



RURAL RESEARCH SYMPOSIUM

 Freddie Mac

11.5.2019 | AN **ALL FOR HOME** EVENT

#RuralHousingResearch



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2017 FDIC National Survey of Unbanked and Underbanked Households

Freddie Mac Rural Research Symposium
November 5, 2019



Background

- In partnership with U.S. Census Bureau, FDIC conducted its fifth biennial household survey in June 2017.
- Goals of survey are to provide:
 - Reliable estimates of unbanked and underbanked populations
 - Insights into how banks might better meet needs of these consumers
- Nationally representative sample, over 35,000 respondents.
- Estimates available at national and state levels, and for larger MSAs.



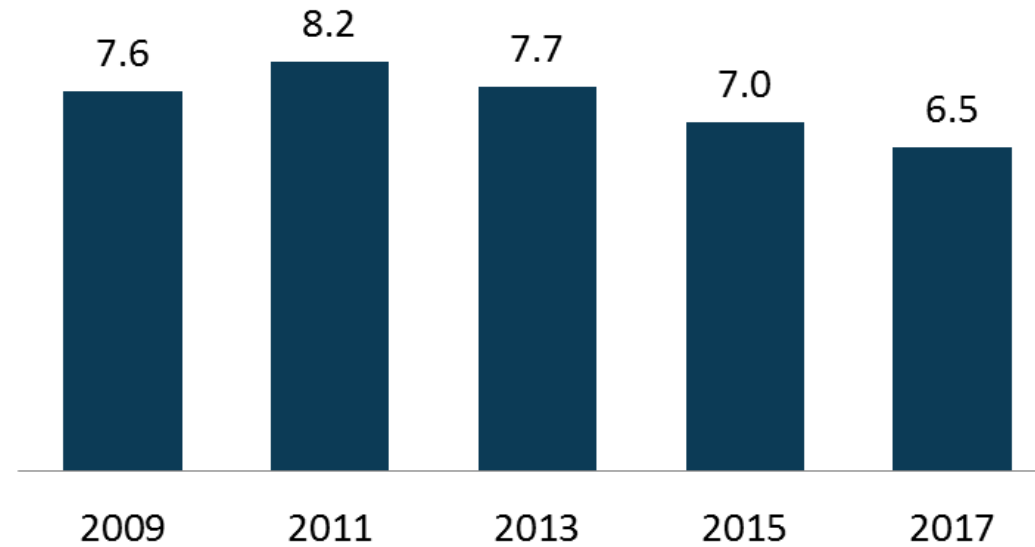
Unbanked and Underbanked Definitions

- A household is classified as **unbanked** if no one in the household had a checking or savings account.

 - A household is classified as **underbanked** if it had a checking or savings account and used one of the following products or services from an alternative financial services (AFS) provider in the past 12 months:
 - Money orders
 - Check cashing
 - International remittances
 - Payday loans
 - Refund anticipation loans
 - Rent-to-own services
 - Pawn shop loans
 - Auto title loans
- } Transaction AFS
- } Credit AFS

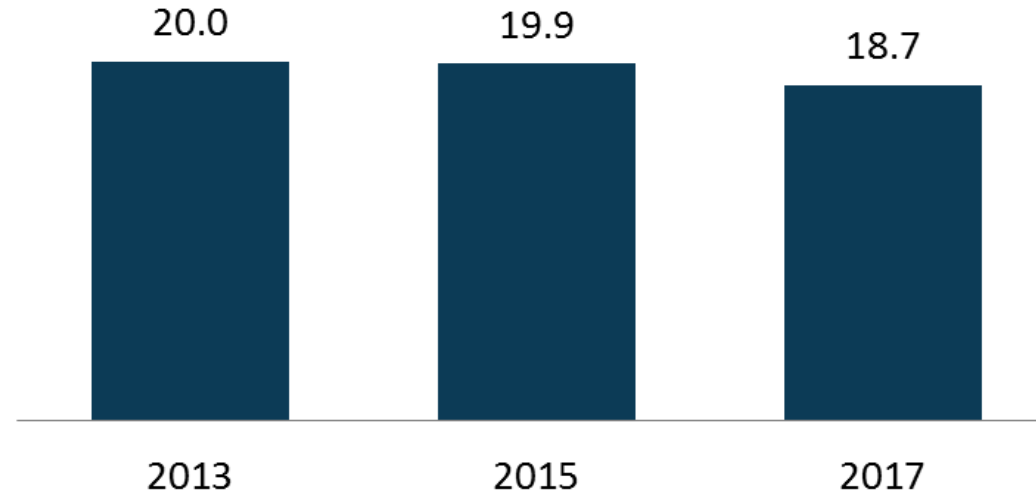


Unbanked Rates by Year



- Unbanked rate declined to lowest level since survey began in 2009.
- Decline from 2015 to 2017 can be explained almost entirely by improvements in socioeconomic circumstances of U.S. households.

Underbanked Rates by Year



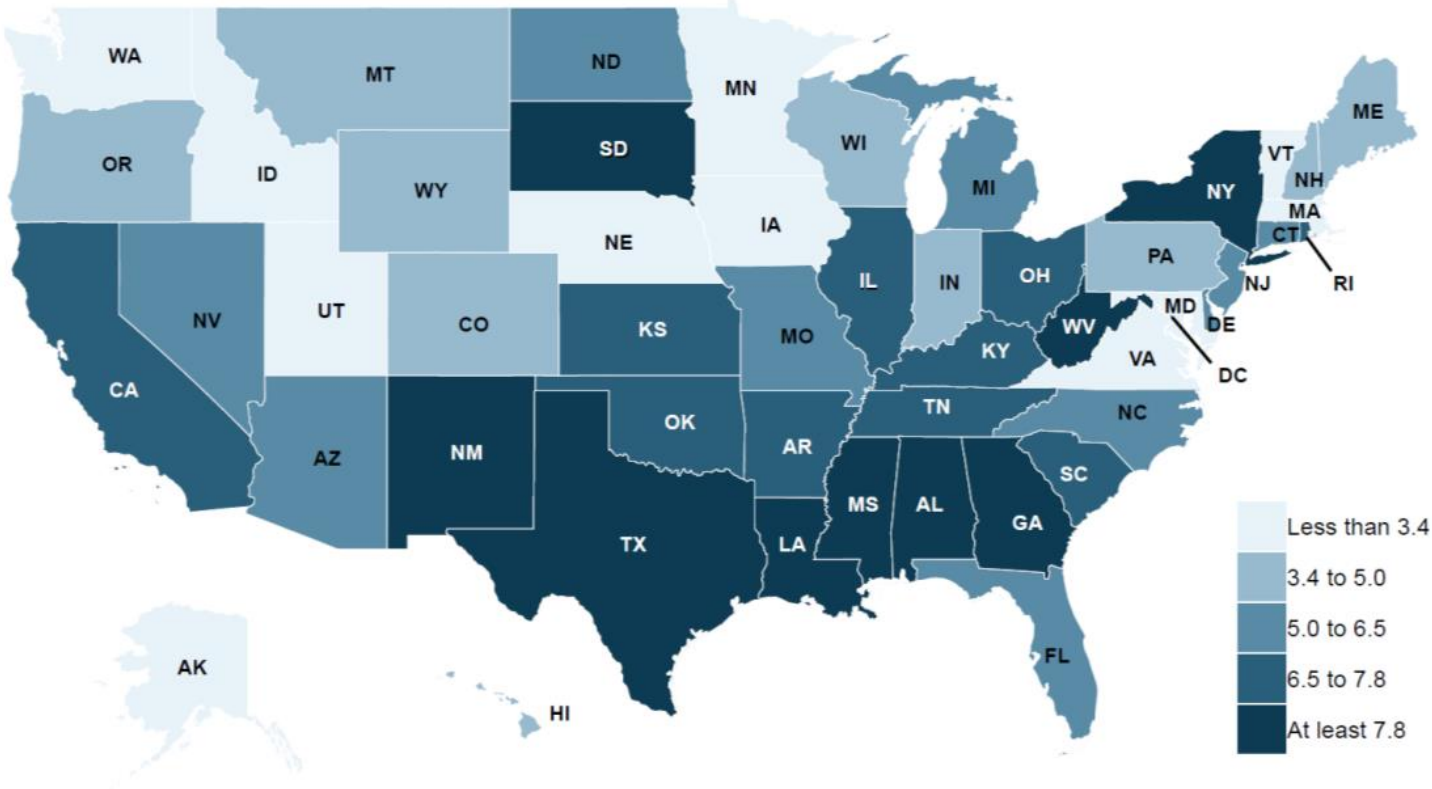
- Decline from 2015 to 2017 attributable in part to improvements in socioeconomic circumstances of U.S. households.

