A Portrait of Older Underbanked and Unbanked Consumers

FINDINGS FROM A NATIONAL SURVEY
A Portrait of Older Underbanked and Unbanked Consumers:
Findings from a National Survey

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Most of us take bank accounts for granted. They allow us to save safely, put aside money for emergencies, or make an investment. They relieve us from carrying around cash and can help to build positive credit. Yet, millions of older Americans have neither a checking nor a savings account (they are “unbanked”), or they have an account but also rely on alternative financial services such as check cashers, payday lenders, and auto-title loans (they are “underbanked”). For people age 45–64, the peak retirement savings years, being unbanked or underbanked can often mean the difference between a secure retirement and poverty.

In July 2008, the AARP Foundation and the AARP Public Policy Institute released *Poverty and Aging in America: Profiles of the Low-Income Population*. This report documented how precarious life can become for older Americans with insufficient retirement assets or income and inadequate financial management.

The report cited findings that older people living at or below the poverty level were much less likely to own or to use traditional financial services such as checking, savings, money market, or retirement accounts. Subsequently, both the Center for Financial Services Innovation (CFSI) and the Federal Deposit Insurance Corporation (FDIC) issued reports about the unbanked and underbanked. Neither study, however, specifically focused on the older population.

To fill this gap in information and highlight the unique needs of older Americans, the AARP Foundation’s Financial Innovation and AARP’s Public Policy Institute collaborated with CFSI to analyze national survey data for those 45 and older. This report presents those findings. We believe this analysis can further the dialogue and contribute to the development of innovative strategies and products that better meet the needs of older unbanked and underbanked Americans.

Enabling those who are unbanked or underbanked to benefit from safe and cost-effective access to financial services is a significant challenge for our nation’s financial system, but necessary to ensure quality of life for our aging population. We believe the financial services industry, policymakers, advocates, nonprofit organizations, and philanthropic institutions must work together to create innovative approaches and products that meet older consumers’ needs without needlessly risking their future earnings, retirement checks, or personal property.

The AARP Foundation, AARP’s charitable arm, is dedicated to helping struggling, low-income older Americans meet their economic security needs so they, too, may age with dignity. Our work in the financial innovation area focuses on increasing access to and participation in appropriate, responsible, and asset-building financial services for economically vulnerable older populations. This research report is an important step in helping to understand the needs of this growing market to create potential models for serving them.
We look forward to working closely with industry leaders, colleagues, and partners to continue to transform the financial security of our most vulnerable seniors and the quality of life for all as we age.

Jo Ann Jenkins, President
AARP Foundation
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The underpinnings of the American dream include a safe place to keep and manage our money, fair means of borrowing and repaying loans, and effective mechanisms for saving and investing for the future. Banks have helped Americans realize their dreams and meet their objectives since 1791, when Alexander Hamilton decided the United States government needed a standard form of currency and a place to handle the massive debt left behind by the Revolutionary War.

Traditional banks have developed many effective tools for protecting and growing wealth and have helped innumerable consumers to meet their financial goals. However, banks have not historically reached out to recruit or effectively serve low-income customers. In fact, studies of people without bank accounts have shown that they are overwhelmingly low income.\(^1\)

Low-income customers maintain smaller bank balances and often have different financial needs than mainstream customers. Those who find that traditional banking meets so few of their financial needs that they either forgo or supplement it have come to be known as “unbanked” and “underbanked.”

The term “unbanked” typically refers to an individual, family, or household without a checking or savings account. “Underbanked” refers to an individual, family, or household that has an account but chooses or needs to also use alternative financial services offered by providers operating outside of federally insured banks and credit unions—for example, check-cashing outlets, money transmitters, car-title lenders, payday loan stores, pawnshops, and rent-to-own stores.\(^2\)

Persons who are unbanked and underbanked have the same financial goals as those with access to mainstream financial services: making purchases, paying bills, and accessing and saving money to meet important goals. And so they must and do find ways to meet their needs.

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financial needs. As Michael Barr, currently assistant secretary for financial institutions at the U.S. Department of the Treasury, put it in 2004, “[m]ost of the reasons cited in … surveys of the unbanked cite low income and associated high costs of accessing banking services. This doesn’t mean that low income people are not getting financial services.”

In a recent study of unbanked and underbanked households, the FDIC estimated that there are at least 17 million unbanked individuals in the United States today, residing in 9 million households. The FDIC study finds that an additional 43 million individuals in approximately 21 million households are underbanked. Earlier studies from the FDIC, Federal Reserve, and others have confirmed that unbanked persons are overwhelmingly low-income individuals, with 80 percent earning less than $25,000 and 40 percent earning less than $10,000 per year.

The FDIC survey further revealed that households more likely than the general population to be unbanked had one or more of the following characteristics: headed by persons age 45 and younger; headed by black, Hispanic, American Indian/Alaskan, or foreign-born persons; had household incomes of $30,000 or less per year; were family households headed by an unmarried female or male; headed by a person with less than a high school diploma; or contained members who spoke only Spanish.

**What prevents some low-income consumers from having bank accounts?**

Having a bank account is important to saving, building credit, borrowing safely, and otherwise increasing financial prosperity. A savings account can help to cushion families from loss during unexpected crises or difficult financial times. A checking account also provides a way to convert checks into cash, make payments to third parties, and avoid carrying a large amount of cash.

Long-held assumptions are that unbanked persons simply lack physical access to traditional banking, are prevented from opening accounts by lack of funds or cultural barriers such as language, or simply do not know how to manage an account. Although studies, including this one, largely confirm that lack of money, language barriers, and not knowing how to manage an account are reasons people frequently give for not opening an account, these issues of access are not the only pieces of the puzzle. Other factors—including length of time to receive money from a payroll check, bounced-check fees, and lack of relevant products and services—may be preventing people from reaping the full rewards of banking.

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A study by the National Center for Children in Poverty (NCCP)\(^6\) explains that while most poor, minority neighborhoods contain high numbers of alternative financial service providers, they are now also served by traditional banks. Therefore, lack of physical access turns out to be less of a barrier than previously thought. In addition, some people with sufficient income to maintain an account still choose to remain unbanked. Some individuals who have previously held bank accounts choose to forgo them. Moreover, underbanked people who have and maintain accounts still find reasons to meet some of their financial needs through alternative financial services.

Although study after study has highlighted the importance of bank accounts for paying bills,\(^7\) transacting day-to-day financial business, borrowing on favorable terms, and saving, evidence suggests that savings and checking options as traditionally offered by most banking institutions may not be a good fit for some low-income families, who often have little or no money left over to save and find it hard to keep up with checking account fees and penalties.

Christopher Berry of Harvard’s Joint Center for Housing Studies has shown that the cost of maintaining a checking account decreases with income, while the cost of using a check-cashing outlet increases with income.\(^8\) Therefore, if the cost of cashing a check at a check-cashing outlet is 1 to 2 percent of the face value of a check, a low-income household earning $12,000 per year would probably pay $15 per month. In 2008, the average monthly fee for a checking account was $11.97, leading to an annual cost of just under $144.\(^9\) However, this total does not include required minimum balances, returned-check fees, or overdraft fees. Bank overdraft fees have proved particularly challenging to low-income households. In the past, most banks automatically enrolled customers in overdraft protection when they opened a checking account. With new requirements of the Federal Reserve regulations\(^10\) effective July 2010 for new accounts and August 2010 for existing accounts, these overdraft fees should be substantially reduced. It is entirely possible, however, that other checking fees such as nonsufficient funds (bounced check) fees are likely to be raised or others instituted. In fact, the Bankrate 2009 checking study reveals that bounced-check fees rose in 2009 to an average $29.58, up from $28.95 in 2008 and $21.57 in 1998.\(^11\)


Low-income persons simply may not be able to bring enough money to a traditional checking account to reach the break-even point where this type of account serves their needs more efficiently than a check-cashing outlet or, better yet, a supermarket where cashing a check can be free if they purchase goods.

In 2004 Berry posited that the low costs associated with cashing a small check combined with the opportunity to cash a paycheck for free at a supermarket means that “the vast majority of unbanked households … pay less than $100 per year in fees for financial services.” In 2004 Michael Barr, now assistant secretary of the treasury, went even further, suggesting that “[c]hecking accounts…are not well suited to low income people, and so we ought to be moving away from a focus on checking accounts…towards debit based access electronic accounts.”

In addition to high service fees and penalties, banks may not have offered some of the services that many low-income customers find relevant. For example, some landlords and service providers do not accept checks for payment, so the customer must purchase money orders to pay bills. Also, for some customers the cost and convenience of sending money to relatives abroad may be an important consideration, and many banks do not facilitate affordable or convenient transfers of money. Banks sometimes offer products to low-income people and those with impaired credit that are far more expensive than those offered to higher-income people and those with better credit. In some cases, these products are very similar to those offered by the alternative financial services sector.

**What alternative financial services do underbanked and unbanked people use?**

Underbanked and unbanked consumers often turn to alternative financial services and products to meet their needs. These consumers visit check-cashing outlets, payday lenders, car title lenders, pawnshops, liquor stores, supermarkets, convenience stores, and rent-to-own stores to take care of financial needs, including cashing checks, paying bills, and securing loans, as well as making purchases.

When low-income consumers turn to the alternative financial services industry for short-term loans, they very often find themselves trapped in cycles of debt and fees that prove financially devastating. Fees charged by alternative financial services lenders such as payday lenders, pawn shops, rent-to-own establishments, and others often amount to triple-digit interest rates and trap people who use them in a cycle of debt and fees. The National Consumer Law Center (NCLC) has found that a consumer’s use of payday lending has

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been associated with a higher probability of the consumer losing a bank account, filing for bankruptcy, and experiencing continuing
financial hardship.\textsuperscript{16}

Auto title borrowing can also prove harmful to low-income borrowers. Much like payday loans, auto title loans have triple-digit annual
percentage rates and very short repayment periods. Consumers similarly find themselves rolling these loans over repeatedly, racking up
enormous fees and putting continued ownership of their vehicle at considerable risk. Auto title loans are also oversecured, with lenders
typically loaning an average of 50 percent of the value of the car.\textsuperscript{17} Although high-interest auto title lending is illegal in more than half of
all states, it has grown rapidly in states where it is still allowed. For example, Americans for Fairness in Lending (AFFIL) estimates that
there are more than 1,500 car title lenders in just four states.\textsuperscript{18}

With such significant numbers of unbanked and underbanked households in the United States, it becomes vital to learn more about
these groups. Understanding who is unbanked or underbanked and why is an important step toward ensuring that they will be able to
conduct financial transactions efficiently and cost-effectively, borrow safely, and save for the future.

