2023

FDIC National Survey of Unbanked and Underbanked Households

Executive Summary

FEDERAL DEPOSIT INSURANCE CORPORATION

ACKNOWLEDGMENTS

This report presents results from the *2023 FDIC National Survey of Unbanked and Underbanked Households*. This nationally representative survey has been conducted biennially since 2009 in partnership with the U.S. Census Bureau.

The report was written under the careful direction of Yan Lee of the FDIC's Division of Depositor and Consumer Protection. The main report was ably prepared by the primary authors Garret Christensen, Jonathan Presler, and Jeffrey Weinstein. Susan Burhouse and Yazmin Osaki authored implications that aid economic inclusion efforts.

The survey questionnaire was developed by Garret Christensen, Ryan Goodstein, Yosh Halberstam, and Dhruv Sharma, with leadership from Karyen Chu.

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Director, Division of Depositor and Consumer Protection

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EXECUTIVE SUMMARY

The FDIC is committed to expanding economic inclusion, which is integral to the FDIC's mission of maintaining the stability of and public confidence in the U.S. financial system. The *FDIC National Survey of Unbanked and Underbanked Households*, a nationally representative survey conducted biennially since 2009 to inform economic inclusion initiatives and in response to a statutory mandate, is one contribution to this end. The most recent survey was conducted in June 2023, collecting responses from almost 30,000 households.

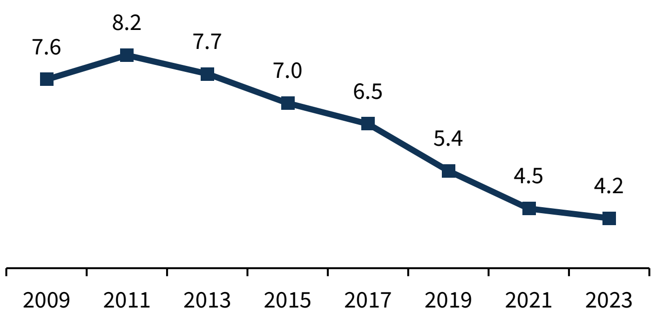
This executive summary presents key results from the survey, covering bank account ownership; the use of nonbank online payment services and prepaid cards; the use of nonbank money orders, check cashing, and money transfer services; the use of credit; and the use of crypto. The executive summary also highlights the implications of these results for community-based organizations, financial institutions, policymakers, and other stakeholders that are working to improve access to safe, secure, and affordable banking services.

National Unbanked Rate

A household is unbanked if no one in the household had a checking or savings account at a bank or credit union (hereafter, bank).

- **In 2023, 4.2 percent of U.S. households—representing about 5.6 million households—were unbanked.** Conversely, 95.8 percent of U.S. households—representing about 128.0 million households—were banked in 2023, meaning at least one member of the household had a checking or savings account at a bank.
- **The proportion of U.S. households that were unbanked—the unbanked rate—changed little between 2021 (4.5 percent) and 2023 (4.2 percent).** The difference in the unbanked rate over this period was not statistically significant.[1]
- **However, between 2011—when the unbanked rate was at its highest level since the survey began in 2009—and 2023, the unbanked rate fell by almost half, corresponding to an additional 5.3 million banked households in 2023.** About two-thirds of the decline in the unbanked rate between 2011 and 2023 shown in Figure ES.1 was associated with changes in the socioeconomic circumstances of households over this period, particularly increases in income and educational attainment.[2]

FIGURE ES.1 National Unbanked Rate, 2009–2023 (Percent)



[1] All estimated differences discussed in the text are statistically significant at the 10 percent level, unless noted otherwise. That is, if the population difference were zero, then the probability of obtaining estimates having the observed difference or a larger difference would be 10 percent or less.

[2] Even after the changes in socioeconomic characteristics were accounted for, however, the remainder of the decline in the unbanked rate across years was statistically significant.

Unbanked Rates by Household Characteristics

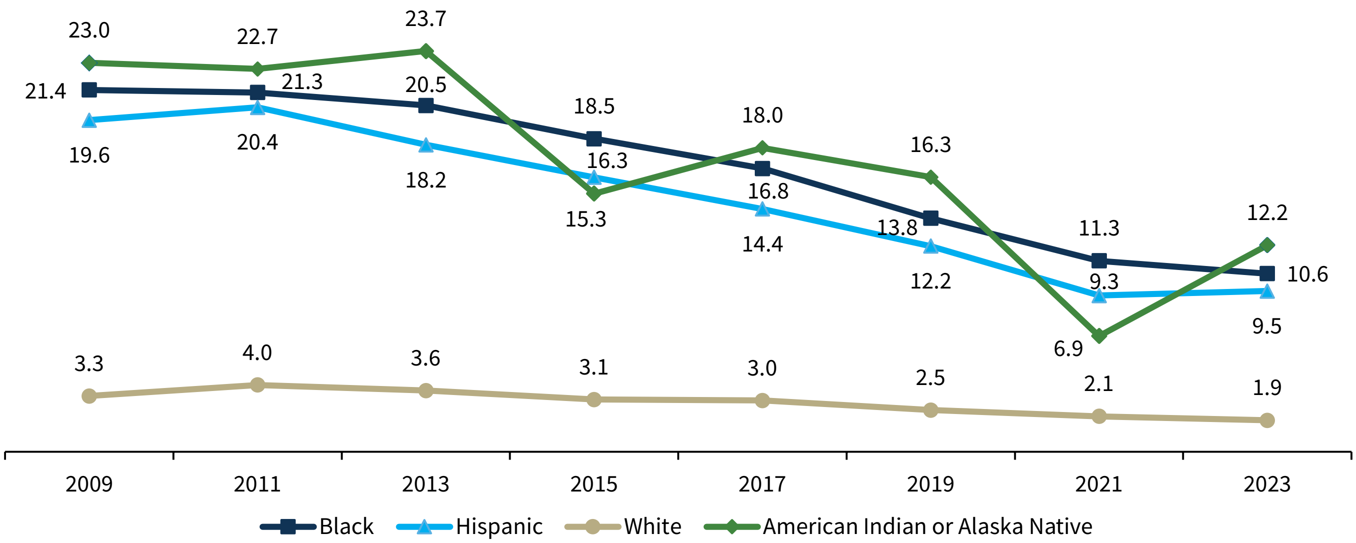
As in previous years, unbanked rates in 2023 varied considerably across household characteristics.

- **Unbanked rates were higher among lower-income households; less-educated households; Black, Hispanic, and American Indian or Alaska Native households; working-age households with a disability; households with income that varied a lot from month to month; and single-parent households.**[3]
  - For working-age households with a disability, the unbanked rate in 2023 was 11.2 percent, three times as high as the unbanked rate among working-age households without a disability (3.7 percent).
  - For single-parent households, the unbanked rate in 2023 was 12.3 percent, much higher than the unbanked rate among married-couple households with one or more children (2.3 percent).
  - Differences in unbanked rates between Black and White households and between Hispanic and White households in 2023 were present at every income level. For example, among households with income between $50,000 and $75,000, 3.5 percent of Black households and 4.5 percent of Hispanic households were unbanked, compared with 0.8 percent of White households.

However, unbanked rates declined significantly since 2009 for some household groups.

- **Unbanked rates among Black, Hispanic, and American Indian or Alaska Native households fell by about half between 2009 and 2023.** Nonetheless, unbanked rates among these households in 2023 remained several times higher than the unbanked rate among White households (see Figure ES.2).[4]

FIGURE ES.2 Unbanked Rates by Race and Ethnicity, 2009–2023 (Percent)



[3] For person-level characteristics, such as race, age, and educational attainment, the characteristics of the householder (generally the person or one of the people in whose name the home is owned or rented) are used to represent the household. For convenience, abbreviated language is used in referring to certain household characteristics. For example, the term "Hispanic household" refers to a household for which the householder identifies as Hispanic or Latino regardless of race, and the term "Black household" refers to a household for which the householder identifies as Black or African American alone and not Hispanic or Latino. The term "working-age household with a disability" refers to a household for which the householder has a disability (that is, indicates "*yes*" to any of the six-question disability sequence in the Current Population Survey or is not in the labor force because of a disability) and is aged 25 to 64. The term "single-parent household" refers to a family household with an unmarried female or male householder, one or more children, and no other adults. See Appendix 1 for additional details. For monthly income volatility, all households were asked whether their income over the past 12 months was about the same each month, varied somewhat from month to month, or varied a lot from month to month.