Banking Status by Household Characteristics

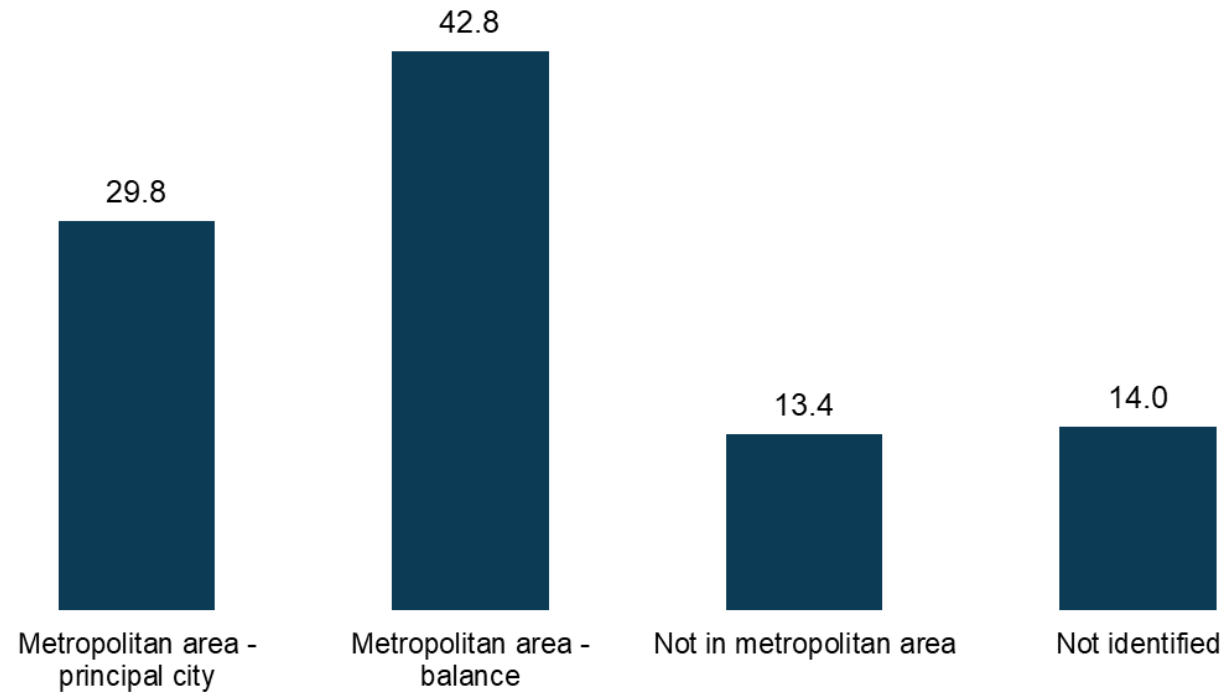
- Unbanked and underbanked rates continued to vary considerably across the population.
- Were higher among the following households:
 - Lower-income
 - Less-educated
 - Younger
 - Black and Hispanic
 - Working-age disabled
 - Variable income