\section*{THE PUBLIC POLICY INSTITUTE STUDY}

In response to this need for information, the Center for Financial Services Innovation (CFSI) released a study of underbanked and un-
banked consumers in the United States in June 2008. The survey consisted of a segmentation analysis that looked at this group’s atti-
ditudes, behaviors, and experiences with banks, credit unions, and other formal and informal financial institutions, and with their prod-
ucts and services. Experian Simmons conducted the survey on behalf of CFSI, surveying 2,799 underbanked and unbanked adults age 18
or older, with 1,539 respondents over the age of 45.

Because of AARP’s interest in the economic security of older Americans, AARP’s Public Policy Institute (PPI) focused on the CFSI data
for two age groups: respondents aged 45 to 64 and respondents aged 65 and older. The PPI study aimed to shed new light on the way
the older unbanked and underbanked population uses both traditional and alternative financial services. PPI analysis of the CFSI data
focused on answering several questions about this older subset of unbanked and underbanked consumers. For example,

\begin{itemize}
  \item What are the demographics of this group?
  \item Why do they forgo bank accounts (unbanked) or choose not to fully utilize them (underbanked)?
\end{itemize}

\begin{flushright}
\textsuperscript{18} The four states are Alabama, Mississippi, Missouri, and Virginia. “Car Title Loan Facts and Stats,” Americans For Fairness in Lending, no date. http://www.affil.org/consumer_rsc/car_loan.php (accessed June 14, 2010).
\end{flushright}
Where do they conduct most financial transactions such as cashing checks, paying bills, and borrowing money?
What are their financial goals, and how successful are they in attaining them?

**FINDINGS FROM THE SURVEY OF THE UNBANKED AND UNDERBANKED**

Findings from the PPI analysis of the CFSI data set confirmed findings from many studies of the whole population while uncovering other areas of interest and possible concern. All comparisons include only unbanked and underbanked respondents. These are summarized following.

**The majority of age 45+ respondents preferred to use a bank or credit union for financial transactions.**
The preference for a bank or credit union among unbanked and underbanked consumers increased with age. More than half of both age 45+ groups (45–64 and 65+) preferred to conduct transactions at a bank or credit union, versus fewer than two-fifths of those age 18–44. More persons age 65+ preferred to use a bank or credit union than did persons age 45–64. After banks or credit unions, most persons age 45–64 and 65+ chose supermarkets as the place they most preferred to conduct transactions. In addition, just under one-fifth of age 65+ Hispanic persons preferred to use supercenters (e.g., Costco, Sam’s Club, and Super Wal-Mart). Within the age groups of 45–64 and 65+, a higher percentage of white persons than black and Hispanic persons preferred to use banks/credit unions for financial transactions. Also, among persons age 65+, more of those with higher incomes preferred to use banks and credit unions than persons with lower incomes.

**Among age 45+ respondents, the likelihood of having an account varied with income and race/ethnicity.**
The likelihood of having a checking or savings account among the unbanked and underbanked increased with each age group. Persons age 45–64 and 65+ were much more likely to have a checking or savings account than those age 18–44 and persons of all ages combined (18+). Persons age 65+ were most likely of all age groups to have an account. Within this group, the likelihood of persons age 65+ having a checking or savings account increased with income. Persons age 45–64 and 65+ with incomes below $25,000 were less likely than persons of all incomes (age 18+) to have a checking or savings account. Persons age 45 and older with incomes over $25,000 were more likely than persons of all incomes (age 18+) to have a checking account.

Among respondents age 45–64 and 65+, black and Hispanic persons were less likely to have an account than similarly aged persons of all races and ethnicities combined. Black and Hispanic persons were also less likely to have an account than white persons. Black persons between the ages of 45 and 64 were almost three times less likely than similarly aged white persons to have a checking account. Hispanic persons in this age group were about 15 percent more likely than black persons, but almost two times less likely than white persons to have a checking account. Black and Hispanic persons age 65+ were both approximately two times less likely than white persons to have a checking account.
Within age 45–64 and 65+ groups, the likelihood of having a checking or savings account increased with full-time employment. Persons with full-time employment were more likely to have a checking or savings account than part-time and not-employed persons. Not-employed persons age 65+, however, had higher rates of account ownership than younger not-employed persons. This is probably due to the large number of retired persons receiving Social Security, a pension, or other fixed benefits through a checking or savings account.

**Respondents most frequently selected financial reasons for not having an account.**

The top reasons given by age 45+ respondents in this survey for not having an account can be classified into two groups: financial and privacy/technical reasons. Respondents tended to select financial reasons more frequently than they did privacy/technical ones. The financial reasons most frequently selected were as follows:

- Don’t have enough money to be useful
- Hidden fees and charges
- Too expensive
- Minimum required balance too high

**Privacy/technical reasons most frequently selected were as follows:**

- Concern about misuse of personal information
- Too much documentation required

**Financial reasons.**

Three-fifths of persons age 65+ with incomes under $10,000 selected “Don’t have enough money to be useful” as a reason not to have an account. Two-fifths of black persons age 45–64 and 48 percent of unbanked persons age 65+ also selected this as a top reason not to have an account.

Almost half (45 percent) of black persons age 65+ (versus 33 percent of Hispanic and 7 percent of white persons of similar age) selected “Hidden fees and charges” as a reason not to have an account, as did almost one-fifth of full-time employed persons age 45–64.

More than one-third of Hispanic persons age 65+ and one-quarter of black persons age 65+ (versus 13 percent of white people age 45–64 and 11 percent of white persons age 65+) selected “Too expensive” as a reason not to have an account. About one-fifth of unbanked

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19 The Social Security Administration encourages direct deposit of benefits checks to a bank account or a debit card. As of January 2010, 83 percent of all Social Security and Supplemental Security Income beneficiaries received their benefits by direct deposit. See http://www.ssa.gov/deposit/DDFAQ898.htm. Direct deposit to either a bank account or a Treasury-issued debit card will become mandatory for all beneficiaries of Social Security and other federal benefit programs by 2013. See http://www.treas.gov/press/releases/tg644.htm.
persons age 45–64 or 65+, more than four times the proportion of similarly aged underbanked persons, also selected this as a reason not to have an account.

Between 20 and 25 percent of persons age 45–64 with incomes below $50,000 selected “Minimum required balance too high” as a reason not to have an account. About one-fifth of black persons of both older age groups selected this reason, versus 1 percent of Hispanic and 4 percent of white persons age 65+.

Privacy/other reasons.
More than half of black persons age 45–64, twice the percentage of either similarly aged Hispanic or white persons, selected “Concern about misuse of personal information” as a reason not to have an account. Almost two-fifths of people age 45–64 who were not employed also selected this reason, versus 29 percent of part-time employed persons and 22 percent of full-time employed persons of similar age. Thirty-five percent of unbanked persons age 45–64 also selected this reason for not having an account, versus 18 percent of similarly aged underbanked persons.

Three times as many unbanked people age 45–64 as similarly aged underbanked people (21 percent versus 7 percent) selected “Too much documentation required” as a reason not to have an account. Two-fifths (43 percent) of black persons and one-third (34 percent) of Hispanic persons age 65+ selected this reason, versus 6 percent of similarly aged white respondents.

Most age 45+ underbanked and unbanked respondents were satisfied with their financial transactions.
The majority of age 45+ respondents were satisfied with their financial transactions. This was true across all age groups, all income groups, all races and ethnicities, and all employment and banked statuses. However, age 65+ Hispanic and black persons were the most likely of all groups to express dissatisfaction (27 percent and 23 percent, respectively, were “somewhat or very dissatisfied”). Reasons most cited for satisfaction included financial reasons such as “Fees are affordable,” “Can get cash instantly,” and “No hidden costs”; customer service reasons such as “Staff always helpful” and “Always treated with respect”; and convenience reasons such as “Offers products and services that I need” and “Doesn't take much time.”

A bank or credit union was the most frequent choice for borrowing money among age 45+ respondents.
More persons age 45+ said they preferred to borrow $1,000 or less first from a bank or credit union rather than from any other source. Within this group, a higher percentage of persons age 65+ preferred to borrow from a bank/credit union than did persons age 45–64. However, it was the most frequent response for both age groups, and each was almost twice as likely to say that they preferred to borrow from a bank as from the second choice, which in all cases was from a family member or relative.

Persons in both older age groups (45–64 and 65+) were more likely to try to borrow from a bank or credit union first than were persons age 18–44 and those of all ages combined (18+). Among those ages 65+, persons with higher incomes were more likely than those with lower incomes to turn first to a bank or credit union. White persons were more likely than Hispanic and black persons to turn first to a
bank or credit union for a loan of $1,000 or less. Hispanic and black persons age 45–64 would first turn to friends or family. Finally, age 45+ underbanked persons were almost twice as likely as unbanked persons to choose to borrow first from a bank. Unbanked persons were more likely to first borrow from friends or family.

**About 20 percent of persons in this survey had used auto title loans.**

True to their preference for banks and by extension bank products, more persons indicated that they had used bank loans than had used alternative financial services loans such as payday loans, auto title loans, and pawnshops. When asked what types of loans they had ever used, “personal loan” was the most frequent response across age groups. Home equity loans and lines of credit from banks and credit unions were second and third in popularity, respectively, among persons age 45–64 and 65+.