[4] The sample size for American Indian or Alaska Native households in each year was much smaller than the sample sizes for Black, Hispanic, and White households. Because smaller sample sizes increase the variance of the estimates, the estimates for American Indian or Alaska Native households are more variable from year to year than for households identified based on more prevalent demographic characteristics, as can be observed in Figure ES.2.

Unbanked Households: Reasons for Not Having a Bank Account

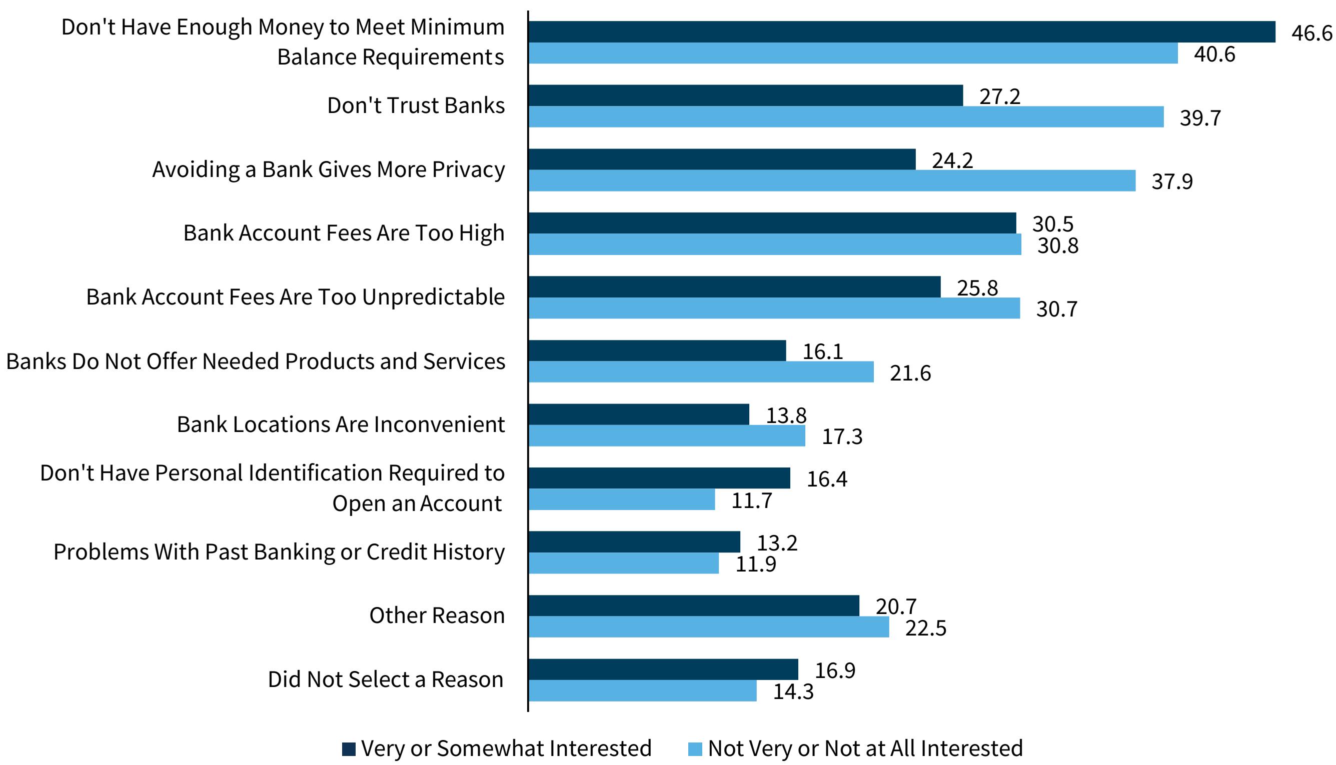
As in previous surveys, the 2023 survey asked unbanked households about their reasons for not having a bank account.

- **"*Don't have enough money to meet minimum balance requirements*" was the most cited reason (42.3 percent) and was also the most cited main reason (23.3 percent) for not having an account in 2023.** The share of unbanked households that cited this reason as the main reason for not having an account in 2023 was similar to the share in 2021 (21.7 percent), having decreased from 2019 (29.0 percent).
- **"*Don't trust banks*" was the second-most cited main reason for not having an account in 2023 (15.7 percent).** This reason was also the second-most cited main reason for not having an account in 2021 (13.2 percent) and 2019 (16.1 percent).
- **One-third of unbanked households in 2023 (33.4 percent) cited a reason related to fees or a minimum balance as the main reason for not having an account.** These reasons include "*Bank account fees are too high*," "*Bank account fees are too unpredictable*," and "*Don't have enough money to meet minimum balance requirements*." The share increased from 29.2 percent in 2021 but decreased from 38.0 percent in 2019.

Several reasons for not having a bank account in 2023 were significantly different between unbanked households that were not very or not at all interested in having an account and those that were very or somewhat interested.[5]

- **Much higher proportions of unbanked households that were not very or not at all interested in having a bank account cited "*Don't trust banks*" or "*Avoiding a bank gives more privacy*," as reasons for not having an account, compared with unbanked households that were very or somewhat interested.** In addition, Figure ES.3 shows that "*Banks do not offer needed products and services*" was more commonly cited among unbanked households that were not very or not at all interested in having an account. In contrast, "*Don't have personal identification required to open an account*" was more frequently cited among unbanked households that were very or somewhat interested.

FIGURE ES.3 Unbanked Households' Cited Reasons for Not Having a Bank Account by Interest in Having a Bank Account, 2023 (Percent)



Note: Bars sum to more than 100 percent because households could select more than one reason for not having a bank account.

[5] The 2023 survey asked unbanked households how interested they were in having a bank account: very interested, somewhat interested, not very interested, or not at all interested. Three in ten unbanked households (29.1 percent) were very or somewhat interested in having an account, while 70.9 percent were not very or not at all interested.

Banked Households: Primary Method of Bank Account Access

Knowing how households access their bank accounts can help inform discussions about how best to serve different groups of consumers. As in previous surveys, the 2023 survey asked banked households about the primary (that is, most common) method they had used to access their bank accounts in the past 12 months: using an automated teller machine or bank kiosk (hereafter, ATM); visiting a bank teller; using an app, text messaging, or internet browser on a mobile phone (hereafter, mobile banking); using a computer or tablet (hereafter, online banking); calling the bank (hereafter, telephone banking); or using some other method (hereafter, other).

- **In 2023, almost half of banked households (48.3 percent) used mobile banking as their primary method of account access.** Among banked households, 70.5 percent used an off-site channel—mobile, online, or telephone banking—as the primary method of account access. In contrast, only 28.9 percent of banked households used an in-person channel—ATMs or bank tellers—as the primary method of account access.
- **Over the past decade, the use of mobile banking as the primary method of account access increased almost ninefold.** Figure ES.4 shows that, in comparison, the use of bank tellers fell by more than half, and the use of online banking declined by more than one-third. Since 2019, mobile banking has been the most prevalent primary method of account access.
- **Over the past decade, the use of mobile banking as the primary method of account access increased sharply for all age groups.** For example, Figure ES.5 shows that the use of mobile banking as the primary method of account access increased almost sixfold among households aged 25 to 34 and more than 30-fold among households aged 65 or older.
- **The decline in the use of bank tellers as the primary method of account access was widespread across household characteristics.** However, this method continued to be more prevalent among certain groups, including lower-income households, less-educated households, older households, and households that did not live in a metropolitan area. Nevertheless, almost all banked households used an in-person channel—ATMs or bank tellers—at least once in 2023 to access their accounts.