Unbanked Rates by State, 2017

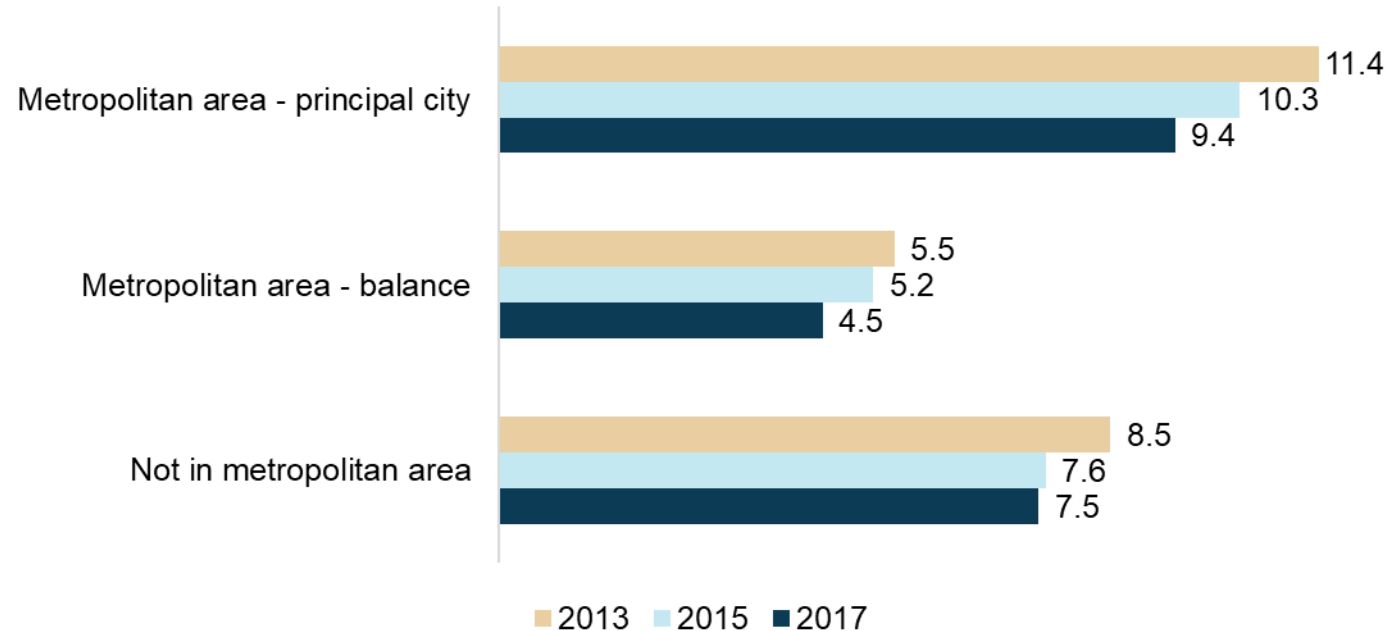


Metropolitan Status in the Unbanked and Underbanked Supplement, 2017



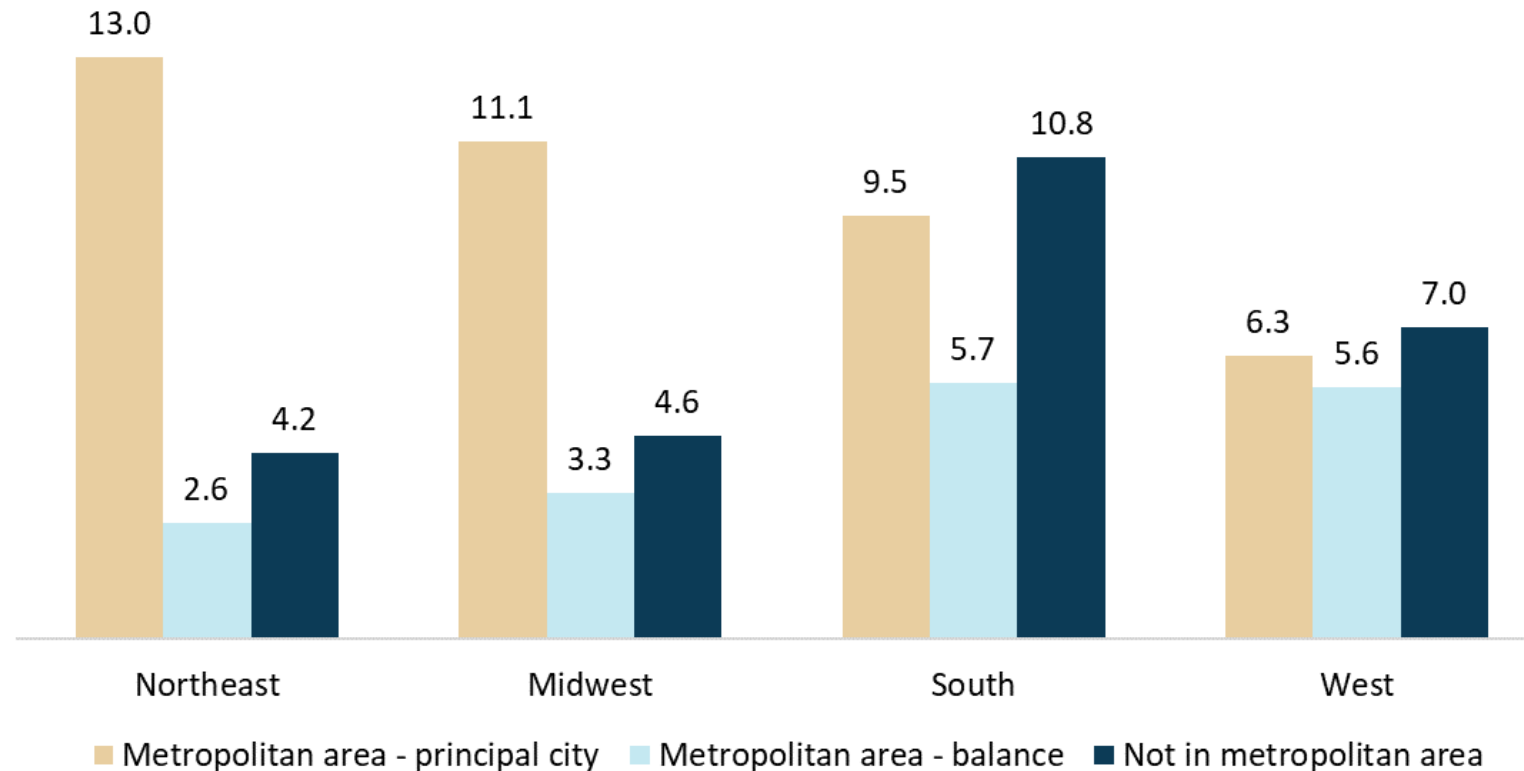
- 13.4 percent of households were Not in metropolitan area (i.e., rural) in 2017.
- Most of Not identified were in metropolitan area

Unbanked Rates by Metropolitan Status

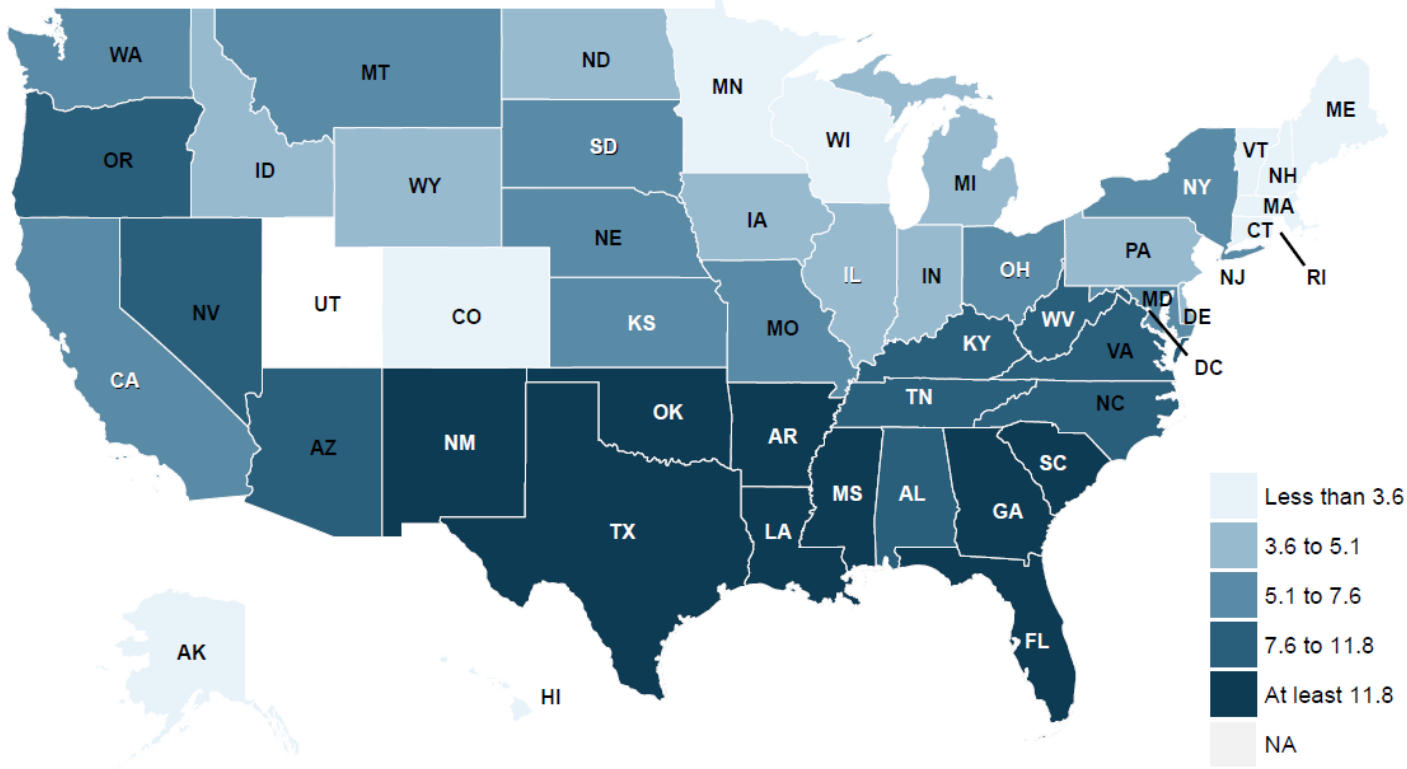


- Rural unbanked rates lower than Metropolitan area – principal city, but higher than Metropolitan area – balance
- No statistically significant decline for rural unbanked rates

