

An estimated 6.5 percent of U.S. households were "unbanked" in 2017, meaning that no one in the household had a checking or savings account (see Figure 3.1). This proportion represents approximately 8.4 million U.S. households composed of 14.1 million adults and 6.4 million children.[16]

An additional 18.7 percent of U.S. households (24.2 million) were "underbanked" in 2017, 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 48.9 million adults and 15.4 million children.

Most U.S. households (68.4 percent) were "fully banked" in 2017, meaning that the household had a bank account and did not use AFS in the past 12 months. The remaining 6.3 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 (i.e., banked, underbanked status unknown).

Figure 3.1 Banking Status of U.S. Households, 2017 (Percent)

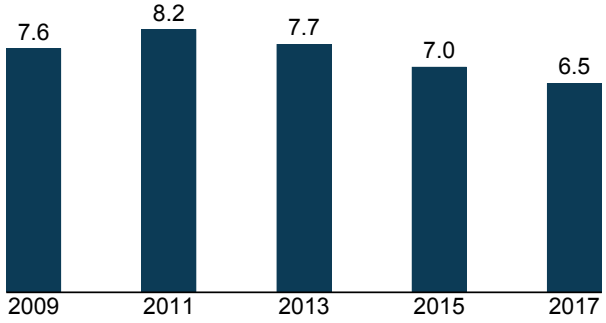


Changes in Banking Status

The proportion of U.S. households that were unbanked (i.e., the unbanked rate) in 2017—6.5 percent—declined to the lowest level since the survey began in 2009, as shown in Figure 3.2. Since the survey was last administered in 2015, the unbanked rate has fallen by 0.5 percentage points.[17]

The decline in the unbanked rate from 2015 to 2017 can be explained almost entirely by changes in household characteristics across survey years, particularly improvements in the socioeconomic circumstances of U.S. households. After accounting for these changes, the remaining difference in the unbanked rate from 2015 to 2017 was very close to zero and no longer statistically significant.[18]

Figure 3.2 National Estimates, Household Unbanked Rates by Year



The proportion of households that were underbanked (i.e., the underbanked rate) fell from 19.9 percent in 2015 to 18.7 percent in 2017, as shown in Table 3.1. This decline was attributable in part to changes in household characteristics between 2015 and 2017, particularly improvements in the socioeconomic circumstances of U.S. households. Even after accounting for these changes, the remaining decline in the underbanked rate from 2015 to 2017 was statistically significant.

[16]Adults are defined as people aged 16 and older. The estimates of 14.1 million adults and 6.4 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.

[17]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.

[18]A linear probability model was estimated to account for changes from 2015 to 2017 in the distribution of households across the household characteristics listed in Appendix Table A.2. Changes in the socioeconomic characteristics of households (annual income level, monthly income volatility, employment status, homeownership status, and educational attainment) between 2015 and 2017 accounted for almost all of the difference in unbanked rates between 2015 and 2017. Adding controls for the remaining demographic characteristics listed in Appendix Table A.2 had little effect on the remaining difference.

Comparing the fully banked rate in 2017 to earlier years is made more difficult by an increase in the proportion of households that were banked but provided insufficient information on their use of AFS to be categorized as either underbanked or fully banked. Table 3.1 shows that the proportion of U.S. households that were fully banked in 2017 (68.4 percent) was slightly higher than the 2015 estimate (68.0 percent).[19]

Banking Status by Household Characteristics

Consistent with previous surveys, banking status in 2017 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, working-age disabled households, and households with volatile income.[20]

Unbanked rates in 2017 were lower than or similar to unbanked rates in recent years for most segments of the population, as illustrated in Table 3.2. For example, recent declines in unbanked rates have been particularly sharp for younger households. Among households aged 15 to 24, the unbanked rate in 2017 was 10.0 percent, down from 13.1 percent in 2015 and 15.7 percent in 2013. Declines were also substantial for households aged 25 to 34.

Unbanked rates among black and Hispanic households have also sharply declined in recent years. Specifically, 16.9 percent of black households were unbanked in 2017, down from 18.2 percent in 2015 and 20.6 percent in 2013.[21] Among Hispanic households, 14.0 percent were unbanked in 2017, down from 16.2 percent in 2015 and 17.9 percent in 2013. Further, unbanked rates declined for Asian households from 2015 to 2017, reversing most of the increase in the unbanked rate among this group from 2013 to 2015.

Despite these improvements, unbanked rates for younger households and for black and Hispanic households remained substantially higher than the overall unbanked rate in 2017.

Unbanked rates did not decline in recent years for a few segments of the population. For example, among working-age disabled households, unbanked rates were similar in 2013, 2015, and 2017.

Reflecting the decline in the underbanked rate at the national level between 2015 and 2017, underbanked rates also declined for many segments of the population during that period. For example, as shown in Table 3.3, underbanked rates decreased for households with less than $15,000 in income, households with a high school diploma (but no college), and working-age disabled households.

Although underbanked rates among certain groups declined considerably from 2015 to 2017, the change relative to 2013 was not quite as large in many cases. For example, among households with less than $15,000 in income, the underbanked rate in 2017 (20.9 percent) was 3.4 percentage points lower than in 2015 (24.3 percent) but only 1.4 percentage points lower than in 2013 (22.4 percent). (See Appendix Table A.4.)

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)
2013	123,750	7.7	20.0	67.0	5.3
2015	127,538	7.0	19.9	68.0	5.0
2017	129,276	6.5	18.7	68.4	6.3

[19]Excluding banked households with unknown underbanked status, the fully banked rate increased from 71.6 percent in 2015 to 73.1 percent in 2017, and this increase was statistically significant. The decline in the underbanked rate from 2015 to 2017 was statistically significant regardless of whether banked households with unknown underbanked status were excluded (excluding such households, the underbanked rate was 21.0 percent in 2015 and 20.0 percent in 2017).

[20]For characteristics that vary at the person-level, such as race, age, and education, 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 household" refers to a household in which the householder has a disability and is aged 25 to 64. See Appendix 1 for additional details. For monthly income volatility, the 2015 and 2017 surveys 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." The term "volatile income" refers to a household with income that varied somewhat or a lot from month to month.

[21]The decline in the unbanked rate for black households from 2013 to 2017 was no longer statistically significant after accounting for changes in the other household characteristics listed in Appendix Table A.2 (except for monthly income volatility, which is not available for 2013). Most of the decline can be attributed to changes in income and the other household characteristics across survey years.

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

Characteristics	2013 (Percent)	2015 (Percent)	2017 (Percent)	Difference (2017–2015)
All	7.7	7.0	6.5	–0.5*
Family income				
Less than $15,000	27.7	25.6	25.7	0.1
$15,000 to $30,000	11.4	11.8	12.3	0.4
$30,000 to $50,000	5.1	5.0	5.1	0.1
$50,000 to $75,000	1.7	1.6	1.5	–0.1
At least $75,000	0.5	0.5	0.6	0.1
Education				
No high school diploma	25.1	23.2	22.4	–0.8
High school diploma	10.8	9.7	9.4	–0.2
Some college	5.6	5.5	5.1	–0.4
College degree	1.1	1.1	1.3	0.1
Age group				
15 to 24 years	15.7	13.1	10.0	–3.1*
25 to 34 years	12.5	10.6	8.5	–2.1*
35 to 44 years	9.0	8.9	7.8	–1.2*
45 to 54 years	7.5	6.7	6.9	0.2
55 to 64 years	5.6	5.8	5.9	0.1
65 years or more	3.5	3.1	3.9	0.8*
Race/Ethnicity				
Black	20.6	18.2	16.9	–1.3
Hispanic	17.9	16.2	14.0	–2.3*
Asian	2.2	4.0	2.5	–1.5*
White	3.6	3.1	3.0	–0.1
Other	15.0	11.1	12.8	1.7
Disability status				
Disabled, age 25 to 64	18.4	17.6	18.1	0.5
Not disabled, age 25 to 64	7.2	6.5	5.7	–0.8*
Monthly income volatility				
Income was about the same each month		5.7	5.6	–0.1
Income varied somewhat from month to month		8.7	6.8	–1.9*
Income varied a lot from month to month		12.9	13.2	0.3

Notes: Monthly income volatility is not available for 2013. Asterisks indicate differences that are statistically significant at the 10 percent level. See Appendix Table A.3 for estimates by other household characteristics and 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		
	2015 (Percent)	2017 (Percent)	Difference (2017–2015)	2015 (Percent)	2017 (Percent)	Difference (2017–2015)	2015 (Percent)	2017 (Percent)	Difference (2017–2015)
All	19.9	18.7	–1.2*	68.0	68.4	0.4	5.0	6.3	1.3*
Family income									
Less than $15,000	24.3	20.9	–3.4*	45.1	47.7	2.6*	4.9	5.7	0.7
$15,000 to $30,000	23.6	22.4	–1.2	59.5	58.3	–1.1	5.1	7.0	1.9*
$30,000 to $50,000	23.7	22.8	–0.9	66.2	65.4	–0.8	5.1	6.8	1.7*
$50,000 to $75,000	20.2	19.7	–0.5	73.0	72.8	–0.2	5.1	6.0	0.9*
At least $75,000	13.4	13.3	–0.1	81.3	79.9	–1.3*	4.9	6.2	1.3*
Education									
No high school diploma	25.9	24.3	–1.6	46.4	46.3	–0.1	4.5	7.0	2.5*
High school diploma	22.2	20.3	–1.8*	62.9	63.7	0.8	5.3	6.5	1.2*
Some college	22.0	20.8	–1.2*	67.7	67.8	0.1	4.8	6.3	1.5*
College degree	14.5	14.4	–0.1	79.1	78.3	–0.8	5.2	6.1	0.9*
Age group									
15 to 24 years	29.4	29.3	–0.1	52.1	56.5	4.5*	5.5	4.2	–1.3
25 to 34 years	24.5	23.1	–1.4	60.8	62.5	1.6	4.0	5.9	1.9*
35 to 44 years	22.7	22.2	–0.5	63.1	63.6	0.5	5.3	6.5	1.2*
45 to 54 years	21.1	19.3	–1.8*	67.5	67.1	–0.3	4.8	6.7	1.9*
55 to 64 years	18.5	17.8	–0.8	70.9	70.3	–0.6	4.8	6.0	1.2*
65 years or more	13.0	11.6	–1.4*	78.1	77.5	–0.6	5.8	7.0	1.2*
Race/Ethnicity									
Black	31.1	30.4	–0.7	45.5	45.8	0.3	5.2	6.9	1.7*
Hispanic	29.3	28.9	–0.3	48.9	49.7	0.8	5.6	7.4	1.8*
Asian	21.0	17.5	–3.5*	67.2	69.2	2.0	7.8	10.8	2.9*
White	15.6	14.1	–1.5*	76.6	77.1	0.5	4.7	5.7	1.1*
Other	27.5	28.0	0.5	56.7	55.8	–0.9	4.6	3.3	–1.3
Disability status									
Disabled, age 25 to 64	28.4	24.7	–3.7*	49.7	52.2	2.5	4.3	5.0	0.8
Not disabled, age 25 to 64	20.6	19.9	–0.7	68.1	68.0	–0.1	4.8	6.4	1.6*
Monthly income volatility									
Income was about the same each month	19.1	18.1	–1.0*	74.4	75.2	0.8*	0.8	1.0	0.2*
Income varied somewhat from month to month	26.6	26.2	–0.5	64.0	66.1	2.1*	0.6	0.9	0.3
Income varied a lot from month to month	30.9	28.2	–2.7	55.2	57.9	2.7	1.0	0.7	–0.3

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 and for selected confidence intervals.

Figure 3.3 Unbanked Rates by State, 2017

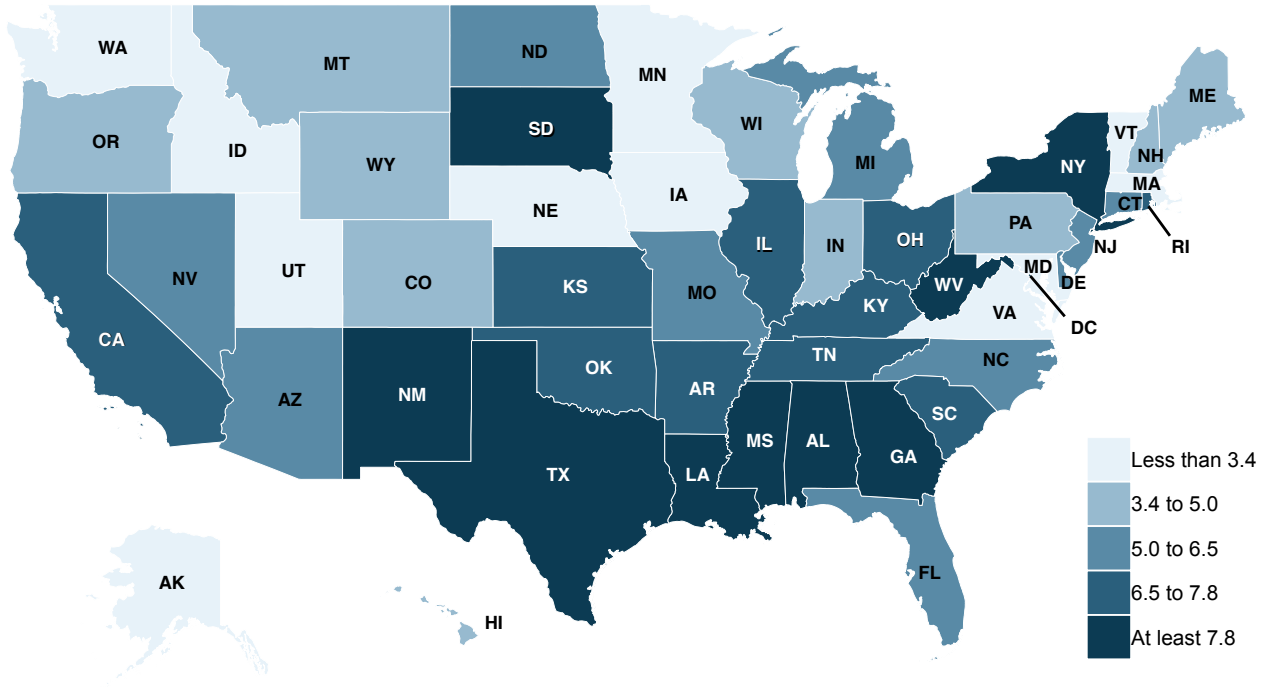
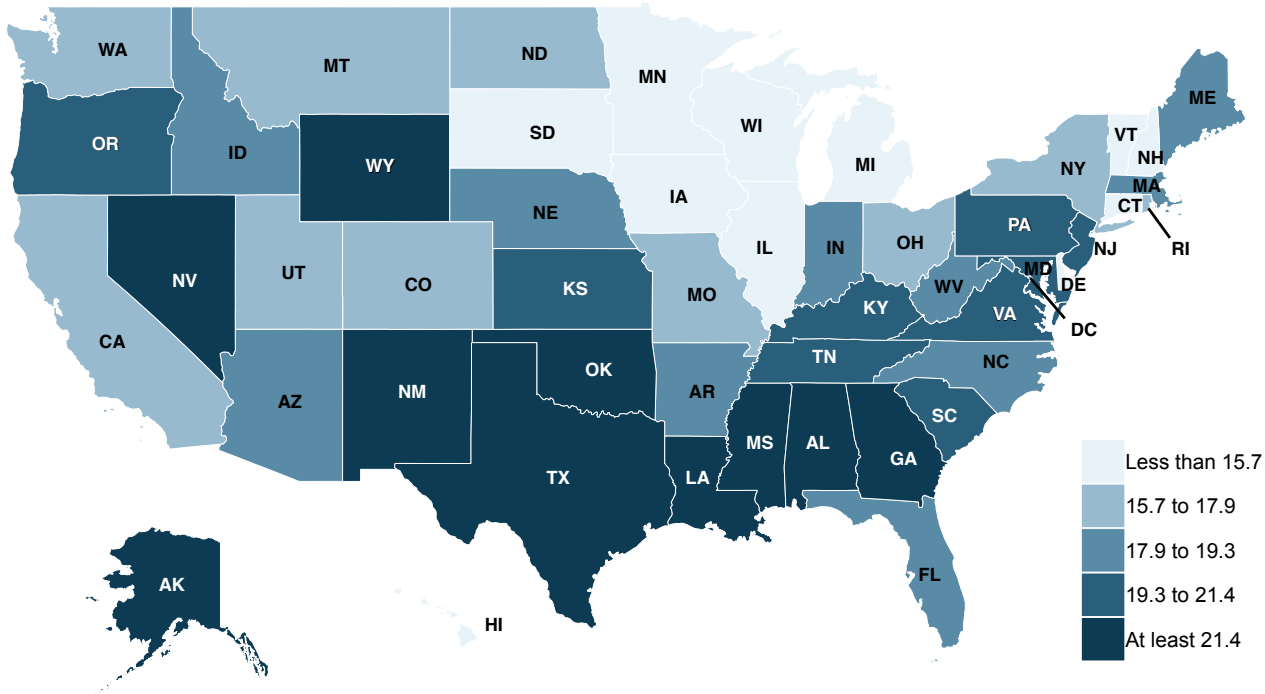


Figure 3.4 Underbanked Rates by State, 2017



Banking Status by Geography

Regional variation in unbanked and underbanked rates in 2017 was similar to previous years: unbanked and underbanked rates were highest in the South. The unbanked rate in the South was 7.7 percent in 2017, compared with 5.4 percent in the Midwest and 6.0 percent in the Northeast and West. However, the gaps in unbanked rates between the South and the other regions have narrowed since 2015. The unbanked rate for the South in 2017 was 1.0 percentage point lower than the 2015 estimate (8.7 percent), while the other regions experienced smaller changes in unbanked rates for that period. The South also saw a slight decline in the underbanked rate from 2015 to 2017, but the declines were more pronounced for the other regions. (See Appendix Tables A.3 and A.4.)

Unbanked and underbanked rates in 2017 varied widely across states, as illustrated in Figures 3.3 and 3.4. Reflecting the regional variation described above and similar to estimates from previous years, unbanked and underbanked rates were generally higher among states in the South. Unbanked rates ranged from 1.5 percent (Vermont and Minnesota) to 15.8 percent (Mississippi), while underbanked rates ranged from 11.6 percent (Vermont and Wisconsin) to 25.1 percent (Nevada). Some states saw large changes in unbanked rates in recent years. For example, the unbanked rate in Arizona was 5.4 percent in 2017, down from 8.5 percent in 2015 and 12.8 percent in 2013, while the unbanked rate in South Dakota was 8.1 percent in 2017, up from 4.2 percent in 2015 and 2013. (See Appendix Tables A.7 – A.14 for detailed estimates by state and metropolitan statistical area [MSA] and for selected confidence intervals.[22])

Transitions in Bank Account Ownership

As discussed in previous reports, bank account ownership is not static and some households appear to cycle in and out of the banking system. Table 3.4 segments households by changes in bank account ownership within the past year.[23]

In 2017, 5.8 percent of households were longer-term unbanked, meaning that they did not have a bank account at the time of the survey or at any time in the 12 months before the survey.[24] A small proportion of households, 0.6 percent, were recently unbanked, meaning that they did not have an account at the time of the survey but did at some point in the 12 months before.

Another 3.9 percent of households were recently banked, meaning that they had an account at the time of the survey but did not at some point in the 12 months before the survey. The remaining 89.7 percent of households were longer-term banked, meaning that they had an account at the time of the survey and continually during the 12 months before.

These patterns are fairly similar to 2015 and 2013. One notable difference is that while similar proportions of households were recently banked in 2015 and 2017, the proportion more than doubled from 2013 to 2015.[25]

Table 3.4 Household Banking Status Transitions by Year
For all households, row percent

Year	Number of Households (1000s)	Longer–term unbanked (Percent)	Recently unbanked (Percent)	Recently banked (Percent)	Longer–term banked (Percent)
2013	120,918	7.1	0.7	1.6	90.7
2015	125,402	6.2	0.8	3.8	89.2
2017	127,085	5.8	0.6	3.9	89.7

[22]See http://www.economicinclusion.gov/five-year for five-year estimates of unbanked and underbanked rates at the state and MSA levels and for confidence intervals.

[23]The analysis of household banking status transitions excludes 543 observations (representing roughly 2.2 million households) with missing information on recent banking status. The 2013 estimates in Table 3.4 differ from those published in the 2013 report because the 2013 report also dropped observations with missing information on life events that may have contributed to household transitions into and out of the banking system, questions about which were not repeated in later surveys.

[24]Households that were longer-term unbanked may never have had an account, or they may have had an account at some point more than 12 months before the survey.

[25]The increase from 2013 to 2015 in the proportion of households that were recently banked remained large and statistically significant even after accounting for changes in the household characteristics listed in Appendix Table A.2 (except for monthly income volatility, which is not available for 2013).

Unbanked Households: Previous Banking Status and Future Banking Plans

Looking beyond one-year transitions in bank account ownership further supports the notion that bank account ownership is dynamic. As shown in Table 3.5, nearly half (47.0 percent) of unbanked households in 2017 had a bank account at some point in the past (i.e., were previously banked), similar to previous years.[26]

Table 3.5 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)
2013	9,437	46.6	53.4
2015	8,811	47.3	52.7
2017	8,207	47.0	53.0

The proportion of unbanked households that were "very likely" or "somewhat likely" to open an account in the next 12 months declined in 2017 compared with earlier years, while the proportion that were "not at all likely" increased. As shown in Table 3.6, 25.0 percent of unbanked households in 2017 were very likely or somewhat likely to open an account, down from 37.9 percent in 2013.[27] Further, 58.7 percent of unbanked households in 2017 were not at all likely to open an account, up from 40.0 percent in 2013.[28] This increase was fairly widespread among segments of the unbanked population. (See Appendix Table A.15.)

Reasons Households Were Unbanked

As in previous years, the 2017 survey asked unbanked households about the reasons why they did not have a bank account. Findings are similar to those reported in previous years.

As illustrated in Figure 3.5, more than half (52.7 percent) of unbanked households cited "Do not have enough money to keep in an account" as a reason for not having an account, the most commonly cited reason. This reason was also the most commonly cited *main* reason for not having an account (34.0 percent). Almost one-third (30.2 percent) of unbanked households cited "Don't trust banks" as a reason for not having an account, the second-most commonly cited reason. This reason was also the second-most commonly cited main reason (12.6 percent).

Other commonly cited reasons were "Avoiding a bank gives more privacy," "Bank account fees are too high," and "Bank account fees are unpredictable." Among these reasons, "Bank account fees are too high" was cited as a main reason more often than "Avoiding a bank gives more privacy" and "Bank account fees are unpredictable."

Reasons for not having an account were generally similar across unbanked households in 2017, regardless of whether they previously had an account or were likely to open an account in the future. A few exceptions are worth noting. As in previous years, higher proportions of previously banked households cited "Bank account fees are too high" (29.9 percent) or "Bank account fees are unpredictable" (24.9 percent) in 2017, compared with households that never had an account (21.1 and 17.0 percent, respectively). Moreover, higher proportions of unbanked households that were not at all likely or not very likely to open a bank account in the next 12 months cited "Don't trust banks" (36.2 and 31.5 percent, respectively) in 2017, compared with unbanked households that were somewhat likely or very likely to open a bank account in the next 12 months (24.7 and 21.0 percent, respectively). (See Appendix Tables A.16 – A.19 for cited and main reasons for not having an account by previous banking status and the likelihood of opening an account.)

[26]The analysis of previous banking status excludes 50 observations (representing roughly 0.2 million unbanked households) with missing information on previous banking status. The 2013 and 2015 estimates in Table 3.5 differ from those published in earlier reports because such observations were not dropped in earlier reports.

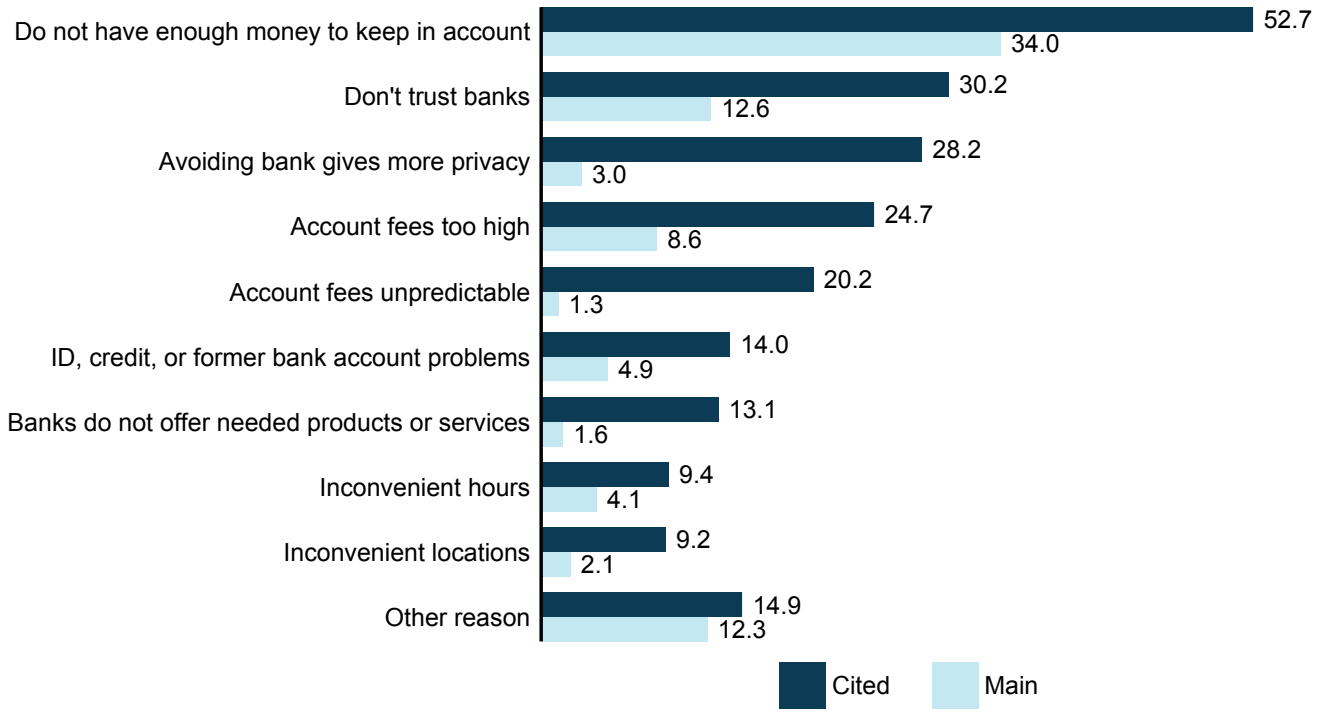
[27]The analysis of future banking plans excludes 164 observations (representing roughly 0.8 million unbanked households) with missing information on the likelihood of opening a bank account in the next 12 months. The 2013 and 2015 estimates in Table 3.6 differ from those published in earlier reports because such observations were not dropped in earlier reports.