FIGURE ES.4 Bank Teller, Mobile Banking, and Online Banking as Primary Method of Bank Account Access, 2013–2023 (Percent)

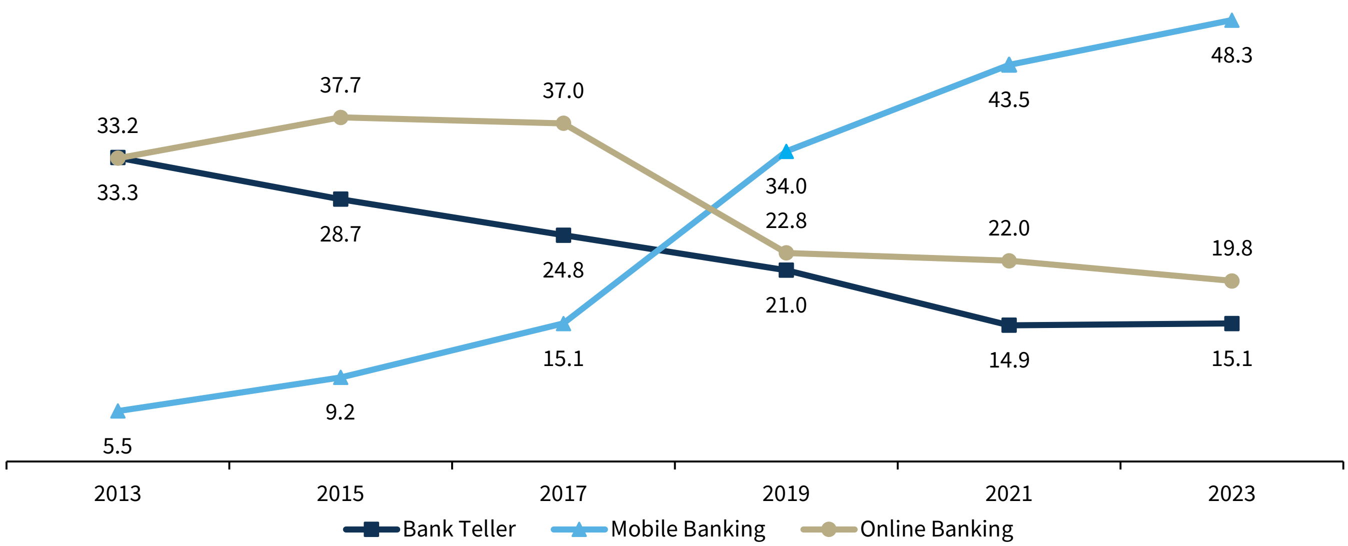
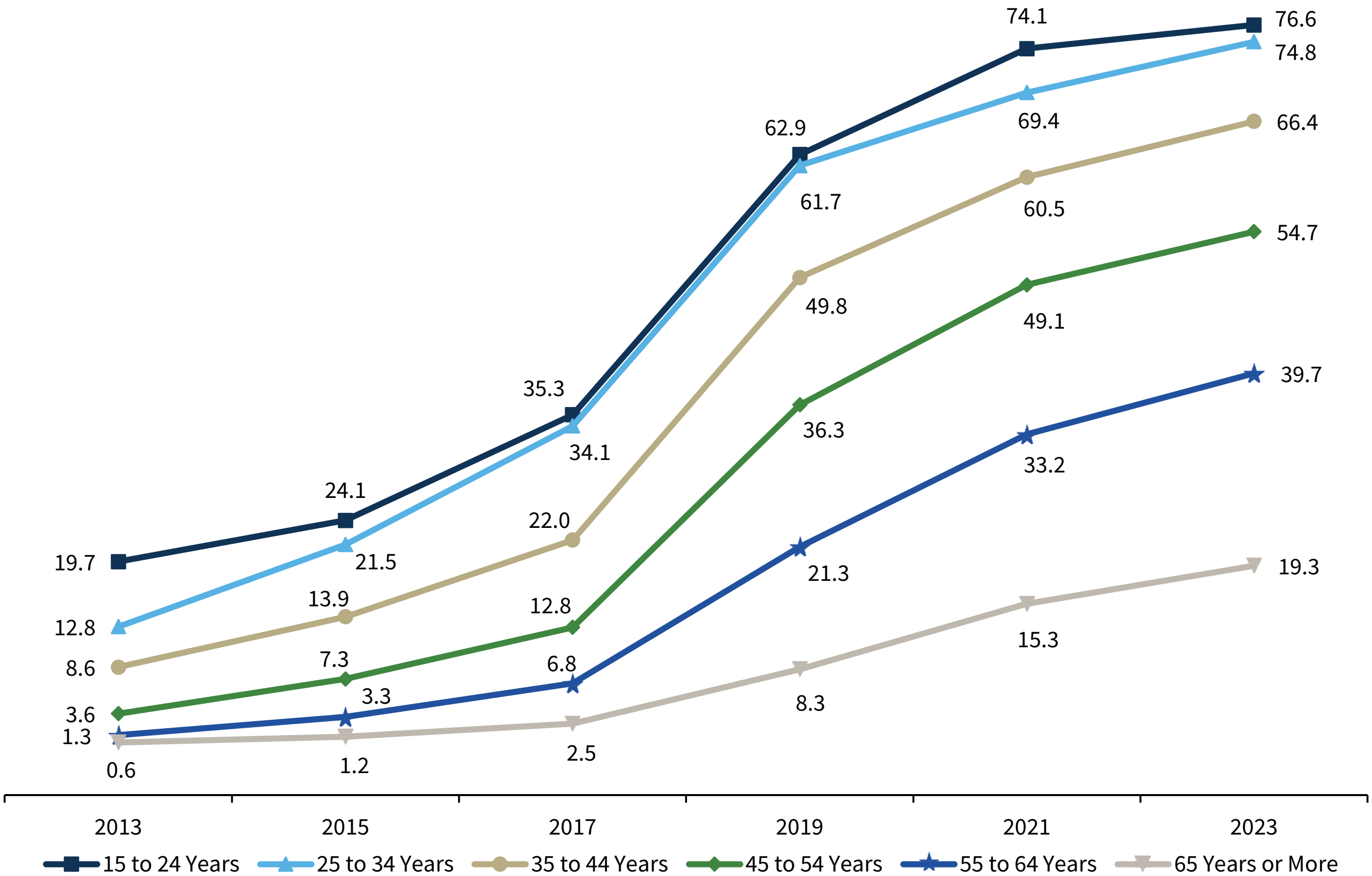


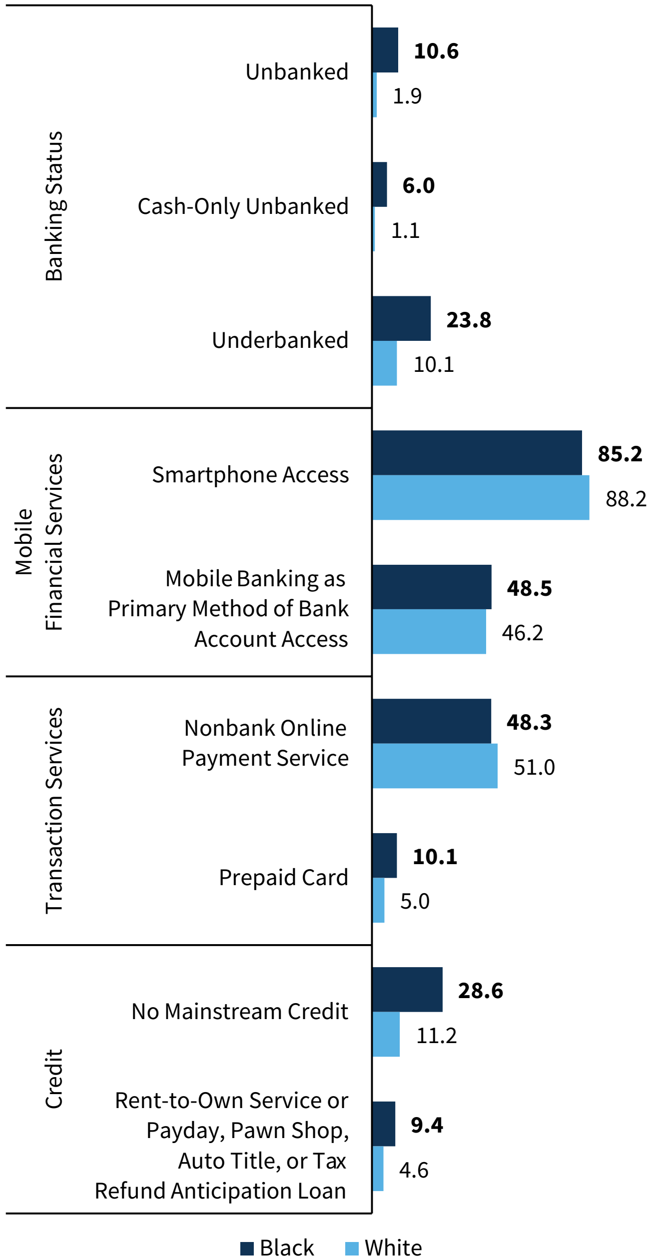
FIGURE ES.5 Mobile Banking as Primary Method of Bank Account Access by Age Group, 2013–2023 (Percent)