About 20 percent of survey respondents had used auto title loans. Usage varied across income and employment. Persons age 65+ with higher incomes more frequently indicated that they had used auto title loans than did persons with lower incomes. A larger percentage of full-time employed persons had used auto title loans than had part-time and not-employed persons.

This survey showed low payday lending usage, perhaps reflecting the fact that payday lending is now prohibited in at least 15 states and closely regulated in others.

**Age 45+ underbanked and unbanked respondents most frequently used personal loans.**

Although persons in this survey used several types of loans, personal loans, auto title loans, home equity loans, and lines of credit were most frequently used.

*Personal loans.* Except in a few cases, personal loans were most frequently selected across age, race/ethnicity, and employment. Use of this type of loan was found to vary with income and unbanked/underbanked status.

*Auto title loans.* Borrowers using auto title loans can lose their cars if they cannot repay the loan in time. A surprisingly large percentage of borrowers in this survey over age 45 said they had used auto title loans, far greater than the percentage of persons accessing payday loans. This could be explained by the fact that many states have either prohibited or heavily regulated the use of payday loans, while auto title lending remains largely unregulated or loosely regulated. The following groups were found to have used auto title loans most frequently:

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20 It is unclear whether individuals selecting “Personal loan” meant an unsecured loan from a bank or a loan from another individual, for example from a friend or relative.

21 States prohibiting payday lending are Arkansas, Connecticut, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Vermont, and West Virginia.

22 It is unclear whether individuals selecting “Personal loan” meant an unsecured loan from a bank or a loan from a person, for example a friend or relative.
• One of five persons age 45–64 with incomes under $50,000
• One-third (31 percent) of persons age 65+ with incomes of $25,000 to $50,000
• Almost one in four (23 percent) white persons age 65+
• One-third (34 percent) of age 65+ full-time employed persons
• Almost one-third (31 percent) of underbanked persons age 45–64

**Home equity loans.**
Use of home equity loans in general increased with income:23 about one-third of persons age 45–64 with incomes between $25,000 and $50,000 had ever taken a home equity loan, compared with only 9 percent of persons with incomes below $10,000. Almost half of persons with incomes between $50,000 and $75,000 had used home equity loans, and more than half of persons with incomes above $75,000 (not shown in charts).

**Lines of credit.**
Line of credit use was also found to generally increase with income.24 About one-quarter of persons age 45–64 with incomes above $10,000 had ever used a line of credit, compared with more than half of persons with incomes over $50,000 (not shown in charts).

**The majority of age 45+ underbanked and unbanked borrowers in this survey had borrowed once in the previous 12 months.**
Between 20 percent and 30 percent of all age groups were found to have borrowed within the previous 12 months. Most persons were found to have borrowed fewer than five times, although the frequency of borrowing varied by income, race, underbanked/unbanked status, and age.

More than two-fifths of unbanked borrowers age 65+ had borrowed nine or more times in the past year, perhaps indicating that this group was finding it hard to make ends meet. Within this unbanked and underbanked borrower age group, about half of Hispanic

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23 However, home equity loan usage decreased as income increased at the lowest levels. While 9 percent of respondents with incomes under $10,000 had used home equity loans, only 5 percent of those with incomes from $10,000 to $24,999 had used home equity loans.

24 An exception to this is noted when comparing individuals age 65+ with an income of $10,000–$24,999 to those with an income of $25,000–$49,999. In this case, there is a decrease in line of credit usage with an increase in income (32 percent vs. 24 percent).
persons and black persons had borrowed more than nine times in the previous 12 months. More than 10 percent of age 65+ not-employed borrowers had also borrowed more than nine times over the previous 12 months, indicating both an inability to make ends meet and perhaps inadequate retirement benefits.

Across age groups, most persons borrowed $1,000 or more the last time they borrowed; this finding varied somewhat by income, race, employment, and banking status.

CONCLUSION

Underbanked and unbanked persons age 45 and older show a strong affinity for banks or credit unions. Analysis of survey results suggests that underbanked and unbanked persons age 45 and older have a clear preference and strong affinity for banks or credit unions. Older (age 65+) underbanked and unbanked persons show an even stronger preference. The analysis also shows that persons age 45 and older were more likely to have a checking or savings account than persons age 18–44 and persons of all ages combined (18+). Persons age 45 and older were also more likely to say they preferred to conduct financial transactions in a bank or credit union, and more likely to turn to a bank first to secure a loan.

Preference for banks and credit unions among underbanked and unbanked persons is also affected by income and race/ethnicity. The preference for banks or credit unions evinced in this survey appeared to be related to income, race/ethnicity, and underbanked or unbanked status. Analysis of this data and known population demographics together suggests that income is the primary factor affecting older persons’ general preference for using bank products and services.

Results show that the likelihood of having a checking account among persons age 45 and older varied with income. In addition, four of the top six reasons chosen by age 45+ respondents for not having a checking account were financial: “I don’t have enough money to make an account useful,” “The accounts have hidden fees and charges,” “A checking account is too expensive,” and “The minimum balance for these accounts is too high.” Reinforcing this finding is the fact that in this survey, underbanked persons age 45+ were found to have incomes significantly higher than those of unbanked persons of similar age.

White persons age 45+ were much more likely to have an account and use bank products and services—including loans—than were Hispanic and black persons of similar age. It is unclear how much of this disparity is caused by cultural and racial barriers and how much is due to the higher incomes of white persons age 45 and older. The importance of financial considerations is reinforced by the finding that in this survey, black and Hispanic persons age 45+ selected the four financial reasons listed above as top reasons they did not have an account.

Age 45 and older underbanked and unbanked persons would prefer to borrow money from a bank or credit union.

When given the choice, most respondents in this survey stated that they would first turn to a bank or credit union to borrow money. This preference increased in the older age groups, as did the preferences for conducting financial transactions through the traditional
banking sector and having a checking account. The fact that older people would turn first to a bank or credit union to borrow of course does not mean that that is where they end up borrowing. Having a bank account is an important step in getting a loan from such an institution, but it is not the only one. If a customer has spotty credit, banks may open an account, but they may not lend the customer money. Nonetheless, access to bank and credit union lending based on an ongoing account relationship would be of benefit to unbanked and underbanked persons because of the high cost of alternative lenders.

In some cases, unbanked and underbanked persons in this survey may not have qualified for a personal bank loan, a home equity loan, or line of credit, and their family or friends may not have been in a position to help. In that case, the next logical step is likely to be the alternative financial services industry. One-fifth of persons in this survey availed themselves of an auto title loan, which exposes them to the risk of losing the car if repayment terms are not met.

In the fluid population of unbanked and underbanked persons, it is hard to draw clear and fixed distinctions between the two groups. An earlier study by CFSI points out that many of those who have bank accounts use check cashers, money orders, and independent remittance providers. Many in this study currently without bank accounts were previously banked, and presumably some currently with bank accounts were previously unbanked. The CFSI study makes the important point that “the functionality of bank accounts, not bank accounts per se is what is important,” and adds, “[i]f a savings account has high fees and low interest, it is less likely to be used for savings. If a checking account does not provide needed liquidity, there is less reason to have one.” In other words, meeting the real needs of the unbanked and underbanked population is what is important, and the task is to shape products to meet their needs, not shape this population to meet the requirements of currently offered bank products and services.

Differentiating between the unbanked and underbanked

Results from this survey suggest that persons who lack enough income to take full advantage of a checking or savings account—or who choose not to—may rationally choose other products and services that better meet their needs. However, this choice likely affects persons who are underbanked and unbanked in quite different ways. Maintaining a banking relationship (even though underbanked) offers persons at least the opportunity to save, invest, and borrow more safely and with better terms than being unbanked.

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POLICY SUGGESTIONS

The primary focus of policymakers and legislators should be, first, to help unbanked persons to become banked, and second, to help and encourage banks, credit unions, and other institutions to craft and offer products and services that better fit the needs of low- and middle-income persons.

The federal government, nonprofits, and private companies are already working to achieve both ends. The FDIC has been particularly active in encouraging banks to reach out to low- and moderate-income people who would otherwise be unbanked or underbanked and who are likely to have relied on alternative financial services for check cashing and small loans. A 2008 FDIC study found that “although three-quarters of banks are aware of significant underserved populations in their serving area, less than one-fifth targeted these markets as a strategic priority.” The agency has piloted two programs: the Small-Dollar Loan Pilot Program, designed to show how banks can benefit from making small loans to low- and moderate-income consumers, which would serve as an alternative to payday loans and fee-based overdraft protection; and a Request for Comment on a proposed template for an affordable electronic transactional account with low fees for other services unbanked and underbanked customers need, such as the purchase of money orders.

The U.S. Department of the Treasury, through its Community Development Financial Institutions (CDFI) Fund, makes funding available to financial institutions certified as CDFIs to “provide loans, investments, financial services, and technical assistance to underserved populations and low-income communities.” It is expected that $50 million from the Bank Enterprise Award Program portion of the fund will go to a “Bank on USA” initiative designed to encourage eligible institutions to help unbanked low- and middle-income persons to establish bank accounts, and to help the institutions to provide products and services to underbanked persons that will allow them to more fully access mainstream financial services. In fiscal year 2009, the CDFI Fund helped 50 CDFIs to offer mortgages to 1,998 homebuyers, and 11 CDFIs to establish accounts for 4,235 unbanked persons.

Banks and credit unions should identify ways to attract low-income unbanked customers and view the development of products and outreach to this segment as a strategic business opportunity. They should also partner with employers and other corporations as well as nonprofits to accomplish this end. For example, since direct deposits eliminate the need for unbanked persons to cash payroll checks at a check-cashing outlet or other alternative institution for a fee, banks should work with corporate and business customers to provide services to employees, such as payroll debit cards and free deposit accounts with direct deposit. Banks and credit unions should also work with employers to develop small loan products with repayment by payroll deduction.