[28]The proportion of unbanked households that were not at all likely to open an account in the next 12 months was substantially higher in 2017 than in 2013, even after accounting for changes in the household characteristics listed in Appendix Table A.2 (except for monthly income volatility, which is not available for 2013) and in the use of prepaid cards between 2013 and 2017.

Table 3.6 Unbanked Households' Likelihood of Opening a 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)
2013	9,021	14.6	23.3	22.1	40.0
2015	8,358	10.2	18.2	19.4	52.2
2017	7,682	9.5	15.6	16.3	58.7

Figure 3.5 Reasons for Not Having a Bank Account, Unbanked Households, 2017 (Percent)



4. Banked Households: Types of Accounts, Methods Used to Access Accounts, and Bank Branch Visits

Types of Accounts Owned by Banked Households

Savings and checking account ownership among banked households in 2017 was similar to previous years, as shown in Table 4.1.[29] Almost all banked households had a checking account (98.2 percent), while roughly three in four (78.0 percent) had a savings account.

Savings account ownership rates in 2017 varied widely across the population. Differences by income and education were especially pronounced. For example, among banked households with less than $15,000 in income, only 52.8 percent had a savings account in 2017. In contrast, 91.0 percent of households with income of $75,000 or more had a savings account in 2017. In addition, savings account ownership rates were lower among Hispanic households, working-age disabled households, and households in rural areas. (See Appendix Table B.2 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 and 2015 surveys, banked households were asked about the methods they used to access their accounts in the past 12 months and about the primary method used.[30] The results show that use of mobile banking continued to increase sharply, while use of bank tellers declined. Use of bank tellers, however, remained quite prevalent, particularly among segments of the population that had higher unbanked and underbanked rates.

As shown in Table 4.2, in 2017, almost three in four (73.6 percent) banked households used bank tellers to access their accounts in the past 12 months, a higher proportion than any other method asked about in the survey.[31] However, use of bank tellers declined modestly between 2013 and 2017, while use of mobile and online banking increased. The growth in the use of mobile banking was particularly striking, rising from 23.2 percent in 2013 to 31.9 percent in 2015 and 40.4 percent in 2017.

Table 4.3 shows the *primary* method banked households used to access their accounts. In 2017, online banking remained the most prevalent primary method of account access (36.0 percent), despite having declined slightly from 2015. Use of mobile banking increased sharply from 2013 to 2017, while use of bank tellers declined substantially. Even with the decline in the use of bank tellers, this method remained the second-most prevalent primary method.

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)
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
2017	118,253	76.2	1.8	22.0	78.0	98.2

[29]As in previous years, the 2017 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 632 observations (representing roughly 2.6 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 2013 report because observations with missing information on bank account type were not dropped in the 2013 report.

[30]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 was their primary (i.e., most common) method used. The primary method of account access does not necessarily reflect intensity of use.

[31]The analysis of bank account access methods presented in this section excludes 1,503 observations (representing roughly 5.8 million banked households) that did not access their accounts in the past 12 months or that did not report whether they accessed their accounts.

Table 4.4 shows changes between 2015 and 2017 in the shares of banked households that used bank tellers, online banking, or mobile banking as their primary method of account access by banking status and selected household characteristics. Changes from 2015 to 2017 within segments of the population were generally similar to overall patterns: use of bank tellers declined as did use of online banking—though not by as much as use of bank tellers—and use of mobile banking increased considerably.

Changes in primary account access methods from 2015 to 2017 differed across age groups. Among older and younger households, use of bank tellers declined and use of mobile banking increased, consistent with overall trends. However, use of online banking increased among older households but declined among younger households. For the youngest age group, mobile banking is now the most prevalent primary method of account access. More than one-third (36.1 percent) of banked households aged 15 to 24 used mobile banking as their primary method, compared with 26.2 percent that used online banking as their primary method.

Estimates show that use of mobile banking grew substantially among both underbanked and fully banked households. As in 2015, more underbanked households than fully banked households used mobile banking as their primary account access method in 2017 (20.8 percent compared with 14.5 percent). Declines in the use of bank tellers were more pronounced for underbanked households than for fully banked households. In 2017, the proportion of underbanked households that primarily used bank tellers fell by 5.5 percentage points to 22.3 percent, while the proportion among fully banked households fell by 3.5 percentage points to 24.6 percent. For underbanked and fully banked households, use of online banking as the primary method of account access changed very little from 2015 to 2017. The proportion of underbanked households that primarily used online banking (26.8 percent in 2017) remained lower than the proportion among fully banked households (38.9 percent).

As in prior surveys, 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 in rural areas. These groups were also disproportionately more likely to access their accounts using only bank tellers. For example, nearly one-third of banked households with no high school diploma and about one in five banked households in rural areas exclusively used bank tellers to access their accounts in 2017. Overall, 12.6 percent of banked households accessed their accounts using only bank tellers in 2017, compared with 14.6 percent in 2015. (See Appendix Table B.10 for details.)

Table 4.2 All Methods Used to Access Bank Accounts by Year
For all banked households that accessed their account in the past 12 months, row percent

Year	Number of Households (1000s)	Bank teller (Percent)	ATM/Kiosk (Percent)	Telephone banking (Percent)	Online banking (Percent)	Mobile banking (Percent)	Other (Percent)
2013	108,295	78.8	69.6	26.1	55.1	23.2	1.0
2015	113,315	75.5	69.8	27.0	60.4	31.9	1.1
2017	115,040	73.6	71.6	28.9	63.0	40.4	0.9

Note: Row percentages sum to more than 100 because households were asked to select all bank account access methods used.

Table 4.3 Primary Method Used to Access Bank Accounts by Year
For all banked households that accessed their account in the past 12 months, row percent

Year	Number of Households (1000s)	Bank teller (Percent)	ATM/Kiosk (Percent)	Telephone banking (Percent)	Online banking (Percent)	Mobile banking (Percent)	Other (Percent)
2013	108,295	32.2	24.4	3.3	32.9	5.7	0.8
2015	113,315	28.2	21.0	3.0	36.9	9.5	0.9
2017	115,040	24.3	19.9	2.9	36.0	15.6	0.7

Table 4.4 Use of Bank Tellers, Online Banking, or Mobile Banking as Primary Method of Account Access by Banking Status and 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		
	2015 (Percent)	2017 (Percent)	Difference (2017-2015)	2015 (Percent)	2017 (Percent)	Difference (2017-2015)	2015 (Percent)	2017 (Percent)	Difference (2017-2015)
All	28.2	24.3	-3.8*	36.9	36.0	-0.9*	9.5	15.6	6.1*
Banking status									
Underbanked	27.8	22.3	-5.5*	27.6	26.8	-0.8	12.6	20.8	8.2*
Fully banked	28.2	24.6	-3.5*	39.9	38.9	-1.0*	8.7	14.5	5.8*
Family income									
Less than $15,000	41.7	38.8	-2.8*	18.0	17.2	-0.8	7.1	11.2	4.2*
$15,000 to $30,000	40.5	38.0	-2.5*	20.8	19.4	-1.3	8.1	11.7	3.6*
$30,000 to $50,000	32.5	28.9	-3.6*	29.1	27.7	-1.4	9.7	16.0	6.3*
$50,000 to $75,000	25.8	23.3	-2.5*	39.7	38.0	-1.6	11.3	15.8	4.5*
At least $75,000	16.7	13.3	-3.4*	53.6	50.6	-3.0*	9.7	17.9	8.2*
Education									
No high school diploma	50.8	46.2	-4.5*	11.8	10.8	-1.0	4.0	8.2	4.2*
High school diploma	38.2	33.8	-4.4*	24.5	24.7	0.2	7.5	11.6	4.1*
Some college	25.6	22.9	-2.6*	36.8	35.0	-1.7*	11.6	17.5	5.9*
College degree	17.9	14.8	-3.1*	51.5	49.1	-2.4*	10.4	18.2	7.8*
Age group									
15 to 24 years	15.9	13.3	-2.7*	31.4	26.2	-5.2*	25.0	36.1	11.1*
25 to 34 years	14.3	10.6	-3.6*	42.6	35.7	-6.9*	21.9	35.0	13.1*
35 to 44 years	16.9	13.6	-3.3*	45.8	42.4	-3.4*	14.3	22.6	8.4*
45 to 54 years	22.9	18.7	-4.2*	42.0	42.6	0.6	7.6	13.2	5.7*
55 to 64 years	31.7	26.1	-5.6*	37.3	39.0	1.6*	3.4	7.0	3.7*
65 years or more	48.7	45.1	-3.6*	23.8	26.9	3.1*	1.2	2.7	1.4*
Race/Ethnicity									
Black	30.1	23.8	-6.3*	25.1	24.3	-0.8	11.3	17.7	6.4*
Hispanic	29.3	25.9	-3.4*	27.2	25.8	-1.5	12.6	19.3	6.7*
Asian	25.5	19.1	-6.4*	44.4	46.0	1.7	9.0	16.3	7.3*
White	27.9	24.5	-3.3*	40.0	39.2	-0.8	8.6	14.5	5.8*
Other	25.4	24.5	-0.8	33.8	29.8	-4.0	12.5	18.5	6.0*
Disability status									
Disabled, age 25 to 64	32.4	28.7	-3.7*	25.9	26.5	0.6	6.6	10.0	3.5*
Not disabled, age 25 to 64	20.6	16.3	-4.3*	43.8	41.6	-2.2*	11.9	19.8	8.0*
Monthly income volatility									
Income was about the same each month	28.6	24.8	-3.8*	37.3	36.6	-0.7	8.7	14.9	6.2*
Income varied somewhat from month to month	25.3	20.8	-4.5*	37.4	35.2	-2.1*	13.0	19.6	6.6*
Income varied a lot from month to month	30.2	24.9	-5.3*	33.7	35.8	2.1	13.0	19.3	6.3*
Metropolitan status									
Metropolitan area - principal city	24.6	19.8	-4.8*	36.9	35.9	-1.0	11.1	18.1	7.1*
Metropolitan area - balance	24.9	21.8	-3.2*	40.8	39.4	-1.3*	9.5	15.6	6.1*
Not in metropolitan area	41.5	37.8	-3.8*	27.4	27.4	-0.1	6.7	11.2	4.5*
Not identified	31.9	28.8	-3.1*	34.0	33.5	-0.5	8.9	14.5	5.6*

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.

Mobile Phone, Smartphone, and Home Internet Access

As noted in earlier survey reports, financial institutions—banks and nonbanks—are seeking to interact with their customers through the internet and mobile phones, especially smartphones.

Table 4.5 shows that smartphone access grew markedly from 2013 to 2017. As in 2013 and 2015, more than eight in ten households had access to a mobile phone in 2017.

Mobile phone and smartphone access continued to be lower among unbanked households than underbanked and fully banked households. However, approximately half (49.5 percent) of unbanked households owned or had regular access to a smartphone in 2017, a substantial increase from 2013 and 2015.

As in 2015, unbanked households in 2017 were much more likely to own or have regular access to a smartphone (49.5 percent) than to have internet access at home using a desktop, laptop, or tablet computer (28.5 percent). Among mobile phone, smartphone, and home internet access, the largest difference between unbanked households and underbanked and fully banked households continued to be in home internet access.

Table 4.5 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)	2017 (Percent)	Difference (2017-2015)	2013 (Percent)	2015 (Percent)	2017 (Percent)	Difference (2017-2015)	2015 (Percent)	2017 (Percent)	Difference (2017-2015)
All	82.7	84.2	84.5	0.3	55.7	67.1	72.7	5.6*	72.0	72.6	0.6
Banking status											
Unbanked	68.1	69.0	70.5	1.5	33.1	42.9	49.5	6.6*	27.7	28.5	0.8
Underbanked	90.5	91.4	92.8	1.4*	64.5	75.5	83.2	7.7*	72.8	76.1	3.2*
Fully banked	86.8	88.6	90.0	1.4*	59.0	71.1	77.6	6.5*	80.6	81.4	0.8*

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.15 – B.17 for estimates by household characteristics and for selected confidence intervals.

Bank Branch Visits Among Banked Households

The 2017 survey included new questions that asked all households whether they spoke with a teller or other employee in person at a bank branch (i.e., visited a bank branch) in the past 12 months, and if so, how many times.[32] Since 2013, the survey has measured the share of households that accessed their accounts using bank tellers. However, some households may rely on bank branches for activities other than accessing an account, such as resolving a problem or asking about products or services, and the questions on account access methods provide only an imprecise measure of the intensity of branch use. The goal of the new questions is to provide a more complete picture of household use of bank branches.

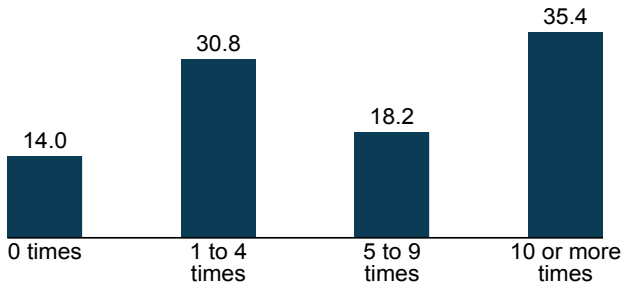
Figure 4.1 shows the distribution of bank branch visits among banked households.[33] Overall, 86.0 percent of banked households visited a bank branch in the past 12 months. About one in three (30.8 percent) banked households visited a branch one to four times, 18.2 percent visited five to nine times, and 35.4 percent visited ten or more times. The remaining 14.0 percent of banked households did not visit a branch in the past 12 months.[34]

[32]Households that spoke with a teller or other employee in person at a bank branch were asked whether they did so one to four times in the past 12 months, five to nine times in the past 12 months, or ten or more times in the past 12 months.

[33]The analysis of bank branch visits for banked households presented in this section excludes 1,048 observations (representing roughly 4.2 million banked households) with missing information on whether the household visited a bank branch in the past 12 months.

[34]Among unbanked households, 14.7 percent visited a bank branch in the past 12 months: 7.7 percent visited a branch one to four times, 2.2 percent visited five to nine times, and 4.7 percent visited ten or more times. Approximately two-thirds of unbanked households that visited a branch did not have a bank account at any time in the past 12 months. (See Appendix Table B.13 for detailed estimates of bank branch visits among unbanked households by previous banking status and household characteristics.)

Figure 4.1 Bank Branch Visits in Past 12 Months Among Banked Households, 2017 (Percent)



Note: Households that visited a branch but with unknown frequency (1.6 percent of banked households) are not shown.

Table 4.6 shows bank branch visits among banked households by the primary method used to access an account. About two-thirds (67.8 percent) of banked households that used bank tellers as their primary method visited a branch ten or more times. Branch visits were prevalent even among banked households that used online or mobile banking as their primary method of account access. For example, 81.0 percent of banked households that used mobile banking as their primary method visited a branch in the past 12 months, and nearly one-quarter (23.0 percent) visited ten or more times.

Patterns of bank branch visits among banked households varied by household characteristics, as shown in Table 4.7. For example, older households, households in rural areas, and households with volatile income were more likely to visit a branch or to have visited ten or more times. Black, Hispanic, and Asian households were less likely to visit a branch or to have visited ten or more times. While lower-income and less-educated households were less likely to visit a branch overall, those that did visit a branch were more likely to have visited ten or more times.[35] (See Appendix Table B.12 for bank branch visits among banked households that visited a branch.)

Table 4.6 Bank Branch Visits in Past 12 Months Among Banked Households by Selected Primary Methods of Account Access, 2017

For all banked households, row percent

	0 times (Percent)	1 to 4 times (Percent)	5 to 9 times (Percent)	10 or more times (Percent)
All	14.0	30.8	18.2	35.4
Primary method of account access				
Bank teller	0.0	16.1	14.1	67.8
Online banking	15.7	35.6	20.5	27.2
Mobile banking	19.0	38.7	18.8	23.0

Note: Households that visited a branch but with unknown frequency (1.6 percent of banked households) are not shown.

[35]The finding that lower-income and less-educated households were more likely to have visited a branch ten or more times is consistent with patterns for bank account access methods: lower-income and less-educated households were more likely to use bank tellers as their primary or only method of account access.

Table 4.7 Bank Branch Visits in Past 12 Months Among Banked Households by Banking Status and Selected Household Characteristics, 2017

For all banked households, row percent

Characteristics	0 times (Percent)	1 to 4 times (Percent)	5 to 9 times (Percent)	10 or more times (Percent)
All	14.0	30.8	18.2	35.4
Banking status				
Underbanked	12.6	32.4	17.4	37.0
Fully banked	14.3	30.7	18.6	35.5
Family income				
Less than $15,000	20.0	28.9	13.5	35.7
$15,000 to $30,000	14.5	29.1	15.6	38.6
$30,000 to $50,000	13.3	30.3	18.0	36.5
$50,000 to $75,000	12.8	30.7	18.6	36.6
At least $75,000	13.1	32.3	20.2	32.9
Education				
No high school diploma	17.8	27.1	13.2	39.7
High school diploma	13.6	29.3	15.9	39.3
Some college	13.2	30.1	18.7	36.5
College degree	14.0	33.1	20.3	31.2
Age group				
15 to 24 years	16.9	34.7	17.5	30.1
25 to 34 years	19.0	35.6	18.0	26.1
35 to 44 years	16.7	35.2	17.9	28.1
45 to 54 years	12.8	30.9	19.1	35.7
55 to 64 years	11.8	28.7	18.0	40.0
65 years or more	10.9	25.7	18.0	43.5
Race/Ethnicity				
Black	18.0	35.3	17.7	27.2
Hispanic	17.2	35.3	16.0	29.7
Asian	19.6	34.1	17.3	26.7
White	12.2	29.0	18.7	38.4
Other	13.2	27.0	15.6	43.1
Disability status				
Disabled, age 25 to 64	15.6	30.2	16.1	37.1
Not disabled, age 25 to 64	14.8	32.7	18.5	32.3
Monthly income volatility				
Income was about the same each month	14.7	31.4	18.4	34.7
Income varied somewhat from month to month	10.9	31.0	18.5	38.8
Income varied a lot from month to month	9.3	25.7	17.0	46.7
Metropolitan status				
Metropolitan area - principal city	17.1	33.5	17.9	29.8
Metropolitan area - balance	14.0	32.8	18.7	32.7
Not in metropolitan area	9.5	22.5	17.9	49.0
Not identified	11.4	26.8	17.4	42.6

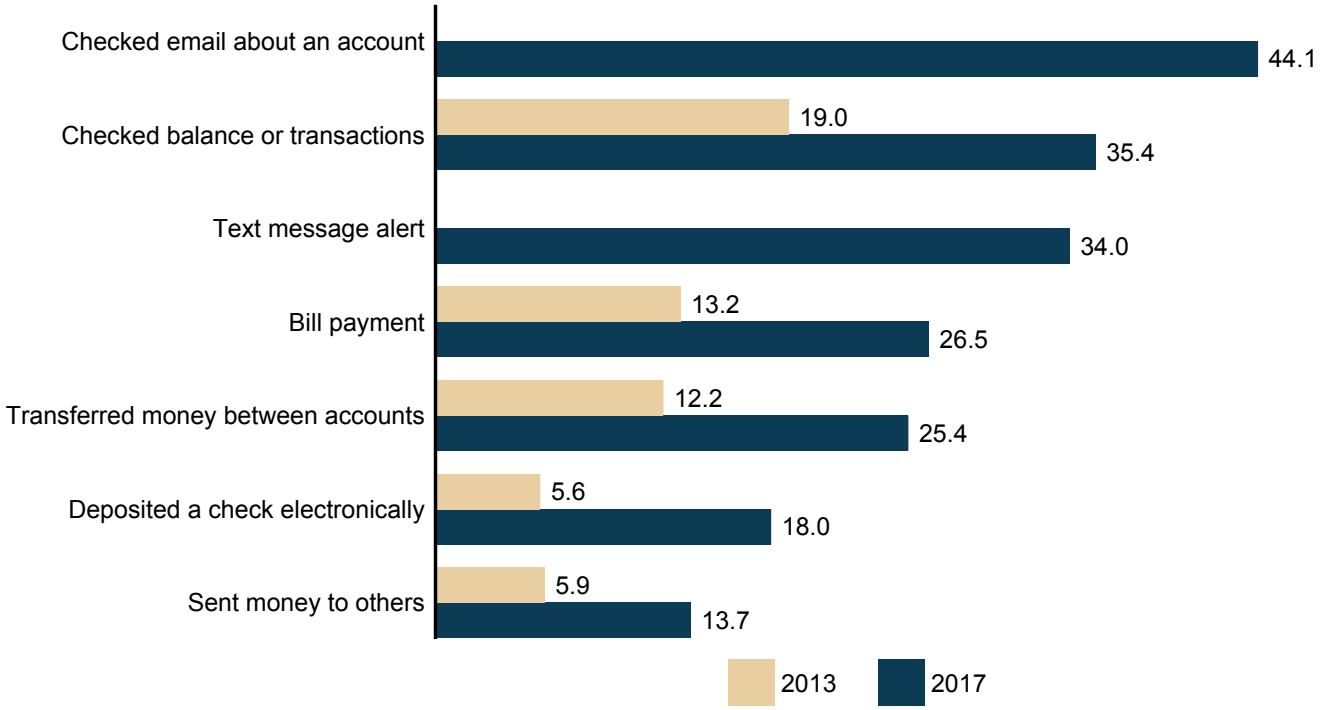
Notes: Households that visited a branch but with unknown frequency (1.6 percent of banked households) are not shown. See Appendix Table B.11 for estimates by other household characteristics.

Mobile Activities Among Banked Households

The 2017 survey included a series of questions about the ways households used a mobile phone for banking activities in the past 12 months. Most of these activities were also asked about in the 2013 survey.[36]

Figure 4.2 presents use of mobile activities among banked households in 2013 and 2017.[37] Use of a mobile phone to check email from a bank about an account was the most common activity in 2017, performed by 44.1 percent of banked households.[38] Other common activities, performed by about one-third of banked households in 2017, were using a bank's mobile website or bank's mobile app to check a bank account balance or recent transactions, and receiving a mobile text alert or push notification from a bank about an account. Use of a mobile phone to check a bank account balance or recent transactions increased substantially from 19.0 percent in 2013 to 35.4 percent in 2017. The remaining mobile activities asked about in the survey were less common, but the proportion of banked households that performed each of these activities doubled or more than doubled from 2013 to 2017. Growth in the use of a mobile phone's camera to deposit a check into a bank account was particularly striking, as the proportion of banked households that performed this activity more than tripled, from 5.6 percent in 2013 to 18.0 percent in 2017.

Figure 4.2 Mobile Activities Among Banked Households by Year (Percent)



Note: Estimates of the proportion of banked households that used a mobile phone to check email from a bank about an account or that received a mobile text alert or push notification from a bank about an account are not available for 2013.

[36]All of the activities asked about in the 2017 survey, except for whether a household used a mobile phone to check email from a bank about an account, were also asked in the 2013 survey. The 2013 survey included some activities not asked about in the 2017 survey. See Appendix 2 for additional details.

[37]Use of a mobile phone to check email from a bank about an account was asked only in 2017, so estimates are not available for 2013. Different types of households in the 2013 and 2017 surveys were asked whether they received a mobile text alert or push notification from a bank about an account, so estimates of the proportion of banked households that performed this activity cannot be compared over time.

[38]In the 2017 survey, all banked households were asked whether they used a mobile phone to check email from a bank about an account, even if they did not report that they used mobile banking to access their accounts. The proportion of banked households that checked email from a bank about an account (44.1 percent) was higher than the proportion of banked households that used mobile banking to access their accounts in 2017 (40.4 percent; see Table 4.2). The Federal Reserve found similar discrepancies in the *2017 Survey of Household Economics and Decisionmaking*. See "Mobile Banking: A Closer Look at Survey Measures," March 27, 2018 (available at http://www.federalreserve.gov/econres/notes/feds-notes/mobile-banking-a-closer-look-at-survey-measures-20180327.htm).