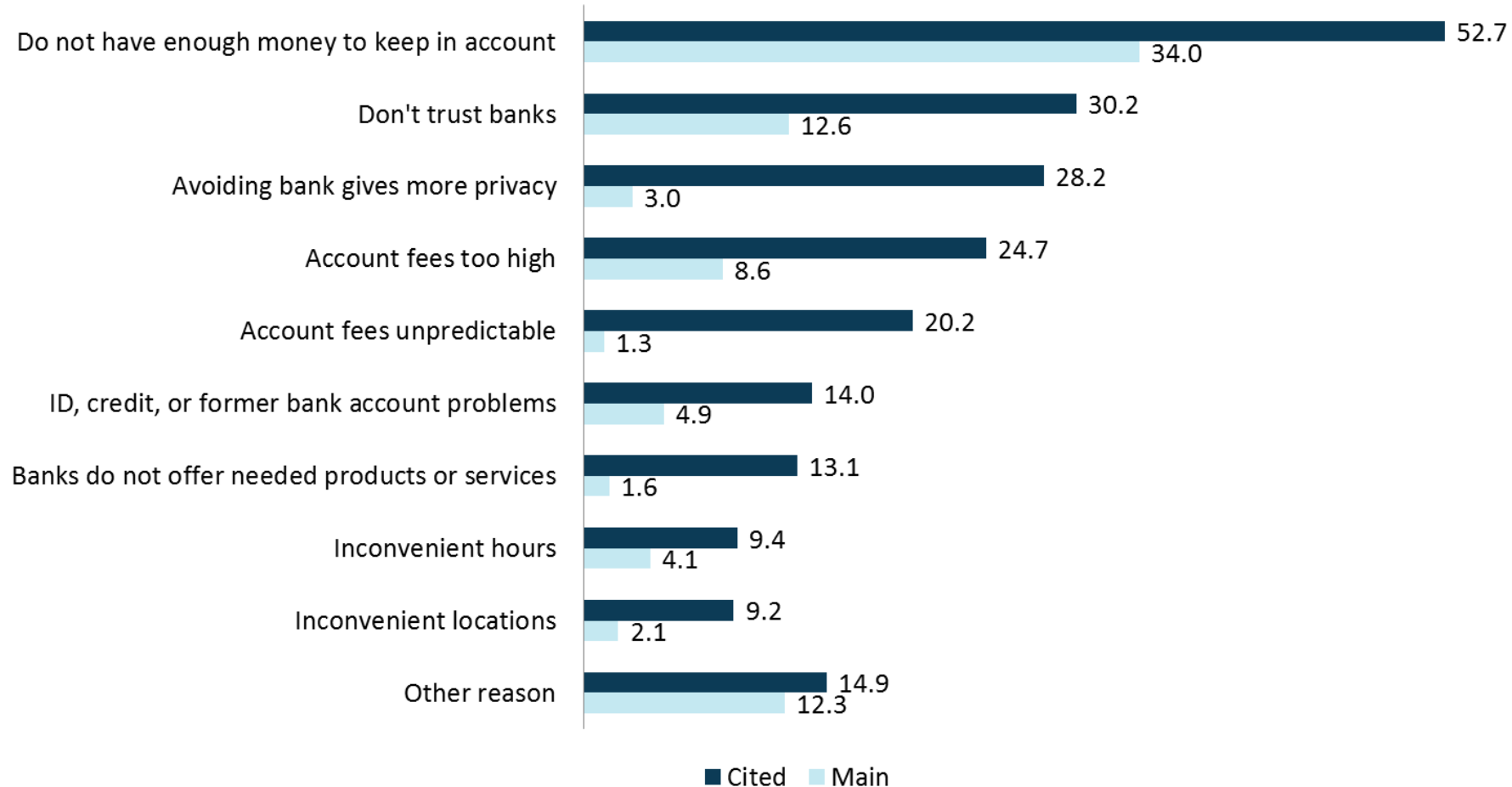
Unbanked Rates by Region and Metro Status, 2017



Unbanked Rates for Rural Households by State, 2013-2017



Unbanked Reasons, 2017



No Mainstream Credit

- The 2017 survey included questions to capture the full range of credit products that are likely reported to the major credit bureaus (i.e., mainstream credit).
- In 2017, 19.7 percent of households had no mainstream credit in past 12 months.
 - Likely did not have credit score
 - Likely face substantially reduced access to mainstream credit