Spotlight: Black Households

- **Between 2009 and 2023, the unbanked rate among Black households decreased from 21.4 percent to 10.6 percent.** Nonetheless, Black households remained overrepresented among unbanked households, comprising 12.9 percent of households overall but 32.3 percent of the unbanked in 2023.
- **In 2023, Black and White households exhibited substantial differences in their use of financial services.** For example, Figure ES.6 shows that compared with White households, Black households were
  - more than five times as likely to be unbanked,
  - more than twice as likely to be underbanked,
  - twice as likely to use prepaid cards, and
  - more than twice as likely not to have mainstream credit.

FIGURE ES.6 Use of Selected Financial Services Among Black and White Households, 2023 (Percent)



Note: Bolded estimate indicates statistical significance at the 10 percent level from the corresponding estimate for White households. The percentage of households in a demographic group that used mobile banking as the primary method of bank account access is among banked households that had accessed their account in the past 12 months. All other percentages are among all households in the demographic group.

Conducting Transactions: Nonbank Online Payment Services and Prepaid Cards

Nonbank online payment services and general purpose reloadable prepaid cards (hereafter, prepaid cards) allow consumers to store money and to make and receive payments. Examples of nonbank online payment services are PayPal, Venmo, and Cash App, but not Zelle, which is a service provided by banks that does not allow storing money outside a bank account. All online payment services discussed in this executive summary are from nonbank providers.

- **In 2023, half of all households (49.7 percent) were using online payment services at the time of the survey, up from 46.4 percent in 2021.** The use of online payment services in 2023 continued to be more common among banked households (51.0 percent) than among unbanked households (20.1 percent). Between 2021 and 2023, the use of online payment services increased among banked households, from 47.7 percent in 2021.[6]
- **In 2023, 5.9 percent of all households were using prepaid cards at the time of the survey, down from 6.9 percent in 2021.** Unbanked households' use of prepaid cards in 2023 continued to be disproportionate (21.6 percent) when compared with banked households' use of prepaid cards (5.2 percent). However, between 2021 and 2023, the use of prepaid cards fell by about one-third among unbanked households, from 32.8 percent in 2021, but only one-tenth among banked households, from 5.7 percent in 2021.

Households with online payment services or prepaid cards were asked whether they used them to pay bills like rent, mortgage, utilities, or child care (hereafter, pay bills); receive money from work, retirement, or a government agency (hereafter, receive income); build savings or keep money in a safe place (hereafter, save or keep money safe); send money to or receive money from family or friends (hereafter, send or receive money); make purchases in person; make purchases online; or for some other use.

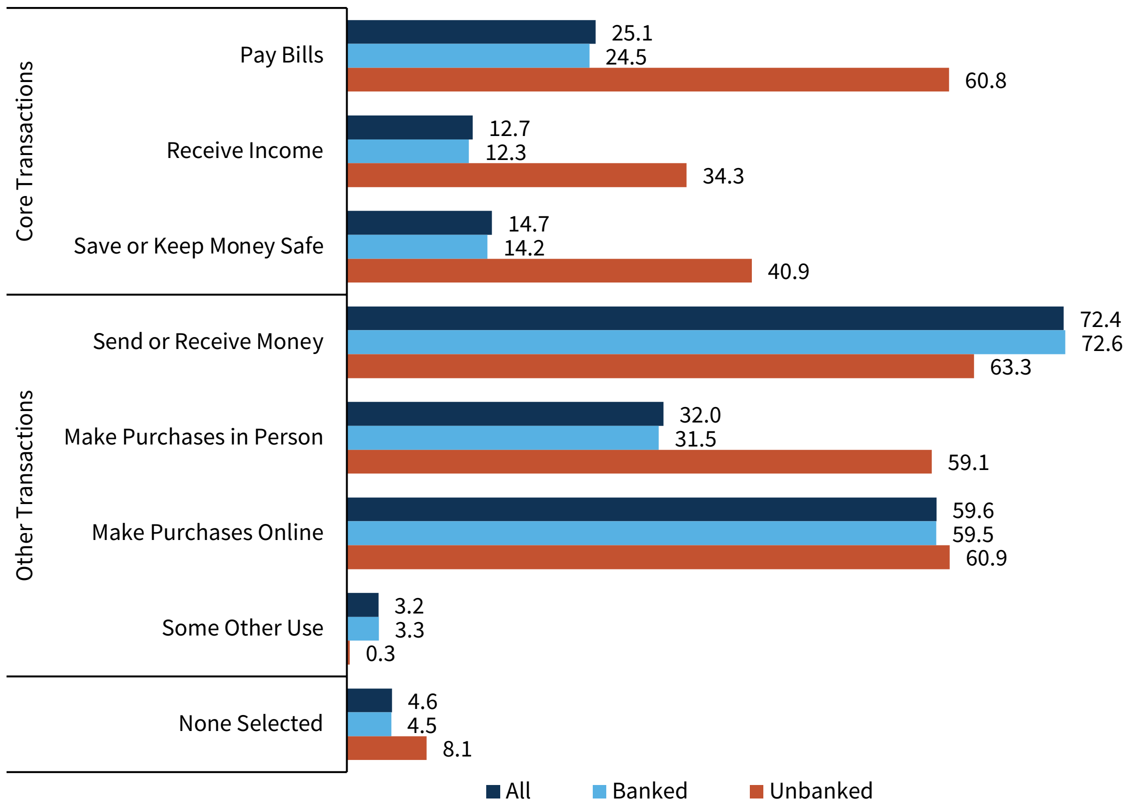
- **Compared with banked households, substantially higher shares of unbanked households used online payment services and prepaid cards in ways that substitute for some of the core financial transactions that can be conducted using a bank account.**
    - Among unbanked households with online payment services, 60.8 percent used them to pay bills compared with 24.5 percent of banked households, 34.3 percent used them to receive income compared with 12.3 percent of banked households, and 40.9 percent used them to save or keep money safe compared with 14.2 percent of banked households (see Figure ES.7).
    - Altogether, seven in ten unbanked households with online payment services (71.5 percent) used them for at least one of these three core transactions, more than twice the percentage among banked households (33.5 percent).
    - Among unbanked households with prepaid cards, 73.9 percent used them to pay bills compared with 28.3 percent of banked households, 59.0 percent used them to receive income compared with 28.6 percent of banked households, and 44.8 percent used them to save or keep money safe compared with 19.2 percent of banked households (see Figure ES.8).
    - In total, nine in ten unbanked households with prepaid cards (90.7 percent) used them for at least one of these three core transactions, almost twice the percentage among banked households (46.0 percent).

Unbanked households that used neither online payment services nor prepaid cards may be considered "cash only," presumably relying primarily on cash and other paper-based instruments, such as nonbank money orders, to conduct their financial transactions.