Table 4.8 Mobile Activities Among Banked Households by Banking Status and Selected Household Characteristics, 2017
For all banked households, row percent

Characteristics	Checked email about an account (Percent)	Checked balance or transactions (Percent)	Text message alert (Percent)	Bill payment (Percent)	Transferred money between accounts (Percent)	Deposited a check electronically (Percent)	Sent money to others (Percent)
All	44.1	35.4	34.0	26.5	25.4	18.0	13.7
Banking status							
Underbanked	52.8	42.5	42.3	30.7	29.5	19.7	16.9
Fully banked	44.3	35.7	33.9	27.0	26.1	18.8	13.7
Family income							
Less than $15,000	26.4	18.3	18.5	11.1	10.0	6.4	5.8
$15,000 to $30,000	29.6	21.2	20.3	13.8	11.6	7.7	6.0
$30,000 to $50,000	38.8	30.4	28.4	21.6	19.7	12.9	9.9
$50,000 to $75,000	46.0	36.1	34.7	27.4	25.9	17.7	13.0
At least $75,000	56.7	48.1	46.4	37.9	37.8	28.3	21.4
Education							
No high school diploma	25.0	14.8	17.5	10.0	8.0	5.0	4.4
High school diploma	33.6	25.2	24.8	17.8	15.6	9.2	7.3
Some college	45.3	36.5	34.1	26.6	25.6	16.2	12.6
College degree	54.3	45.8	43.6	35.6	35.3	28.0	20.7
Age group							
15 to 24 years	67.6	59.2	45.2	40.1	39.3	27.3	22.6
25 to 34 years	67.6	60.7	50.6	45.0	44.4	34.4	26.5
35 to 44 years	59.8	50.2	45.2	38.2	36.6	26.9	19.3
45 to 54 years	49.0	39.6	39.4	30.3	28.8	19.2	14.6
55 to 64 years	37.0	25.6	30.5	19.1	18.0	11.6	9.4
65 years or more	17.0	10.2	13.4	7.7	6.9	4.4	3.1
Race/Ethnicity							
Black	46.3	35.0	38.9	25.3	24.1	14.8	15.4
Hispanic	49.6	37.0	39.8	29.5	25.0	16.2	15.1
Asian	53.5	41.7	44.4	33.4	28.4	25.3	21.5
White	42.0	34.6	31.3	25.5	25.3	18.3	12.5
Other	45.9	39.3	35.3	29.5	29.7	16.7	13.5
Disability status							
Disabled, age 25 to 64	32.3	24.0	25.2	17.1	15.1	9.8	7.6
Not disabled, age 25 to 64	55.0	45.5	42.9	34.4	33.3	24.0	18.2
Monthly income volatility							
Income was about the same each month	44.3	35.5	34.0	26.8	25.5	18.1	13.9
Income varied somewhat from month to month	53.8	44.9	42.1	32.8	32.3	22.7	16.5
Income varied a lot from month to month	51.9	43.6	41.3	30.0	32.4	24.9	18.3

Note: See Appendix Table B.14 for estimates by other household characteristics.

Table 4.8 shows use of mobile activities among banked households in 2017 by banking status and selected household characteristics. Underbanked households were more likely to perform each activity than fully banked households. The three largest differences between underbanked and fully banked households were in checking email from a bank about an account, checking a bank account balance or recent transactions, and receiving a mobile text alert or push notification from a bank about an account. These results are consistent with the types of activities described in focus groups with underserved consumers 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 improve on-the-spot decision making.[39]

Use of each mobile activity was more common among higher-income households, more-educated households, younger households, working-age nondisabled households, and households with volatile income. In many cases, differences in use were substantial across households of different characteristics. For example, 45.0 percent of households aged 25 to 34 used a bank's mobile website or bank's mobile app to make a bill payment, compared with only 7.7 percent of households aged 65 or older. Some differences were also observed in the use of mobile activities by race and ethnicity. For example, black and Hispanic households were more likely than white households to receive a mobile text alert or push notification from a bank about an account and less likely to use a mobile phone's camera to deposit a check into a bank account. These differences, however, were generally smaller than differences by income, education, age, and disability status.

[39]See "Opportunities for Mobile Financial Services to Engage Underserved Consumers Qualitative Research Findings," May 25, 2016 (available at http://www.fdic.gov/consumers/community/mobile/MFS_Qualitative_Research_Report.pdf).

5. Prepaid Cards

Some consumers use general purpose reloadable prepaid cards to address their financial transactions 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. Consumers can obtain prepaid cards from sources such as a bank location or bank's website, a nonbank store or website, a government agency, or an employer.[40] Many, although not all, such cards store funds in accounts eligible for deposit insurance.

As in the 2013 and 2015 surveys, the 2017 survey asked households whether they used a prepaid card in the past 12 months, referred to in this report as prepaid card use.[41] Between 2015 and 2017, the proportion of households that used prepaid cards decreased from 9.8 percent to 9.2 percent, as shown in Table 5.1. This decline can be attributed primarily to changes in income and other characteristics of U.S. households between 2015 and 2017. However, the proportion of households that used prepaid cards in 2017 remained higher than in 2013 (7.9 percent).[42]

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
2017	129,276	9.2	85.5	5.4

Prepaid Card Use by Household Characteristics

Differences in prepaid card use across households were similar in 2017 to earlier years. As shown in Table 5.2, prepaid card use was higher among lower-income households, less-educated households, younger households, black households, working-age disabled households, and households with volatile income.[43]

Mirroring the national trend, prepaid card use among many socioeconomic and demographic groups declined from 2015 to 2017, though the declines were often not statistically significant. One exception is households aged 15 to 24, where prepaid card use increased from 12.4 percent in 2015 to 15.1 percent in 2017. For most socioeconomic and demographic groups, prepaid card use in 2017 remained higher than in 2013.

Prepaid Card Use by Geography

As in previous years, prepaid card use varied across regions of the United States. In 2017, 7.9 percent of households in the Northeast used prepaid cards, compared with 8.7 percent in the West, 9.5 percent in the South, and 10.0 percent in the Midwest. Figure 5.1 shows that prepaid card use varied considerably across states in 2017, ranging from 4.6 percent in Hawaii to 15.4 percent in Mississippi. (See Appendix Tables C.3 and C.4 for detailed state- and MSA-level estimates and for selected confidence intervals.)

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

[41]For the 2017 survey, a small change was made to the introductory description of prepaid cards. See Appendix 2 for details.

[42]After accounting for changes in bank account ownership and the household characteristics listed in Appendix Table A.2, the remaining decrease in prepaid card use from 2015 to 2017 was not statistically significant, while the remaining increase in prepaid card use from 2013 to 2017 was statistically significant.

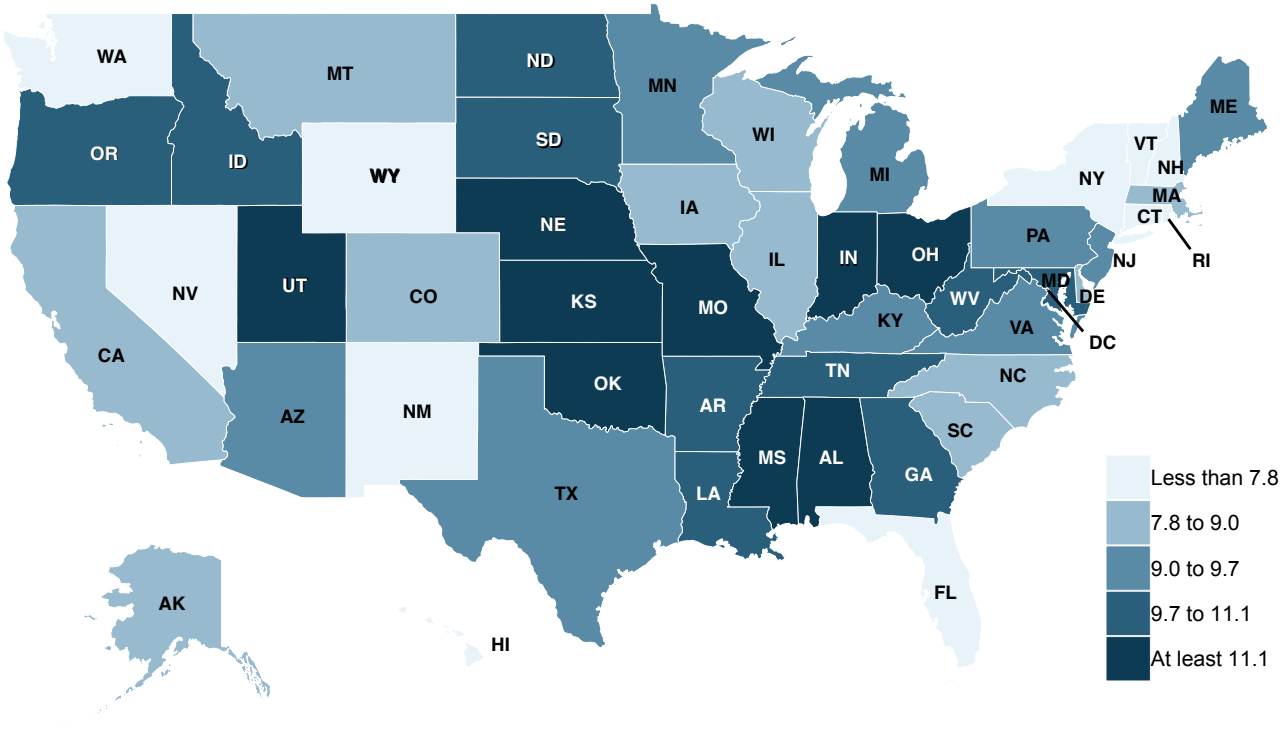
[43]Some of these differences in prepaid card use, namely by income level, education, and race, can be explained by differences in bank account ownership and other household characteristics listed in Appendix Table A.2.

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

Characteristics	2013 (Percent)	2015 (Percent)	2017 (Percent)	Difference (2017-2015)
All	7.9	9.8	9.2	-0.6*
Family income				
Less than $15,000	11.4	14.3	13.0	-1.3
$15,000 to $30,000	8.3	10.8	10.4	-0.4
$30,000 to $50,000	8.3	8.8	9.1	0.3
$50,000 to $75,000	6.4	9.2	7.7	-1.5*
At least $75,000	6.5	8.1	8.0	0.0
Education				
No high school diploma	8.9	11.0	10.3	-0.7
High school diploma	8.1	10.3	9.3	-1.0*
Some college	8.8	10.8	10.0	-0.8
College degree	6.7	8.0	8.0	0.0
Age group				
15 to 24 years	12.7	12.4	15.1	2.7*
25 to 34 years	10.9	12.6	11.0	-1.6*
35 to 44 years	10.3	11.4	10.8	-0.6
45 to 54 years	9.1	11.0	10.7	-0.2
55 to 64 years	6.4	9.3	8.7	-0.6
65 years or more	3.0	5.5	4.9	-0.6
Race/Ethnicity				
Black	11.5	13.9	13.3	-0.5
Hispanic	7.8	9.6	7.9	-1.7*
Asian	4.4	5.7	7.2	1.5
White	7.3	9.1	8.5	-0.6*
Other	13.8	17.0	15.9	-1.1
Disability status				
Disabled, age 25 to 64	12.4	15.2	15.7	0.5
Not disabled, age 25 to 64	8.7	10.4	9.4	-0.9*
Monthly income volatility				
Income was about the same each month		9.2	8.9	-0.3
Income varied somewhat from month to month		13.5	12.6	-1.0
Income varied a lot from month to month		15.5	12.8	-2.7*

Notes: Monthly income volatility is not available for 2013. Asterisks indicate differences that are statistically significant at the 10 percent level. See Appendix Table C.1 for estimates by other household characteristics and for selected confidence intervals.

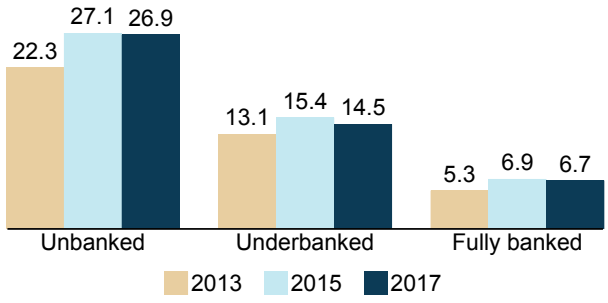
Figure 5.1 Prepaid Card Use in Past 12 Months by State, 2017 (Percent)



Prepaid Card Use by Banking Status

Use of prepaid cards in 2017 was most prevalent among unbanked households, consistent with previous survey results. As illustrated in Figure 5.2, 26.9 percent of unbanked households used a prepaid card in 2017, compared with 14.5 percent of underbanked households and 6.7 percent of fully banked households. These percentages are similar to 2015. In line with the increase in prepaid card use from 2013 to 2017 at the national level, prepaid card use within each banking status group increased over this period.

Figure 5.2 Prepaid Card Use in Past 12 Months by Banking Status and Year (Percent)



Overall, approximately half (48.7 percent) of households that used prepaid cards in 2017 were either unbanked or underbanked, as shown in Figure 5.3. For context, this percentage is almost double the 25.2 percent of all households that were either unbanked or underbanked in 2017 (see Figure 3.1).

Figure 5.3 Banking Status of Households That Used Prepaid Cards in Past 12 Months, 2017 (Percent)

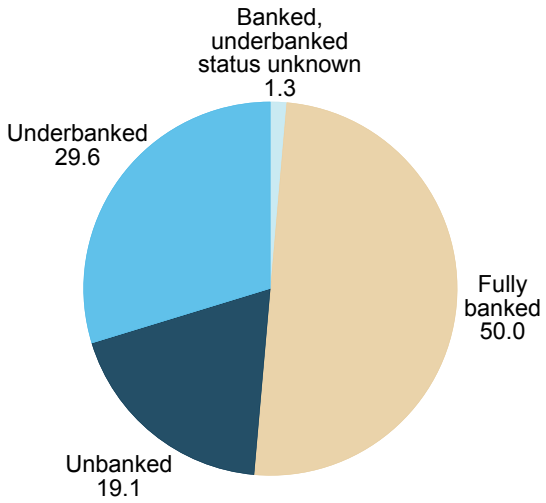
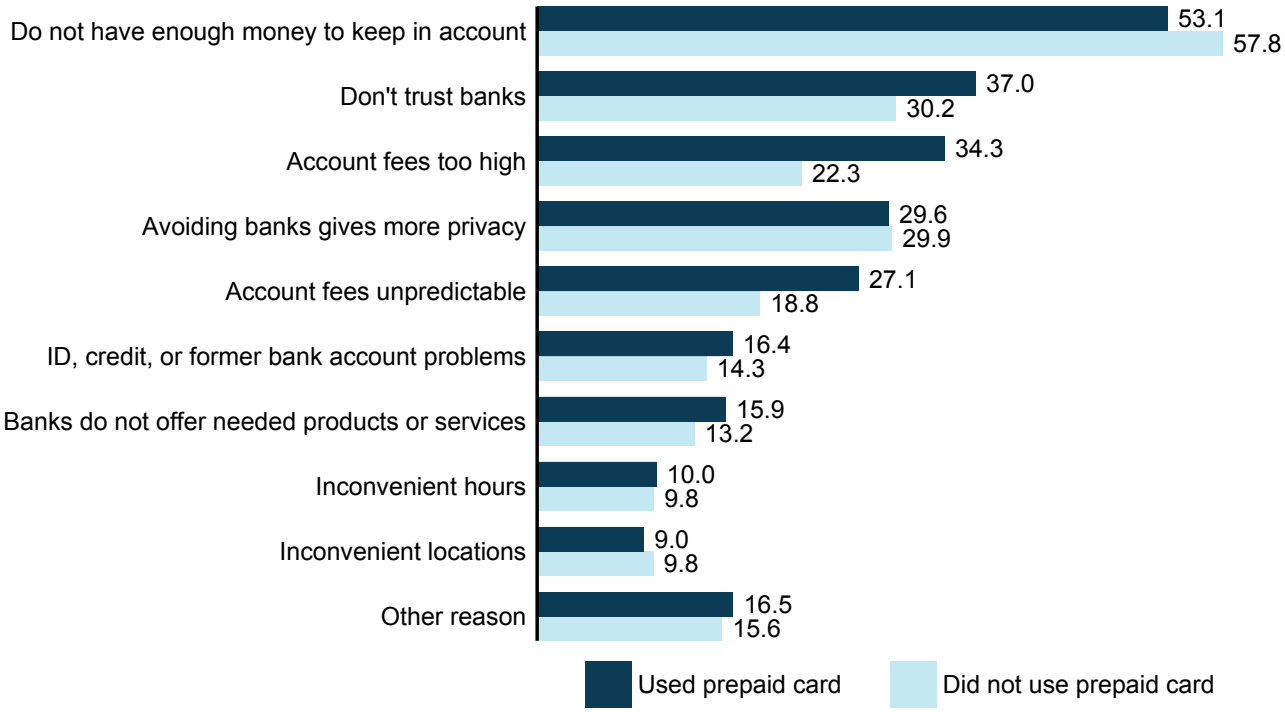


Figure 5.4 Cited Reasons for Not Having a Bank Account by Prepaid Card Use, 2017 (Percent)



Unbanked households that used prepaid cards were more likely to have had a bank account at some point in the past: 62.7 percent of unbanked households that used prepaid cards in 2017 had a bank account in the past, compared with 41.9 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 5.4, 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: "Don't trust banks," "Bank account fees are too high," and "Bank account fees are unpredictable." Irrespective of prepaid card use, the most commonly cited reason for not having a bank account was "Do not have enough money to keep in an account."[44]

Sources of Prepaid Cards

Consistent with previous survey results, households that used prepaid cards in 2017 obtained them from a variety of sources. As shown in Figure 5.5, the most common source in 2017 was a store or website that is not a bank (45.4 percent of households that used prepaid cards obtained cards from this source), followed by a government agency, family or friends, and a bank location or a bank's website.

Among households that used prepaid cards, the proportion that obtained cards from stores or websites that are not banks increased from 42.6 percent in 2015 to 45.4 percent in 2017, while the proportion that obtained cards from banks decreased from 17.3 percent to 13.3 percent.[45] The decline from 2015 to 2017 in the use of prepaid cards obtained from banks accounts for most of the decline in overall prepaid card use during this period.[46]

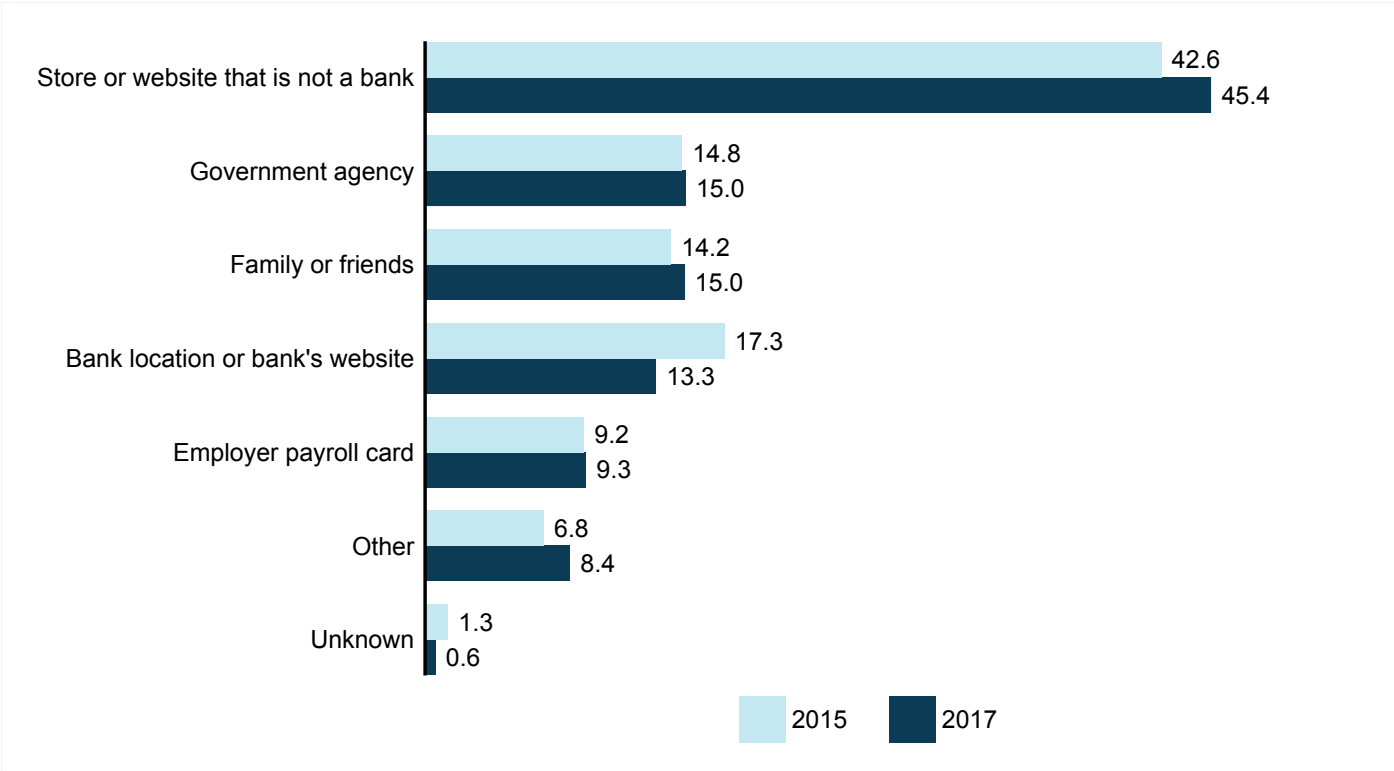
As in 2015, sources of prepaid cards differed by banking status in 2017 (see Table 5.3). In particular, unbanked households that used prepaid cards were much less likely to have obtained cards from banks, compared with underbanked and fully banked households that used prepaid cards. Regardless of banking status, the most common source of prepaid cards in 2017 was a store or website that is not a bank.

[44]The main reasons for not having a bank account showed qualitatively similar patterns as the cited reasons in Figure 5.4.

[45]Estimates of the share of households that obtained prepaid cards from the various sources in 2015 and 2017 were not comparable to 2013 because of changes to the survey instrument.

[46]Further, after accounting for changes in bank account ownership and the household characteristics listed in Appendix Table A.2, the remaining decrease from 2015 to 2017 in the use of prepaid cards from banks was statistically significant, unlike for overall prepaid card use.

Figure 5.5 Sources of Prepaid Cards for Households That Used Prepaid Cards in Past 12 Months by Year (Percent)



Note: Bars sum to more than 100 percent because households with multiple prepaid cards were asked to select all sources of their cards.

Table 5.3 Sources of Prepaid Cards by Banking Status, 2017
For all households that used prepaid cards in the past 12 months, row percent

Characteristics	Store or website that is not a bank (Percent)	Government agency (Percent)	Family or friends (Percent)	Bank location or bank's website (Percent)	Employer payroll card (Percent)	Other (Percent)	Unknown (Percent)
All	45.4	15.0	15.0	13.3	9.3	8.4	0.6
Banking status							
Unbanked	44.6	31.5	3.1	5.1	13.9	7.6	0.6
Underbanked	48.4	12.4	13.5	14.9	9.6	8.3	0.6
Fully banked	44.2	10.3	19.7	15.7	7.3	8.9	0.6

Note: Row percentages sum to more than 100 because households with multiple prepaid cards were asked to select all sources of their cards.

6. Alternative Financial Services

As in earlier surveys, the 2017 survey asked households about their use of alternative financial services (AFS) during the past 12 months. Households were asked if they went to a place other than a bank to purchase 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).[47]

As shown in Table 6.1, 22.1 percent of households used some type of AFS in 2017, down from 24.0 percent in 2015 and 24.9 percent in 2013. Use of transaction AFS remained more common than use of credit AFS in 2017. However, use of transaction AFS steadily declined from 2013, while use of credit AFS decreased from 2015 to 2017 after having increased from 2013 to 2015. The decrease in the use of credit AFS from 2015 to 2017 can be attributed primarily to changes in income and other characteristics of U.S. households over this period.[48]

Alternative Financial Services Use by Household Characteristics

Consistent with past survey results, AFS use differed across households. As shown in Table 6.2, AFS use in 2017 was more common among lower-income households, less-educated households, younger households, black and Hispanic households, working-age disabled households, and households with volatile income.

Declines in AFS use over time were fairly widespread across segments of the population. For example, among households with less than $15,000 in income, 32.4 percent used AFS in 2017, down from 38.6 percent in 2015 and 39.1 percent in 2013. AFS use among younger households, black households, and working-age disabled households also decreased substantially from 2013 to 2017.

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)
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
2017	129,276	22.1	70.9	7.1	18.3	74.8	6.9	6.9	86.4	6.7

[47]In this section, all estimates of AFS use are based on the 12 months before the survey. The 2017 survey asked about the same set of AFS as the 2013 and 2015 surveys, except that the 2017 survey included a new question that asked households that had not used payday loans, refund anticipation loans, pawn shop loans, or auto title loans whether they had, in the past 12 months, "taken out any other types of loans or lines of credit from a payday lender, auto title lender, pawn shop, or check casher." This question was designed to elicit use of installment loans from payday lenders, auto title lenders, pawn shops, or check cashers. Because only 0.5 percent of households that were asked this question responded affirmatively, the 2017 estimates of AFS use and banking status in this report do not incorporate the responses to this question and are therefore comparable to the 2013 and 2015 estimates. Incorporating the responses to this question would lead to small changes in estimated credit AFS use, any AFS use, and the underbanked rate for 2017: the proportion of households that used credit AFS would increase from 6.9 percent to 7.3 percent, the proportion of households that used any AFS would increase from 22.1 percent to 22.4 percent, and the underbanked rate would increase from 18.7 percent to 19.0 percent. See Appendix 2 for additional details on changes to the survey instrument.

[48]After accounting for changes in the household characteristics listed in Appendix Table A.2, the remaining decrease in the use of credit AFS from 2015 to 2017 was not statistically significant.