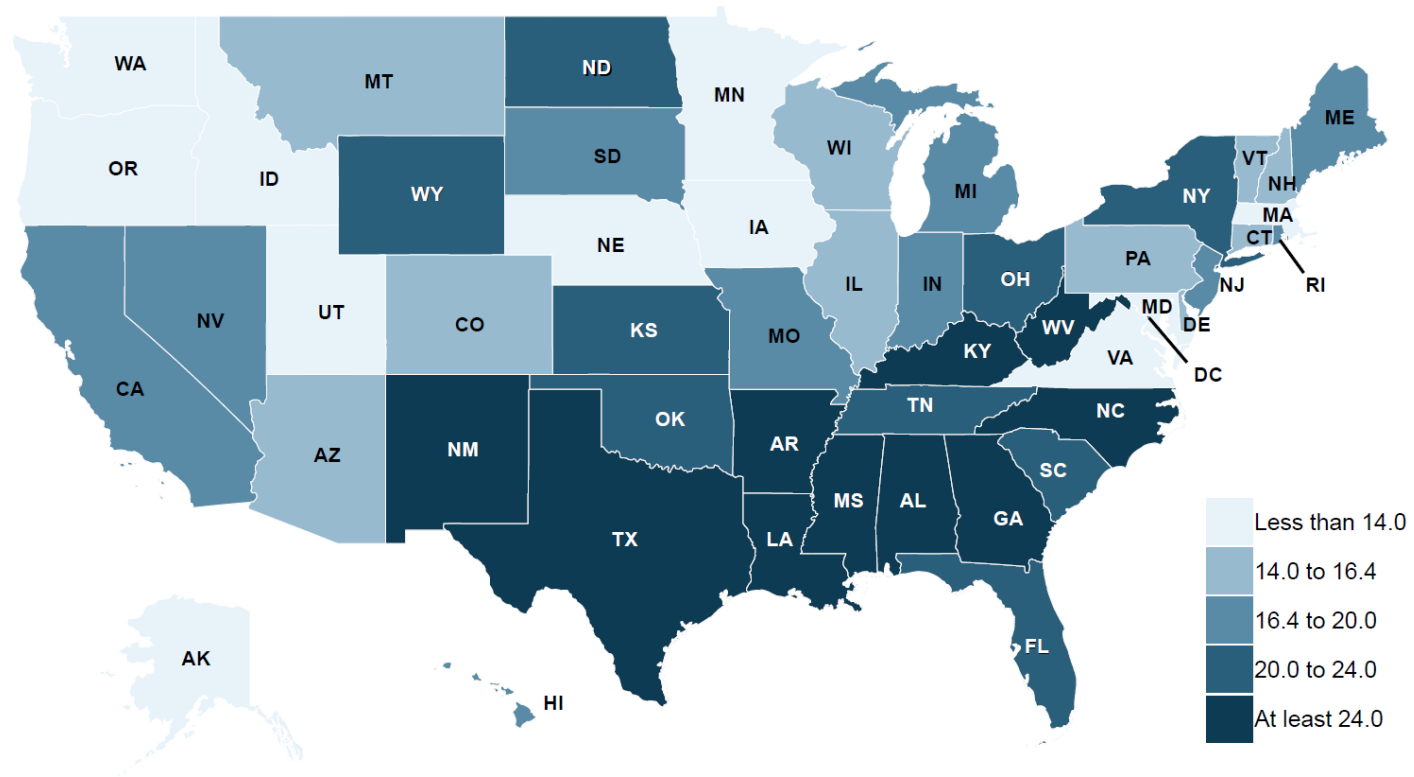


No Mainstream Credit by Household Characteristics

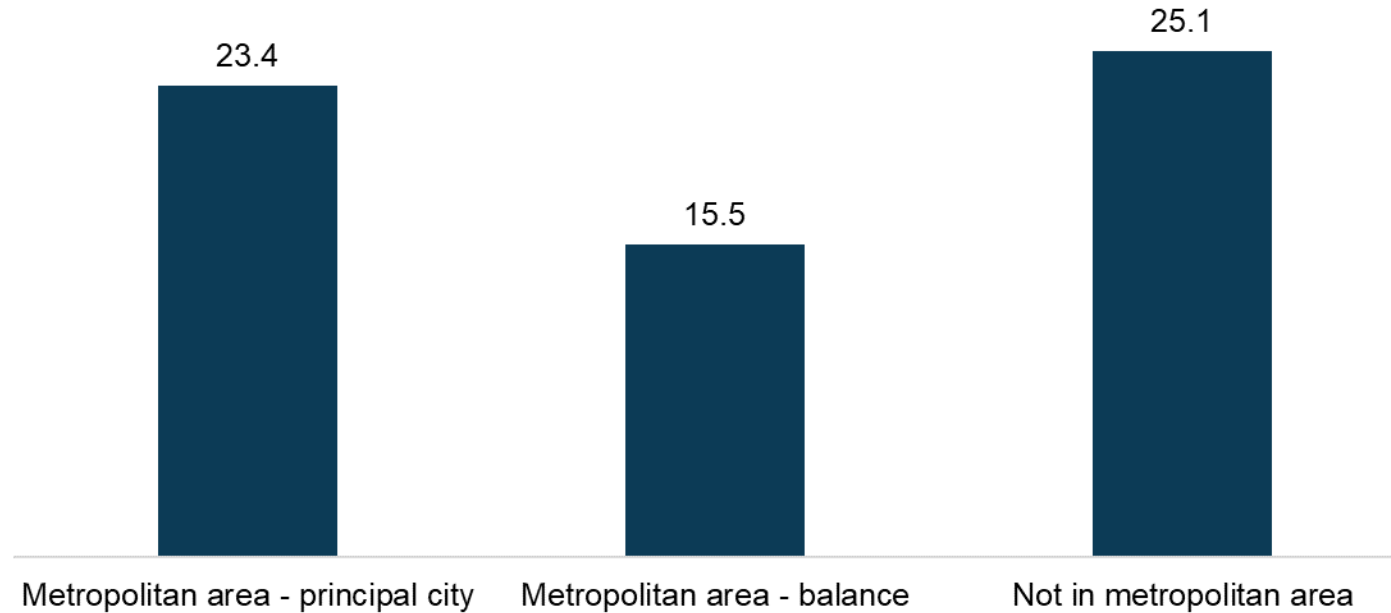
- The following households were more likely not to have mainstream credit:
 - Unbanked
 - Lower-income
 - Less-educated
 - Working-age disabled
 - Black and Hispanic
 - Foreign-born, noncitizen