- **In 2023, 66.2 percent of unbanked households were cash only.**
- **As a share of all households in 2023, 2.8 percent were cash-only unbanked.** However, this share varied considerably across household characteristics. Cash-only unbanked rates were higher among lower-income households; less-educated households; Black, Hispanic, and American Indian or Alaska Native households; working-age households with a disability; and households with income that varied a lot from month to month.

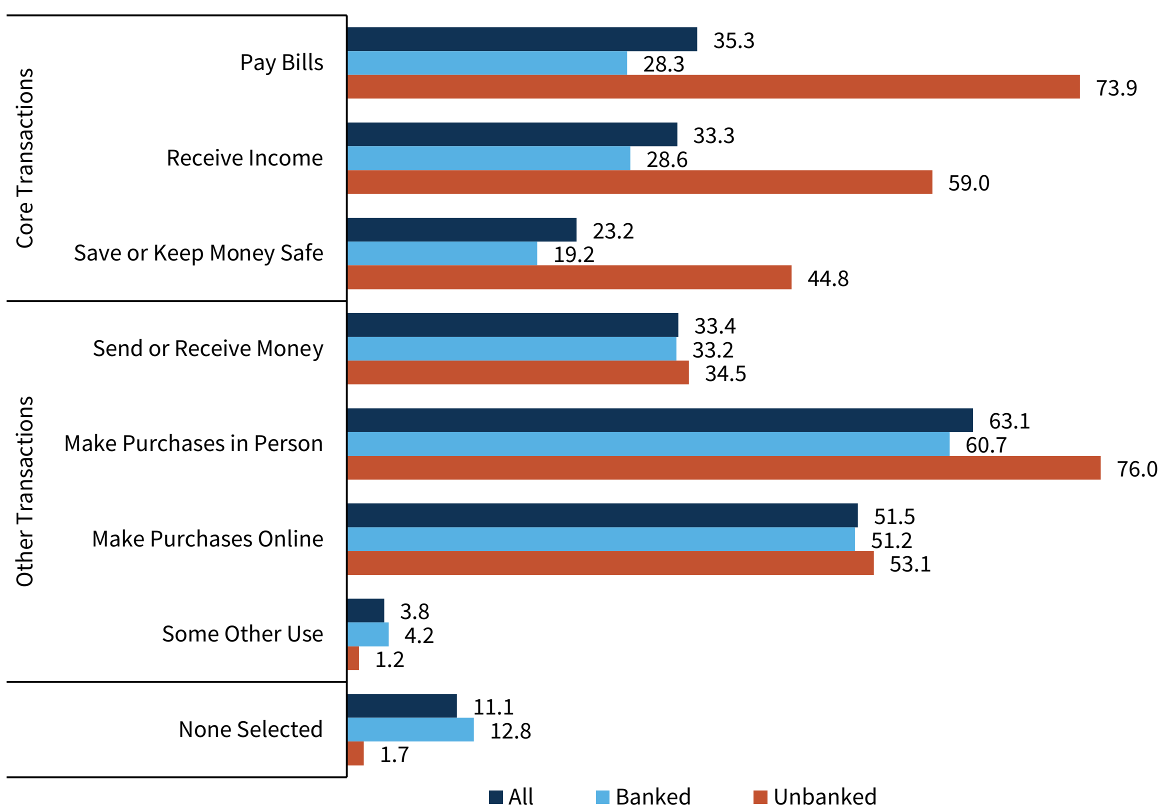
[6] Among unbanked households, the difference in the use of online payment services between 2021 (18.1 percent) and 2023 was not statistically significant.

FIGURE ES.7 Types of Transactions Conducted Using Nonbank Online Payment Services Among Households Currently Using Nonbank Online Payment Services by Bank Account Ownership, 2023 (Percent)



Note: Bars sum to more than 100 percent because households could select more than one type of transaction.

FIGURE ES.8 Types of Transactions Conducted Using Prepaid Cards Among Households Currently Using Prepaid Cards by Bank Account Ownership, 2023 (Percent)



Note: Bars sum to more than 100 percent because households could select more than one type of transaction.

Conducting Transactions: Nonbank Money Orders, Check Cashing, and Money Transfer Services

Some households—especially unbanked households—use nonbank money orders, check cashing, and money transfer services to conduct their financial transactions, such as paying bills and receiving income.[7] All money orders, check cashing, and money transfer services discussed in this executive summary are from nonbank providers.

- **Over the past decade, the use of money orders among all households fell sharply from 18.2 percent in 2013 to 8.0 percent in 2023.** The use of money orders in 2023 continued to be much more common among unbanked households than among banked households (see Figure ES.9). However, the share of unbanked households that used money orders fell by almost half over the past decade.
- **Over the past decade, the use of check cashing among all households fell substantially from 6.9 percent in 2013 to 2.7 percent in 2023.** As with money orders, the use of check cashing in 2023 continued to be much more common among unbanked households than among banked households (see Figure ES.10). However, the share of unbanked households that used check cashing fell by more than half over the past decade.
- **The use of money transfer services among all households was similar in 2023 (6.6 percent) and 2021 (7.0 percent).[8]** As with money orders and check cashing, the use of money transfer services in 2023 continued to be much more common among unbanked households (14.4 percent) than among banked households (6.3 percent).

Compared with banked households, higher shares of unbanked households used money orders, check cashing, and money transfer services for the core transactions of paying bills and receiving income.

- **Among unbanked households that used money orders in 2023, 93.8 percent did so to pay bills.** This share was larger than the share among banked households that used money orders (70.5 percent).
- **Three in four unbanked households that used check cashing in 2023 (74.5 percent) cashed a check from work, retirement, or a government agency.** Cashing checks from these income sources may indicate regular use of check cashing. In contrast, about half of banked households that used check cashing (53.0 percent) cashed a check from these sources.
- **Among unbanked households that used money transfer services in 2023, paying bills was the most common type of transaction (50.3 percent).** On the other hand, among banked households that used money transfer services in 2023, sending or receiving international remittances (42.2 percent) and sending or receiving money in the United States (38.0 percent) were the most common types of transactions.

FIGURE ES.9 Use of Nonbank Money Orders by Bank Account Ownership, 2013–2023 (Percent)

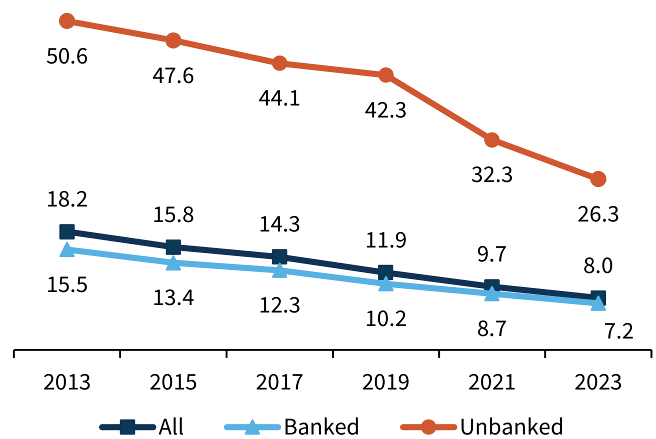
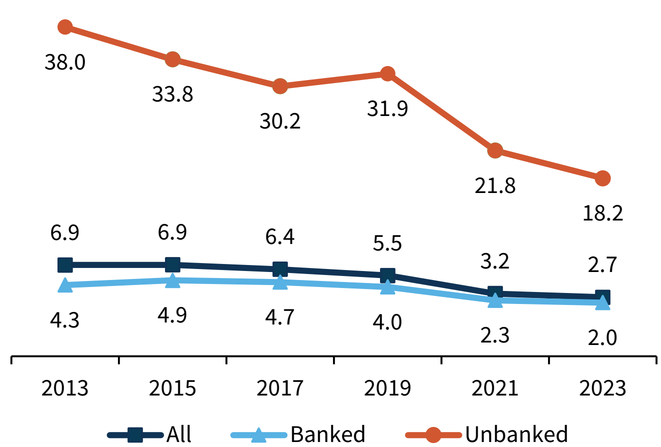


FIGURE ES.10 Use of Nonbank Check Cashing by Bank Account Ownership, 2013–2023 (Percent)



[7] Nonbank money transfer services are from companies like Western Union, MoneyGram, Walmart Money Center, or Ria Money Transfer.