Table 6.2 Alternative Financial Services Use by Selected Household Characteristics and Year
For all households

Characteristics	2013 (Percent)	2015 (Percent)	2017 (Percent)	Difference (2017-2015)
All	24.9	24.0	22.1	-1.9*
Family income				
Less than $15,000	39.1	38.6	32.4	-6.2*
$15,000 to $30,000	33.1	31.0	29.7	-1.2
$30,000 to $50,000	26.5	26.6	25.8	-0.9
$50,000 to $75,000	20.9	21.0	20.5	-0.5
At least $75,000	13.8	13.5	13.5	-0.1
Education				
No high school diploma	39.5	39.0	35.4	-3.6*
High school diploma	28.7	27.8	25.3	-2.5*
Some college	26.9	25.3	23.6	-1.8*
College degree	14.9	15.0	14.9	-0.1
Age group				
15 to 24 years	41.5	37.8	34.6	-3.2
25 to 34 years	33.6	31.1	28.0	-3.1*
35 to 44 years	29.6	28.1	26.6	-1.5
45 to 54 years	26.7	24.8	22.9	-1.9*
55 to 64 years	20.9	21.8	20.7	-1.1
65 years or more	13.1	14.1	13.0	-1.1*
Race/Ethnicity				
Black	46.1	42.2	39.9	-2.3*
Hispanic	40.3	38.5	36.0	-2.4*
Asian	18.6	22.3	18.0	-4.3*
White	18.1	17.3	15.5	-1.8*
Other	36.5	34.1	35.0	0.9
Disability status				
Disabled, age 25 to 64	38.7	38.0	33.2	-4.8*
Not disabled, age 25 to 64	26.0	24.5	23.1	-1.4*
Monthly income volatility				
Income was about the same each month		22.6	21.2	-1.4*
Income varied somewhat from month to month		32.6	30.6	-1.9*
Income varied a lot from month to month		40.3	36.4	-3.9*

Notes: Monthly income volatility is not available for 2013. Asterisks indicate differences that are statistically significant at the 10 percent level. See Appendix Table D.1 for estimates by other household characteristics and for selected confidence intervals.

Table 6.3 Use of Specific Alternative Financial Services by Bank Account Ownership and Year
For all households

Specific AFS	2013 (Percent)	2015 (Percent)	2017 (Percent)	Difference (2017-2015)
A. All households				
Money orders	17.3	15.0	13.4	-1.6*
Check cashing	6.5	6.5	5.9	-0.6*
Remittances	3.7	3.7	3.4	-0.3
Pawn shop loans	2.9	1.8	1.4	-0.4*
Payday loans	2.0	2.0	1.7	-0.3*
Refund anticipation loans	1.8	2.6	2.4	-0.2*
Rent-to-own	1.5	1.8	1.4	-0.3*
Auto title loans	0.9	1.3	1.4	0.0
B. Unbanked households				
Money orders	47.3	43.2	39.5	-3.7*
Check cashing	35.9	30.3	27.0	-3.3*
Remittances	9.2	7.9	5.6	-2.3*
Pawn shop loans	9.9	6.6	4.3	-2.3*
Payday loans	2.7	3.6	2.9	-0.7
Refund anticipation loans	3.8	4.5	3.3	-1.1
Rent-to-own	4.5	5.0	3.6	-1.4*
Auto title loans	1.7	2.3	2.2	-0.1
C. Banked households				
Money orders	14.7	12.8	11.6	-1.2*
Check cashing	4.1	4.7	4.4	-0.2
Remittances	3.2	3.4	3.3	-0.1
Pawn shop loans	2.3	1.5	1.2	-0.2*
Payday loans	1.9	1.8	1.6	-0.2*
Refund anticipation loans	1.6	2.5	2.3	-0.2
Rent-to-own	1.2	1.5	1.3	-0.2*
Auto title loans	0.8	1.3	1.3	0.1

Note: Asterisks indicate differences that are statistically significant at the 10 percent level.

Alternative Financial Services Use by Bank Account Ownership

AFS use continued to be much higher among unbanked households than banked households. As shown in Figures 6.1 and 6.2, 51.3 percent of unbanked households used AFS in 2017, compared with 20.0 percent of banked households. Although AFS use was more common among unbanked households, the proportion that used AFS decreased substantially in recent years and is attributable to declines in the use of both transaction and credit AFS over this period. Use of AFS among banked households also decreased in recent years and is attributable almost entirely to the decline in the use of transaction AFS over this period.

Table 6.3 shows use of specific AFS by bank account ownership and year. Overall, as shown in panel A, money orders remained the most commonly used AFS in 2017, followed by check cashing and remittances.[49] However, use of nonbank money orders declined substantially in recent years, particularly among unbanked households. Use of nonbank check cashing also declined sharply among unbanked households: 27.0 percent used a nonbank check casher in 2017, down from 30.3 percent in 2015 and 35.9 percent in 2013.

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

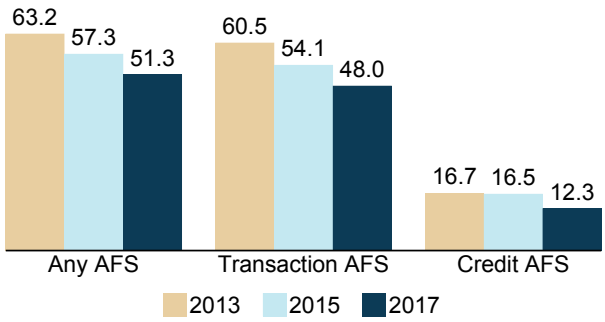
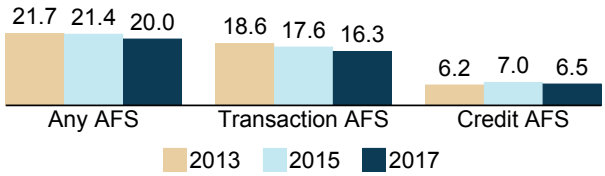


Figure 6.2 Alternative Financial Services Use in Past 12 Months by Year, Banked Households (Percent)



[49]In addition to nonbank remittance use, the 2015 and 2017 surveys asked households whether they used a bank to send a remittance in the past 12 months. Similar proportions of households used banks to send remittances in 2015 (1.6 percent) and 2017 (1.8 percent). In both years, use of banks to send remittances was less common than use of nonbanks.

7. Saving for Unexpected Expenses or Emergencies

Savings can help households better manage unexpected expenses or emergencies, such as a sudden illness, job loss, or home or car 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 and 2017 surveys included 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.[50] 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, indicating 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.

Between 2015 and 2017, the proportion of households that saved for unexpected expenses or emergencies in the past 12 months increased from 56.3 percent to 57.8 percent.[51] This increase can be attributed primarily to changes in income and other characteristics of U.S. households between 2015 and 2017.[52]

Savings Rates by Household Characteristics

As in 2015, rates of saving for unexpected expenses or emergencies in 2017 varied by household characteristics (see Table 7.1). For example, savings rates were lower among lower-income households, less-educated households, older households, black and Hispanic households, and working-age disabled households. Differences by income and education were especially pronounced. For instance, only 28.9 percent of households with less than $15,000 in income saved for unexpected expenses or emergencies in 2017, compared with 73.8 percent of households with income of $75,000 or more.

Mirroring the increase in the savings rate from 2015 to 2017 at the national level, savings rates for many population segments increased over the same period, though the increases were often not statistically significant. The savings rate among Hispanic households increased considerably, from 42.5 percent in 2015 to 48.2 percent in 2017. Moreover, savings rates among younger households increased more than savings rates among older households.

Savings Rates by Geography

As in 2015, rates of saving for unexpected expenses or emergencies in 2017 varied across regions of the United States. Savings rates continued to be higher in the Midwest (60.9 percent in 2017) and West (60.4 percent) and lower in the Northeast (55.8 percent) and South (55.3 percent). The savings rate in the South increased from 52.1 percent in 2015 to 55.3 percent in 2017, the largest increase among regions. (See Appendix Table E.1.)

Figure 7.1 shows that savings rates varied widely across states in 2017, ranging from 40.5 percent in West Virginia to 74.1 percent in Utah. Certain areas experienced large changes in savings rates from 2015 to 2017. For example, the savings rate in Washington, DC, increased from 53.2 percent to 67.0 percent, while the savings rate in Maine decreased from 68.7 percent to 60.0 percent. (See Appendix Tables E.2 and E.3 for detailed state- and MSA-level estimates and for selected confidence intervals.)

Savings Methods

Figure 7.2 shows that among all households that saved for unexpected expenses or emergencies, savings and checking accounts were the most used savings methods in 2015 and 2017: more than four in five (85.5 percent in 2017 and 84.9 percent in 2015) kept savings in one of these accounts. In both years, about one in ten (10.5 percent) households that saved maintained savings in the home, or with family or friends.

[50]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.

[51]The analysis presented in this section excludes 3,106 observations (representing roughly 12.1 million households) with missing information on whether the household saved for unexpected expenses or emergencies.

[52]After accounting for changes in the household characteristics listed in Appendix Table A.2, the remaining increase in the savings rate from 2015 to 2017 was not statistically significant.

Table 7.1 Rates of Saving for Unexpected Expenses or Emergencies by Selected Household Characteristics and Year
For all households

Characteristics	2015 (Percent)	2017 (Percent)	Difference (2017-2015)
All	56.3	57.8	1.4*
Family income			
Less than $15,000	30.8	28.9	-1.9
$15,000 to $30,000	42.2	41.0	-1.2
$30,000 to $50,000	53.2	54.7	1.4
$50,000 to $75,000	63.6	63.7	0.1
At least $75,000	72.9	73.8	1.0
Education			
No high school diploma	30.1	31.7	1.6
High school diploma	47.2	48.6	1.4
Some college	58.9	59.1	0.2
College degree	69.4	70.0	0.6
Age group			
15 to 24 years	55.7	60.1	4.4*
25 to 34 years	60.7	63.9	3.1*
35 to 44 years	58.8	61.2	2.4*
45 to 54 years	58.2	59.3	1.1
55 to 64 years	56.4	56.8	0.4
65 years or more	50.1	50.6	0.5
Race/Ethnicity			
Black	45.6	45.7	0.1
Hispanic	42.5	48.2	5.7*
Asian	52.9	55.2	2.3
White	61.3	62.4	1.1*
Other	56.2	53.1	-3.1
Disability status			
Disabled, age 25 to 64	39.0	38.5	-0.5
Not disabled, age 25 to 64	61.3	63.2	1.9*
Monthly income volatility			
Income was about the same each month	56.3	56.9	0.7
Income varied somewhat from month to month	58.3	63.0	4.7*
Income varied a lot from month to month	51.3	52.5	1.2

Notes: Asterisks indicate differences that are statistically significant at the 10 percent level. See Appendix Table E.1 for estimates by other household characteristics and for selected confidence intervals.

Savings Methods by Household Characteristics

As in 2015, 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 in 2017 (see Table 7.2). For example, among households that saved for unexpected expenses or emergencies, lower-income households, less-educated households, working-age disabled households, and households with volatile income 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, 49.6 percent of households with less than $15,000 in income kept savings in a savings account in 2017, compared with 79.1 percent of households with income of $75,000 or more.[53] Differences in savings methods by race and ethnicity were small relative to differences by income and education.

[53]Among households that saved, 71.0 percent of households with less than $15,000 in income kept savings in a savings or checking account in 2017, compared with 89.9 percent of households with income of $75,000 or more.

Figure 7.1 Rates of Saving for Unexpected Expenses or Emergencies by State, 2017

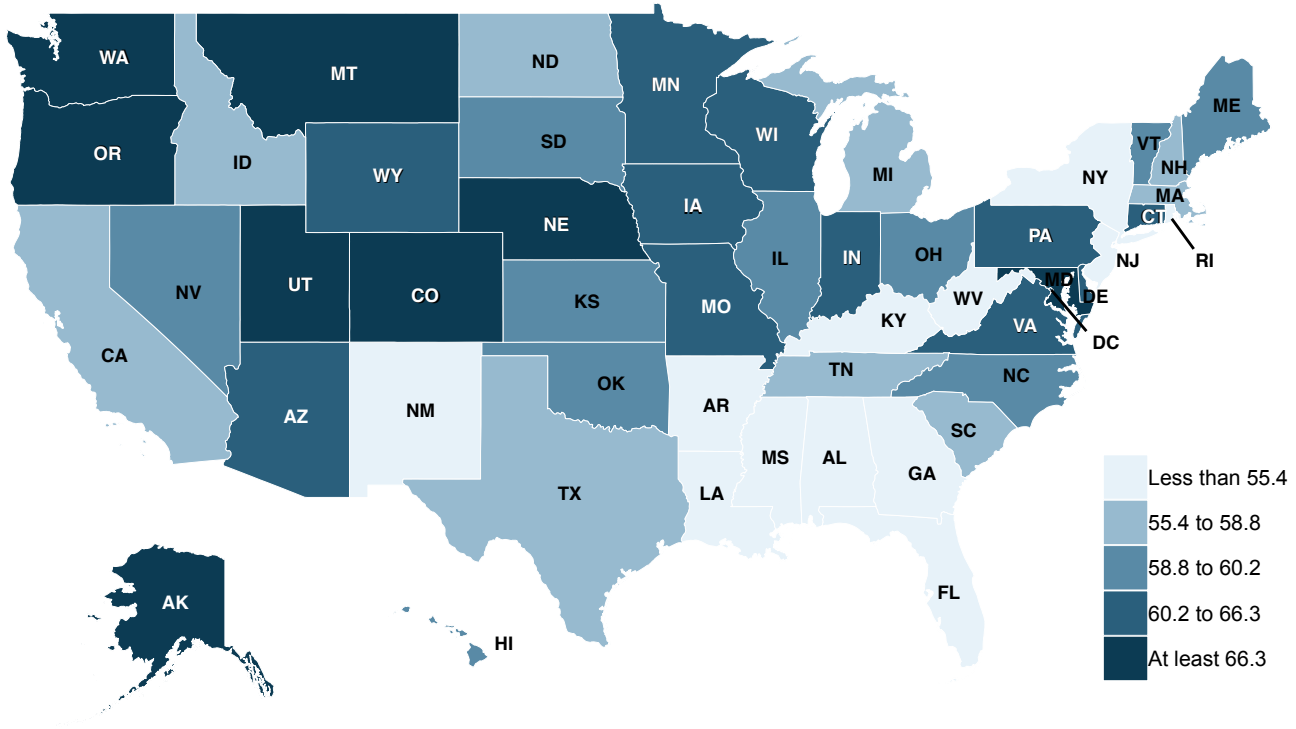
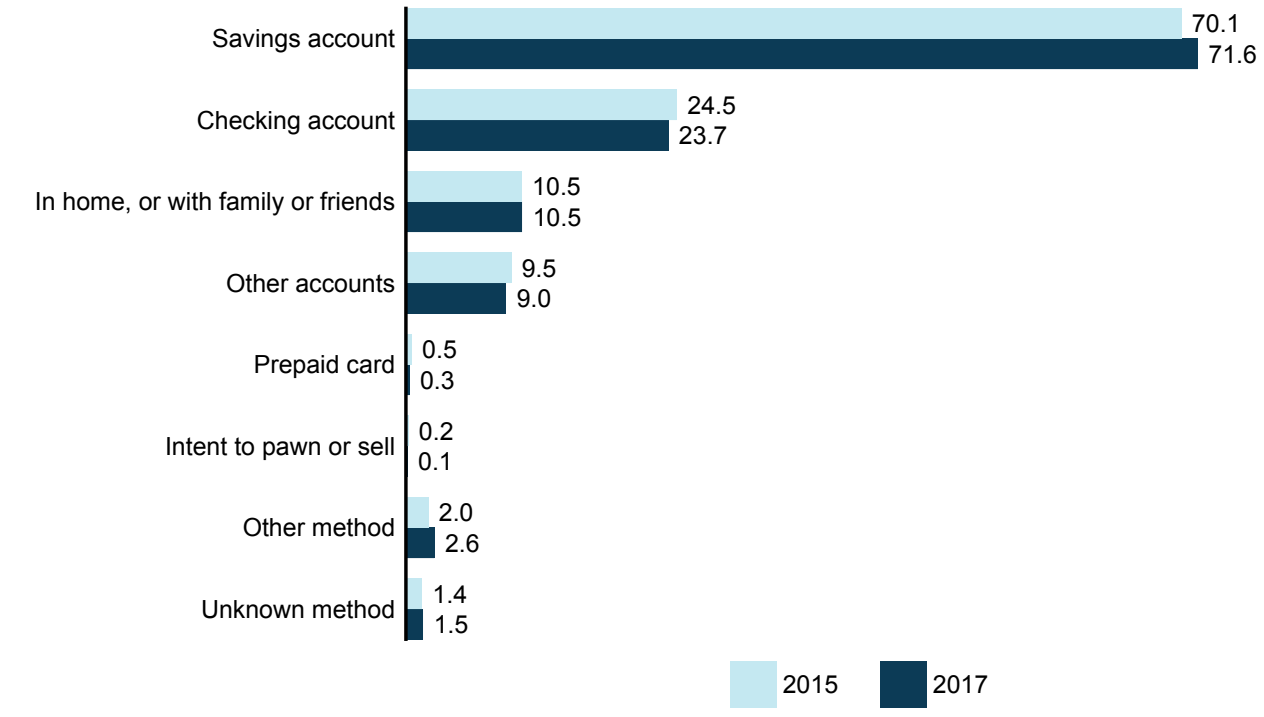


Figure 7.2 All Savings Methods for Households That Saved by Year (Percent)



Note: Bars sum to more than 100 percent because households were asked to select all savings methods used.

Table 7.2 Savings Methods by Selected Household Characteristics, 2017
For all households that saved for unexpected expenses or emergencies in the past 12 months, row percent

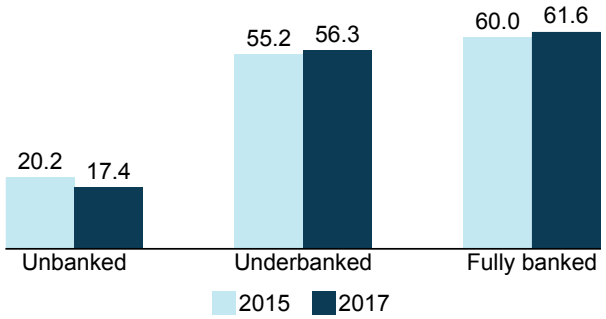
Characteristics	Savings account (Percent)	Checking account (Percent)	In home, or with family or friends (Percent)	Prepaid card (Percent)
All	71.6	23.7	10.5	0.3
Family income				
Less than $15,000	49.6	27.7	23.7	1.1
$15,000 to $30,000	54.3	26.2	19.1	0.7
$30,000 to $50,000	67.2	24.0	13.2	0.6
$50,000 to $75,000	74.9	21.8	9.2	0.2
At least $75,000	79.1	23.3	6.1	0.1
Education				
No high school diploma	52.8	26.0	21.6	1.1
High school diploma	64.8	23.5	15.5	0.5
Some college	70.1	21.9	12.1	0.4
College degree	78.1	24.8	5.7	0.1
Age group				
15 to 24 years	67.7	18.9	16.5	1.0
25 to 34 years	73.2	21.5	11.4	0.6
35 to 44 years	74.3	21.3	11.0	0.2
45 to 54 years	72.8	23.5	10.0	0.4
55 to 64 years	71.8	24.8	10.8	0.1
65 years or more	67.7	27.9	7.9	0.2
Race/Ethnicity				
Black	67.1	21.5	14.2	1.0
Hispanic	65.9	23.0	15.5	0.5
Asian	75.4	31.7	3.0	0.1
White	73.0	23.5	9.5	0.2
Other	62.8	27.6	20.5	1.2
Disability status				
Disabled, age 25 to 64	58.7	25.9	18.4	0.9
Not disabled, age 25 to 64	74.2	22.5	10.2	0.3
Monthly income volatility				
Income was about the same each month	72.9	23.7	9.4	0.3
Income varied somewhat from month to month	69.1	23.8	13.5	0.5
Income varied a lot from month to month	60.2	24.4	18.4	0.6

Notes: Row percentages sum to more than 100 because households were asked to select all savings methods used. 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

As in 2015, unbanked households saved for unexpected expenses or emergencies at a much lower rate than underbanked and fully banked households. Figure 7.3 shows that 17.4 percent of unbanked households saved for this purpose in 2017, compared with 56.3 percent of underbanked households and 61.6 percent of fully banked households. These estimates are similar to 2015.[54]

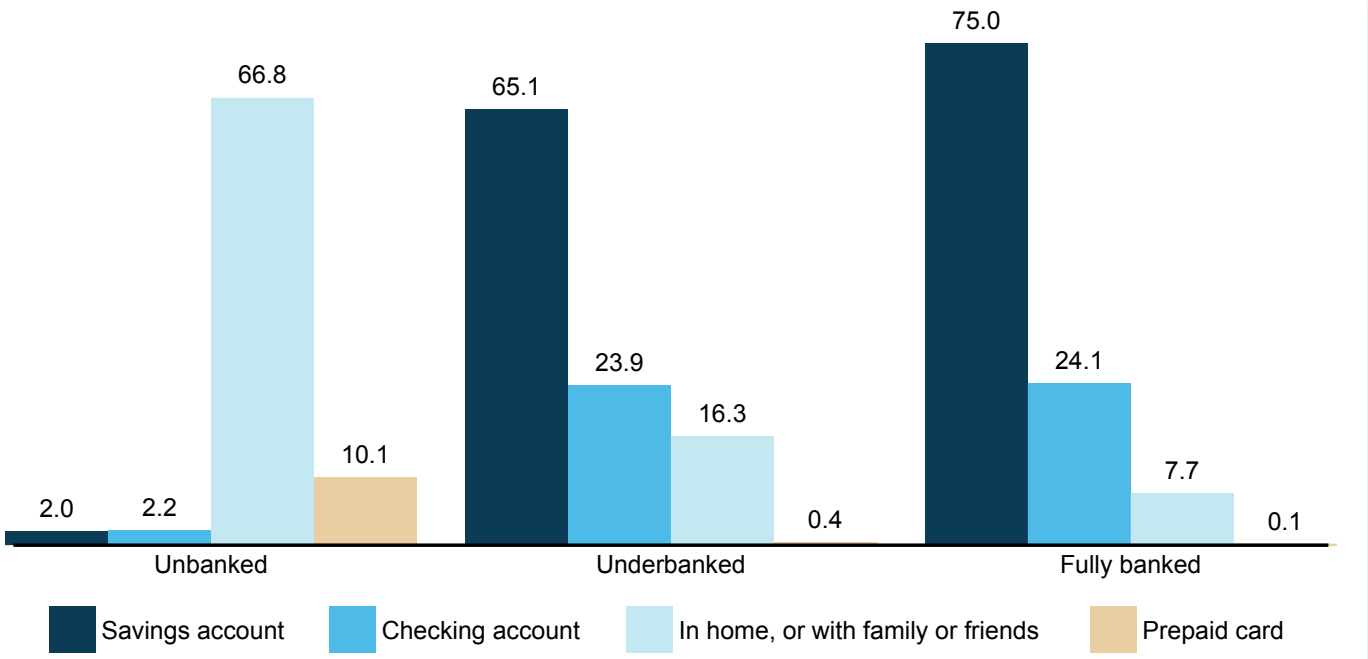
Figure 7.3 Rates of Saving for Unexpected Expenses or Emergencies by Banking Status and Year



Unbanked households generally saved using informal methods, while underbanked and fully banked households generally saved using formal methods, consistent with results from the 2015 survey. Figure 7.4 shows that, in 2017, unbanked households that saved primarily kept savings in the home, or with family or friends (66.8 percent).[55] In contrast, underbanked and fully banked households that saved primarily used savings accounts. The vast majority of underbanked (80.2 percent) and fully banked (88.8 percent) households that saved kept savings in a savings or checking account.

Although prepaid cards are generally thought of as transactional, some households, particularly the unbanked, used them to save. Among households that saved and used a prepaid card in the past 12 months, 23.8 percent of unbanked households kept savings on a prepaid card, compared with only 2.8 percent of underbanked households and 0.9 percent of fully banked households.

Figure 7.4 Selected Savings Methods for Households That Saved by Banking Status, 2017 (Percent)



Notes: Bars may sum to more than 100 percent because households were asked to select all savings methods used. See Appendix Table E.4 for the full set of savings methods by banking status.

[54]The decline in the savings rate for unbanked households from 2015 to 2017 was no longer statistically significant after accounting for changes in the household characteristics listed in Appendix Table A.2.

[55]In addition, 12.8 percent of unbanked households selected other method in 2017, which is substantially higher than the percentage of underbanked (3.9 percent) and fully banked (2.0 percent) households that selected other method. (See Appendix Table E.4.)