No Mainstream Credit by State, 2017

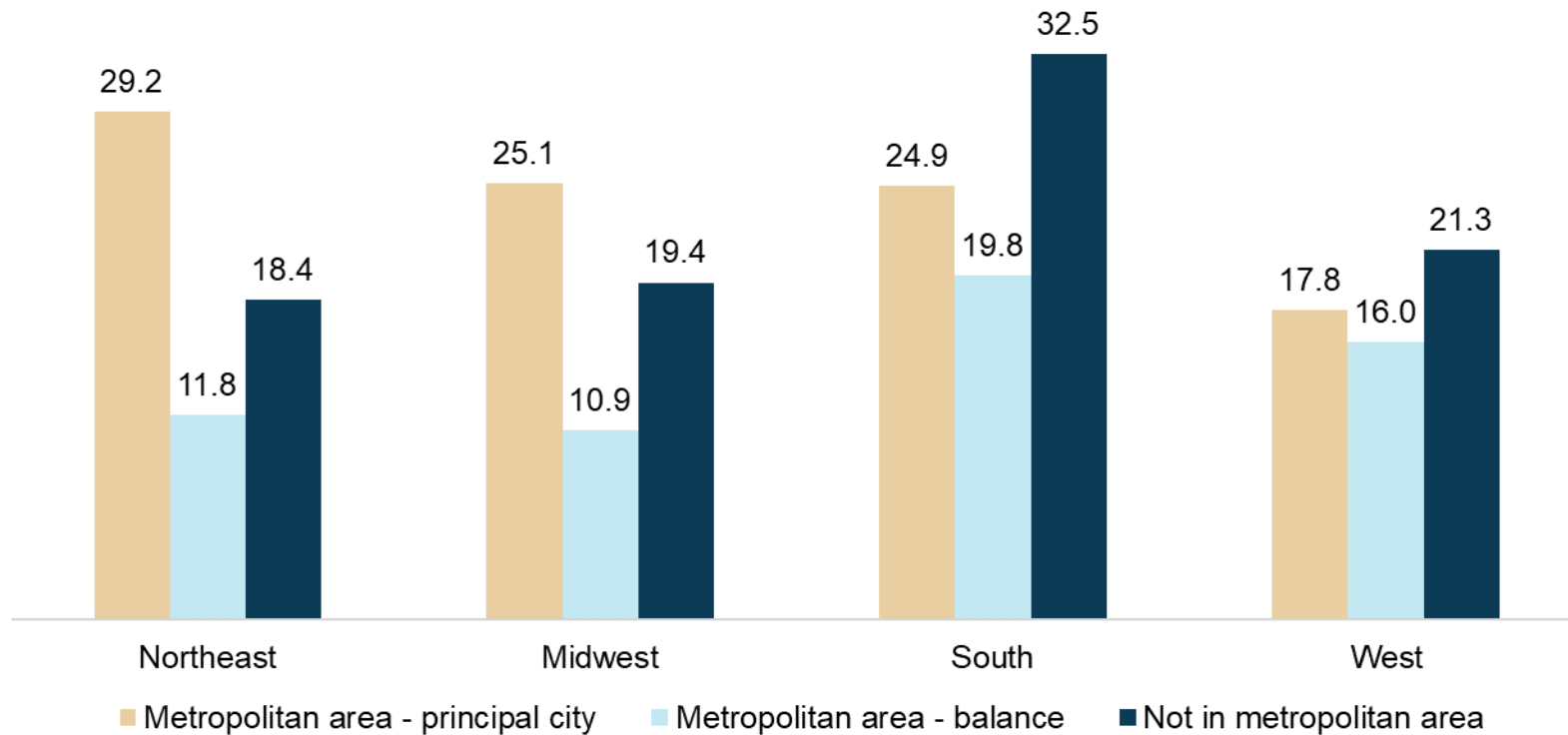


No Mainstream Credit by Metropolitan Status, 2017



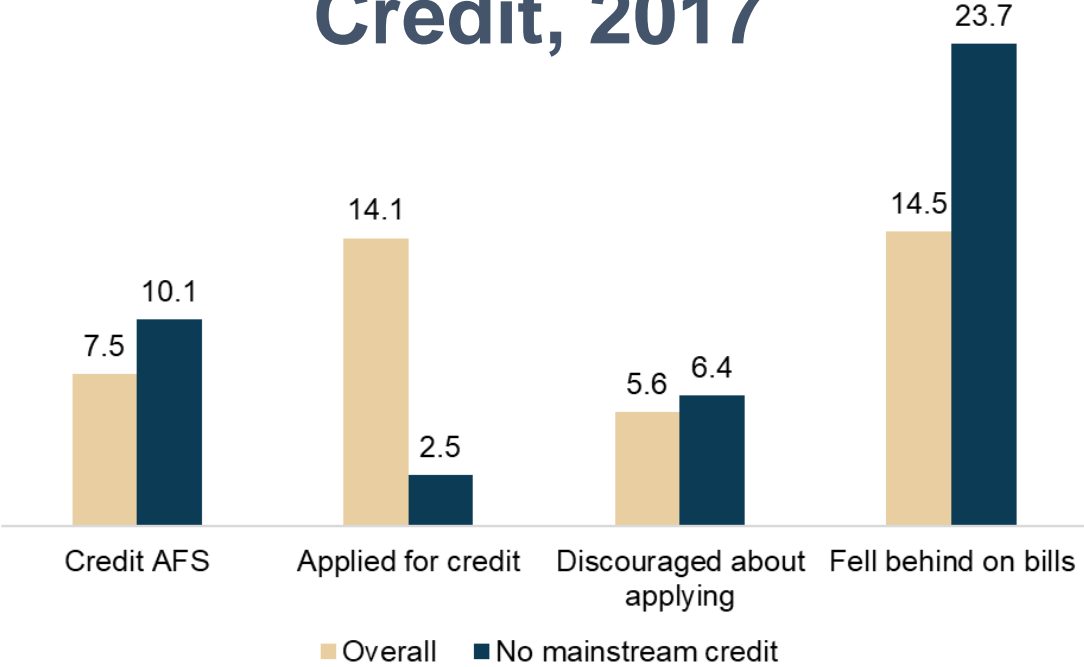
- One in four rural households had no mainstream credit in 2017.

No Mainstream Credit by Region and Metropolitan Status, 2017



- Nearly one in three households in rural south had no mainstream credit in 2017.

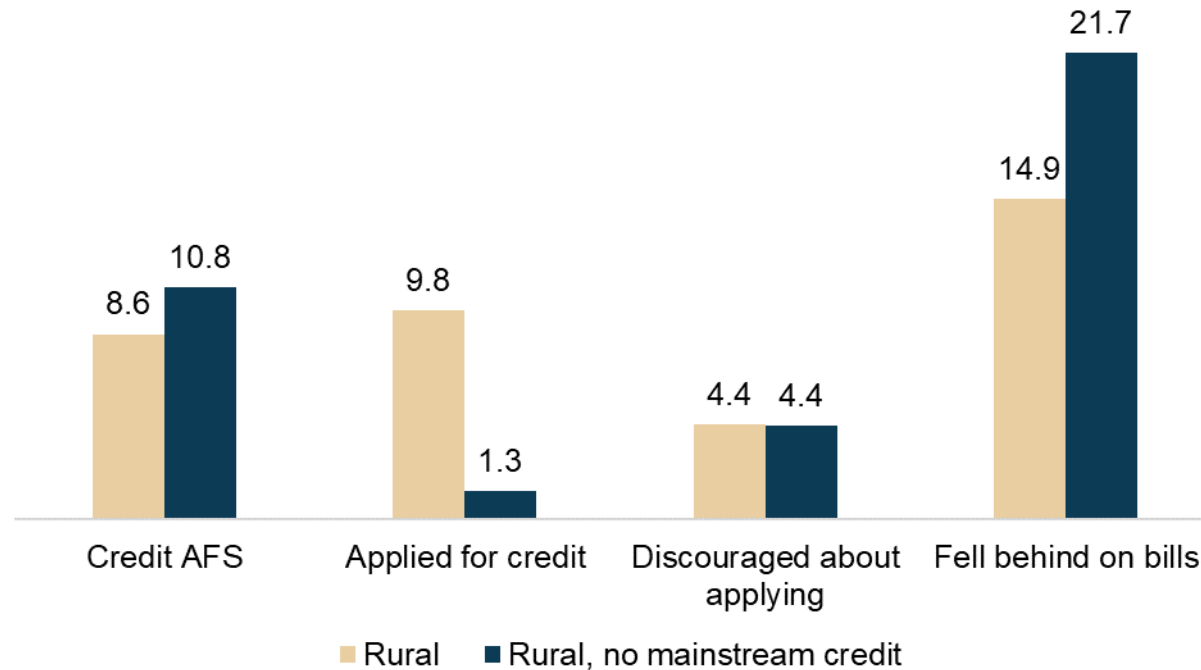
Credit Attributes Overall and for Households with No Mainstream Credit, 2017



- Approximately one in six (15.8 percent) no households with mainstream credit showed interest in having credit.
- About three in four households with no mainstream credit stayed current on bills.
 - Staying current on bills one potential indicator of credit worthiness