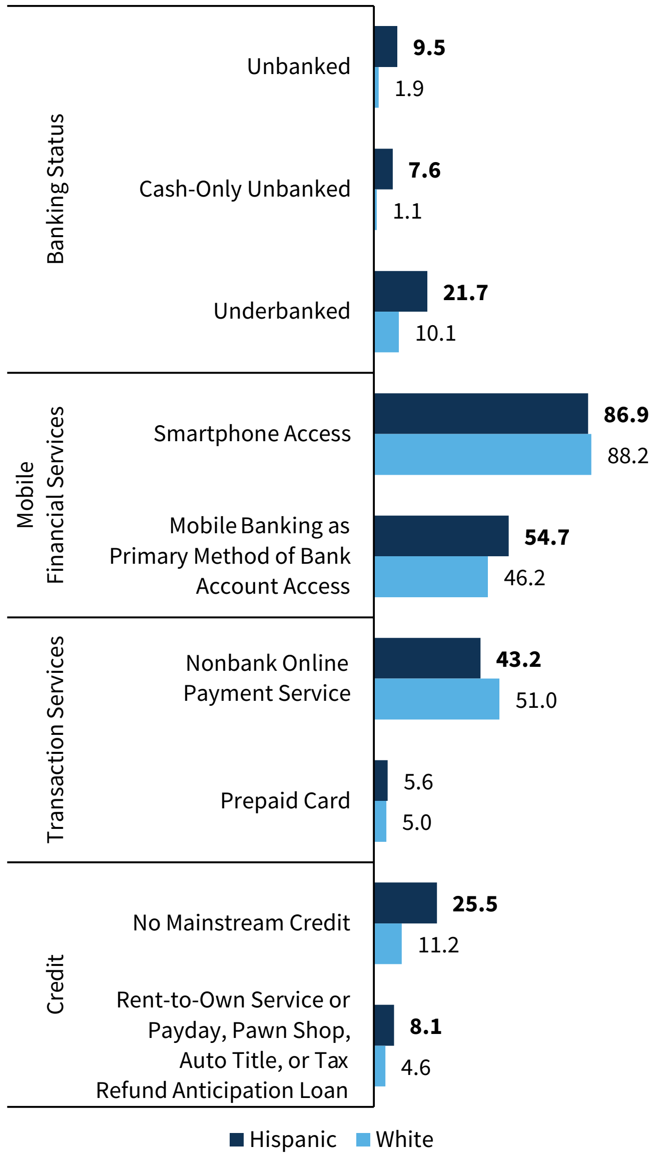
[8] The 2021 survey was the first survey that asked households about their use of money transfer services.

Spotlight: Hispanic Households

- **Between 2009 and 2023, the unbanked rate among Hispanic households decreased from 19.6 percent to 9.5 percent.** However, while Hispanic households in 2023 comprised 14.8 percent of households overall, they made up 33.4 percent of the unbanked.

- **In 2023, Hispanic and White households exhibited substantial differences in their use of financial services.** For example, Figure ES.11 shows that compared with White households, Hispanic households were
  - five times as likely to be unbanked,
  - seven times as likely to be cash-only unbanked,
  - twice as likely to be underbanked, and
  - more than twice as likely not to have mainstream credit.

FIGURE ES.11 Use of Selected Financial Services Among Hispanic and White Households, 2023 (Percent)



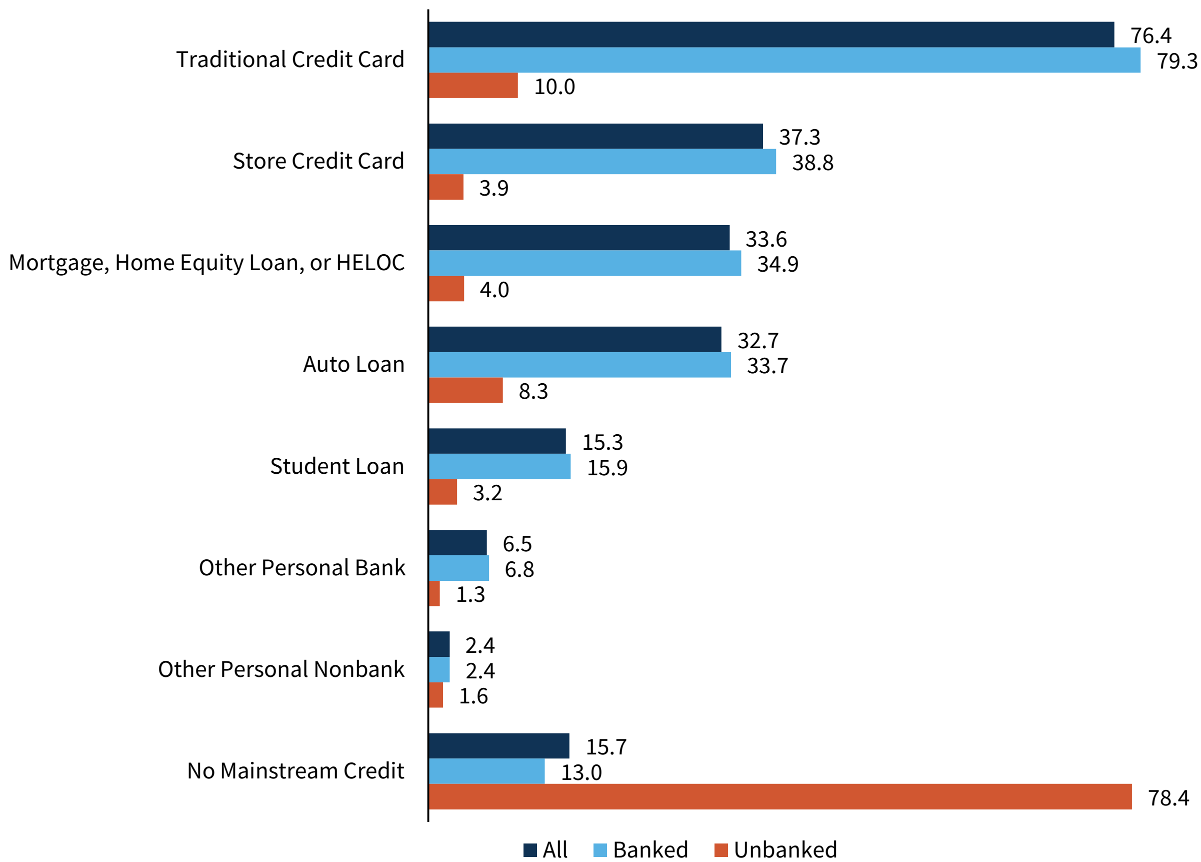
Note: Bolded estimate indicates statistical significance at the 10 percent level from the corresponding estimate for White households. The percentage of households in a demographic group that used mobile banking as the primary method of bank account access is among banked households that had accessed their account in the past 12 months. All other percentages are among all households in the demographic group.

Mainstream Credit

The 2023 survey included a series of questions that likely captures the full range of credit products reflected on credit records with the nationwide credit reporting agencies (NCRAs) (hereafter, mainstream credit). All households were asked whether, in the past 12 months, they had a Visa, MasterCard, American Express, or Discover credit card (hereafter, traditional credit card); a store credit card; an auto loan; a student loan; a mortgage, home equity loan, or home equity line of credit (HELOC); other personal loans or lines of credit from a bank (hereafter, other personal bank credit); or other personal loans or lines of credit from a company other than a bank (hereafter, other personal nonbank credit).[9] A household is considered to have used mainstream credit if it had used any of the above credit products in the past 12 months.

- **Among all households, credit cards were the most common mainstream credit product in 2023.** As illustrated in Figure ES.12**,** 76.4 percent had a traditional credit card, and 37.3 percent had a store credit card. One in three households had a mortgage, home equity loan, or HELOC, and a similar share had an auto loan. Student loans, other personal bank credit, and other personal nonbank credit were much less common.
- **The use of each mainstream credit product in 2023 (except for other personal nonbank credit) was much lower among unbanked households than among banked households.** For example, only 10.0 percent of unbanked households had a traditional credit card, compared with 79.3 percent of banked households.