In line with the FDIC proposal, banks and credit unions should also improve efforts to offer introductory accounts designed to build credit, second-chance accounts designed for persons with blemished credit, and loan products for persons with damaged credit who need to borrow smaller amounts. The Community Reinvestment Act regulations should be changed to give explicit credit to banks that offer small-dollar loans to low- and moderate-income borrowers.

The fact that older underbanked and unbanked persons show a clear preference for banks or credit unions offers a unique opportunity to the mainstream financial institutions, government, and the private and nonprofit sectors to promote products and services within banks and credit unions to better meet their needs.
ROLES FOR PHILANTHROPY

Through their funding practices and as thought leaders, philanthropic organizations play a vital role in championing innovation and encouraging research into optimal financial products and services for unbanked and underbanked consumers, particularly low-income older people. Their funding is, of course, essential, but so are their voices. Nonprofits and foundations have the power to increase awareness about the needs of the unbanked and underbanked, add to knowledge and understanding about their plight, and influence debate on the issue. In particular, philanthropic organizations can help in the following ways:

- **Convening.** Some of the most promising new ideas in addressing the needs of the unbanked and underbanked are being put forward by new actors in the financial services sector, including consulting firms and hybrids of for-profit companies with nonprofit missions. This in no way diminishes the role of traditional nonprofit organizations as trusted disseminators and direct-service providers with deep ties to the communities they serve. By providing funding and incentives to encourage collaboration and convenings between these seemingly disparate groups—the new actors, nonprofits, and the veteran providers (traditional financial institutions such as banks and credit unions)—philanthropic organizations can help ensure that the needs of their common audience, America’s unbanked and underbanked, are met innovatively and efficiently.

- **Investing.** In recent years, an increasing number of philanthropic organizations have recognized the value of mission-related investments in advancing their programmatic goals while maintaining or even strengthening fiduciary oversight of their endowments and assets. Investing in pooled funds or loan loss reserve funds that support sustainability or encourage innovation is another option. In addition, philanthropic organizations may want to examine the practices of the financial institutions with which they do business, to ensure they provide products and services to help low-income people increase their financial resources cost-effectively or, if such products and services are not offered, to encourage them to do so.

- **Funding research and evaluation.** Funding for pre- and post-product testing is often overlooked, resulting in unnecessary failure or, at best, extended delay. New products and services do not just suddenly appear on the market; they are developed through formative research into the needs and wants of prospective consumers. Once products and services are introduced to the market, in-process research is necessary to ensure that the products and services are reaching the market as efficiently as possible, and—as often happens—to make any necessary midcourse corrections. After the product or service has been in use for a predetermined period, outcome evaluation is necessary. This outcome research looks at whether the innovation performed as predicted, what problems—anticipated or not—affect its success (or failure), and what changes might make the product meet the needs of the market more effectively.

- **Funding for technological investment.** Investments in technology at the front end of development can dramatically increase the number of people served by innovative financial products and services and shorten the time it takes to bring promising models to production. In the field of microfinance, for example, technology has enabled microloans, credit-
scoring alternatives, and savings accounts (to name just a few) for people who previously lacked access to checking and savings accounts.

- **Advocating for consumer protection and safety.** Introducing new banking products and services alone will not solve all the problems of the unbanked and underbanked, especially those with low incomes. Existing laws and regulations to protect consumers from fraudulent advertising and predatory lending need to be enforced, and new laws may need to be enacted to ensure that any new services and products provide protection for those who use them. Whether working individually or en masse, philanthropic organizations carry very bright torches. These torches have the power both to illuminate new products and services for the unbanked and underbanked and to spotlight the considerable and often unnecessary hardships that can result from lack of access to safe financial products.

Change, as well as charity, begins at home. Philanthropic organizations, nonprofits, and foundations should look inward, to ensure that their internal financial operations are designed to help their employees meet their financial needs. Ensuring direct deposit, for example, is available to all employees; providing a mechanism to help employees save for retirement; and/or providing access to lower-cost checking and savings accounts can help nonprofits and foundations ensure that their own staffs are building an ongoing relationship to affordable, safe, financial services and saving for the future.
A Portrait of Older Underbanked and Unbanked Consumers: Findings from a National Survey

Detailed Findings

“...I went to [a car title and payday loan company] to get $500 on my title to a 1985 Ford pickup that I use for a work truck. I have paid off the loan twice. The last time I got behind by a week, as a customer had not paid me—I am self-employed in landscaping. I called the company to let them know, and they added $100 to my payment for being late; they had already called a repo company to pick up my truck. I offered to pay something, not all the total payment, just something to show I wanted to pay and would pay the loan off ASAP. No deal.”

Mark J., Texas
Figure 1: The likelihood of having a checking account increased with age among underbanked and unbanked people.

The likelihood of having a checking account increased with age. More than half of each older age group had a checking account, compared with fewer than two-fifths of persons age 18–44 and almost half of all persons age 18+. Three-quarters of persons age 65 and older had a checking account.
Figure 2: Among both age groups, underbanked and unbanked persons with incomes between $25,000 - $50,000 were most likely to have a checking account.

For persons age 65+, the likelihood of having a checking account increased with income. Persons with incomes greater than $25,000 were more likely to have a checking account than those earning less than $25,000 within each age group.

Within each income group, older persons (age 65+) were more likely to have a checking account than their counterparts age 45–64.
Figure 3: Among both age groups, many more underbanked and unbanked white persons had checking accounts than did underbanked and unbanked black and Hispanic persons.

White persons ages 45-64 were almost three times more likely than similarly aged black persons to have a checking account, and almost twice as likely as similarly aged Hispanic persons. Within each race/ethnicity, persons ages 65 and older were more likely to have a checking account than their younger (ages 45-64) counterparts. Black persons ages 65+ were almost twice as likely as black persons ages 45-64 to have a checking account.
Figure 4: For underbanked and unbanked persons, full-time employed age 45-64 persons and employed* age 65+ persons were more likely to have a checking account than similarly aged not-employed persons.

*Among persons ages 65+, this category includes full and part-time employees.

Full-time employees age 45-64 were more likely than part-time and not-employed persons of similar age to have a checking account. Employed persons age 65 and older were more likely to have an account than not-employed persons of similar age.
Figure 5: The likelihood of having a savings account increased with age among underbanked and unbanked persons.

Persons age 45–64 and age 65+ were more likely than persons of all ages (18+) to have a savings account. Persons age 65+ were most likely to have a savings account, while persons age 18–44 were least likely.
Figure 6: The likelihood of having a savings account increased with income among age 45-64 and 65+ underbanked and unbanked persons

The likelihood of having a savings account increased with income for people age 65+. Persons age 65+ with incomes between $10,000 and $50,000 were more likely to have an account than counterparts age 45–64 with similar income. Persons age 65+ with incomes between $10,000 and $25,000 were twice as likely to have an account as persons age 45–64 with similar incomes.
Figure 7: For both age 45-64 and age 65+ individuals, more underbanked white persons had savings accounts than did underbanked black and Hispanic persons.

White persons age 45–64 were more than twice as likely as black and Hispanic persons of similar age to have a savings account. Within each race/ethnicity, the likelihood of having a savings account increased by age group.
Figure 8: Among underbanked and unbanked persons, age 45-64 full-time employed and age 65+ employed* persons were more likely to have a savings account than similarly aged part-time and not-employed persons.

*Among persons age 65+, this category includes full- and part-time employees.

Part-time and not-employed persons age 45–64 were almost equally likely to have a savings account. Both groups were less likely to have an account than not-employed persons age 65+ and employed persons age 45–64.
Figure 9: Among underbanked and unbanked persons “Don’t have enough money to be useful” was the single most selected reason across age groups. Individuals selected cost-related factors most often as reasons not to have a checking or savings account.

Persons age 45–64 were almost twice as likely as persons age 65+ to cite “Concern about misuse of personal info.” “Hidden fees and charges” and “Too much documentation required” were also among the top reasons selected by persons in all age groups as reasons not to have an account.
Figure 10a (ages 45-64): “Don’t have enough money to be useful” was most frequently chosen across incomes by underbanked and unbanked individuals as a reason not to have an account.

Across income groups, “Don’t have enough money to be useful” and “Concern about misuse of personal information” were most frequently cited by persons age 45–64 as reasons for not having a checking or savings account.
Persons age 65+ with incomes below $25,000 most frequently cited not having enough money as a reason not to have a checking account. Only 4 percent of persons age 65+ with incomes above $25,000 cited this reason. About one-quarter of persons age 65+ with incomes between $25,000 and $50,000 selected “Concern about misuse of personal info,” versus only 4 percent of persons with incomes between $10,000 and $25,000 and 14 percent of those with incomes below $10,000.
Figure 11a (ages 45-64): “Don't have enough to be useful” and “Concern about misuse of personal information” were frequently chosen by underbanked and unbanked persons across race/ethnicity as reasons not to have an account.

More than half of black persons age 45–64 cited “Concern about misuse of personal information” as a reason for not having a checking account (versus 23 percent of Hispanic and 20 percent of white persons of similar age). Black persons age 45–64 also frequently cited “Don't have enough money to be useful” (43 percent versus 32 percent of white and 16 percent of Hispanic persons of similar age) and “Hidden fees and charges” (30 percent versus 5 percent of Hispanic and 16 percent of white persons of similar age).
Among persons age 65+, more than two-fifths of black and one-third of Hispanic individuals selected “Too much documentation required” as a reason not to have a checking account. Among financial reasons, “Don’t have enough money to be useful” was selected most frequently by white persons, while “Hidden fees and charges” was most frequently selected by black persons.
Almost half of part-time employed persons age 45–64 selected “Don’t have enough money to be useful” as a reason not to have a checking account. Part-time employees age 45–64 also frequently cited “Minimum required balance too high” as a reason not to have an account. Not-employed persons almost equally selected “Don’t have enough money to be useful” and “Concern about misuse of personal info” as reasons not to have an account.
Figure 12b (ages 65+): Not-employed underbanked and unbanked persons most consistently cited “Don’t have enough money to be useful” as a reason not to have an account.

