

SUPPORTING STATEMENT
National Survey of Unbanked and Underbanked Households
3064-0167

The Federal Deposit Insurance Corporation (FDIC) is requesting approval from the Office of Management and Budget (OMB) to revise its National Survey of Unbanked and Underbanked Households (“Household Survey”), which is administered as a supplement to the U.S. Census Bureau’s Current Population Survey (CPS). The survey is a key component of the FDIC’s efforts to comply with a Congressional mandate and collects basic data about individuals who do not have an account at a bank or credit union (the “unbanked”) and individuals who have a deposit account but also rely on alternative, non-bank financial service providers (such as check cashing firms) for transaction or credit services. Respondents to the survey are classified as unbanked based on their responses to the survey questions. When paired with answers to household characteristics questions in the CPS, the survey provides an estimate of the numerical and financial size of the unbanked market in the United States. The Household Survey is the only nationally- and state-representative survey of this type for the United States.

A. JUSTIFICATION

1. Circumstances and Need

The Federal Deposit Insurance Corporation (FDIC) recognizes that public confidence in the banking system is strengthened when banks effectively serve the broadest possible set of consumers. As a result, the agency is committed to increasing the participation of unbanked and underbanked households in the financial mainstream by ensuring that all Americans have access to safe, secure, and affordable banking services. The Household Survey is one contribution to this end.

The FDIC has administered the Household Survey approximately every two years as a supplement to the CPS since January 2009. The FDIC is requesting approval from OMB to revise the Household Survey instrument scheduled to be administered as part of the June 2019 CPS.

The Household Survey is also a key component of the FDIC’s efforts to comply with a Congressional mandate contained in section 7 of the Federal Deposit Insurance Reform Conforming Amendments Act of 2005 (“the Act”), Pub. L. 109-173, which requires the FDIC to conduct ongoing surveys on “efforts by insured financial 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 (the “unbanked”) into the conventional finance system.” The mandate further requires the FDIC to estimate the size and worth of the unbanked market in the United States and to identify the cultural, language and identification issues and transaction costs that prevent unbanked individuals from establishing conventional accounts.

To obtain this information, the FDIC partnered with the U.S. Census Bureau, which administered the Household Survey supplement every two years since 2009 to households that participated in the CPS. The results of these surveys were released to the public and can be accessed through the following link:
<http://www.economicinclusion.gov/surveys/>.

The Household Survey has yielded nationally-representative data, not otherwise available, on the size and characteristics of the population that is unbanked or underbanked, the use by this population of alternative financial services (AFS), and the reasons why some households do not make greater use of mainstream banking services. The Household Survey is the only population-representative survey conducted at the national level that provides state-level estimates of the size and characteristics of unbanked and underbanked households for all 50 states and the District of Columbia. An executive summary of the results of the previous Household Surveys, the full reports, and the survey instruments are also available through the link: <http://www.economicinclusion.gov/surveys/>.

Based on past survey experience, feedback received in response to the on going survey effort, and recent economic inclusion research, the FDIC has revised the Household Survey for 2019. The revisions preserve many elements of past survey questionnaires and help meet the objective of assessing the accessibility and sustainability of account-based banking relationships. The survey continues to capture information about household use of an array of transaction and credit products from bank and non-bank providers. For households with bank accounts, the survey also asks about the banking channels consumers use to access their account, including mobile banking and bank branches. The 2019 survey introduces questions regarding the intensity of use of nonbank transaction services, and asks for the first time about the use of nonbank bill pay and person-to-person payment services. Other new questions focus on households' general satisfaction with banking and their perceptions of fee transparency. This information will help better describe the banking experience of all households and identify potential opportunities to better meet consumers' financial needs within the mainstream banking system. In addition, miscellaneous changes to language and universe descriptions were made for clarity. And, the survey was revised to have consumers who do not have a deposit account but do have a bank prepaid card answer the same questions as consumers with deposit accounts.

In order to keep the survey instrument short and accommodate the new questions, a number of questions were dropped from the survey. Revisions made to the survey can be found in Attachment A-2.

2. Use of Information Collected

The FDIC uses the information collected from the survey to produce studies on the number and the characteristics of households that do not participate in banking, or are at risk of becoming disengaged from the banking system, and the factors that

may inhibit their use of products and services offered by insured depository institutions. The results are published and used to inform policymaking on issues related to economic inclusion and also to inform bank efforts to serve the unbanked and underbanked. The survey results and corresponding data are publicly available at: www.economicinclusion.gov.

3. Use of Technology to Reduce Burden

The Census Bureau collects CPS data using computer-assisted methods. Specifically, it uses computer-assisted personal interviewing (CAPI) for conducting in-person interviews and computer-assisted telephone interviewing (CATI) for conducting telephone interviews.

4. Efforts to Identify Duplication

Other than the Household Survey, there is currently no single source of national, metropolitan, and state-level data for the United States on the number of unbanked and underbanked households, their characteristics, and the factors preventing or limiting their use of financial services offered by insured depositories. While a number of studies and surveys have been conducted on the general topic of the unbanked and underbanked households, these studies have focused on either narrow geographic areas within the United States, often including limited subsets of the unbanked and underbanked population, or extremely broad, nationally aggregated survey data measures for the unbanked population.

5. Minimizing the Burden on Small Entities

The collection of information does not involve small businesses or other small entities .