FIGURE ES.12 Use of Mainstream Credit Products by Bank Account Ownership, 2023 (Percent)



[9] Households that had previously indicated that they took out a payday, pawn shop, or auto title loan were told not to include such loans when answering the question on other personal nonbank credit.

Households with no mainstream credit in the past 12 months likely did not have a credit score with the NCRAs, which could make it more difficult to obtain mainstream credit should a credit need arise.

- **About one in six households in 2023 (15.7 percent) had no mainstream credit, down from 20.0 percent in 2017.** Almost eight in ten unbanked households in 2023 (78.4 percent) had no mainstream credit, compared with 13.0 percent of banked households.
- **The share of households with no mainstream credit in 2023 was higher among lower-income households; less-educated households; Black, Hispanic, and American Indian or Alaska Native households; and working-age households with a disability.** Differences by race and ethnicity in the likelihood of not having mainstream credit were present at every income level. For example, among households with income between $50,000 and $75,000, 17.7 percent of Black households and 15.7 percent of Hispanic households had no mainstream credit in 2023, compared with 8.3 percent of White households.

Rent-to-Own Services and Payday, Pawn Shop, Auto Title, and Tax Refund Anticipation Loans

The 2023 survey included questions on the use of the following nonbank alternatives to mainstream credit. All households were asked whether, in the past 12 months, they had rented something from a rent-to-own store because the item could not be financed any other way (hereafter, rent-to-own service); taken out a payday loan or payday advance (hereafter, payday loan); pawned an item at a pawn shop (hereafter, pawn shop loan); taken out an auto title loan; or paid a fee to get their tax refund faster than the Internal Revenue Service would provide it, such as a refund anticipation loan or refund advance (hereafter, tax refund anticipation loan).

- **Rent-to-own services and payday, pawn shop, and auto title loans were each used by about 1 percent of all households in 2023.** These percentages are similar to the percentages in 2019 and 2021. The use of tax refund anticipation loans in 2023 (2.5 percent) was more prevalent than the use of the other four products in that year.[10]
- **Altogether, 5.8 percent of households in 2023 used a rent-to-own service or a payday, pawn shop, auto title, or tax refund anticipation loan.** The use of a rent-to-own service or a payday, pawn shop, auto title, or tax refund anticipation loan in 2023 was more common among unbanked households (9.2 percent) than among banked households (5.7 percent).

Buy Now, Pay Later

The 2023 survey included new questions on Buy Now, Pay Later (BNPL), a short-term loan that allows consumers to split their payments on purchases over time, often without interest. Little data exist on its use and on the incidence of missed or late payments. All households were asked, "*In the past 12 months, did you or anyone in your household pay for something making one payment every two weeks? This is sometimes called Buy Now, Pay Later or Pay-in-4.*"

- **In 2023, 3.9 percent of all households had used BNPL in the past 12 months.**
    - The use of BNPL was higher among banked households (4.0 percent) than among unbanked households (1.6 percent).
    - The use of BNPL also varied by income level and monthly income volatility. A larger share of households with income between $30,000 and $50,000 (4.7 percent) or between $50,000 and $75,000 (4.8 percent) used BNPL, compared with households with higher or lower income levels. Additionally, households with income that varied somewhat from month to month (6.8 percent) or a lot from month to month (4.6 percent) used BNPL at a higher rate than households with income that was about the same each month (3.2 percent).
    - Finally, higher shares of younger households, Black and Hispanic households, and working-age households with a disability used BNPL.
- **The use of BNPL in 2023 was more than twice as high among households with mainstream credit (4.3 percent) as among households with no mainstream credit (1.6 percent).** Additionally, the use of BNPL was more than four times as high among households that used a rent-to-own service or a payday, pawn shop, auto title, or tax refund anticipation loan (14.0 percent) as among households that did not (3.2 percent).

[10] The share of households that used tax refund anticipation loans in 2023 is not directly comparable to the shares in 2019 and 2021 because the question on tax refund anticipation loans was broadened to better match credit products available on the market. See Appendix 2 for details.

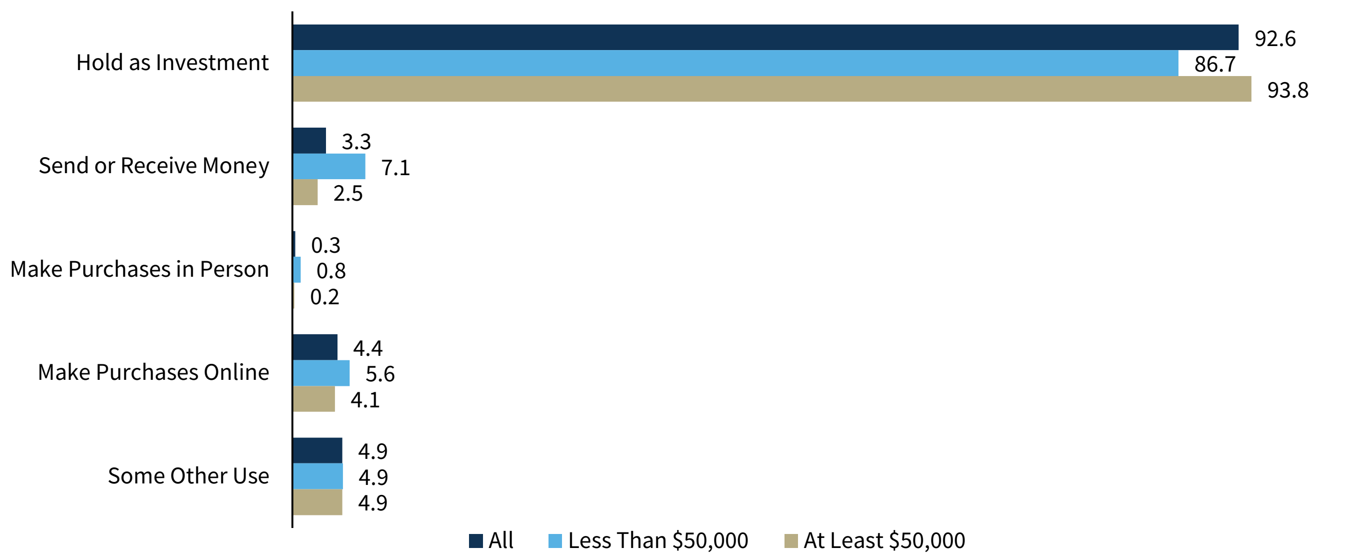
- **One in eight households that used BNPL (12.8 percent) missed or made a late payment on at least one of their BNPL purchases.** Among households that used BNPL, those with lower income levels and those with volatile income had higher rates of missed or late payments. For example, among households with less than $30,000 in income that used BNPL, 21.4 percent missed or made a late payment, compared with 9.4 percent of households with income of $75,000 or more that used BNPL.

Crypto

The 2023 survey included new questions on crypto, a largely unregulated new technology that uses encryption and a public ledger—the blockchain—as a means outside banks and credit unions of storing and transferring value. Few representative surveys have provided information on how widespread crypto use is among households and how households use crypto.

- **In 2023, 4.8 percent of all households had in the past 12 months owned or used crypto, such as Bitcoin or Ether (hereafter, used crypto).**
  - The use of crypto was higher among banked households (5.0 percent) than among unbanked households (1.2 percent).
  - The use of crypto also varied by household characteristics and was higher among higher-income households, more-educated households, younger households, Asian and White households, working-age households without a disability, and households with higher monthly income volatility.
  - Differences by income level and monthly income volatility were especially pronounced. For example, 7.3 percent of households with income of $75,000 or more used crypto, compared with 1.1 percent of households with less than $15,000 in income. One in ten households with income that varied a lot from month to month (9.7 percent) and 7.1 percent of households with income that varied somewhat from month to month used crypto, compared with 4.2 percent of households with income that was about the same each month.
- **Among all households that used crypto, the vast majority held crypto as an investment (92.6 percent).** Holding crypto as an investment was more prevalent among households with income of $50,000 or more that used crypto, while using crypto to send or receive money was more common among households with less than $50,000 in income that used crypto (see Figure ES.13). For both groups, however, holding crypto as an investment was by far the most common use of crypto.