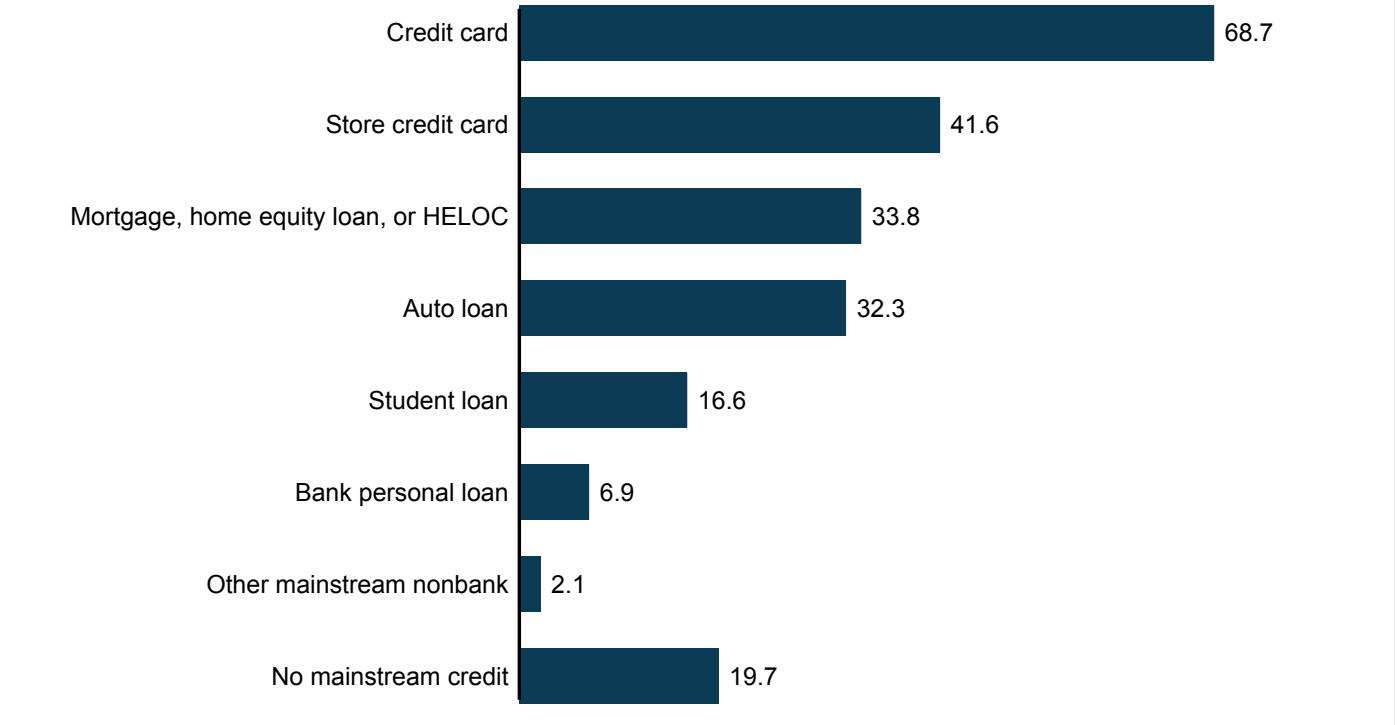
8. Credit

Building on the 2015 survey, which introduced questions about small-dollar bank credit, the 2017 survey included new questions to capture the full range of credit products that are likely reported to the major credit bureaus (i.e., mainstream credit). Specifically, the 2015 survey asked households whether, in the past 12 months, they had a credit card from Visa, MasterCard, American Express, or Discover (i.e., credit card) or a personal loan or line of credit from a bank (i.e., bank personal loan). Additional questions in the 2017 survey asked households whether, in the past 12 months, they had a store credit card; an auto loan; a student loan; a mortgage, home equity loan, or home equity line of credit (HELOC); or other personal loans or lines of credit from a company other than a bank (i.e., other mainstream nonbank).[56]

A household is considered to have used mainstream credit if it used any of the above credit products in the past 12 months. Households that did not have mainstream credit in the past 12 months likely did not have a credit score, which could make it more difficult to obtain mainstream credit should a credit need arise.

The 2017 survey also retained questions from the 2015 survey that provide information on credit applications and potential indicators of creditworthiness (i.e., credit characteristics). Specifically, households were asked whether, in the past 12 months, they applied for a credit card or bank personal loan (i.e., applied); were denied a credit card or bank personal loan, or not given as much credit as they applied for (i.e., denied); thought about applying for a credit card or bank personal loan but did not because they thought they might be turned down (i.e., felt discouraged about applying); or fell behind on bills.

Figure 8.1 Use of Mainstream Credit Products, 2017 (Percent)



[56]Other mainstream nonbank credit includes finance company loans and purchase loans or lines of credit from retailers. This category does not include credit AFS.

Mainstream Credit Product Use

Figure 8.1 presents the shares of households in 2017 that used each mainstream credit product.[57] Credit cards were the most common (68.7 percent of households had a credit card from Visa, MasterCard, American Express, or Discover, and 41.6 percent had a store credit card), followed by mortgages, home equity loans, or HELOCs; and auto loans. Student loans, bank personal loans, and other mainstream nonbank credit were much less common.

Mainstream Credit Product Use by Banking Status and Household Characteristics

Table 8.1 shows the shares of households in 2017 that used each mainstream credit product by banking status and household characteristics. Use of each mainstream credit product was much lower among unbanked households, relative to underbanked and fully banked households. For example, only 7.2 percent of unbanked households had a credit card, compared with 60.0 percent of underbanked households and 76.3 percent of fully banked households. Use of mainstream credit products also varied widely across socioeconomic and demographic groups. In general, lower-income households, less-educated households, the youngest and oldest households, black and Hispanic households, and working-age disabled households were less likely to use most mainstream credit products.

Credit usage patterns varied somewhat by product type. For example, while similar shares of black and white households had student loans, use of the remaining mainstream credit products was generally lower among black households.

Credit Characteristics by Banking Status and Household Characteristics

Table 8.2 presents the proportions of households in 2017 that applied for a credit card or bank personal loan by banking status and selected household characteristics. Overall, 14.1 percent of households applied for a credit card or bank personal loan in the past 12 months. Unbanked households applied at a substantially lower rate (3.0 percent) than underbanked (18.0 percent) and fully banked households (14.0 percent). Certain segments of the population, including lower-income households, less-educated households, older households, and black and Hispanic households, also applied at lower rates than other segments.

Table 8.2 also shows the shares of households in 2017 that applied for a credit card or bank personal loan and were denied, that felt discouraged about applying, or that fell behind on bills. Overall, 19.5 percent of households were denied a credit card or bank personal loan (conditional on having applied), 5.6 percent felt discouraged about applying, and 14.5 percent fell behind on bills. Lower-income households, working-age disabled households, and households with volatile income were more likely to have been denied (conditional on having applied), to have felt discouraged about applying, or to have fallen behind on bills.

Changes in Credit Card Ownership and Credit Characteristics

Table 8.3 shows that credit card ownership and a few of the credit characteristics changed somewhat from 2015 to 2017. Credit card ownership increased slightly from 66.5 percent in 2015 to 68.7 percent in 2017.[58] The share of households that felt discouraged about applying for a credit card or bank personal loan declined from 2015 to 2017. This decline can be attributed primarily to changes in income and other characteristics of U.S. households between 2015 and 2017.[59] Finally, the share of households that fell behind on bills decreased.

Share of Households With No Mainstream Credit by Banking Status and Household Characteristics

A positive credit history can promote financial resiliency and overall financial health. Households with an insufficient credit history, however, likely face substantially reduced access to mainstream credit. A positive credit history also facilitates large purchases that may not be feasible without credit, such as a house or car. Finally, lack of a credit history may affect employment and rental housing opportunities, as prospective employers and landlords often rely on credit reports as part of the application process.

As shown in Table 8.1, one in five (19.7 percent) households in 2017 had no mainstream credit in the past 12 months and likely did not have a credit score. Households without a credit score may be "credit invisible," meaning that no one in the household has a record at one of the credit bureaus. Alternatively, a household member may have a record at one of the credit bureaus but not have sufficient credit history to be scored. At least one active trade line in the past six months is generally required to generate a credit score.

[57]The analysis presented in this section excludes 3,622 observations (representing roughly 14.2 million households) with missing information on whether the household used one or more mainstream credit products; used credit AFS; applied for, was denied, or felt discouraged about applying for a credit card or bank personal loan; or fell behind on bills. In Table 8.3, the 2015 estimates are identical to those in the 2015 report.

[58]The share of households with a bank personal loan was 9.8 percent in 2015 and 6.9 percent in 2017; however, these estimates are not necessarily comparable across time because of changes in question wording and placement between the 2015 and 2017 surveys. It is possible that some respondents included more products as personal loans or lines of credit from a bank, such as home equity loans or HELOCs, in the 2015 survey than in the 2017 survey. See Appendix 2 for additional details.

[59]After accounting for changes in the household characteristics listed in Appendix Table A.2, the remaining decline from 2015 to 2017 in the share of households that felt discouraged about applying was not statistically significant.

Table 8.1 Use of Mainstream Credit Products by Banking Status and Selected Household Characteristics, 2017
For all households, row percent

Characteristics	Credit card (Percent)	Store credit card (Percent)	Mortgage, home equity loan, or HELOC (Percent)	Auto loan (Percent)	Student loan (Percent)	Bank personal loan (Percent)	Other mainstream nonbank (Percent)	No mainstream credit (Percent)
All	68.7	41.6	33.8	32.3	16.6	6.9	2.1	19.7
Banking status								
Unbanked	7.2	4.0	3.4	5.7	4.5	1.2	1.0	80.2
Underbanked	60.0	37.9	26.3	35.5	20.6	8.4	4.3	21.9
Fully banked	76.3	45.7	38.5	33.7	16.5	7.0	1.6	14.1
Family income								
Less than $15,000	31.3	16.7	6.7	9.4	8.4	2.1	1.4	56.2
$15,000 to $30,000	48.6	25.8	13.9	16.0	9.3	3.4	1.8	35.8
$30,000 to $50,000	64.1	37.2	23.7	28.0	14.0	5.6	2.3	20.1
$50,000 to $75,000	77.0	47.4	37.0	37.7	17.7	7.6	2.5	11.2
At least $75,000	88.8	56.7	56.2	47.0	23.6	10.5	2.1	4.3
Education								
No high school diploma	33.3	19.3	12.8	14.2	2.9	2.6	1.7	53.0
High school diploma	57.7	36.0	25.8	27.2	8.4	5.9	1.9	28.1
Some college	68.4	42.9	33.5	34.8	18.1	7.6	2.5	17.2
College degree	86.0	50.3	45.3	38.6	24.7	8.2	1.9	7.2
Age group								
15 to 24 years	56.1	26.2	12.8	31.4	31.4	4.5	2.2	24.6
25 to 34 years	67.9	35.4	29.7	40.4	32.8	7.4	2.1	18.5
35 to 44 years	69.1	41.3	43.0	42.0	24.5	8.6	2.5	18.0
45 to 54 years	69.3	45.7	45.1	39.6	16.4	8.2	2.4	17.9
55 to 64 years	69.6	45.7	39.4	29.8	10.0	7.6	2.2	19.2
65 years or more	70.6	43.0	22.3	17.2	2.8	4.5	1.4	22.4
Race/Ethnicity								
Black	47.9	28.2	19.3	23.7	17.8	5.7	2.8	36.0
Hispanic	53.9	35.3	24.6	29.0	14.3	5.2	1.4	31.5
Asian	80.8	42.5	36.1	32.5	14.0	5.6	0.9	13.8
White	75.3	45.7	38.5	34.7	17.0	7.6	2.1	14.4
Other	52.2	31.2	28.1	32.7	15.6	8.5	2.9	28.3
Disability status								
Disabled, age 25 to 64	43.1	27.6	22.9	21.1	10.5	6.0	3.2	40.4
Not disabled, age 25 to 64	72.7	44.3	41.8	40.1	21.8	8.2	2.2	15.3
Monthly income volatility								
Income was about the same each month	69.2	41.5	33.5	31.4	15.7	6.1	1.8	19.9
Income varied somewhat from month to month	68.2	43.6	36.8	36.7	20.1	9.7	2.8	18.1
Income varied a lot from month to month	62.8	35.7	28.1	31.0	19.2	9.8	4.2	23.5
Nativity								
U.S.-born	69.8	42.5	34.9	33.3	17.5	7.3	2.2	18.5
Foreign-born citizen	70.2	42.7	35.3	28.8	14.6	5.4	1.2	19.9
Foreign-born noncitizen	53.3	28.9	18.6	23.5	7.1	3.2	1.5	35.9

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

Table 8.2 Credit Characteristics by Banking Status and Selected Household Characteristics, 2017
For all households, row percent

Characteristics	Applied (Percent)	Denied (Percent)	Felt discouraged about applying (Percent)	Fell behind on bills (Percent)	Denied, conditional on applying (Percent)
All	14.1	2.8	5.6	14.5	19.5
Banking status					
Unbanked	3.0	1.7	8.5	39.9	NA
Underbanked	18.0	6.2	13.2	29.1	34.2
Fully banked	14.0	1.9	3.3	8.3	13.7
Family income					
Less than $15,000	6.5	2.4	8.5	27.3	36.7
$15,000 to $30,000	8.4	3.1	7.3	22.9	36.7
$30,000 to $50,000	11.6	3.1	7.0	16.7	26.3
$50,000 to $75,000	15.2	2.9	5.4	12.1	18.8
At least $75,000	20.2	2.5	3.1	6.3	12.4
Education					
No high school diploma	5.4	1.5	6.2	22.3	28.3
High school diploma	10.2	2.1	5.7	17.3	20.5
Some college	14.5	3.8	7.3	18.1	26.2
College degree	18.9	2.7	4.0	7.6	14.2
Age group					
15 to 24 years	19.0	5.5	9.8	20.5	28.8
25 to 34 years	19.9	4.1	9.2	18.0	20.8
35 to 44 years	16.9	3.5	7.3	19.0	20.5
45 to 54 years	16.1	3.5	6.2	17.2	22.0
55 to 64 years	12.4	2.1	4.1	13.6	17.2
65 years or more	7.4	0.7	1.9	6.5	9.3
Race/Ethnicity					
Black	10.2	3.9	10.1	27.2	37.6
Hispanic	12.3	3.2	7.0	18.9	25.7
Asian	20.7	2.7	3.9	7.2	12.9
White	14.8	2.4	4.5	11.3	16.3
Other	12.6	4.4	7.5	24.1	NA
Disability status					
Disabled, age 25 to 64	11.3	3.7	9.0	30.9	32.8
Not disabled, age 25 to 64	16.9	3.2	6.3	14.8	19.1
Monthly income volatility					
Income was about the same each month	13.1	2.3	4.6	11.9	17.7
Income varied somewhat from month to month	18.0	4.1	8.5	21.0	22.6
Income varied a lot from month to month	17.9	5.5	11.4	35.5	30.6
Nativity					
U.S.-born	14.0	2.6	5.6	14.5	18.9
Foreign-born citizen	15.1	2.8	4.9	12.7	18.4
Foreign-born noncitizen	15.0	4.2	6.1	16.5	27.7

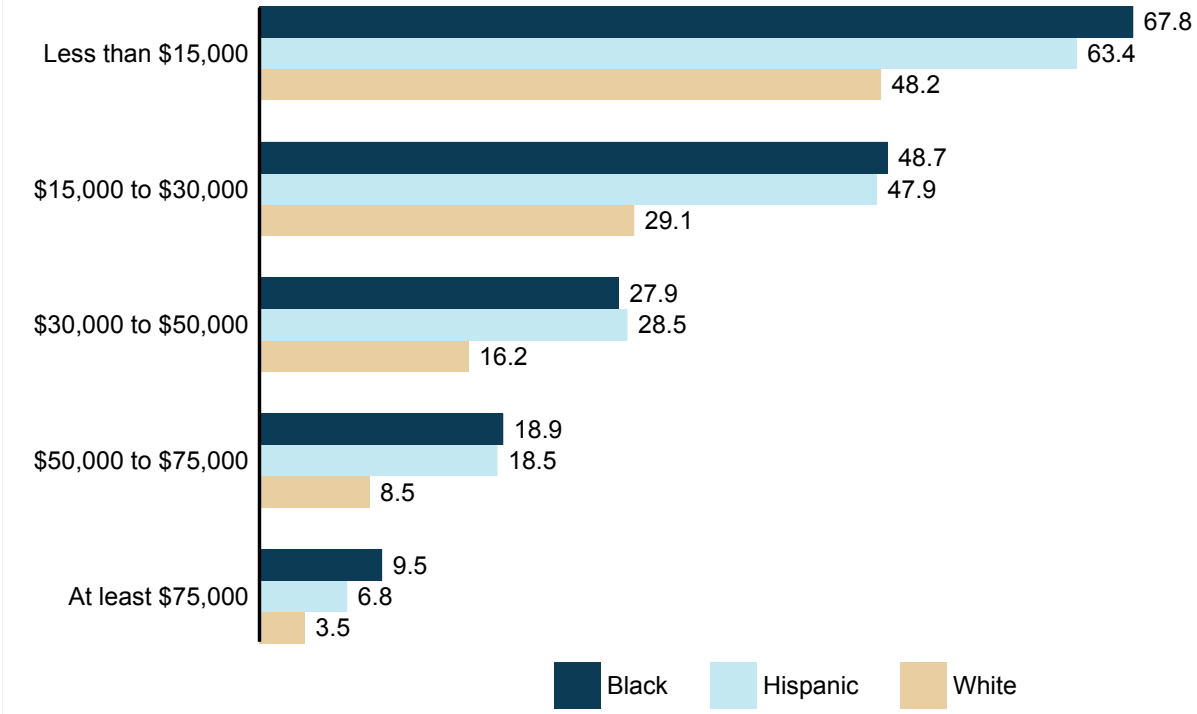
Notes: NA indicates that the sample size was too small to produce a precise estimate. See Appendix Tables F.5 – F.9 for estimates by other household characteristics.

Table 8.3 Credit Card Ownership and Credit Characteristics by Year
For all households

	2015 (Percent)	2017 (Percent)	Difference (2017-2015)
Credit card	66.5	68.7	2.2*
Applied	13.9	14.1	0.2
Denied	2.8	2.8	0.0
Felt discouraged about applying	6.1	5.6	-0.5*
Fell behind on bills	16.9	14.5	-2.4*
Denied, conditional on applying	20.0	19.5	-0.5

Notes: Asterisks indicate differences that are statistically significant at the 10 percent level. See Appendix Tables F.4 – F.9 for estimates by banking status and household characteristics and for selected confidence intervals.

Figure 8.2 No Mainstream Credit by Household Race and Ethnicity and Income Level, 2017 (Percent)



Note: To simplify the figure, estimates for Asian households and for households of other races and ethnicities are not shown.

Differences in the share of households with no mainstream credit by banking status were striking. Four in five (80.2 percent) unbanked households had no mainstream credit, compared with 21.9 percent of underbanked households and 14.1 percent of fully banked households. The share of households with no mainstream credit also varied substantially across socioeconomic and demographic groups. Lower-income households, less-educated households, black and Hispanic households, working-age disabled households, and foreign-born, noncitizen households were more likely not to have mainstream credit. Differences by income and education were especially pronounced. For example, 56.2 percent of households with less than $15,000 in income had no mainstream credit, compared with only 4.3 percent of households with income of $75,000 or more. Similarly, 53.0 percent of households with no high school diploma had no mainstream credit, compared with only 7.2 percent of households with a college degree.

Differences by race and ethnicity were also substantial: 36.0 percent of black households and 31.5 percent of Hispanic households had no mainstream credit, compared with 14.4 percent of white households. As shown in Figure 8.2, at all income levels, black and Hispanic households were more likely not to have mainstream credit. Racial and ethnic differences in bank account ownership and socioeconomic and demographic characteristics beyond income can account for some, but not all, of the racial and ethnic differences in the likelihood of not having mainstream credit.

The youngest and oldest age groups were more likely not to have mainstream credit, although after accounting for differences in income across age groups, households aged 15 to 24 years were less likely than the other age groups not to have mainstream credit.

Share of Households With No Mainstream Credit by Geography

The share of households with no mainstream credit varied across regions of the United States. Almost one in four (23.8 percent) households in the South had no mainstream credit, compared with 18.2 percent in the Northeast, 17.3 percent in the West, and 16.5 percent in the Midwest. Figure 8.3 shows that the share of households with no mainstream credit varied widely across states, ranging from 8.1 percent in Minnesota to 37.7 percent in Mississippi. (See Appendix Tables F.2 and F.3 for detailed state- and MSA-level estimates.)

Figure 8.3 No Mainstream Credit by State, 2017 (Percent)

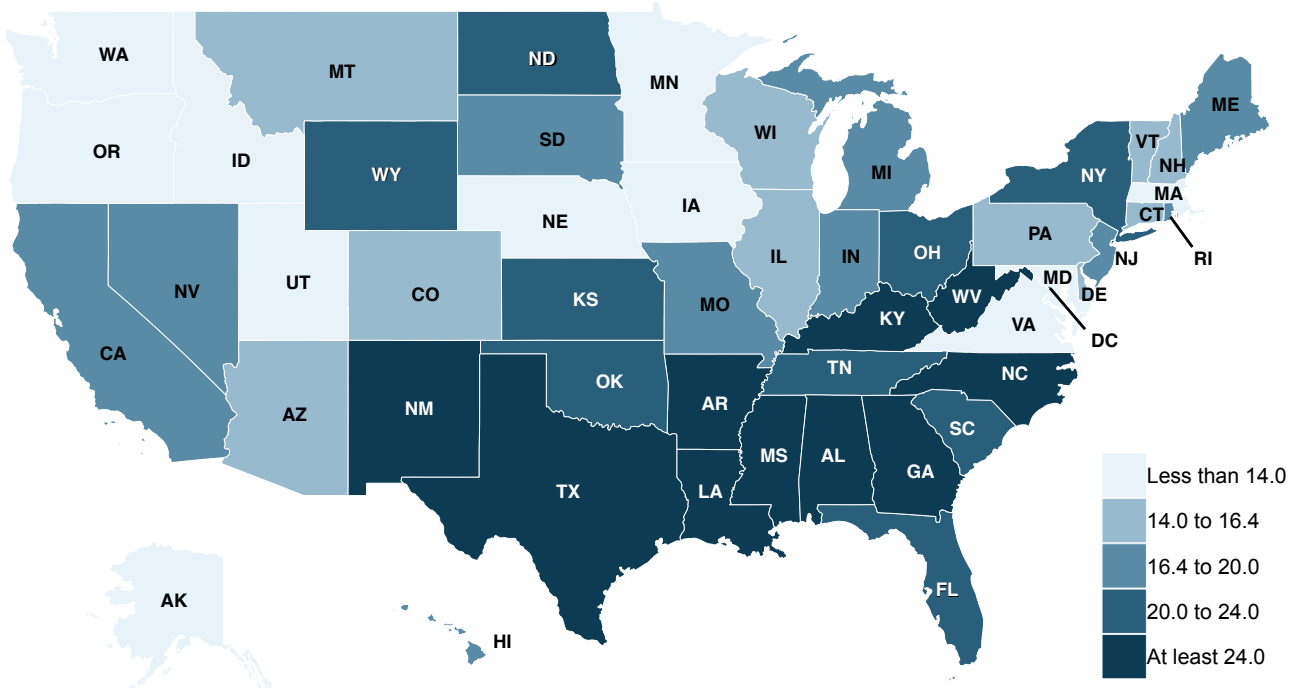


Figure 8.4 Interest in Having Credit Among Households With No Mainstream Credit, 2017 (Percent)

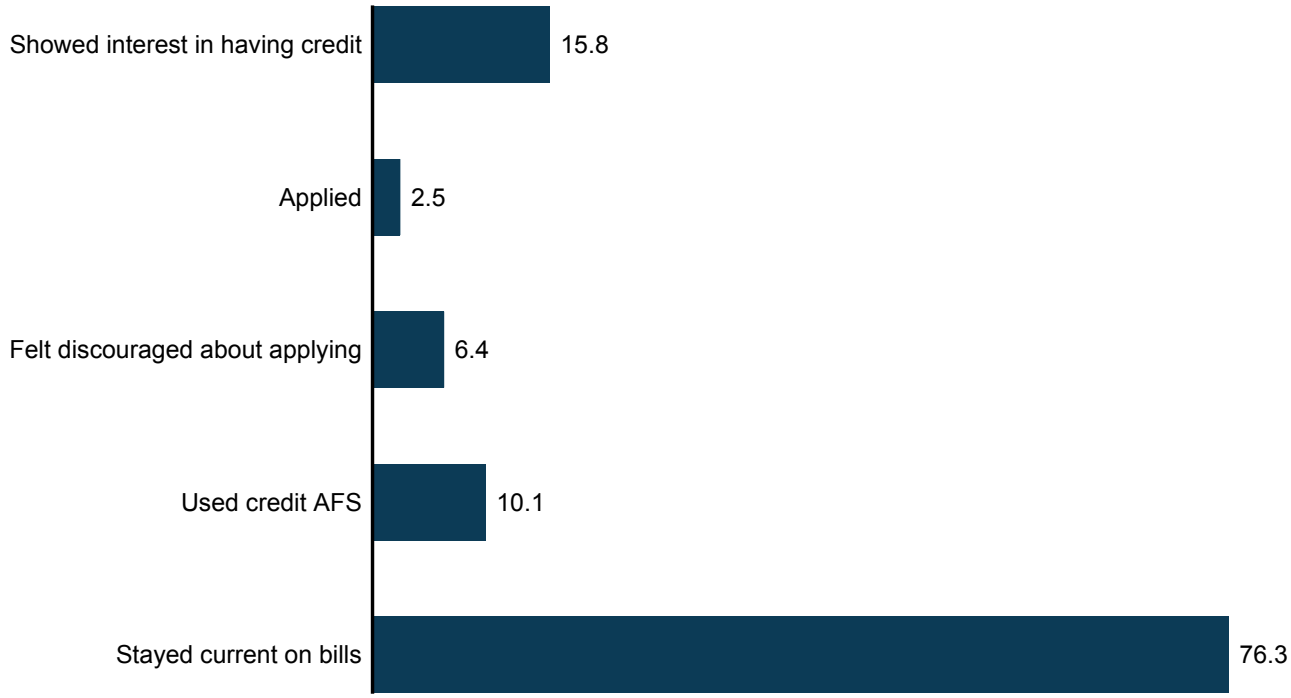
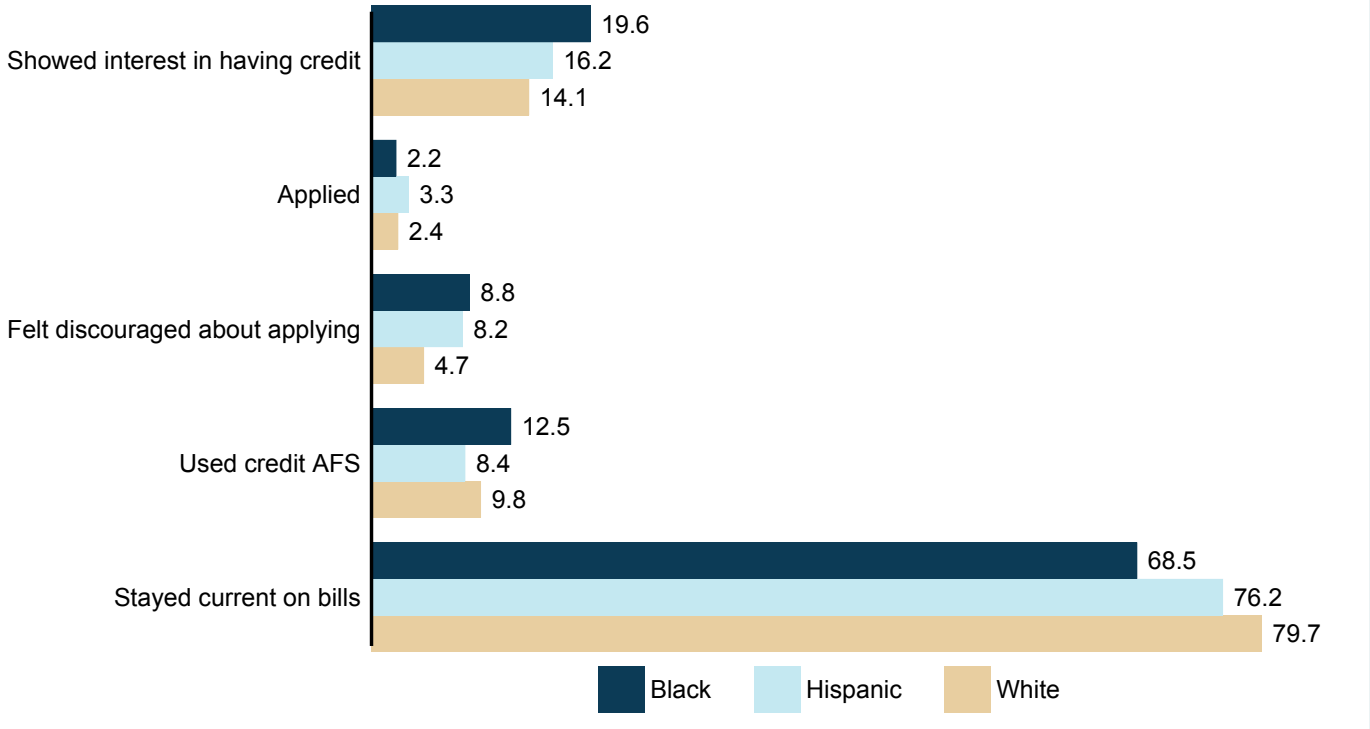


Figure 8.5 Interest in Having Credit Among Households With No Mainstream Credit by Household Race and Ethnicity, 2017 (Percent)



Note: To simplify the figure, estimates for Asian households and for households of other races and ethnicities are not shown.