Employed persons age 65 and older most frequently selected “Hidden fees and charges” as a reason not to have a checking account. Two-fifths of not-employed persons of the same age group most frequently selected “Don’t have enough money to be useful” as a reason not to have an account.

*Among persons age 65+, this category includes full- and part-time employees.
Almost half of unbanked persons age 65+ cited not having “Don’t have enough money to be useful” as a reason not to have a checking account. More than one in three unbanked respondents age 45–64 cited “Concern about misuse of personal information” as a reason not to have an account. Regardless of age, more unbanked persons selected reasons for not having an account than did underbanked persons.
WHERE DO THE UNBANKED AND UNDERBANKED CONDUCT FINANCIAL TRANSACTIONS?

“Unfortunately I found myself having to get a payday loan. It was a very degrading feeling. I make a decent living and I was embarrassed to have to resort to this. I have to say it was the lowest point in my life. At first it sounded pretty reasonable, borrowing $500 and only paying $20 to the hundred. I was supposed to pay it off in full in two weeks when I got paid, well pay day came along and I still did not have enough to pay all my bills and plus the payday loan. They said I could just pay the interest and have another two weeks. Well to make a long story short I ended up paying about $800 for a $500 dollar loan. That is not the worst of it, I reached a point where I had three of these loans out and my life had become a nightmare.”

Samie M., Texas
Figure 14: In each age group, underbanked and unbanked individuals chose “bank or credit union” most often as their preferred place for financial transactions.

Persons age 45–64 and 65+ were more likely than persons of all ages (18+) to select “Bank or credit union” as their preferred place to conduct financial transactions. Persons age 65+ were most likely to prefer to use a bank or credit union, while persons age 18–44 were least likely. Supermarkets were the second-most preferred institution for financial transactions across all age groups.

*Super centers include stores such as Wal-Mart, Costco, Sam’s Club, BJ’s, and Super K-Mart.
Figure 15: More underbanked and unbanked individuals with incomes over $25,000 preferred to use banks or credit unions than did those with lower incomes.

More than half of persons age 65+ with incomes higher than $10,000 preferred to use banks or credit unions to conduct financial transactions. More than half of persons age 45–64 with incomes over $25,000 preferred to use a bank or credit union, but almost half of those age 45–64 with incomes between $10,000 and $25,000, and one-third of those age 65+ with incomes under $10,000, preferred to use a supermarket.

*Super centers include stores such as Wal-Mart, Costco, Sam’s Club, BJ’s, and Super K-Mart.
More than half of white people age 45–64 and 65+ preferred to conduct financial transactions in a bank or credit union. This is in contrast to about one of four black persons and one of three Hispanics in both age groups. Hispanics age 45–64 were more likely to prefer to use a supermarket than a bank or credit union, while similarly aged black persons were equally likely to prefer to use a supermarket or a bank or credit union. Almost one-fifth of Hispanic persons age 65+ preferred to use a super center (for example, Wal-Mart or Costco), far more than other groups.
Figure 17: Almost one-third of part-time employed underbanked and unbanked persons and more than half of each of the other groups preferred to conduct transactions in a bank or credit union.

Persons ages 45–64 employed part-time almost equally selected a supermarket or a bank or credit union as their preferred place for conducting financial transactions. Employed persons age 65+ were most likely to prefer to use a bank or credit union.

*Super centers include stores such as Wal-Mart, Costco, Sam’s Club, BJ’s, and Super K-Mart.

**For age 65+, this group includes full-time and part-time employees.
Figure 18: Underbanked persons of both age groups overwhelmingly preferred to conduct financial transactions in a bank or credit union.

Unbanked persons age 65+ were more than twice as likely to prefer to use a bank or credit union as their younger (age 45 to 64) counterparts, while unbanked persons age 45–64 were twice as likely as their age 65+ counterparts to prefer to use a supermarket. Unbanked persons of both age groups were more likely to prefer to use a check-cashing outlet or a convenience store than were similarly aged underbanked persons.

*Super centers include stores such as Wal-Mart, Costco, Sam’s Club, BJ’s, and Super K-Mart.
Figure 19: Regardless of age most underbanked and unbanked people were very or somewhat satisfied with their transactions.

More than three-quarters of persons in each age group were very or somewhat satisfied with their financial transactions. Persons age 65+ were slightly more likely than persons of other ages to express satisfaction.
Most persons age 45–64 and 65+ across income groups were very or somewhat satisfied with their financial transactions. Persons age 65+ with incomes below $10,000 were least likely to be satisfied with their financial transactions, while persons age 65+ with incomes between $10,000 and $25,000 were most likely to be very or somewhat satisfied.
Figure 21: Most persons across race and ethnicity were very or somewhat satisfied with their financial transactions.

White persons of both age groups were most likely to report that they were very or somewhat satisfied with their financial transactions. Hispanic persons of both age groups were more likely to be dissatisfied with their transactions than were black or white persons of similar ages.
Figure 22: Regardless of employment status, most people were satisfied with their financial transactions.

Most persons in each age group and across employment statuses were very or somewhat satisfied with their financial transactions. Employed persons age 65+ were more likely to be satisfied than other groups.
Although the majority of both underbanked and unbanked persons were very or somewhat satisfied with their transactions, more underbanked persons from both age groups (age 45–64 and 65+) tended to be satisfied with their transactions than unbanked persons of similar age.
“Doesn’t take much time” and “Staff always helpful” were most frequently cited by most age groups as top reasons for satisfaction with their financial transactions. Persons age 65+ were slightly more likely than other age groups to select “Doesn’t take much time” as a reason for satisfaction, but least likely to choose “Staff always helpful.” Instead, one-quarter of persons age 65+ selected “Can get cash instantly” as a reason for satisfaction.
Figure 25a (age 45-64): Reasons for satisfaction tended to vary across underbanked and unbanked income groups

“Fees are affordable” and “Offers products and services that I need” were the most frequent choices among persons age 45–64 with incomes below $10,000. Persons with incomes between $25,000 and $50,000 most frequently chose “Staff always helpful” and “Offers products and services that I need,” while persons with incomes between $10,000 and $25,000 also most frequently selected “Staff always helpful” as a reason for satisfaction with their financial transactions.
Almost half of persons with incomes below $10,000 cited “Offers products and services that I need” as a reason for satisfaction with their financial transactions; more than two-fifths cited “Always treated with respect.” More than half of those with incomes between $25,000 and $50,000 cited “Doesn’t take much time.” This reason was also most frequently selected by persons with incomes between $10,000 and $25,000.
Figure 26a (age 45-64): About one-quarter of black and white underbanked and unbanked respondents listed “Doesn’t take much time” as a reason for satisfaction with their transaction, versus no Hispanic respondents.

Persons across race/ethnicity and age groups selected “Offers products and services that I need” and “Staff always helpful” as top reasons for satisfaction with their financial transactions. Other frequent responses across these groups included “Fees are affordable” and “Always treated with respect.”

“Offers products and services I need” was the most frequent choice among black persons age 45–64, while similarly aged Hispanic persons most frequently chose “Staff always helpful” as a reason for satisfaction. White persons age 45–64 most frequently chose “Doesn’t take much time” and “Staff always helpful” as reasons for satisfaction.
Figure 26b (age 65+): Across races/ethnicities, underbanked and unbanked respondents in this age group listed “Staff always helpful” and “Doesn’t take much time” as top reasons for satisfaction with their financial transactions.

Across races and ethnicities, persons age 65+ most frequently selected “Staff always helpful” and “Doesn’t take much time” as reasons for satisfaction with their financial transactions. Hispanic persons were least likely to select “Fees are affordable” and “Can get cash instantly” as reasons for satisfaction. All groups were less likely to choose financial reasons than customer service and convenience reasons for satisfaction.
A larger proportion of part-time employed respondents selected reasons for satisfaction with their financial transactions than did full-time employed and not-employed persons. “Staff always helpful” and “Doesn’t take much time” were most frequently selected by full-time employed persons, while “Always treated with respect” and “Offers products and services I need” were most frequently selected by not-employed persons.
Figure 27b (age 65+): More part-time underbanked and unbanked respondents in the 45-64 age group listed reasons for satisfaction with their financial transactions than did full-time and not employed persons.

*Among persons age 65+, this category includes full- and part-time employees.

Persons age 65+ who were not employed most frequently selected “Staff always helpful” and “Doesn’t take much time” as reasons for satisfaction, while employed persons of the same age most frequently selected “Can get cash instantly.”
More than two-fifths of unbanked persons age 65+ listed “Doesn’t take much time” as a reason for satisfaction with their financial transactions. One-fifth of underbanked persons age 65+ listed “No hidden costs,” versus only 4 percent of unbanked persons age 65+. Almost one-third of unbanked persons age 45–64 listed “Offers products and services that I need” as a reason for satisfaction, versus 19 percent of underbanked persons of the same age. One-quarter of unbanked persons age 45–64 selected “Fees are affordable,” versus 11 percent of underbanked persons of the same age.
“It started out to help me over a temporary cash flow shortage and has turned into a five-year nightmare. I am a single mother who is also a teacher. I have one child. I am currently using three different payday loan companies in my home town. Whenever I go to make a payment on the interest, I cannot bring any money to pay down the loan because one company only allows you to pay down in increments of $50. Another in increments of $25 and the other you just have to pay the entire thing off or continue paying $25 per $100 loaned. Each time you roll it over, the interest increases.... The financial worries of being 56 with a 15-year-old getting ready to go to college and me facing retirement is a prospect that I can’t even fathom. I just keep praying that someday, somewhere, God will give me a miracle and I keep trudging on. It is definitely a dark hole that I am in with no light at the end of the tunnel.”

Nancy O., Texas
Figure 29: Underbanked and unbanked persons in all age groups used personal loans* more frequently than other loan types

*It is unclear whether individuals selecting “Personal loan” meant an unsecured loan from a bank or a loan from a person, for example a friend or relative.