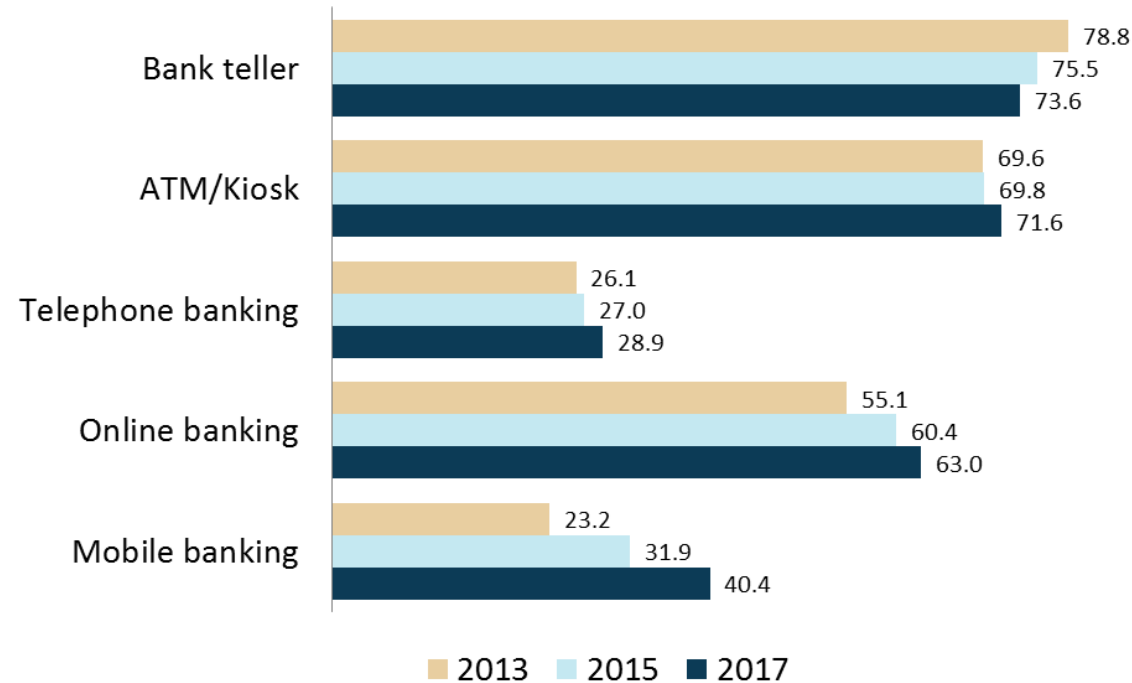


Credit Attributes for Rural Households, Overall and with No Mainstream Credit, 2017



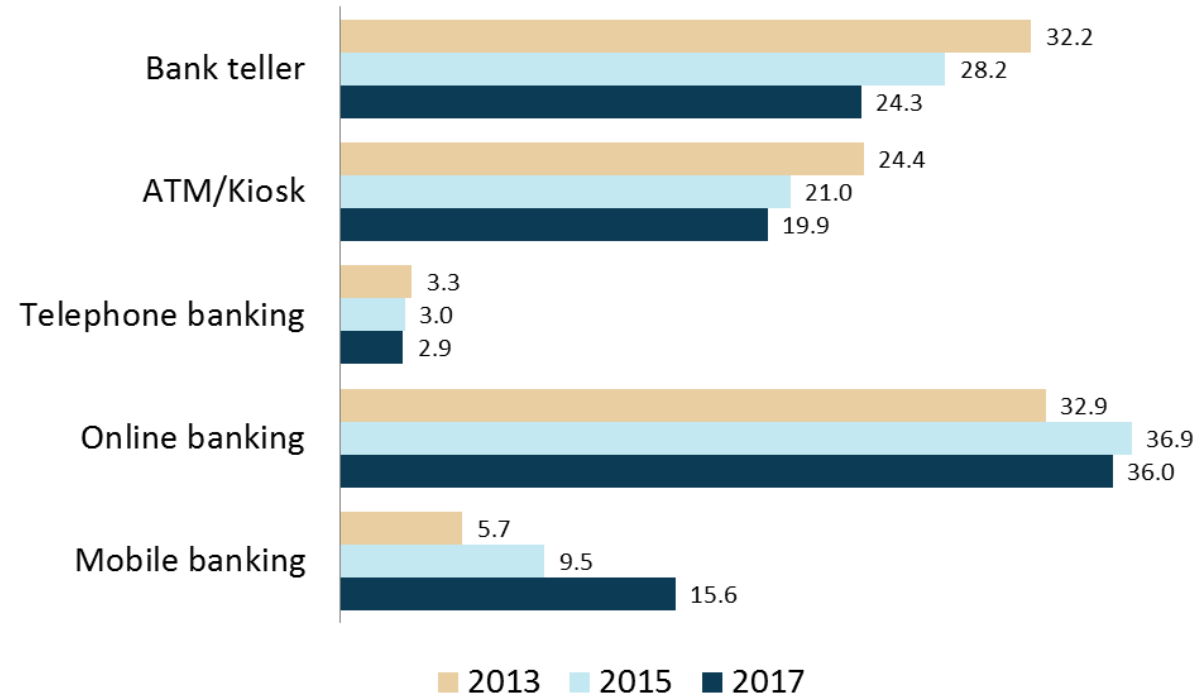
- Patterns similar for rural households.

Methods Used to Access Accounts by Year



- Use of mobile banking to access account increased sharply from 2013 to 2017.
- While use of bank tellers declined, nearly three in four banked households used bank tellers to access account in 2017.

Primary Method Used to Access Accounts by Year



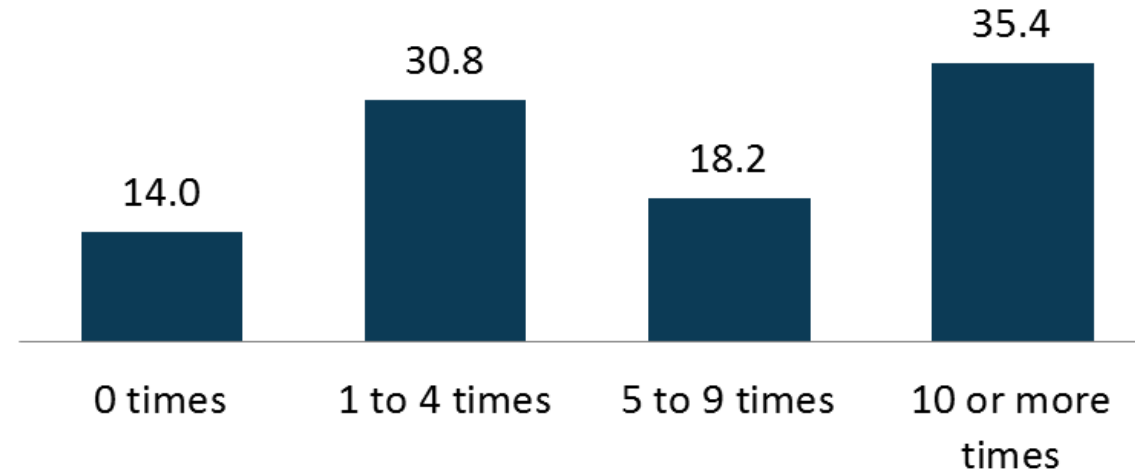
- Sharp increase in use of mobile banking and substantial decline in use of bank tellers as primary method of account access.
- Despite decline, bank teller remains second-most prevalent primary method.