Interest in Having Credit Among Households With No Mainstream Credit

Two reasons why households may not have mainstream credit are that they are not interested in having credit or that they do not appear creditworthy. For the purposes of this report, we consider a household to have shown interest in having credit if the household applied for a credit card or bank personal loan, felt discouraged about applying, or used credit AFS.[60]

As indicated in Figure 8.4, approximately one in six (15.8 percent) households with no mainstream credit in 2017 showed interest in having credit. Among households with no mainstream credit, 2.5 percent applied for a credit card or bank personal loan, 6.4 percent felt discouraged about applying, and 10.1 percent used credit AFS.[61]

Staying current on bills is one potential indicator of creditworthiness. As shown in Figure 8.4, about three in four (76.3 percent) households with no mainstream credit stayed current on bills in the past 12 months. Among households with no mainstream credit that showed interest in having credit, roughly half (46.7 percent) stayed current on bills. While staying current on bills is an imperfect measure of creditworthiness, it nevertheless provides some insight into these households' financial situation.

Figure 8.5 shows interest in having credit and the likelihood of staying current on bills among households with no mainstream credit in 2017 by race and ethnicity. Among these households, 19.6 percent of black households showed interest in having credit, compared with 16.2 percent of Hispanic households and 14.1 percent of white households.[62] Among households with no mainstream credit, the share that stayed current on bills was similar for Hispanic and white households, while the share was lower for black households.

Unmet Demand for Mainstream Small-Dollar Credit

Households may use certain credit products, including credit cards, bank personal loans, and credit AFS, to meet their small-dollar credit needs. Some households may have small-dollar credit needs that are not fully met by mainstream financial institutions. As in the 2015 report, we classify a household as having unmet demand for mainstream small-dollar credit if the household applied for and was denied a credit card or bank personal loan, felt discouraged about applying, or used credit AFS. Applying this convention, 12.9 percent of households had unmet demand for mainstream small-dollar credit in 2017, compared with 13.7 percent in 2015. The decline in the share of households with unmet demand from 2015 to 2017 is consistent with the declines in the shares of households that used credit AFS or that felt discouraged about applying for a credit card or bank personal loan. Among households with unmet demand, 57.2 percent stayed current on bills in 2017, up slightly from 52.5 percent in 2015.

[60]This definition is an approximation and likely does not capture all households that have shown interest in having credit. For example, households may have applied for or have felt discouraged about applying for other credit products, such as auto loans or student loans.

[61]For comparison, 24.8 percent of households with mainstream credit applied for a credit card or bank personal loan, felt discouraged about applying, or used credit AFS: 17.0 percent applied for a credit card or bank personal loan, 5.4 percent felt discouraged about applying, and 6.8 percent used credit AFS.

[62]The difference between Hispanic and white households in the share that showed interest in having credit was not statistically significant. Further, after accounting for differences between black and white households in the household characteristics listed in Appendix Table A.2, the remaining difference between black and white households in the share that showed interest in having credit was not statistically significant.

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

As in the 2015 survey, the 2017 survey included a number of questions about the ways households pay bills (for things like mortgage, rent, utilities, or child care) and receive income (from work, retirement, government benefits, or other sources) in a typical month. The goal of these questions was to learn more about the extent to which households use bank and other methods to meet their financial transactions needs in a typical month.[63]

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, and cashier's check or money order purchased at a bank. Other bill payment methods include nonbank money orders, prepaid cards, and cash.

Similarly, the following methods of receiving income are classified as bank methods: direct deposit into a bank account, and 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 paper check or money order (for households that were unbanked or that used a nonbank check casher to get the funds).[64]

National Estimates

The great majority of U.S. households used bank methods to pay bills in a typical month, consistent with the fact that most U.S. households have a bank account.[65] As illustrated in Figure 9.1, the most widely used method in 2017 was electronic payment from a bank account (68.4 percent). Use of personal checks was also common (61.3 percent), while use of other bill payment methods, such as cash, nonbank money orders, and prepaid cards, was substantially lower. Overall, 93.8 percent of households used at least one bank method to pay bills in a typical month, and 78.2 percent used only bank methods (i.e., they used a bank method and did not use cash, nonbank money orders, prepaid cards, or other).

Figure 9.2 shows methods used to receive income in a typical month. The most prevalent method was by far direct deposit into a bank account (86.7 percent). Approximately one in four households (27.6 percent) received income by paper check or money order. Of the households that used this method, 7.0 percent (or 1.9 percent of all households) used a nonbank check casher to get the funds in a typical month.[66] Less commonly used ways of receiving income were cash and direct deposit onto a prepaid card. Overall, 93.2 percent of households used at least one bank method to receive income in a typical month, and 84.1 percent used only bank methods.

[63]For the 2017 survey, a few changes were made to the questions on bill payment and income receipt methods. Retirement was explicitly added as a source of income in the introduction to the questions on income receipt. To accommodate new questions in the 2017 survey, a question that asked households to choose the primary (i.e., most common) method of bill payment in a typical month was dropped, and the remaining questions on bill payment and income receipt methods were streamlined. Finally, in the 2015 and 2017 surveys households could volunteer that they did not pay bills, but in the 2017 survey households that did not select a bill payment method and that did not volunteer that they did not pay bills were explicitly asked whether they paid bills (a similar question was asked for income receipt). See Appendix 2 for additional details.

[64]The distinction between bank and other methods is not always straightforward. The approach used in this report is to classify a method as a bank method 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 through paper check or money order and did not typically use a nonbank check casher 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.

[65]The analysis presented in this section excludes 4,514 observations (representing 17.8 million households) with 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 indicated that it did not pay bills or receive income in a typical month.

[66]This does not necessarily mean that only 1.9 percent of households used a nonbank check casher in a typical month. Households may use nonbank check cashers to handle paper checks or money orders that they do not think of as income.

Figure 9.1 Methods Used to Pay Bills in a Typical Month, 2017 (Percent)

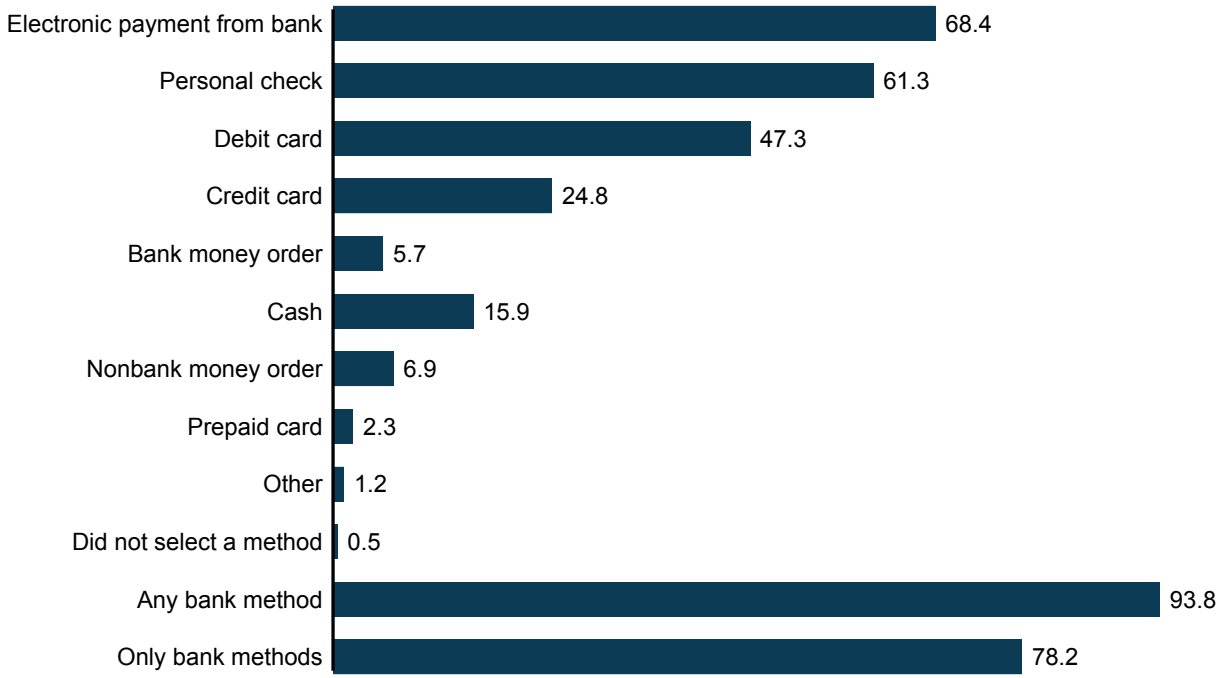
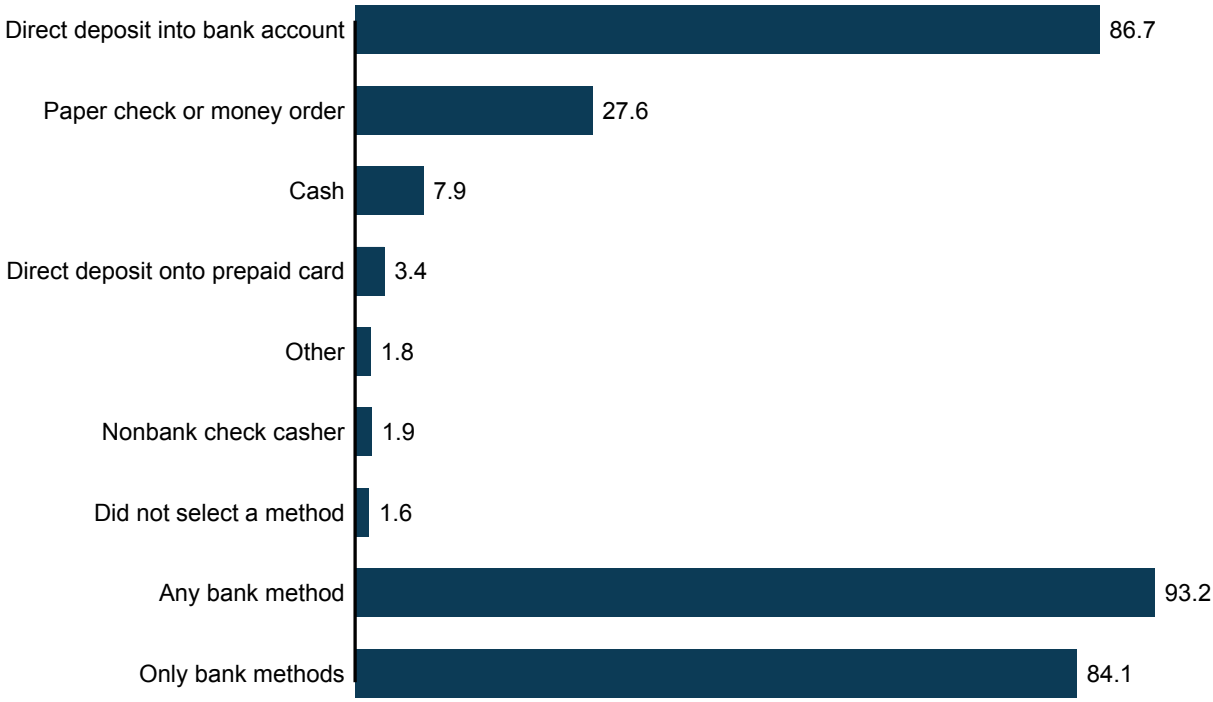


Figure 9.2 Methods Used to Receive Income in a Typical Month, 2017 (Percent)



While the 2017 estimates in Figures 9.1 and 9.2 are qualitatively similar to the estimates presented in the 2015 report, changes to the administration of the survey instrument make direct comparisons difficult.[67] As shown in Appendix Table G.1, the rank ordering of bill payment methods by prevalence was unchanged from 2015 to 2017, and the same was true of income receipt methods.[68] However, use of paper instruments to pay bills and receive income declined somewhat between 2015 and 2017, while use of electronic methods increased. Although personal checks remained the second-most prevalent method of paying bills, the proportion of households that used this method decreased from 2015 to 2017. Over the same period, the proportions that used electronic payments from a bank account, debit cards, or credit cards increased.[69] Likewise, the proportion of households that received income by paper check or money order decreased from 2015 to 2017, while the proportion that received income through direct deposit into a bank account increased.[70]

Bill Payment and Income Receipt Methods by Household Characteristics

As in 2015, 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.[71] Panel A of Table 9.1 illustrates differences by income in the methods households used to pay bills in 2017. Lower-income households were substantially less likely to use bank methods and more likely to use other methods, such as cash and nonbank money orders. Most notably, use of electronic payments from a bank account varied sharply by income, ranging from 37.8 percent of households with less than $15,000 in income to 85.6 percent of households with income of $75,000 or more. Moreover, 33.7 percent of households with less than $15,000 in income paid bills in cash, compared with only 7.0 percent of households with income of $75,000 or more.

Lower-income households were also substantially less likely to receive income using bank methods. As shown in panel B of Table 9.1, while direct deposit into a bank account was the most prevalent method of receiving income at each income level, its use was more common among higher-income households. Close to 70 percent (69.2 percent) of households with less than $15,000 in income received income through direct deposit into a bank account, compared with 94.9 percent of households with income of $75,000 or more. The proportion of households that received income by paper check or money order was fairly similar across income groups. However, lower-income households were more likely to use a nonbank check casher to get those funds.

Examining differences across other household characteristics revealed that overall use of bank methods 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 methods was still high relative to the proportions that used other methods.[72]

[67]Specifically, in the 2015 and 2017 surveys households could volunteer that they did not pay bills, but in the 2017 survey households that did not select a bill payment method and that did not volunteer that they did not pay bills were explicitly asked whether they paid bills (a similar question was asked for income receipt). The analysis in the 2015 report excludes households that volunteered that they did not pay bills or receive income, while the analysis in this report also excludes households that indicated that they did not pay bills or receive income when explicitly asked. Moreover, as discussed in Appendix 1 of the 2015 report, because of an issue with the administration of the 2015 survey instrument, information on use of prepaid cards to receive income is missing for many unbanked households. The 2015 estimates of income received through direct deposit onto a prepaid card or using other methods incorporate imputed values for these households.

[68]To more directly compare the 2015 and 2017 estimates, in Appendix Table G.1 households that indicated that they did not pay bills or receive income when explicitly asked are not excluded from the 2017 estimates, as they are elsewhere in this report.

[69]Based on the 2017 estimates shown in Appendix Table G.1, use of personal checks to pay bills decreased from 61.2 percent in 2015 to 59.8 percent in 2017. In contrast, use of electronic payments from a bank account increased from 64.3 percent to 66.5 percent, use of debit cards increased from 39.7 percent to 46.2 percent, and use of credit cards increased from 21.3 percent to 24.3 percent.

[70]Based on the 2017 estimates shown in Appendix Table G.1, the proportion of households that received income by paper check or money order decreased from 29.1 percent in 2015 to 26.7 percent in 2017, while the proportion that received income through direct deposit into a bank account increased from 81.3 percent to 84.0 percent.

[71]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.

[72]See Appendix Tables G.4 – G.11 for estimated use of bill payment and income receipt methods in a typical month by selected household characteristics. As with household income, there are differences by other household characteristics in the specific methods used to pay bills and receive income. For example, older households were less likely than younger households to pay bills electronically from a bank account and more likely to pay bills by personal check.

Table 9.1 Methods Used to Pay Bills and Receive Income in a Typical Month by Household Income Level, 2017
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	68.4	37.8	48.6	62.4	75.2	85.6
Personal check	61.3	44.1	56.1	62.2	64.4	66.6
Debit card	47.3	36.7	44.6	50.5	53.1	46.9
Credit card	24.8	13.4	16.0	21.0	25.6	33.7
Bank money order	5.7	10.0	8.4	6.5	4.8	3.3
Cash	15.9	33.7	26.3	19.1	11.1	7.0
Nonbank money order	6.9	17.4	13.0	8.3	4.3	1.6
Prepaid card	2.3	6.1	4.3	2.6	1.3	0.5
Other	1.2	2.9	2.2	1.0	0.8	0.7
Did not select a method	0.5	1.2	0.7	0.5	0.5	0.2
Any bank method	93.8	75.2	87.8	94.4	98.2	99.3
Only bank methods	78.2	52.2	64.0	74.6	84.1	90.8
B. Receiving income (Percent)						
Direct deposit into bank account	86.7	69.2	76.0	85.5	91.0	94.9
Paper check or money order	27.6	23.8	28.7	28.7	27.3	27.9
Cash	7.9	12.4	10.3	8.8	6.7	5.7
Direct deposit onto prepaid card	3.4	8.7	5.0	3.3	2.1	1.8
Other	1.8	4.4	2.3	1.7	1.2	1.3
Nonbank check casher	1.9	4.4	4.5	2.3	0.9	0.5
Did not select a method	1.6	4.6	2.4	1.2	1.3	0.8
Any bank method	93.2	75.8	86.0	93.9	97.4	98.8
Only bank methods	84.1	66.4	76.5	83.6	88.4	90.5

Bill Payment and Income Receipt Methods by Banking Status

As in 2015, unbanked households in 2017 paid bills and received income primarily using methods outside of the banking system. As shown in Table 9.2, approximately two-thirds of unbanked households paid bills in 2017 using cash, the most prevalent method. Nonbank money orders and prepaid cards were the next two most prevalent methods of paying bills. Unbanked households also received income in a variety of ways, but the most prevalent method was paper check or money order, followed by cash and direct deposit onto a prepaid card.[73]

Underbanked households, on the other hand, used banks extensively to handle their financial transactions. In fact, 94.0 percent of underbanked households used at least one bank method to pay bills, a share that is almost as high as the estimate for fully banked households (98.4 percent). Electronic payment from a bank account was the most widely used method of paying bills among both underbanked and fully banked households. Relative to the fully banked, use of personal checks was lower among underbanked households and use of debit cards was higher.

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. Use of cash or nonbank money orders was substantially higher among underbanked households, compared with the fully banked.[74] As a result, the proportion of households that used only bank methods to pay bills was much lower among the underbanked.

[73]About half of the unbanked households that received income by paper check or money order (or 23.7 percent of all unbanked households) used a nonbank check casher to get the funds in a typical month. The remaining unbanked households that received income by paper check or money order did not use a nonbank check casher to get those funds. We do not directly observe how these households obtained the funds from the income received by paper check or money order.

[74]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.

Underbanked households were also almost as likely as fully banked households to use bank methods to receive income in a typical month. Direct deposit into a bank account was by far the most prevalent method of receiving income, both for underbanked and fully banked households.

Patterns were 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, transaction AFS, prepaid cards, or other methods. In contrast, almost all (99.0 percent) underbanked households used at least one bank method to pay bills or receive income in a typical month, and nearly half (48.5 percent) used only bank methods to pay bills and receive income. These findings confirm that unbanked households did not participate in the mainstream financial system to the same extent as underbanked households, at least when handling these financial transactions.

Table 9.2 Methods Used to Pay Bills and Receive Income in a Typical Month by Banking Status, 2017
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	68.4	2.5	67.2	73.0
Personal check	61.3	1.2	52.0	67.8
Debit card	47.3	3.1	63.1	45.9
Credit card	24.8	8.4	25.0	25.8
Bank money order	5.7	13.0	11.8	3.5
Cash	15.9	66.1	26.2	9.8
Nonbank money order	6.9	39.1	24.2	0.0
Prepaid card	2.3	22.1	4.0	0.5
Other	1.2	8.0	1.3	0.7
Did not select a method	0.5	3.3	0.3	0.4
Any bank method	93.8	22.7	94.0	98.4
Only bank methods	78.2	6.2	56.6	88.8
B. Receiving income (Percent)				
Direct deposit into bank account	86.7	5.6	86.6	92.0
Paper check or money order	27.6	45.4	30.8	25.6
Cash	7.9	26.5	10.5	6.0
Direct deposit onto prepaid card	3.4	23.3	5.0	1.6
Other	1.8	10.6	1.9	1.2
Nonbank check casher	1.9	23.7	3.8	0.0
Did not select a method	1.6	10.5	1.3	1.1
Any bank method	93.2	5.6	95.3	98.2
Only bank methods	84.1	2.6	80.0	90.5

Table 9.3 Joint Methods of Paying Bills and Receiving Income in a Typical Month by Banking Status, 2017
For all households that paid bills and received income in a typical month, column percent

	All	Unbanked	Underbanked	Fully banked
Any bank method	96.0	24.7	99.0	99.8
Cash	21.0	70.6	32.6	14.6
Prepaid card	4.2	29.7	7.0	1.8
Transaction AFS	7.8	47.9	26.7	0.0
Other or none selected	4.8	27.3	4.6	3.4
Only bank methods	70.6	1.1	48.5	81.3

Notes: "Any bank method" includes households that used at least one bank method to pay bills or receive income. "Transaction AFS" includes households that used a nonbank money order to pay bills or that 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 bank methods to pay bills and receive income, and did not use any other methods.

10. Measuring Economic Inclusion

A primary goal of the *FDIC National Survey of Unbanked and Underbanked Households* is to assess the inclusiveness of the U.S. banking system. Specifically, the survey is used to estimate the proportion of households that do not have an account at a federally insured depository institution (i.e., the unbanked rate) and the proportion that have an account but go outside of the banking system to meet their financial needs (i.e., the underbanked rate). As consumer financial product markets evolve and new products mature, measurement of the unbanked and underbanked may require updating to reflect such changes and to better assess the inclusiveness of the banking system. For these reasons, this section explores measurement of the unbanked and underbanked and considers refinement of the unbanked and underbanked definitions.

Measurement of the Unbanked

In this report and since the survey was first conducted in 2009, a household is categorized as unbanked if no one in the household has a checking or savings account. As discussed in section 5, some consumers use general purpose reloadable prepaid cards to address their financial transactions needs. These cards may offer many of the same features as checking accounts, including a safe place to receive and store funds, the ability to withdraw cash from ATMs, and bill payment services. Further, a household that obtains a prepaid card from a bank may benefit from having a relationship with a bank, such as expanded access to other banking products and services. As a result, unbanked households that use prepaid cards obtained from banks *could* be considered banked. If they were, the unbanked rate in 2017 would fall slightly from 6.5 percent to 6.4 percent.