In each age group, more people had used personal loans than other loan types. Lines of credit and home equity loans were the next most common loan types used. Fewer than 10 percent of each age group had used payday loans, but about 20 percent to 25 percent of persons had auto title loans, which could result in borrowers losing their cars. Persons age 45–64 were most likely to have used an auto title loan, while persons age 18–44 were least likely to have used this type of loan.
Figure 30a (45-64): Underbanked and unbanked people with incomes between $25,000 and $50,000 used a wider variety of loan types than did people with lower incomes

*It is unclear whether individuals selecting “Personal loan” meant an unsecured loan from a bank or a loan from a person, for example a friend or relative.

Almost half of persons age 45–64 with incomes between $25,000 and $50,000 had used personal loans, compared with about one-third of persons with incomes below under $25,000. Persons with incomes between $25,000 and $50,000 were more likely to have used home equity loans than persons with lower incomes.
Figure 30b (65+): Almost one-third of underbanked and unbanked people with incomes between $25,000 and $50,000 had used an auto title loan.

*It is unclear whether individuals selecting “Personal loan” meant an unsecured loan from a bank or a loan from a person, for example a friend or relative.

More than half of persons age 65+ with incomes between $25,000 and $50,000 had used a personal loan, versus half as many persons with incomes between $10,000 and $25,000. More than two of five persons age 65+ with incomes between $25,000 and $50,000 used home equity loans, more than twice the percentage of similarly aged persons with incomes below $10,000. Almost one-third of persons age 65+ with incomes over $25,000 had used an auto title loan, more than twice the percentage of similarly aged persons with similar incomes that had used payday loans.
Figure 31a (Age 45-64): Among underbanked and unbanked persons, black individuals were equally likely to have used a student loan and a personal loan.

More than two-fifths of white persons had used a personal loan, versus 31 percent of Hispanic persons and 26 percent of black persons of similar age. White persons were much more likely to have used a home equity loan or a line of credit than either black or Hispanic persons of similar age. More than a quarter of black persons had used a student loan, versus 15 percent of white and 7 percent of Hispanic persons.

*It is unclear whether individuals selecting “Personal loan” meant an unsecured loan from a bank or a loan from a person, for example a friend or relative.
Figure 31b (Age 65+): Among underbanked and unbanked persons, almost half of age 65+ Hispanic individuals had used a cash advance from a credit card, more than three times the number of age 65+ white individuals.

*It is unclear whether individuals selecting “Personal loan” meant an unsecured loan from a bank or a loan from a person, for example a friend or relative.*

Almost half of black persons age 65+ had used a personal loan, compared with 30 percent of white and 38 percent of Hispanic persons of similar age. Almost half of Hispanic persons reported using a cash advance on a credit card to borrow money. White persons were most likely of the race/ethnicity groups to have used an auto title loan. Almost 20 percent of black and Hispanic persons had used a payday loan, compared with 4 percent of similarly aged white persons.
Figure 32a (age 45-64): Use of payday loans among underbanked and unbanked persons was less than 10 percent across all employment statuses.

More than three out of five part-time employed persons had used a personal loan, a higher percentage than full-time employed and not-employed persons. Part-time employed persons were more likely to have used a payday loan than people employed full time or not employed. Use of payday loans was less than 10 percent across all employment statuses.

*It is unclear whether individuals selecting “Personal loan” meant an unsecured loan from a bank or a loan from a person, for example a friend or relative.
Figure 32b (age 65+): Among underbanked and unbanked persons, employed persons were almost twice as likely as not employed persons to have used an auto title loan.

Employed persons age 65+ were almost twice as likely as not-employed persons to have used an auto title loan. Employed persons were twice as likely to use a line of credit, but persons who were not employed were more likely than employed persons to use a home equity loan.

*Among persons age 65+, this category includes full- and part-time employees.

**It is unclear whether individuals selecting “Personal loan” meant an unsecured loan from a bank or a loan from a person, for example a friend or relative.
More underbanked persons had used a variety of types of loans than had unbanked persons. Almost twice as many underbanked persons age 45–64 used a personal loan than did similarly aged unbanked persons. Underbanked persons age 45–64 were almost seven times as likely as unbanked persons of similar age to have used a home equity loan, and more than six times as likely to have used a line of credit. Both underbanked and unbanked persons were relatively unlikely to have used a payday loan, while underbanked persons age 45–64 were most likely to have used an auto title loan.
The likelihood of borrowing in the previous 12 months decreased with increasing age. Persons age 65+ were least likely of all age groups to have borrowed in the previous 12 months, while persons age 18–44 were most likely to done so.
Figure 35: For underbanked and unbanked persons age 65+ the likelihood of having borrowed in the previous 12 months increased with income

About one-quarter of persons age 45–64 across income groups had borrowed money in the previous 12 months. For persons age 65+, the likelihood of having borrowed within the last 12 months increased with income. Only 7 percent of persons age 65+ with incomes less than $10,000 had borrowed within the previous 12 months, compared with almost a third of similarly aged persons with incomes between $25,000 and $50,000.
Figure 36: Among underbanked and unbanked persons age 65+ Hispanic persons were most likely to have borrowed in the past 12 months

White and Hispanic persons age 45–64 were more likely to have borrowed in the past 12 months than similarly aged black persons. Black persons age 65+ were more likely to have borrowed in the past 12 months than black persons age 45–64 or white persons age 65+. Hispanic persons age 65+ were most likely to have borrowed in the previous 12 months.
**Figure 37:** Among underbanked and unbanked individuals, age 45-64 part-time employed persons were more likely to have borrowed than similarly aged full-time or not-employed persons.

*For persons age 65+, this category includes full-time and part-time employees.*

People age 65+, whether employed or not employed, were least likely of all groups to have borrowed in the last 12 months. People age 45–64 employed part-time were most likely to have done so.
Underbanked persons age 45–64 were twice as likely as similarly aged unbanked persons to have borrowed within the previous 12 months. Underbanked persons age 65+ were slightly more likely to have borrowed within the previous 12 months than similarly aged unbanked persons.
**Figure 39: Of underbanked and unbanked persons who borrowed in the previous 12 months, the majority in each age group had borrowed less than five times**

*Respondents borrowing within the previous 12 months but not specifying how many times they borrowed are not reflected in the chart above; column percents therefore will not necessarily total 100 percent.

Persons age 45–64 and 65+ most frequently borrowed money only once in the previous 12 months, and persons age 45–64 were most likely to have borrowed only once in the previous 12 months. Persons age 18–44 most frequently borrowed twice. More than half of persons age 65+ had borrowed more than once in the past 12 months, with 9 percent of this group having borrowed nine or more times during this period.
Figure 40: Of underbanked and unbanked persons who borrowed in the previous 12 months, most persons with incomes less than $25,000 had borrowed one time*

* Respondents borrowing within the previous 12 months but not specifying how many times they borrowed are not reflected in the chart above; column percents therefore will not necessarily total 100 percent.

Persons ages 45–64 with incomes under $10,000 were most likely to have borrowed only once in the previous 12 months. Almost half of persons age 65+ with similar incomes borrowed nine or more times over the same period. Three-fourths or more of persons with incomes between $10,000 and $25,000 (in both age groups) borrowed only once, while over 90 percent of persons age 45–64 with incomes between $25,000 and $50,000 borrowed four times or fewer.
Figure 41 (Age 65+)*: Of underbanked and unbanked persons who borrowed in the previous 12 months, about half of age 65+ black and Hispanic persons had borrowed more than nine times**

Half or more of black and Hispanic persons age 65+ borrowed nine or more times in the previous 12 months, compared with only 1 percent of similarly aged white persons. About two-fifths of black and white persons age 65+ had borrowed only once in the previous 12 months, compared with 9 percent of similarly aged Hispanic persons.
Figure 42: Of underbanked and unbanked persons who borrowed in the previous 12 months, across employment statuses most persons borrowed one time*

*Respondents borrowing within the previous 12 months but not specifying how many times they borrowed are not reflected in the chart above; column percents therefore will not necessarily total 100 percent.

**For persons age 65+, this category includes full-time and part-time employees.

More than two-thirds of not-employed persons age 65+ were most likely to have borrowed four times or fewer in the previous 12 months; 11 percent of this group borrowed nine or more times in the previous 12 months. More than half of each employment group ages 45–64 had borrowed only once.
**Figure 43:** Of underbanked and unbanked persons who borrowed in the previous 12 months, more than two of five age 65+ unbanked persons borrowed more than nine times*

*Respondents borrowing within the previous 12 months but not specifying how many times they borrowed are not reflected in the chart above; column percents therefore will not necessarily total 100 percent.

The majority of underbanked and unbanked persons age 45–64 borrowed money only once in the previous 12 months. More than two of five unbanked persons age 65+, however, borrowed money nine or more times.
Figure 44: More than three-fifths of age 45-64 underbanked and unbanked persons who borrowed within the previous 12 months last borrowed over $1,000

*Respondents borrowing within the previous 12 months but not specifying the amount they borrowed are not reflected in the chart above; column percents therefore will not necessarily total 100 percent.

Persons from each age group most frequently borrowed $1,000 or more the last time they borrowed. People age 45–64 were more likely than persons of other age groups to have last borrowed $1,000 or more. Persons age 18–44 were most likely to have last borrowed less than $100 and least likely to have borrowed $1,000 or more.
Figure 45 (Age 45-64)*: More than half of persons age 45–64 with incomes of less than $10,000 who borrowed in the previous 12 months last borrowed less than $500.

Almost two-thirds of persons age 45–64 with incomes between $10,000 and $25,000 who borrowed in the previous 12 months borrowed $1,000 or more, while more than half of persons age 45–64 with incomes between $25,000 and $50,000 who borrowed in the previous 12 months borrowed $1,000 or more.