Use of Bank Tellers to Access Accounts

- Use of bank tellers to access accounts remained quite prevalent among certain segments:
 - Lower-income
 - Less-educated
 - Older
 - Rural
- These groups also disproportionately more likely to access accounts using only bank tellers.
 - For example, in 2017, 20.9 percent of rural households accessed accounts using only bank tellers compared to 11.3 percent for households in metro areas

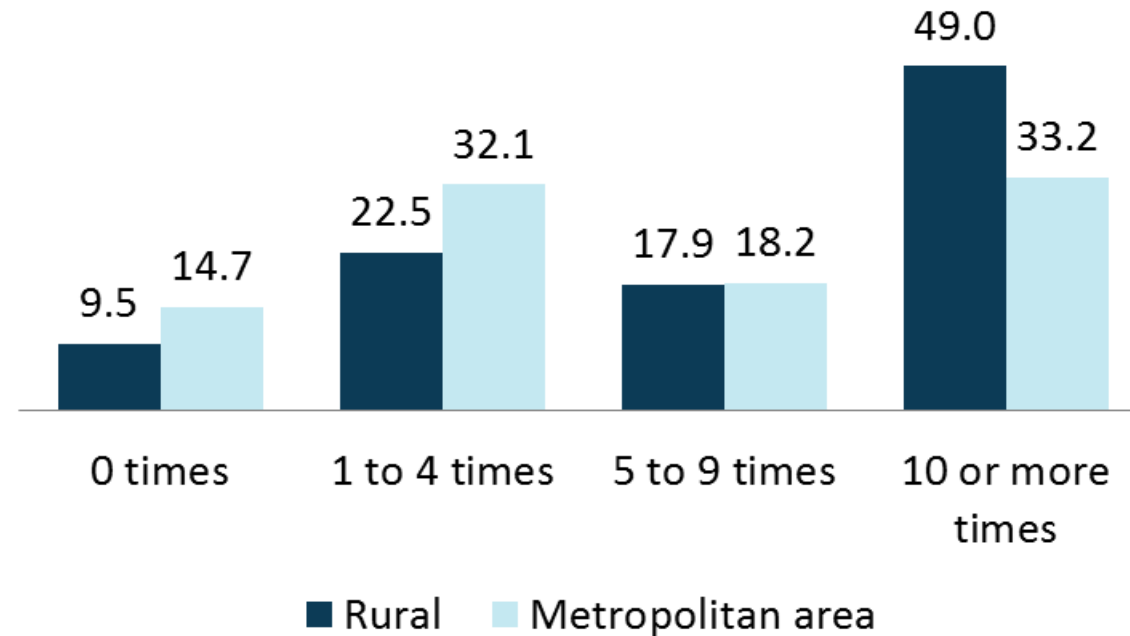


Bank Branch Visits Among Banked Households in Past 12 Months, 2017



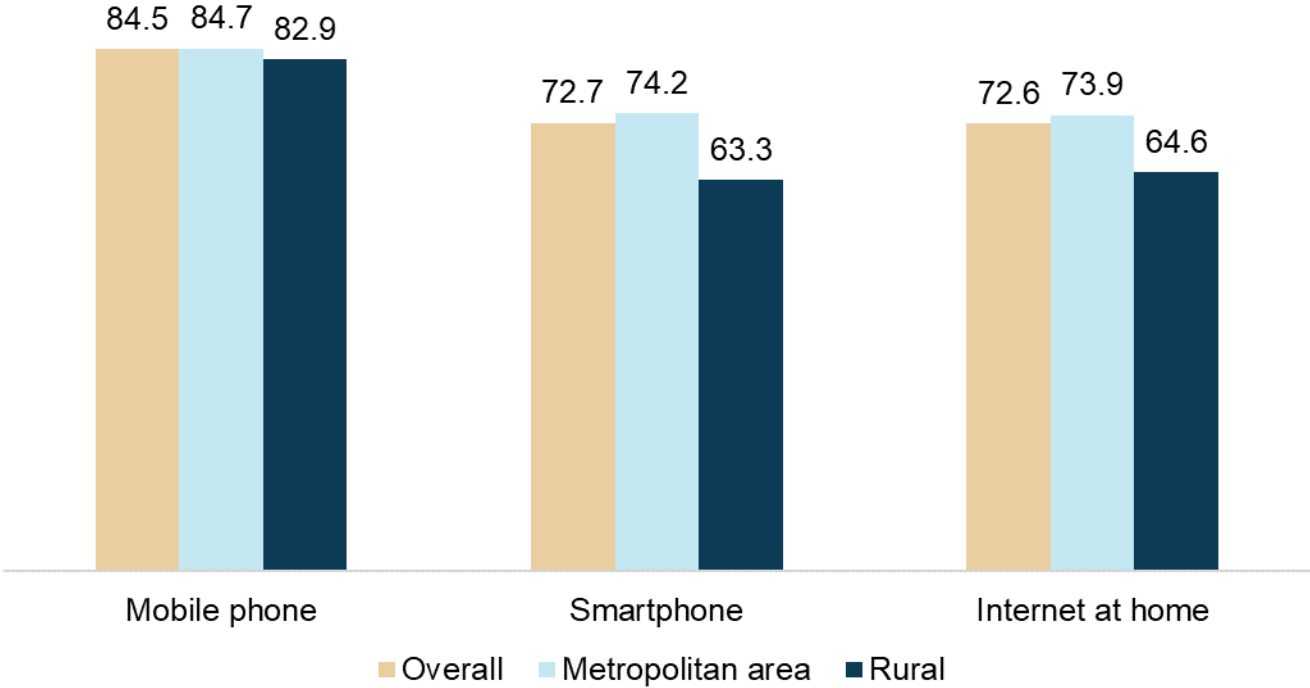
- Some households may rely on bank branches for activities other than accessing an account, such as resolving a problem or asking about products or services.
- In 2017, 86.0 percent of banked households visited a bank branch (i.e., spoke with teller or other employee in person at bank branch) at least once.
- And 35.4 percent visited 10 or more times.

Bank Branch Visits Among Banked Households by Metropolitan Status, 2017



- Households in rural areas more likely to visit bank branch, and nearly half visited ten or more times.

Mobile Phone, Smartphone, and Home Internet Access by Metropolitan Status, 2017



- Households in rural areas less likely to own or have access to a smartphone and less likely to have internet access at home.

economicinclusion.gov

The screenshot shows the homepage of economicinclusion.gov. At the top, there is a dark blue header with the text 'ECONOMICINCLUSION.GOV' and the FDIC logo. Below the header are four navigation tabs: 'WHAT IS ECONOMIC INCLUSION?', 'SURVEYS & DATA', 'INITIATIVES', and 'RESOURCES'. The main content area features a map of the United States on the left. To the right of the map is the title '2017 FDIC National Survey of Unbanked and Underbanked Households' and a brief description of the survey's purpose. Below the map is a 'SELECT GEOGRAPHY:' section with buttons for 'NATION', 'REGION', 'STATE', and 'MSA'. There are also buttons for 'VIEW STATE DATA' and 'COMPARE AREAS'. On the left side, there are sections for 'CREATE CUSTOM DATA TABLES & CHARTS' and 'NEW! FIVE-YEAR ESTIMATES'. On the right side, there are sections for '2017 SURVEY RESULTS' and 'RELATED RESEARCH' with links to various reports and documents.

■ Downloads

- Full report
- Executive summary
- Appendix tables

■ Tools

- Custom data table
- Custom chart
- New: five-year estimates of unbanked and underbanked rates

■ Data page

- Datasets (yearly and multiyear)
- Documentation

■ Subscribe to FDIC updates

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