Measurement of the Underbanked

In this report and since 2013, a household is classified as underbanked if it has a checking or savings account and used one of the following products or services from an 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.[75] This underbanked definition does not incorporate intensity of AFS use: some underbanked households may routinely use AFS, while others may do so only sporadically. It also considers a wide range of AFS, including transaction and credit products and services. The costs and availability of these products and services vary, both in absolute terms and relative to comparable services offered by banks. As a result, households categorized as underbanked in this report are a fairly broad group, with a variety of experiences and levels of engagement with the banking system.

To better understand the financial behaviors of the underbanked and their engagement with the banking system, the remainder of this section segments underbanked households into two groups based on whether they used only bank methods to pay bills and receive income in a typical month.[76] We then explore the socioeconomic and demographic characteristics of households in each group, as well as how households in each group access their bank accounts and meet their transactions, savings, and credit needs. For context, we also compare the groups to the unbanked and fully banked.

In 2017, approximately half (48.6 percent) of underbanked households used only bank methods to pay bills and receive income in a typical month, which we denote as underbanked group 1.[77] The remaining 51.4 percent of underbanked households did not exclusively use bank methods to pay bills and receive income in a typical month, which we denote as underbanked group 2.

Household Characteristics

As shown in Table 10.1, the socioeconomic and demographic characteristics of households in underbanked group 1 were generally similar to the characteristics of the fully banked. Relative to households in underbanked group 1 and to the fully banked, households in underbanked group 2 had lower income and educational attainment; were more likely to be

[75]Underbanked definitions were different in the 2009 and 2011 reports, in part because of differences in the sets of AFS asked about in the 2009 and 2011 surveys. International remittances were first asked about in the 2011 survey, and auto title loans were first asked about in the 2013 survey.

[76]The analysis presented in the remainder of this section excludes 5,402 observations (representing roughly 21.1 million households) with missing information on whether the household saved for unexpected expenses or emergencies; used one or more mainstream credit products; used credit AFS; applied for, was denied, or felt discouraged about applying for a credit card or bank personal loan; or fell behind on bills. The analysis also excludes households with 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 indicated that it did not pay bills or receive income in a typical month.

[77]Households in underbanked group 1 were classified as underbanked because either they used credit AFS in the past 12 months, or they used transaction AFS in the past 12 months but not to pay bills or receive income in a typical month.

Table 10.1 Selected Household Characteristics by Banking Status, 2017
For all households that paid bills and received income in a typical month, column percent

Characteristics	Underbanked group 1	Underbanked group 2	Fully banked	Unbanked
Family income (Percent)				
Less than $15,000	8.3	18.5	7.9	45.5
$15,000 to $30,000	12.3	22.9	12.8	30.7
$30,000 to $50,000	22.3	26.2	18.9	17.8
$50,000 to $75,000	22.5	17.3	19.7	3.7
At least $75,000	34.5	15.1	40.8	2.2
Education (Percent)				
No high school diploma	7.9	16.1	6.2	33.4
High school diploma	23.6	31.6	23.7	36.5
Some college	30.3	34.4	28.6	24.0
College degree	38.2	17.9	41.5	6.1
Age group (Percent)				
15 to 24 years	6.1	10.2	4.2	8.0
25 to 34 years	18.5	21.8	15.0	23.1
35 to 44 years	19.0	20.3	15.6	19.8
45 to 54 years	19.9	17.2	17.8	19.6
55 to 64 years	17.9	18.0	19.4	17.3
65 years or more	18.6	12.5	28.0	12.2
Race/Ethnicity (Percent)				
Black	17.4	27.9	9.3	36.6
Hispanic	16.6	22.1	9.0	28.4
Asian	7.2	2.2	5.2	1.2
White	57.1	44.9	75.2	30.5
Other	1.8	2.9	1.3	3.3
Disability status (Percent)				
Disabled, age 25 to 64	8.3	14.6	6.5	22.6
Not disabled, age 25 to 64	67.0	62.6	61.3	57.2
Not applicable (not age 25 to 64)	24.7	22.7	32.2	20.2
Monthly income volatility (Percent)				
Income was about the same each month	75.5	66.8	80.4	69.8
Income varied somewhat from month to month	19.7	26.0	16.2	20.9
Income varied a lot from month to month	4.7	7.1	3.3	9.3
Unknown	0.1	-	0.1	-

Notes: Estimates may differ from those presented elsewhere in the report because of differences in the samples being analyzed. Households in underbanked group 1 used only bank methods to pay bills and receive income in a typical month, while households in underbanked group 2 did not exclusively use bank methods to pay bills and receive income in a typical month. The - symbol indicates an estimate of zero. The population proportion may be slightly greater than zero. See Appendix Table H.1 for additional socioeconomic and demographic characteristics of households in underbanked groups 1 and 2.

young, black, Hispanic, or working-age disabled; and were more likely to have volatile income. For example, 18.5 percent of households in underbanked group 2 had less than $15,000 in income, compared with 8.3 percent of households in underbanked group 1 and 7.9 percent of the fully banked. Likewise, 16.1 percent of households in underbanked group 2 did not have a high school diploma, compared with 7.9 percent of households in underbanked group 1 and 6.2 percent of the fully banked.

The share of households with volatile income was similar for underbanked group 2 and the unbanked: 33.2 percent of households in underbanked group 2 had income that varied somewhat or a lot from month to month, compared with 30.2 percent of the unbanked.

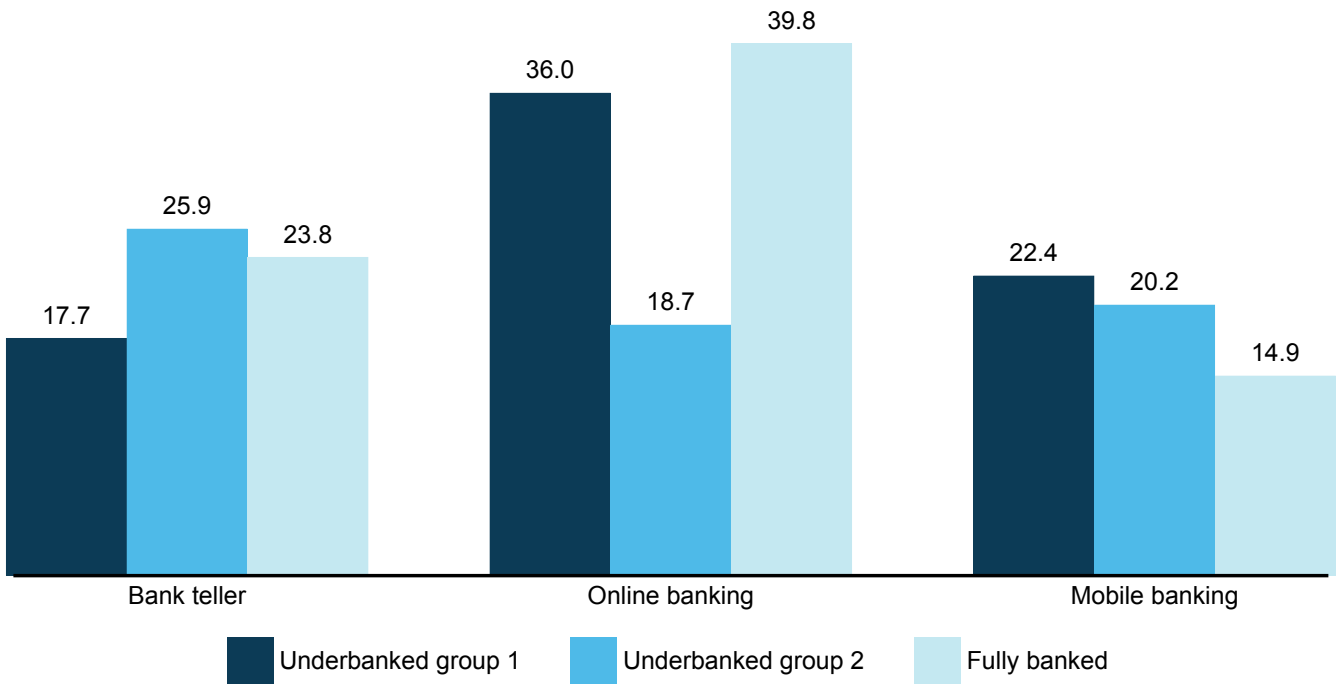
Bank Account Access Methods

As illustrated in Figure 10.1, use of mobile banking as the primary method of bank account access was similar across the two underbanked groups.[78] However, among households in underbanked group 2, use of bank tellers was more prevalent and use of online banking less prevalent, compared with households in underbanked group 1.

Methods Used to Pay Bills and Receive Income in a Typical Month

As presented in Figure 10.2, almost all (97.9 percent) households in underbanked group 2 used at least one bank method to pay bills or receive income in a typical month.[79] Among the other methods used, cash and transaction AFS were the most prevalent (primarily for paying bills, as discussed in section 9).[80] Almost two-thirds of households in underbanked group 2 (63.8 percent) used cash to pay bills or receive income in a typical month, a share that is almost as high as the estimate for the unbanked (70.6 percent).

Figure 10.1 Selected Primary Methods Used to Access Bank Accounts by Banking Status, 2017 (Percent)



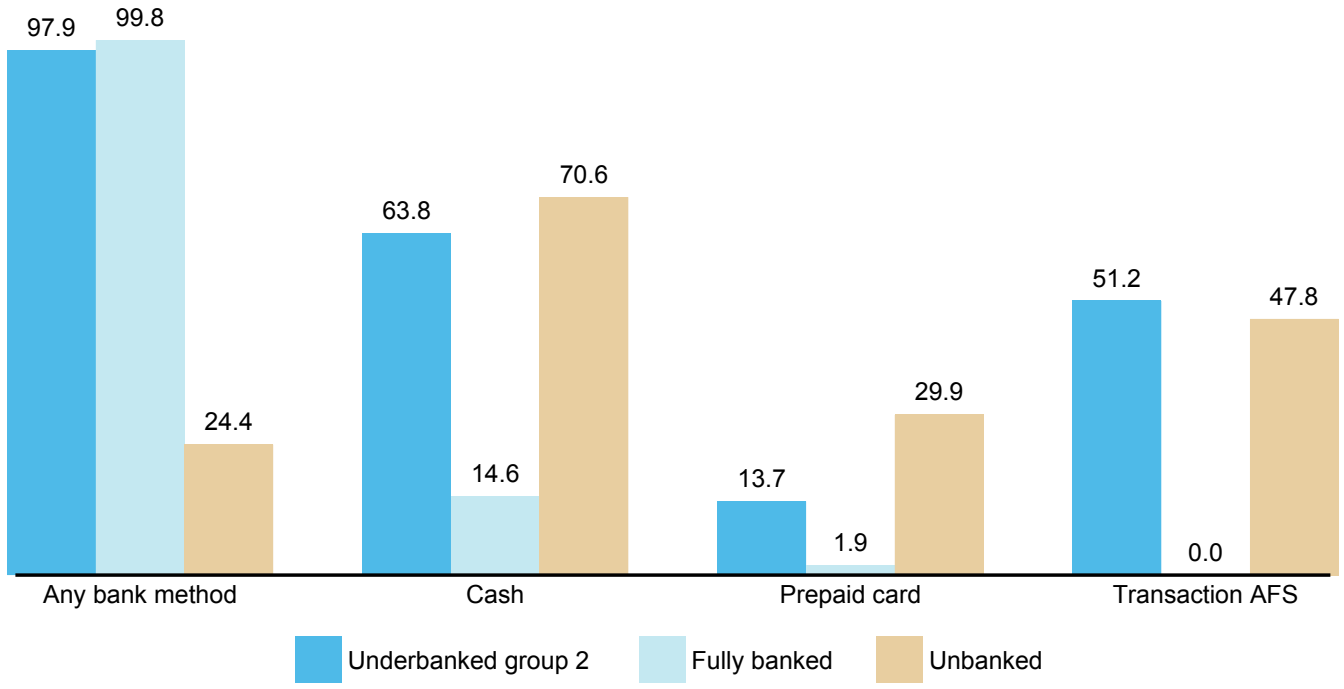
Notes: Estimates may differ from those presented elsewhere in the report because of differences in the samples being analyzed. Households in underbanked group 1 used only bank methods to pay bills and receive income in a typical month, while households in underbanked group 2 did not exclusively use bank methods to pay bills and receive income in a typical month.

[78]The analysis of bank account access methods further excludes 323 observations (representing roughly 1.1 million banked households) that did not access their accounts in the past 12 months or that did not report whether they accessed their accounts.

[79]By definition, households in underbanked group 1 used only bank methods to pay bills and receive income in a typical month, so this group is not displayed in Figure 10.2.

[80]Overall use of prepaid cards in the past 12 months was also higher among households in underbanked group 2 (21.7 percent), compared with households in underbanked group 1 (7.5 percent).

Figure 10.2 Selected Joint Methods of Paying Bills and Receiving Income in a Typical Month by Banking Status, 2017 (Percent)



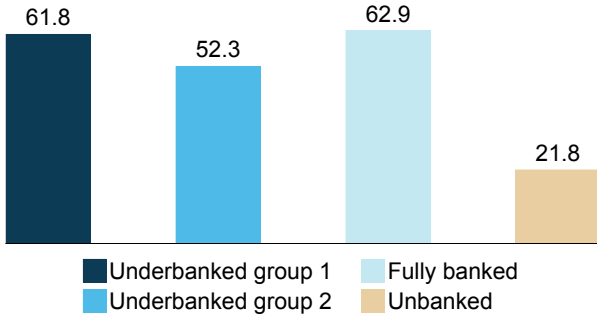
Notes: Estimates may differ from those presented elsewhere in the report because of differences in the samples being analyzed. Households in underbanked group 2 did not exclusively use bank methods to pay bills and receive income in a typical month. "Any bank method" includes households that used at least one bank method to pay bills or receive income. "Transaction AFS" includes households that used a nonbank money order to pay bills or that used a nonbank check casher to get the money from income received by paper check or money order.

Saving for Unexpected Expenses or Emergencies

As displayed in Figure 10.3, households in underbanked group 1 saved for unexpected expenses or emergencies at a similar rate to the fully banked, while households in underbanked group 2 saved at a somewhat lower rate.[81]

As indicated in Figure 10.4, among households that saved for unexpected expenses or emergencies, the proportion that kept savings in a savings account was similar for underbanked group 1 and the fully banked but lower for underbanked group 2. The proportion that kept savings in a savings or checking account followed a similar pattern: 86.1 percent for underbanked group 1 and 89.2 percent for the fully banked, compared with 74.0 percent for underbanked group 2. The pattern was opposite for maintaining savings in the home, or with family or friends.

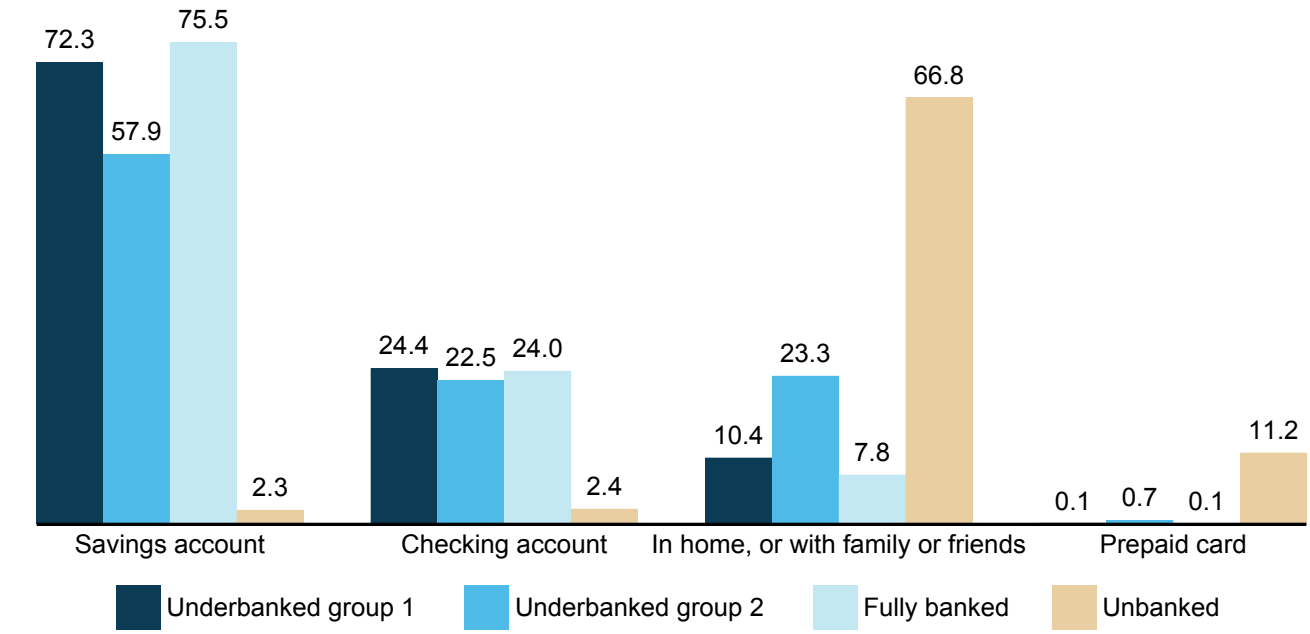
Figure 10.3 Rates of Saving for Unexpected Expenses or Emergencies by Banking Status, 2017



Notes: Estimates may differ from those presented elsewhere in the report because of differences in the samples being analyzed. Households in underbanked group 1 used only bank methods to pay bills and receive income in a typical month, while households in underbanked group 2 did not exclusively use bank methods to pay bills and receive income in a typical month.

[81]The difference in savings rates between the two underbanked groups was no longer statistically significant after accounting for differences between the two groups in the household characteristics listed in Appendix Table A.2. Almost all of the difference in savings rates between the two groups can be attributed to differences in income and the other household characteristics between the two groups.

Figure 10.4 Selected Savings Methods for Households That Saved by Banking Status, 2017 (Percent)



Notes: Estimates may differ from those presented elsewhere in the report because of differences in the samples being analyzed. Households in underbanked group 1 used only bank methods to pay bills and receive income in a typical month, while households in underbanked group 2 did not exclusively use bank methods to pay bills and receive income in a typical month. Bars may sum to more than 100 percent because households were asked to select all savings methods used.

Mainstream Credit Product Use and Credit Characteristics

As illustrated in panel A of Table 10.2, use of most mainstream credit products was lower among households in underbanked group 2, relative to households in underbanked group 1. For example, 48.9 percent of households in underbanked group 2 had a credit card from Visa, MasterCard, American Express, or Discover, compared with 72.8 percent of households in underbanked group 1. Further, the proportion of households that did not have mainstream credit was much higher for underbanked group 2 (28.8 percent) than for underbanked group 1 (13.4 percent). Use of mainstream credit products for underbanked group 1 was generally similar to that of the fully banked.

Panel B of Table 10.2 shows some differences in credit characteristics across the underbanked groups. Households in underbanked group 2 were more likely than households in underbanked group 1 to have felt discouraged about applying for a credit card or bank personal loan or to have fallen behind on bills. The proportion of households in underbanked group 2 that fell behind on bills (38.1 percent) was similar to the proportion among the unbanked (43.4 percent).[82]

Summary

Overall, the segmentation analysis suggests that it is important to consider intensity of transaction AFS use in measuring the underbanked. While some households make incidental use of transaction AFS, other households use transaction AFS to meet their basic financial needs, such as paying bills or receiving income. If intensity of transaction AFS use were considered in the classification of underbanked households, fewer households in underbanked group 1 may be classified as underbanked.

[82]Differences between the two underbanked groups in the proportions of households that applied for or were denied a credit card or bank personal loan (or that were denied, conditional on applying) were no longer statistically significant after accounting for differences between the two groups in the household characteristics listed in Appendix Table A.2.

Table 10.2 Mainstream Credit Product Use and Credit Characteristics by Banking Status, 2017
For all households that paid bills and received income in a typical month, column percent

	Underbanked group 1	Underbanked group 2	Fully banked	Unbanked
A. Mainstream credit product use (Percent)				
Credit card	72.8	48.9	77.5	8.7
Store credit card	46.6	30.6	46.8	4.4
Mortgage, home equity loan, or HELOC	34.5	19.0	39.4	4.0
Auto loan	42.1	30.0	34.5	7.0
Student loan	22.6	19.3	16.9	5.2
Bank personal loan	9.6	7.6	7.2	1.2
Other mainstream nonbank	3.8	5.0	1.6	1.3
No mainstream credit	13.4	28.8	12.9	77.1
B. Credit characteristics (Percent)				
Applied	19.9	16.9	14.4	3.1
Denied	5.6	6.9	2.0	2.0
Felt discouraged about applying	10.2	16.6	3.3	9.6
Fell behind on bills	19.6	38.1	8.3	43.4
Denied, conditional on applying	28.4	40.6	13.9	NA

Notes: Estimates may differ from those presented elsewhere in the report because of differences in the samples being analyzed. Households in underbanked group 1 used only bank methods to pay bills and receive income in a typical month, while households in underbanked group 2 did not exclusively use bank methods to pay bills and receive income in a typical month. NA indicates that the sample size was too small to produce a precise estimate.

11. Implications and Conclusions

The survey results show that the unbanked rate declined 0.5 percentage points between June 2015 and June 2017. This decline can be attributed almost entirely to improvements in the economic circumstances of U.S. households. The unbanked rate fell for many groups that had high unbanked rates in 2015. However, unbanked rates for these groups remain substantially higher than the overall unbanked rate in 2017. Below, we discuss a number of opportunities to increase the use of mainstream banking services by unbanked and underbanked households that may help to further reduce unbanked and underbanked rates going forward.

1. **New underwriting technologies could help expand access to small-dollar credit for banked consumers, including consumers with little or no credit history. The vast majority of the 13 percent of households with unmet demand for mainstream small-dollar credit are banked, and almost all receive income and pay bills using their bank accounts. But few of these households applied for a credit card or bank personal loan. Account balances and transactions may provide information for banks to underwrite small-dollar credit to some of these households.**

Access to small-dollar credit is important for weathering financial setbacks, particularly for households with fluctuating income or lack of savings. Almost 13 percent of households have unmet demand for mainstream small-dollar credit, meaning that, in the past 12 months, they applied for and were denied a credit card or bank personal loan, felt discouraged about applying for a credit card or bank personal loan, or used credit AFS.

Nine in ten of these households are banked, and more than eight in ten have been banked for 12 months or longer. Most direct deposit their income into their bank accounts (87.1 percent) and pay bills using methods directly linked to their accounts, including electronic payment from a bank account, bank debit card, or personal check (95.0 percent). Despite an active banking relationship, only one-third of banked households with unmet demand for mainstream small-dollar credit applied for a credit card or bank personal loan in the past 12 months.

Among households with unmet demand for mainstream small-dollar credit, almost six in ten indicate that they were current on their bills over the past 12 months. While this is an incomplete measure of creditworthiness, it nevertheless provides some insight into the financial situation of these households. For some of the remaining households, it is possible that obtaining mainstream small-dollar credit could have prevented the household from falling behind on its bills.

For households with a banking relationship, account balances and transactions may provide information for underwriting loans to these consumers. In particular, such information may enable banks to underwrite small-dollar loans to consumers with little or no credit history. Almost a quarter of banked households with unmet demand for mainstream small-dollar credit likely have insufficient credit history to have a credit score.[83] Providing small-dollar bank loans to these households may help strengthen their relationships with banks and allow them to begin building credit.[84]

2. **About one in five households likely have little or no credit history. The vast majority of these households are banked and may not seek credit until a need arises. Helping these households establish and build a credit history may particularly benefit black households, Hispanic households, and households headed by a working-age individual with a disability. All of these households are disproportionately less likely to have mainstream credit.**

Approximately one in five households did not, in the past 12 months, have any mainstream credit products that are reported to credit bureaus and therefore likely have little or no credit history. Although three-quarters of these households are banked, they might not be aware of the importance of credit and might not seek credit until a need arises.

[83]In the past 12 months, these households did not have any of the credit products that are likely reported to credit bureaus. These include credit cards; store credit cards; mortgages, home equity loans, and home equity lines of credit (HELOCs); auto loans; student loans; bank personal loans; and other mainstream nonbank credit.

[84]In qualitative research, several banks described small-dollar loan products that they offered, some of which included financial education. See "Bank Efforts to Serve Unbanked and Underbanked Consumers Qualitative Research," May 25, 2016 (available at http://www.fdic.gov/consumers/community/research/qualitativeresearch_may2016.pdf).

Some segments of the population are less likely to have had mainstream credit in the past 12 months. More than one-third (36.0 percent) of black households and 31.5 percent of Hispanic households had no mainstream credit, compared with 14.4 percent of white households. Four in ten working-age disabled households (40.4 percent) had no mainstream credit, compared with 15.3 percent of working-age nondisabled households.

These disparities persist even after accounting for socioeconomic and demographic characteristics (such as income, education, and age) and bank account ownership. For example, among households with income between $30,000 and $50,000, 27.9 percent of black households and 28.5 percent of Hispanic households had no mainstream credit, compared with 16.2 percent of white households. Helping households with no mainstream credit establish and build a credit history may therefore particularly benefit black, Hispanic, and working-age disabled households that are disproportionately less likely to have mainstream credit.

3. **Mobile banking holds real promise for deepening the connection between underbanked households and their banks while increasing the safety and convenience of bill payments. A large share of underbanked households pays bills in a typical month with cash or nonbank money orders. More than two in five of these households already use mobile banking to access their bank accounts. Increased use of mobile banking activities by these households may enable them to conduct a greater share of their basic financial transactions within the banking system.**

About two in five underbanked households pay some bills in a typical month with cash or nonbank money orders. These underbanked households demonstrate a high level of engagement with the banking system: more than four in five also pay bills in a typical month using a bank method, such as electronic payment from a bank account. A similar proportion typically receives income through direct deposit into their bank accounts.