*Differences among persons age 65+ were not found to be statistically significant, so this age group is not shown.
More than 90 percent of Hispanics age 65+ who borrowed in the previous 12 months borrowed $1,000 or more the last time they borrowed, compared with three-fifths of similarly aged black persons and more than half of similarly aged white persons. Seventy-one percent of white persons age 45–64 who borrowed within the previous 12 months had borrowed $1,000 or more, compared with 20 percent of black and 40 percent of Hispanic persons of similar age.
Figure 47 (Age 45-64)*: Among underbanked and unbanked persons who borrowed in the past 12 months, most age 45 to 64 full-time employees last borrowed $1,000 or more.

Persons age 45–64 who borrowed in the previous 12 months and were employed full-time were more likely to borrow $1,000 or more than were part-time and not-employed persons of the same age.

* Differences among persons age 65+ were not found to be statistically significant and are not shown here.
Figure 48 (Age 45-64)*: Of underbanked and unbanked persons who borrowed in the previous 12 months, three quarters of age 45-64 underbanked persons most recently borrowed more than $1,000, versus one-third of unbanked persons of similar age.

Three-quarters of underbanked persons age 45–64 who borrowed within the previous 12 months last borrowed $1,000 or more, more than twice the percentage of similarly aged unbanked persons.

* Differences among persons age 65+ were not found to be statistically significant and are not shown here.
Table 1: Reasons for borrowing, by age groups

<table>
<thead>
<tr>
<th>Reasons for borrowing</th>
<th>18+ (n = 784)</th>
<th>18-44 (n = 378)</th>
<th>45-64 (n = 285)</th>
<th>65+ (n = 97)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical bills</td>
<td>7%</td>
<td>6%</td>
<td>4%</td>
<td>19%</td>
</tr>
<tr>
<td>To buy a car</td>
<td>17%</td>
<td>13%</td>
<td>21%</td>
<td>27%</td>
</tr>
<tr>
<td>For furniture or appliances</td>
<td>4%</td>
<td>2%</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td>To help out family</td>
<td>10%</td>
<td>7%</td>
<td>15%</td>
<td>14%</td>
</tr>
<tr>
<td>To pay back money</td>
<td>11%</td>
<td>11%</td>
<td>6%</td>
<td>20%</td>
</tr>
<tr>
<td>For living expenses</td>
<td>17%</td>
<td>22%</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>To pay rent</td>
<td>13%</td>
<td>16%</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>For home repairs</td>
<td>10%</td>
<td>4%</td>
<td>17%</td>
<td>25%</td>
</tr>
<tr>
<td>To pay utility bill</td>
<td>17%</td>
<td>19%</td>
<td>15%</td>
<td>12%</td>
</tr>
<tr>
<td>To fix car</td>
<td>11%</td>
<td>12%</td>
<td>6%</td>
<td>14%</td>
</tr>
</tbody>
</table>

People age 65+ surveyed were most likely to have borrowed to

- Pay medical bills
  - Almost one-fifth of persons age 65+ said they borrowed to pay medical bills, versus only 4 percent of persons age 45–64, 6 percent of persons age 18–44, and 7 percent of all ages (18+).
Pay back money

- One-fifth of persons age 65+ borrowed money to pay back money they owed, more than three times the percentage of persons age 45–64 and almost double the percentage of persons age 18–44.

Finance home repairs

- One-quarter of persons age 65+ said they borrowed money for home repairs, versus only 4 percent of persons age 18–44 and 10 percent of persons of all ages (18+).

Persons age 65+ were most likely to say they borrowed money to buy a car (27 percent), versus 13 percent of persons age 18–44 and 21 percent of persons age 45–64. Persons age 65+ were least likely to have borrowed money for living expenses.

**Reasons to borrow by income**

Underbanked and unbanked persons age 65+ with incomes between $25,000 and $50,000 who had borrowed in the previous 12 months were more likely to say they had borrowed to pay medical bills, pay back money, or fix a car than were persons ages 45–64 with similar incomes.

- More than two-fifths of persons age 65+ with incomes between $25,000 and $50,000 borrowed to pay medical bills, versus 7 percent of persons age 45–64 with similar incomes.

- One-third of persons age 65+ with incomes between $25,000 and $50,000 borrowed to pay back a loan, versus 8 percent of persons age 45–64 with similar incomes.

- One-fifth (21 percent) of persons age 65+ with incomes between $25,000 and $50,000 borrowed to fix a car, versus only 5 percent of persons age 45–64 with similar incomes.

More than one-third of persons age 45–64 with incomes between $10,000 and $25,000 borrowed to help out family members, versus only 5 percent of persons age 65+ with similar incomes.

**Reasons to borrow by race/ethnicity**

Among underbanked and unbanked persons who had borrowed in the previous 12 months, age 65+ Hispanic and black persons identified more reasons to have borrowed than did Hispanic and black persons age 45–64, or white persons of both age groups.

- Eighty-six percent of Hispanic persons age 65+ said they borrowed to fix a car, versus 57 percent of black persons and 6 percent of white persons of similar age.
• More than half of Hispanic and black persons age 65+ said they borrowed to help out family, versus 4 percent of similarly aged white persons.

• Sixty-nine percent of black persons age 65+ said they borrowed to buy a car, versus 54 percent of Hispanic persons and 21 percent of white persons of similar age.

• About half of Hispanic and black persons age 65+ said they borrowed to pay back money, versus no white persons of similar age.

**Reasons to borrow by employment status**

Of people who were not employed, almost one-quarter of those age 65+ borrowed to pay medical bills, versus 5 percent of not-employed persons age 45–64. Almost two-fifths (37 percent) of employed persons age 65+ borrowed for home repairs, versus 12 percent of full-time employed persons age 45–64.

• One-fourth of persons age 65+ who were not employed borrowed to pay back a loan, versus 7 percent of not-employed people age 45–64.

• Fourty-four percent of underbanked and unbanked persons age 65+ who were not employed borrowed to meet living expenses, versus 13 percent of not-employed persons age 45–64.

**Reasons to borrow by underbanked and unbanked status**

Among underbanked and unbanked persons who borrowed in the previous 12 months, more unbanked persons age 65+ found reasons to borrow than other groups.

• More than three-fifths of unbanked persons age 65+ borrowed to pay medical bills, versus only 1 percent of unbanked persons age 45–64.

• More than 50 percent of unbanked persons age 65+ borrowed to buy a car, and almost 50 percent of this group borrowed to fix a car.

• The fact that so many unbanked persons found it necessary to borrow speaks to a lack of savings and other resources that could be used in times of financial crisis.
Figure 49: Across 45+ age groups bank/credit unions were most frequently chosen as the first place underbanked and unbanked individual would borrow

More than half of all persons age 65+ would first turn to a bank or credit union to borrow $1,000 or less, more than twice the percentage of persons age 18–44. Persons of each 45+ age group would first borrow from a bank/credit union and then a family member; however, persons younger than 45 would first borrow from family members. Persons of all ages combined (18+) are almost equally likely to borrow from a bank/credit union or from family, whereas the age 65+ group shows a marked preference for borrowing money from a bank/credit union over borrowing money from any other source.
Figure 50: Underbanked and unbanked persons age 65+ with incomes over $10,000 were most likely of all ages and incomes to borrow first from a bank or credit union.

For persons age 65+, the likelihood that a person would first go to a bank or credit union to borrow $1,000 increased with income. Two-fifths of persons age 65+ with incomes below $10,000 would turn first to a bank or credit union, versus almost 70 percent of those of similar age with incomes between $25,000 and $50,000. Persons age 45–64 with incomes below $10,000 would turn first to family/relatives rather than to a bank or credit union.
Almost half of white persons age 45–64 would first borrow $1,000 or less from a bank or credit union. This is in contrast to one in four black persons and one in three Hispanic persons of similar age. Almost two-fifths of Hispanic persons age 45–64 would first borrow $1,000 or less from family or relatives, which is greater than the percentage that would first turn to a bank or credit union.
More than half of persons age 45–64 with full-time employment would first turn to a bank or credit union to borrow $1,000 or less. Two of five not-employed persons age 45–64 would also seek a loan first from a bank or credit union. Persons age 45–64 who were employed part-time were slightly more likely to first turn to a family member than a bank/credit union for a loan of this size.
Figure 53: Underbanked persons of both ages most frequently selected bank/credit union as the first choice for borrowing $1,000 or less, while unbanked persons most frequently selected family/relatives.

More than half of persons age 45–64 with full-time employment would first turn to a bank or credit union to borrow $1,000 or less. Two of five not-employed persons age 45–64 would also seek a loan first from a bank or credit union. Persons age 45–64 who were employed part-time were slightly more likely to first turn to a family member than a bank/credit union for a loan of this size.
“After having health insurance refused and then experiencing a stroke and then a heart attack I could not keep up with my payments so I had to sell my home at a great reduction before the bank foreclosed. I was approved for S.S. Disability that put me over the poverty level so the programs that help indigent people with their health care costs was lost. I had to wait 24 months for Medicare to kick in because I am under 65. I needed money for prescriptions and needed propane for heating. I thought a short term loan from [a payday lender] would get me through until my check arrived. No other lender would consider loaning me money with the bad credit report I have. Well, I make the interest payment and pay down the balance maybe $50 each month but it sure kills my budget. There is always something that really needs to be paid and they make it so easy to get cash that most people fall into the trap. I now simply wait for my check and do without if I run out of money before then. Things like taxes, car payments, rent, medicine, heating and utility bills can be budgeted and when unexpected expenses happen something just has to wait.”

Larry P., Texas
Figure 54: Among underbanked and unbanked persons, Age 65+ persons were the least likely age group to have used cash for most of their transactions in the previous month*

* Respondents not indicating their primary transaction instrument in the past month are not reflected in the chart above; column percents therefore will not necessarily total 100 percent.