6. Consequences of Less Frequent Collection

FDIC's statutory mandate requires the conduct of studies every two years to estimate the size and worth of the unbanked market in the United States and to identify the cultural, language and identification issues and transaction costs that most prevent unbanked individuals from establishing conventional accounts.

7. Special Circumstances

There are no special circumstances.

8. Consultation with Persons Outside the FDIC

On November 6, 2018 (83 FR 55532), the FDIC issued an initial request for comment on possible revisions to the Household Survey. The FDIC received two comments related to this survey effort. Both commenters were supportive of the

survey effort. One did not provide specific suggestions about the survey. One commenter suggested that the FDIC collect information on the types of activities that consumers conduct at bank branches. The FDIC is interested in better understanding consumer's use of banking channels, including physical branch locations. The 2019 survey includes questions on the use of bank tellers and the intensity of branch use. However, including a question about the types of activity performed at branches would not be feasible at this point due to survey length constraints.

9. Payment or Gift to Respondents

No gifts will be given to respondents.

10. Assurance of Confidentiality

The Census Bureau will collect data in compliance with the Privacy Act of 1974 and the OMB Circular A-130. Each sample household receives an advance letter approximately one week before the start of CPS interviewing (see Attachments D-1 and D-2). The letter includes the information required by the Privacy Act of 1974, explains the voluntary nature of the survey, and states the estimated time required for participating in the survey. Interviewers must ask if the respondent received the letter and, if not, provide a copy and allow the respondent sufficient time to read the contents. Also, interviewers provide households with the pamphlet, The U.S. Census Bureau Respects Your Privacy and Protects Your Personal Information and Fact Sheet for the Current Population Survey (see Attachments C1 and C2). All information given by respondents to Census Bureau employees is held in strict confidence under Title 13, United States Code, Section 9. Every Census Bureau employee has taken an oath to that effect and is subject to a jail penalty and/or substantial fine if they disclose any information given to them. The FDIC will receive a microdata file containing the full battery of labor force and demographic data along with data from the supplemental survey. The actual identities of survey respondents will not be included in the data file received by the FDIC. Per the Federal Cybersecurity Enhancement Act of 2015, all data is protected from cybersecurity risks through screening of the systems that transmit your data.

11. Information of a Sensitive Nature

The study conforms to privacy rules and Census Bureau criteria and does not request any information of a sensitive nature.

12. Estimate of Annual Burden

Frequency of Response: Once.

Affected Public: U.S. Households.

Estimated Number of Respondents: 40,000.

Average time per response: 9 minutes (0.15 hours) per respondent.

Estimated Total Annual Burden: 0.15 hours x 40,000 respondents = 6,000 hours.

Estimated Dollar Value of Burden Hours

Using the total estimated hour burden and the hourly cost estimate, the total estimated cost burden for the IC is:

$$6,000 \text{ hours} \times \$29.38/\text{hr} = \$176,280$$

Wage Estimate:

Calculating a dollar value for the estimated time it will take respondents to complete the survey is difficult as it will vary from person to person depending on their propensity for leisure and work, their subjective value for engaging in the survey, and their profession. As a general proxy for the dollar value I have chosen to use the 75th percentile wage for all occupations. I utilized data gathered from the Bureau of Labor Statistics (BLS) as of December 2018. According to the May 2017 National Industry-Specific Occupational Employment and Wage Estimates the 75th percentile wage for all occupations is \$29.38 per hour. Therefore, the dollar value for the estimated time it will take respondents to complete the survey cost is \$29.38 per hour.

13. Capital, Start-up, and Operating Costs

There are no anticipated capital, start-up, or operating costs.

14. Estimates of Annualized Cost to the Federal Government

The estimated cost to the FDIC is approximately \$985,000, which includes programming, administration and testing of the survey over two years. This results in an annual cost of \$492,500

15. Change in Burden

We estimate that the revisions made in the 2019 survey instrument did not impact the average response time. The average time of 9 minutes for the survey burden estimate reflects the actual average time spent by 2017 survey respondents, of 8

minutes with a cushion of 1 minute to be conservative. In addition, the number of survey respondents is consistent with 2017 results.

16. Publication

The findings of this survey will be published by the FDIC.

17. Request to Not Display Expiration Date

The FDIC has been advised that the Census Bureau has requested a waiver of the requirement to display the expiration for the CPS because the respondents' length of participation in the CPS is not likely to coincide with the expiration date of this clearance. To avoid confusion that may arise from this fact and given that the CPS has been in place for over 50 years and the basic CPS interview has remained relatively unchanged over the past 10 years, we request a waiver of the requirement to display the expiration date.

18. Exceptions to Certification

None.

ATTACHMENTS

- A1. 2019 FDIC National Survey of Unbanked and Underbanked Households
- A2. Redlined version of the survey instrument highlighting differences relative to the 2017 survey.
- A3.A. 2017 FDIC National Survey of Unbanked and Underbanked Households Report
- A3.B. 2017 FDIC National Survey of Unbanked and Underbanked Households Report- Appendices
- B. Current Population Survey – Advance Letter and Frequently Asked Questions
- C1. Current Population Survey Confidentiality Brochure
- C2. Fact Sheet for the Current Population Survey
- D. Current Population Survey Design and Methodology Overview, October 2006 (available at the following link: <http://www.census.gov/prod/2006pubs/tp-66.pdf>)