These underbanked households' high level of engagement with the banking system suggests that they may be receptive to conducting a greater share of their basic financial transactions within the banking system. Banks and other stakeholders could encourage and facilitate the use of mobile bill pay or mobile person-to-person payments by these households because more than four in five of them had access to a smartphone.

Also, more than two in five of these underbanked households already use mobile banking to access their accounts. But only a quarter use a bank's mobile website or mobile app to pay bills, and only about one in eight use a bank's mobile website or mobile app to send money to other people. Using mobile bill pay or mobile person-to-person payments instead of cash or nonbank money orders increases safety and convenience, deepens the connection between households and their banks, and increases the opportunity for households to derive value from the banking relationship.

To the extent that the use of cash or money orders is partially the result of payee requirements, efforts to encourage and make it easier for a range of payees (e.g., landlords) to accept electronic payments may help these households reduce their use of cash and nonbank money orders. For example, opportunities may exist for banks to increase customer awareness about innovations that have made mobile payments between individuals and payments to businesses faster and safer.

4. **Physical access to bank branches remains important even as use of mobile banking and online banking has increased. In 2017, the great majority of banked households visited a bank branch in the past 12 months, and more than one-third visited ten or more times. In addition, almost one in six unbanked households visited a bank branch in the past 12 months. These findings suggest that branches continue to play an important role for banked households and that opportunities may exist for branch staff to inform unbanked households about products and services that can help meet their financial needs.**

Household use of mobile banking as the primary method of bank account access more than doubled between 2013 and 2017. Use of online banking as the primary method also increased during that period. Commensurately, the proportion of households that primarily use bank tellers to access their accounts declined from 32.2 percent in 2013 to 24.3 percent in 2017. Despite this decline, physical access to branches remains important.

In 2017, almost three in four banked households used bank tellers to access their accounts at least once in the past 12 months, a higher proportion than any other method asked about in the survey. Moreover, some households may rely on bank branches for activities other than accessing an account, such as resolving a problem or asking about products or services. Almost five in six banked households visited a bank branch at least once in the past 12 months, and more than one in three visited ten or more times.

Branch visits were prevalent even among banked households that did not use bank tellers as their primary method of account access. For example, about eight in ten banked households that primarily used mobile banking visited a branch in the past 12 months, and nearly one-quarter visited ten or more times. These findings suggest that branches and the range of services they provide continue to play an important role for many banked households.

In addition, some groups with higher unbanked and underbanked rates, including lower-income households, less-educated households, older households, and households in rural areas, continue to disproportionately use bank tellers as their primary—and often only—method for accessing their accounts. For example, in 2017, more than one-third of banked households in rural areas primarily used bank tellers to access their accounts, and one in five only used bank tellers. Almost half of banked households in rural areas visited a branch ten or more times in the past 12 months.

While bank branch visits were less common among unbanked households, relative to banked households, almost one in six unbanked households visited a bank branch at least once in the past 12 months, and one in twenty visited ten or more times. Approximately seven in ten unbanked households that visited a branch had previously been banked, and about two in five were "very likely" or "somewhat likely" to open a bank account in the next 12 months.

These findings suggest that unbanked households that visit banks find value in the banking system and can benefit from the development of products and services that could meet their financial needs.[85] For example, if unbanked households are visiting a bank branch to cash a payroll check, banks that offer accounts with low or no minimum balance requirements and low fees could promote these accounts and advertise the convenience and security of using direct deposit and bill pay compared with cashing a payroll check.[86]

5. **Unbanked rates for some segments of the population have declined as economic conditions improved between 2011 and 2017. Still, unbanked rates for these groups, including black and Hispanic households, remain substantially above the national average. At the same time, unbanked rates for other population segments, such as working-age disabled households, have remained high and stayed fairly constant between 2011 and 2017. Understanding the evolution of unbanked rates for different population segments and adopting targeted strategies may help sustain increases in bank account ownership in future economic downturns and increase access for different population segments with high unbanked rates.**

Almost 17 percent (16.9 percent) of black households and 14.0 percent of Hispanic households were unbanked in 2017. Unbanked rates for these two groups have declined steadily in recent years, consistent with the overall decline in the national unbanked rate. For black households, the unbanked rate has fallen from 21.4 percent in 2011. Similarly, the unbanked rate for Hispanic households has decreased from 20.1 percent in 2011.

Improved economic conditions of black households in 2017 relative to 2011, particularly increases in household income, educational attainment, and employment, explain almost all of the 4.5 percentage point decline in the unbanked rate for black households over this period.[87] Improved economic conditions of Hispanic households in 2017 relative to 2011 also played a role in the declining unbanked rate for those households.[88]

These findings are consistent with findings from the 2013 survey, where job losses or gains and significant income changes seemed to be common triggers for bank account openings and closings among households that had recently become banked or had recently become unbanked.[89] To reduce the likelihood that future economic downturns reverse some or all

[85]See "Bank Efforts to Serve Unbanked and Underbanked Consumers Qualitative Research," May 25, 2016, for examples of a range of products and services that the 11 interviewed banks offered to sustainably meet the needs of unbanked and underbanked consumers. This report also describes a variety of additional strategies used by these banks to reach and serve unbanked and underbanked consumers.

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

[87]A linear probability model was estimated to account for changes from 2011 to 2017 in the distribution of households across the household characteristics listed in Appendix Table A.2 (except for monthly income volatility, which is not available for 2011). Changes in these household characteristics between 2011 and 2017 accounted for about 85 percent of the decrease in the unbanked rate for black households over this period.

[88]A linear probability model was estimated to account for changes from 2011 to 2017 in the distribution of households across the household characteristics listed in Appendix Table A.2 (except for monthly income volatility, which is not available for 2011). Changes in these household characteristics between 2011 and 2017 accounted for approximately 40 percent of the decrease in the unbanked rate for Hispanic households over this period.

[89]See *2013 FDIC National Survey of Unbanked and Underbanked Households*, October 2014 (available at http://www.economicinclusion.gov/surveys/2013household/documents/2013_FDIC_Unbanked_HH_Survey_Report.pdf).

of the decline in the unbanked rate for population segments whose unbanked rates have declined, policymakers and industry participants may consider ways to cushion the impact of adverse financial shocks on a household's ability or desire to maintain a bank account, such as forbearance of fees or the use of flexible product design.

While unbanked rates have declined for black and Hispanic households during this period of economic expansion, unbanked rates for other populations with a large percentage of unbanked households have not declined at a similar pace. For example, the unbanked rate for working-age disabled households has been fairly constant between 2011 and 2017: 18.9 percent in 2011, 18.4 percent in 2013, 17.6 percent in 2015, and 18.1 percent in 2017.

Moreover, even with the declines in unbanked rates, bank account ownership among black and Hispanic households continues to be significantly below the national average. Further, an overwhelming majority of unbanked black, Hispanic, and working-age disabled households are "not very likely" or "not at all likely" to open an account in the next 12 months.

These findings suggest the continued need for targeted strategies that address barriers to bank account ownership for each of the different population segments with high unbanked rates.[90] A substantial portion of the 6.2 percentage point decline in the unbanked rate for Hispanic households between 2011 and 2017 cannot be explained by changes in economic conditions. Research to identify the factors that have contributed to this decline, beyond those related to the business cycle, can inform actions that may further reduce the unbanked rate for Hispanic households, and these efforts may be adaptable to other groups with high unbanked rates.

[90]See "Bank Efforts to Serve Unbanked and Underbanked Consumers Qualitative Research," May 25, 2016, for examples of different efforts and targeted strategies undertaken by 11 interviewed banks to reach and serve unbanked and underbanked consumers.

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 2017. The CPS is a monthly survey of about 52,000 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 Bureau's 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 fifth Unbanked/Underbanked Supplement was conducted in June 2017. The first, second, third, and fourth supplements were conducted in January 2009, June 2011, June 2013, and June 2015, 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 2017, attached as Appendix 3, included approximately 50 questions designed to provide this information.

The 2017 survey instrument is similar to previous 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, 2015, and 2017. 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 2017 and prior-year estimates are not possible in some cases.

Eligibility and Exclusions

All households that participated in the June 2017 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 2017 CPS, a statistical sample of 60,843 survey-eligible households was selected from the sampling frame.[5] Of these households, 52,068 participated in the CPS,

[1]See, for example, U.S. Census Bureau's 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 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 2017 supplement, available at http://thedataweb.rm.census.gov/ftp/cps_ftp.html.

resulting in an 86 percent response rate. There were 8,775 nonrespondent eligible households. Most of these nonrespondents either refused to participate (76 percent) or were not home at the time of the interview visit or call (13 percent). The remaining 11 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 (44 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 2017 CPS was 89 percent. The missing 11 percent consists of three groups: (1) persons residing in households that are not in the CPS sampling frame, (2) noninstitutionalized persons not residing in households at the time the CPS was conducted, and (3) household residents who 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 93 percent for whites, 80 percent for blacks, and 84 percent for Hispanics.

Of the 52,068 households that participated in the CPS, 35,217 (68 percent) also participated in the Unbanked/Underbanked Supplement.[7] Supplement survey response rates vary by household characteristics, ranging from 60 to 73 percent for the segments of the population listed in Appendix Table A.2. 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 are unbanked was derived by dividing the sum of the weights of the household respondents who 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 are 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 35,217 respondent households, the sum of the household weights is roughly 129.3 million, which would be an estimate of all U.S. households as of June 2017. The Housing Vacancy Survey, another survey related to the CPS that uses household controls to produce household weights, provided an estimate of 119.1 million as the number of households in June 2017.[9] This difference (129.3 million versus 119.1 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.

[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 58 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.

[9]See Table 13a Monthly Household Estimates: 2000 to Present, Vintage 2017 (July 26, 2018), available at http://www.census.gov/housing/hvs/data/hist_tab_13a_v2017.xlsx.

This report also contains a number of tables for which unbanked percentages and other household statistics are computed for subgroups defined by a particular socioeconomic or demographic characteristic. The household classification of a socioeconomic or demographic variable that is defined at the person level rather than the household level (e.g., race/ethnicity, education, or employment status) is based on the socioeconomic or demographic classification of the householder/reference person (i.e., the person who owns or rents the home).[10]

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.[11]

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) and the 2015 report, 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."[12] 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)."[13]

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.[14]

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.[15] 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.[16] 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.

For the 2017 survey data, all housing units were assigned metropolitan area codes based on the 2013 delineations. For the 2015 survey data, approximately three-quarters of housing units were assigned metropolitan area codes based on the 2013 delineations, while the remaining housing units were assigned metropolitan area codes based on the 2003 delinea-

[10]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.

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

[12]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.

[13]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 http://www.economicinclusion.gov/surveys/2013household/documents/2013_FDIC_Unbanked_HH_Survey_Appendix.pdf.

[14]For February 2013 delineations, see OMB Bulletin Number 13-01 (February 28, 2013), available at http://www.whitehouse.gov/sites/whitehouse.gov/files/omb/bulletins/2013/b13-01.pdf. For June 2003 delineations, see OMB Bulletin Number 03-04 (June 6, 2003), available at http://www.whitehouse.gov/wp-content/uploads/2017/11/bulletins_b03-04.pdf. In each year between 2003 and 2009, OMB published minor revisions to the MSA delineations, based on the Census Bureau's annual population estimates.

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

[16]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.

tions. To facilitate MSA-level estimates using the 2015 survey data, a housing unit with an obsolete 2003 MSA code was assigned the corresponding 2013 MSA code.[17] A housing unit with a NECTA code was assigned the 2013 MSA code that comprised the majority of the NECTA population.[18] Overall, less than 3 percent of housing units in the 2015 survey data were affected by these adjustments.

For the 2013 and earlier survey data, all housing units were assigned metropolitan area codes based on the 2003 delineations. For these survey years, metropolitan area estimates provided in this report are based on the 2003 delineations. Because of changes in geographic boundaries (e.g., the addition or subtraction of a county), some metropolitan area estimates that use 2017 and 2015 survey data are not directly comparable to the corresponding metropolitan area estimates that use 2013 and earlier survey data. 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.

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.[19]

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 in the proportions of U.S. households that were unbanked between 2017 (6.5 percent) and 2015 (7.0 percent) is -0.5 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 2017 and 2015 is zero, the probability of observing the -0.5 percentage point difference in our sample data is 3.7 percent (i.e., the p-value is 0.037).

Certain 2017 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 2017 is 6.5 percent, and the 90 percent confidence interval around this estimate ranges from 6.2 to 6.8 percent.

[17]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.

[18]For example, housing units 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.

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

Appendix 2. 2017 Revisions to the *FDIC National Survey of Unbanked and Underbanked Households*

The 2017 survey instrument is largely similar to the 2015 survey instrument. However, some revisions were made from 2015 to 2017 based on lessons learned from past survey experience, cognitive testing of the 2017 instrument, and an interest in certain economic inclusion topics not covered in the 2015 instrument. In particular, the 2017 survey added new questions about households' visits to bank branches, use of a mobile phone for banking activities, and use of mainstream credit products.

To accommodate the new questions in the 2017 survey instrument and satisfy space constraints, some questions from the 2015 survey instrument were dropped. For example, the 2017 survey did not include questions on households' perceptions about banks' interest in serving households like theirs or on households' learning about finances.

Specific revisions to the 2017 survey are described below.

Bank Branch Visits Among Banked and Unbanked Households

The 2017 survey included new questions about bank branch visits. First, households that did not previously indicate that they visited a bank branch in the past 12 months (i.e., unbanked households, or banked households that did not access an account using a bank teller in the past 12 months) were asked whether they spoke with a teller or other employee in person at a bank branch in the past 12 months (Q70). Second, households that visited a bank branch in the past 12 months (i.e., households that answered "Yes" to Q70 or that accessed an account using a bank teller in the past 12 months) were asked how many times they spoke with a teller or other employee in person at a bank branch: one to four times in the past 12 months, five to nine times in the past 12 months, or ten or more times in the past 12 months (Q71).

Mobile Activities

The 2017 survey included a series of questions on use of a mobile phone for banking activities in the past 12 months. These questions were not asked in 2015, although several of these questions were asked in 2013.

In 2017, banked households and recently unbanked households (i.e., households that did not have an account at the time of the survey but did at some point in the 12 months before) were asked whether they used a mobile phone to check email from a bank about an account (Q80a) or whether they received a mobile text alert or push notification from a bank about an account (Q80b). Banked households that used mobile banking to access an account in the past 12 months were further asked whether they used a bank's mobile website or bank's mobile app to check a bank account balance or recent transactions (Q80c), to make a bill payment (Q80d), to send money to other people (Q80e), or to transfer money between bank accounts owned by the same person (Q80f). Banked households that used mobile banking to access an account in the past 12 months were also asked whether they used a mobile phone's camera to deposit a check into a bank account (Q80g).

All of the activities asked about in the 2017 survey, except for whether households used a mobile phone to check email from a bank about an account, were also asked in the 2013 survey (2013 survey Q2i). The 2013 survey included some activities not asked about in the 2017 survey, specifically, whether households downloaded or used a bank's mobile app, used a mobile phone to locate the closest in-network ATM or bank branch, or used a mobile phone for other activities.[1]

Prepaid Cards

The introductory language for the questions on prepaid card use was changed slightly. The statement "I am not asking about gift cards or debit cards linked to a checking account" was moved to the end of the introductory paragraph. In 2015, this statement was at the beginning of the introductory paragraph.

Alternative Financial Services

A new question was added to gather information on households' use of loans or lines of credit from alternative financial services (AFS) providers that might not have been included in their answers to preceding questions. Specifically, households that indicated that they did not have a payday loan (Q122), pawn shop loan (Q123), refund anticipation loan

[1]In the 2013 survey, all mobile activities were asked only of banked households that used mobile banking to access a bank account in the past 12 months. The proportion of all banked households that received a mobile text alert or push notification from a bank about an account is therefore not comparable over time because different types of households in the 2013 and 2017 surveys were asked about this activity.

(Q124), or auto title loan (Q126) in the past 12 months were asked whether they had taken out any other types of loans or lines of credit from a payday lender, auto title lender, pawn shop, or check casher in the past 12 months (Q127). To accommodate this new question, questions about auto title loans (Q126) and rent-to-own services (Q125) were reordered. Additionally, questions about sending money abroad in a typical month were dropped (2015 survey Q132 and Q134), and questions about places used to send money abroad in the past 12 months were streamlined (Q131 and Q133 from the 2015 survey were dropped and replaced with Q135 in the 2017 survey).

Mainstream Credit

The 2017 survey included a series of questions about use of mainstream credit products, expanding on questions asked in the 2015 survey. Specifically, households in the 2017 survey were asked whether, in the past 12 months, they had a credit card from Visa, MasterCard, American Express, or Discover (Q1600a); a store credit card that could only be used at that store (Q1600b); an auto loan (Q1600c); a mortgage, home equity loan, or home equity line of credit (Q1600d); a student loan (Q1600e); other personal loans or lines of credit from a bank (Q1600f); or other personal loans or lines of credit from a company other than a bank (Q1600g).[2]

The 2017 survey questions about credit cards from Visa, MasterCard, American Express, or Discover and about personal loans or lines of credit from a bank (Q1600a and Q1600f) replaced similar questions from the 2015 survey (2015 survey Q160 and Q161). The wording and location of these questions changed somewhat to accommodate the new questions in the 2017 survey about other types of mainstream credit products.

Income Receipt and Bill Payment in a Typical Month

The 2015 survey included new questions about the ways households receive income and pay bills in a typical month. These questions were retained in the 2017 survey, with some minor revisions.

First, in the introductory language to the questions about income receipt, "retirement" income was added to the example list of income sources. Second, a question that asked households to choose the primary (i.e., most common) method of bill payment in a typical month was dropped (2015 survey Q151), and the remaining questions on income receipt and bill payment methods were streamlined. Third, households that did not indicate that they received income by any of the methods asked about in the survey (Q140a-e) and that did not volunteer that they did not receive income were asked a new question about whether they received any income from work, retirement, government benefits, or other sources in the past 12 months (Q140x). Similarly, households that did not indicate that they paid bills by any of the methods asked about in the survey (Q150a-i) and that did not volunteer that they did not pay bills were asked a new question about whether they paid any bills for things like mortgage, rent, utilities, or child care in the past 12 months (Q150x).

Households' Perceptions About Banks and Households' Learning About Finances

A question in the 2015 survey that asked households how interested banks are in serving households like theirs (2015 survey Q101) was dropped. Questions about whether households sought financial information from banks in the past 12 months (2015 survey Q182) and about whether households attended financial education classes or financial counseling sessions in the past 12 months (2015 survey Q183 and Q184) were also dropped.

[2]For Q1600c, households that previously indicated that they had taken out an auto title loan were told that an auto loan is different from an auto title loan. For Q1600g, households that previously indicated that they had taken out a payday loan, pawn shop loan, refund anticipation loan, auto title loan, or other types of loans or lines of credit from a payday lender, auto title lender, pawn shop, or check casher were told to not include such loans when answering Q1600g.

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 2016, 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 or 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 Q70]
☐ ATM or bank kiosk	[SKIP TO Q70]
☐ Telephone banking through phone call or automated voice or touch tone	[SKIP TO Q70]
☐ Online banking with a laptop, desktop computer, or tablet such as an iPad	[SKIP TO Q70]
☐ Mobile banking with text messaging, mobile app, or Internet browser or email on a mobile phone	[SKIP TO Q70]
☐ Other (Specify)	[SKIP TO Q70]
☐ DK/REFUSE	[SKIP TO Q70]

[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 2016?

☐ 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?

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

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 anyone 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 70 is asked only of households that are unbanked or that are banked but did not access an account using a bank teller.]

70. In the past 12 months, have you (if OTHERS AGE≥15 FILL: or anyone else in your household) spoken with a teller or other employee in person at a bank branch?

☐ YES	[CONTINUE]
☐ NO	[SKIP TO Q80]
☐ DK/REFUSE	[SKIP TO Q80]

[Question 71 is asked only of households that spoke with a bank teller (or other employee) in the past 12 months (answered YES to Q70 or accessed an account using a bank teller).]

71. How many times have you (if OTHERS AGE≥15 FILL: or someone else in your household) spoken with a teller or other employee in person at a bank branch in the past 12 months?

☐ 1 to 4 times in the past 12 months	[CONTINUE]
☐ 5 to 9 times in the past 12 months	[CONTINUE]
☐ 10 or more times in the past 12 months	[CONTINUE]
☐ DK/REFUSE	[CONTINUE]

[Questions 80a-80b are asked only of households that are banked or recently unbanked. Otherwise, skip to Q110.]

The next questions ask about ways you (if OTHERS AGE≥15 FILL: or anyone else in your household) might have used a mobile phone for banking activities.

80a. In the past 12 months, have you (if OTHERS AGE≥15 FILL: or anyone else in your household) used a mobile phone to check email from a bank about an account?

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

80b. Received a mobile text alert or push notification from a bank about an account?

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

[Questions 80c-80g are asked only of households that used mobile banking to access an account. Otherwise, skip to Q110.]

80c. In the past 12 months, have you (if OTHERS AGE≥15 FILL: or anyone else in your household) used a bank's mobile website or bank's mobile app to check a bank account balance or recent transactions?

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

80d. Used a bank's mobile website or bank's mobile app to make a bill payment?

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

80e. Used a bank's mobile website or bank's mobile app to send money to other people?

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

80f. Used a bank's mobile website or bank's mobile app to transfer money between bank accounts owned by the same person?

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

80g. In the past 12 months, have you (if OTHERS AGE≥15 FILL: or anyone else in your household) used a mobile phone's camera to deposit a check into a bank account?

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

Now I have a question about prepaid cards. 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. I am not asking about gift cards or debit cards linked to a checking account.

110. In the past 12 months, that is since June 2016, did you (if OTHERS AGE≥15 FILL: or anyone else in your household) use any prepaid cards?

☐	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 <u>other than a bank</u> for your financial services.

120. In the past 12 months, that is since June 2016, did you (if OTHERS AGE≥15 FILL: or anyone else in your household) go to some place <u>other than a bank</u> 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 <u>other than a bank</u> 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 <u>other than a bank</u> 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 2016, 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]

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]

[Question 127 is asked only of households that indicated NO (or DK/REFUSE) to Q122, Q123, Q124, and Q126.]

127. In the past 12 months, have you (if OTHERS AGE≥15 FILL: or anyone else in your household) taken out <u>any other types of loans or lines of credit</u> from a payday lender, auto title lender, pawn shop, or check casher?

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

[Question 125 is asked of all households.]

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]

The next few questions are about sending money abroad.

130. In the last 12 months, that is since June 2016, 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 135 is asked only of households that sent money abroad.]

135. When sending money abroad in the last 12 months, did you (if OTHERS AGE≥15 FILL: or someone else in your household) use… (*Mark all that apply.*)

- ☐ A bank? [CONTINUE]
- ☐ A place other than a bank? [CONTINUE]
- ☐ Other (Specify) [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

The next few questions are about the different ways people receive income. People may receive income from work, retirement, government benefits, or other sources in a number of ways. Think about the ways your household has received income during a typical month, in the past 12 months.

[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 IN PAST 12 MONTHS (VOLUNTEERED)	[SKIP TO Q150a]
☐	DK/REFUSE	[CONTINUE]

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

140b. How about 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 used a prepaid card in the past 12 months.]

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

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]

[Question 140x is asked only of households that indicated NO to all applicable questions in Q140a-Q140e.]

140x. In the past 12 months, did you (if OTHERS AGE≥15 FILL: or others in your household) receive any income from work, retirement, government benefits, or other sources?

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

[Question 141 is asked only of households that received income by paper check or money order, and used a nonbank check cashier 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 during a typical month, in the past 12 months.

[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 Q1600a]
- ☐ DK/REFUSE [CONTINUE]

[Questions 150b-150c are asked only of households that are banked or recently unbanked.]

150b. How about using a personal check drawn on a bank account to pay bills?

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

150c. How about using a debit card linked to a bank account to pay bills?

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

[Question 150d is asked of all households.]

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.]

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 are banked or recently unbanked.]

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.]

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.]

150h. How about using 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]

[Question 150x is asked only of households that indicated NO to all applicable questions in Q150a-Q150i.]

150x. In the past 12 months, did you (if OTHERS AGE≥15 FILL: or others in your household) pay any bills for things like mortgage, rent, utilities, or child care?

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

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

[Questions 1600a-1600g are asked of all households.]

1600. In the past 12 months, have you (if OTHERS AGE≥15 FILL: or anyone else in your household) had any of the following?

a. A credit card from Visa, MasterCard, American Express, or Discover? Please do not include debit cards.

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

b. A store credit card that can only be used at that store? Please do not include gift cards.

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

c. In the past 12 months, have you (if OTHERS AGE≥15 FILL: or anyone else in your household) had an auto loan? [If YES to Q126, then FILL: This is different from an auto title loan.]

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

d. A mortgage or home equity loan or home equity line of credit?

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

e. In the past 12 months, have you (if OTHERS AGE≥15 FILL: or anyone else in your household) had a student loan?

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

f. Other personal loans or lines of credit from a bank?

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

g. Other personal loans or lines of credit from a company other than a bank? [If YES to Q124, then FILL: Please do not include refund anticipation loans or any loans from a payday lender, pawn shop, auto title lender, or check casher.] [If Q124 is NOT YES and any of Q122, Q123, Q126, or Q127 are YES, then FILL: Please do not include any loans from a payday lender, pawn shop, auto title lender, or check casher.]

- ☐ YES (Specify who provided the loan) [CONTINUE]
- ☐ NO [CONTINUE]
- ☐ DK/REFUSE [CONTINUE]

[Question 162 is asked of all households.]

162. In the past 12 months, that is since June 2016, 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 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 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 180-181 and 185 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]

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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