Half of persons age 45–64 and almost three-fifths of persons age 18–44 used cash for most of their transactions in the previous month, versus only one-third of persons age 65+. About one-fourth of persons ages 65+ used checks for most of their transactions, versus only 11 percent of persons age 45–64 and 10 percent of persons of all ages (18+). Almost half of persons age 65+ used checks or credit cards most frequently, versus 21 percent of persons age 45–64 and 20 percent of persons of all ages (18+).
Most people (across both age groups and all income groups) used cash most frequently for transactions in the past month. Persons age 65+ with incomes between $25,000 and $50,000 were more likely to have used credit cards than persons age 45–64 with similar incomes. Persons age 65+ of all incomes were also more likely to have used checks than persons age 45–64 of all income groups.
Hispanic and black persons age 45–64 used cash significantly more frequently in the previous month than similarly aged white persons. Black persons age 65+ were more likely to have used cash than similarly aged white and Hispanic persons. White persons age 45–64 and 65+ were much more likely to have used credit cards than Hispanic and black persons.

*Respondents not indicating their primary transaction instrument in the past month are not reflected in the chart above; column percents therefore will not necessarily total 100 percent.*
Persons age 45–64 across all employment statuses used cash most frequently in the previous month. Persons employed full time in both age groups, but especially those age 65+, were more likely to have used a credit card than those employed part-time or those not employed. Persons age 65+ who were not employed (most of whom were retired in this survey) used checks more frequently than other employment and age groups.
Unbanked persons of both older age groups used cash much more frequently in the past month than did underbanked persons of similar ages. Conversely, older underbanked persons were more likely to have used checks, credit cards, and debit cards in the previous month than unbanked persons.

*Respondents not indicating their primary transaction instrument in the past month are not reflected in the chart above; column percents therefore will not necessarily total 100 percent.
Almost two-thirds of age 65+ underbanked and unbanked persons received most income through direct deposit to checking or savings. This is probably because of the large number of retired persons within this group who receive retirement benefits (including Social Security), which are typically directly deposited into a savings or checking account. Two of five persons both age 45–64 and age 18+ received income by payroll check.
More than three-fifths of persons age 65+ with incomes over $10,000 received most of their income through direct deposit to a checking or savings account. This is in contrast to their counterparts age 45–64, who were more likely to receive a payroll check. Half of persons age 45–64 and nearly 30 percent of persons age 65+ with incomes under $10,000 received most of their incomes through payroll check.
Figure 61: Among underbanked and unbanked persons, more than half of age 45 to 64 Hispanic persons received most of their income in cash*

White persons age 65+ were more likely than other groups to receive most of their income through direct deposit. More than half of Hispanic persons age 45–64 received most of their income in cash. This is twice the percentage of similarly aged black persons and three times the percentage of similarly aged white persons.

*Respondents not indicating how they received income in the past month are not reflected in the chart above; column percents therefore will not necessarily total 100 percent.
Not-employed persons age 65+ were almost twice as likely as not-employed persons age 45–64 to receive most of their income through direct deposit. This finding could reflect the large number of retired persons among the not-employed age 65+ group who receive retirement and other benefits through direct deposit. Half of full- and part-time employees in the age 45–64 group received most of their income through payroll check.
The majority of persons in all age groups cashed their payroll checks at a bank or credit union. Older persons (age 65+) were most likely to use this method.
Almost 80 percent of persons age 45–64 with incomes between $25,000 and $50,000 cashed their paycheck in a bank or credit union. Persons with incomes between $10,000 and $25,000 were almost as likely to have used a check-cashing outlet as a bank/credit union to cash their payroll check.
Figure 65 (Age 45-64): Underbanked and unbanked Hispanic and white persons were more likely to cash payroll checks in a bank or credit union than black persons**

Among persons age 45–64, 70 percent of white and 76 percent of Hispanic persons used a bank or credit union to cash their payroll check, compared with 44 percent of similarly aged black persons. Equal proportions of black and Hispanic persons cashed their payroll checks in a supermarket (14 percent). Black persons were most likely to have used a check-cashing outlet.

* Small sample sizes could make this comparison unreliable.
** Respondents not indicating how they received income in the past month are not reflected in the chart above; column percents therefore will not necessarily total 100 percent.
Most full-time and not-employed persons of both age groups (45–64 and 65+) used a bank or credit union to cash their payroll checks. One-fifth of not-employed persons age 65+ cashed their payroll check in a supermarket, twice the percentage of full-time employed persons of similar age.
Figure 67: Underbanked persons of both ages were much more likely than unbanked persons to cash their payroll checks in a bank or credit union

More than half of unbanked persons from each age group and almost all underbanked persons age 65+ used a bank or credit union to cash their payroll checks. Unbanked persons of both age groups were much more likely than underbanked persons to cash their checks in a supermarket. Unbanked persons age 65+ were more likely than the other groups to cash payroll checks in a supermarket.

*Small sample size could make this comparison unreliable.*
APPENDIX

Study Methodology
CFSI commissioned Simmons Research (a unit of Experian) to conduct a study of the use of prepaid instruments and financial methods by the unbanked and underbanked through a combination of telephone and mail surveys. The data collection effort gathered a nationally representative sample of 2,799 completed surveys with a margin of error of 1.9 percent.

Definitions of Unbanked and Underbanked
All of the participants in the study were screened to be unbanked or underbanked individuals. Respondents were grouped into unbanked and underbanked based on their responses to questions about their usage of bank accounts. Unbanked were determined based on the responses to questions that asked if they had a checking account (Question #5) and whether they had a savings account (Question #9). If they responded that they had neither a checking nor savings account, then they were classified as unbanked.

Underbanked individuals were determined by comparing their usage of nonbank financial service providers to obtain money orders, cash checks, and pay bills. This was identified in Question 14A, where the frequency of usage of grocery stores; check cashers; payday lenders; pawnshops; convenience, drug, liquor, and discount stores; supercenters, and auto title lenders for financial transactions was gathered from survey participants.

Q 14 A: The following is a list of various places that you can use for financial transactions. “Financial transactions” include things such as cashing a check, obtaining a money order, buying or reloading a prepaid card, paying a bill, or obtaining a loan. By writing in the number in the space provided, please indicate how many times you have used or visited each of the following in the past 30 days. If “none,” please indicate with a “0”.

# Times Used in Past 30 Days
- Bank or credit union stand-alone branch
- Bank or credit union inside a store
- Supermarket/grocery store
- Check-cashing outlet/currency exchange
- Payday lender
- Pawnshop
Weighting.
The data were weighted using estimated population distributions computed by Experian to reflect the overall U.S. population.

Age groups: For purposes of the analysis, specific age ranges were combined to permit comparisons and inferences to be made from the responses.

### Age Groups: Unweighted

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 to 44</td>
<td>1,260</td>
<td>45.0</td>
<td>45.0</td>
<td>45.0</td>
</tr>
<tr>
<td>45–64</td>
<td>1,054</td>
<td>37.7</td>
<td>37.7</td>
<td>82.7</td>
</tr>
<tr>
<td>65 and over</td>
<td>485</td>
<td>17.3</td>
<td>17.3</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>2,799</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
The data set was analyzed to understand the distribution of responses by question.

**Statistical significance of difference**

Chi-square statistics were reviewed to understand whether cross-tabulations of responses showed significant differences by group for specific comparisons.

The Chi-square tests showed significant differences among age and demographic group responses for the charted percentages using the weighted cross-tabs. For a few of the tables, the unweighted cross-tab and the age 65+ groups were not significant. This may be due to the lower number of participants in that cohort or to other behavioral reasons.

**Demographics**

Age 45+ respondents by underbanked/unbanked status (weighted):

<table>
<thead>
<tr>
<th>Age groups</th>
<th>Underbanked</th>
<th>Unbanked</th>
</tr>
</thead>
<tbody>
<tr>
<td>45-64</td>
<td>60%</td>
<td>76%</td>
</tr>
<tr>
<td>65+</td>
<td>40%</td>
<td>24%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
### Age 45+ respondents by income and underbanked/unbanked status (weighted):

<table>
<thead>
<tr>
<th>Income</th>
<th>Underbanked</th>
<th>Unbanked</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Age 45–64</td>
<td>Age 65+</td>
</tr>
<tr>
<td>Under $10,000</td>
<td>6.2%</td>
<td>6.8%</td>
</tr>
<tr>
<td>$10,000–$25,000</td>
<td>8.5%</td>
<td>21.5%</td>
</tr>
<tr>
<td>$25,000–$50,000</td>
<td>25.4%</td>
<td>25.7%</td>
</tr>
<tr>
<td>$50,000–$75,000</td>
<td>16.4%</td>
<td>8.7%</td>
</tr>
<tr>
<td>$75,000+</td>
<td>29.6%</td>
<td>20.4%</td>
</tr>
<tr>
<td>(DNR) REFUSED/No response</td>
<td>13.8%</td>
<td>25.6%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### Age 45+ respondents by race/ethnicity and underbanked/unbanked status (weighted):

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Underbanked*</th>
<th>Unbanked*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Age 45–64</td>
<td>Age 65+</td>
</tr>
<tr>
<td>White</td>
<td>88.5%</td>
<td>92.7%</td>
</tr>
<tr>
<td>Black or African-American</td>
<td>8.4%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>6.1%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Other</td>
<td>2.9%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

*Because the categories of race and ethnicity are not mutually exclusive, totals here would exceed 100 percent and are not shown.*
Age 45+ respondents by employment and underbanked/unbanked status (weighted):

<table>
<thead>
<tr>
<th>Status</th>
<th>Underbanked</th>
<th>Unbanked</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Age 45-64</td>
<td>Age 65+</td>
</tr>
<tr>
<td>Employed Full-time</td>
<td>56.7%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Employed Part-time</td>
<td>8.0%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Not Employed</td>
<td>35.0%</td>
<td>77.1%</td>
</tr>
<tr>
<td>Retired</td>
<td>50.0%</td>
<td>82.4%</td>
</tr>
<tr>
<td>Temporarily Unemployed</td>
<td>7.8%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Disabled</td>
<td>27.7%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Full-time Student</td>
<td>0.0%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Homemaker</td>
<td>6.6%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Never Worked</td>
<td>7.9%</td>
<td>9.8%</td>
</tr>
<tr>
<td>No Response – Mail Only</td>
<td>0.2%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>