FIGURE ES.13 Specific Uses of Crypto Among Households That Used Crypto by Income Level, 2023 (Percent)



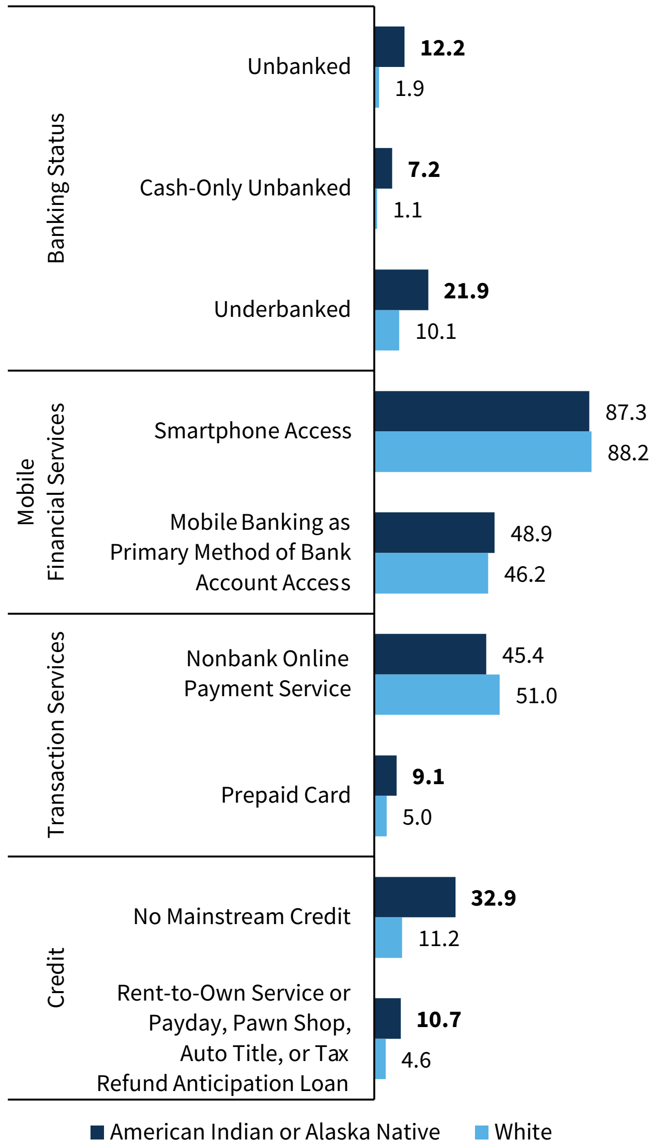
Note: Bars sum to more than 100 percent because households could select more than one specific use.

Spotlight: American Indian or Alaska Native Households

- **Between 2009 and 2023, the unbanked rate among American Indian or Alaska Native households decreased from 23.0 percent to 12.2 percent.** Nevertheless, American Indian or Alaska Native households comprised 0.7 percent of households overall but 2.0 percent of the unbanked in 2023.

- **In 2023, American Indian or Alaska Native and White households exhibited substantial differences in their use of financial services.** For example, Figure ES.14 shows that compared with White households, American Indian or Alaska Native households were
  - more than six times as likely to be unbanked,
  - twice as likely to be underbanked,
  - three times as likely not to have mainstream credit, and
  - more than twice as likely to use a rent-to-own service or a payday, pawn shop, auto title, or tax refund anticipation loan.

FIGURE ES.14 Use of Selected Financial Services Among American Indian or Alaska Native and White Households, 2023 (Percent)



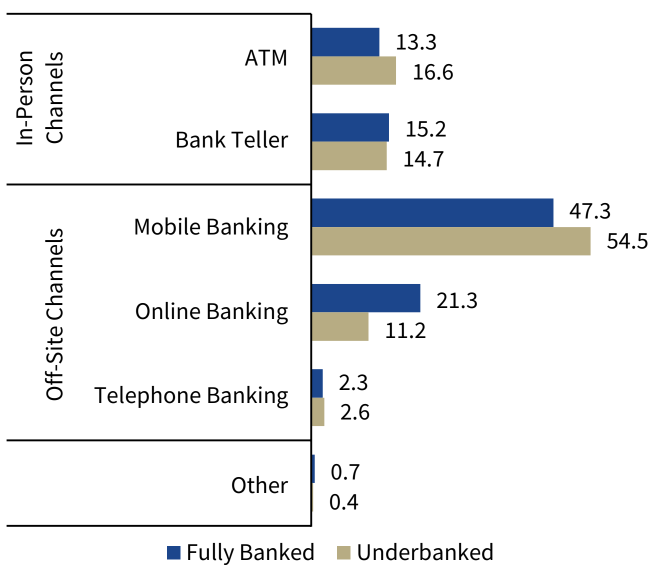
Note: Bolded estimate indicates statistical significance at the 10 percent level from the corresponding estimate for White households. The percentage of households in a demographic group that used mobile banking as the primary method of bank account access is among banked households that had accessed their account in the past 12 months. All other percentages are among all households in the demographic group.

Underbanked Households

A household is considered underbanked if it had a checking or savings account at a bank or credit union but in the past 12 months had used at least one of eight nonbank financial services (NBFSs). These NBFSs include three transaction services (nonbank money orders, check cashing, and international remittances) and five alternatives to mainstream credit (rent-to-own services and payday, pawn shop, auto title, and tax refund anticipation loans). Such NBFSs historically have been used disproportionately by unbanked households to meet their transaction or credit needs.

- **In 2023, 14.2 percent of U.S. households—representing about 19.0 million households—were considered underbanked.** In contrast, 81.6 percent of U.S. households in 2023—representing about 109.1 million households—were considered fully banked, meaning the household had a checking or savings account at a bank or credit union but in the past 12 months had not used any of the above NBFSs.[11] The remaining 4.2 percent of U.S. households in 2023—representing about 5.6 million households—were unbanked, meaning no one in the household had a checking or savings account at a bank or credit union.
- **As in previous years, underbanked rates in 2023 varied considerably across household characteristics.** Differences by educational attainment and race and ethnicity were especially pronounced.
  - Nearly one in four households without a high school diploma (23.1 percent) were underbanked, compared with one in ten households with a college degree (10.4 percent).
  - More than one in five Black, Hispanic, American Indian or Alaska Native, and Native Hawaiian or Other Pacific Islander households were underbanked, compared with one in ten White households (10.1 percent).
- **Underbanked and fully banked households exhibited some differences in the primary method they used to access their bank accounts.**
  - As displayed in Figure ES.15, the use of mobile banking was by far the most prevalent primary method of account access among underbanked and fully banked households but was more common among underbanked households (54.5 percent) than among fully banked households (47.3 percent).
  - On the other hand, a higher share of fully banked households primarily used online banking (21.3 percent) than did underbanked households (11.2 percent).
  - The use of ATMs was more common among underbanked households than among fully banked households, while the use of bank tellers was similar across these households.
- **Compared with fully banked households, higher shares of underbanked households used online payment services and prepaid cards in ways that substitute for some of the core financial transactions that can be conducted using a bank account, including paying bills, receiving income, and saving or keeping money safe.**
  - More than two in five underbanked households with online payment services (44.2 percent) used them to conduct at least one of these three core transactions, compared with less than one in three fully banked households (31.4 percent) and seven in ten unbanked households (71.5 percent).
  - Almost three in five underbanked households with prepaid cards (58.8 percent) used them to conduct at least one of these three core transactions, compared with two in five fully banked households (39.7 percent) and nine in ten unbanked households (90.7 percent).

FIGURE ES.15 Primary Method of Bank Account Access Among Fully Banked and Underbanked Households, 2023 (Percent)

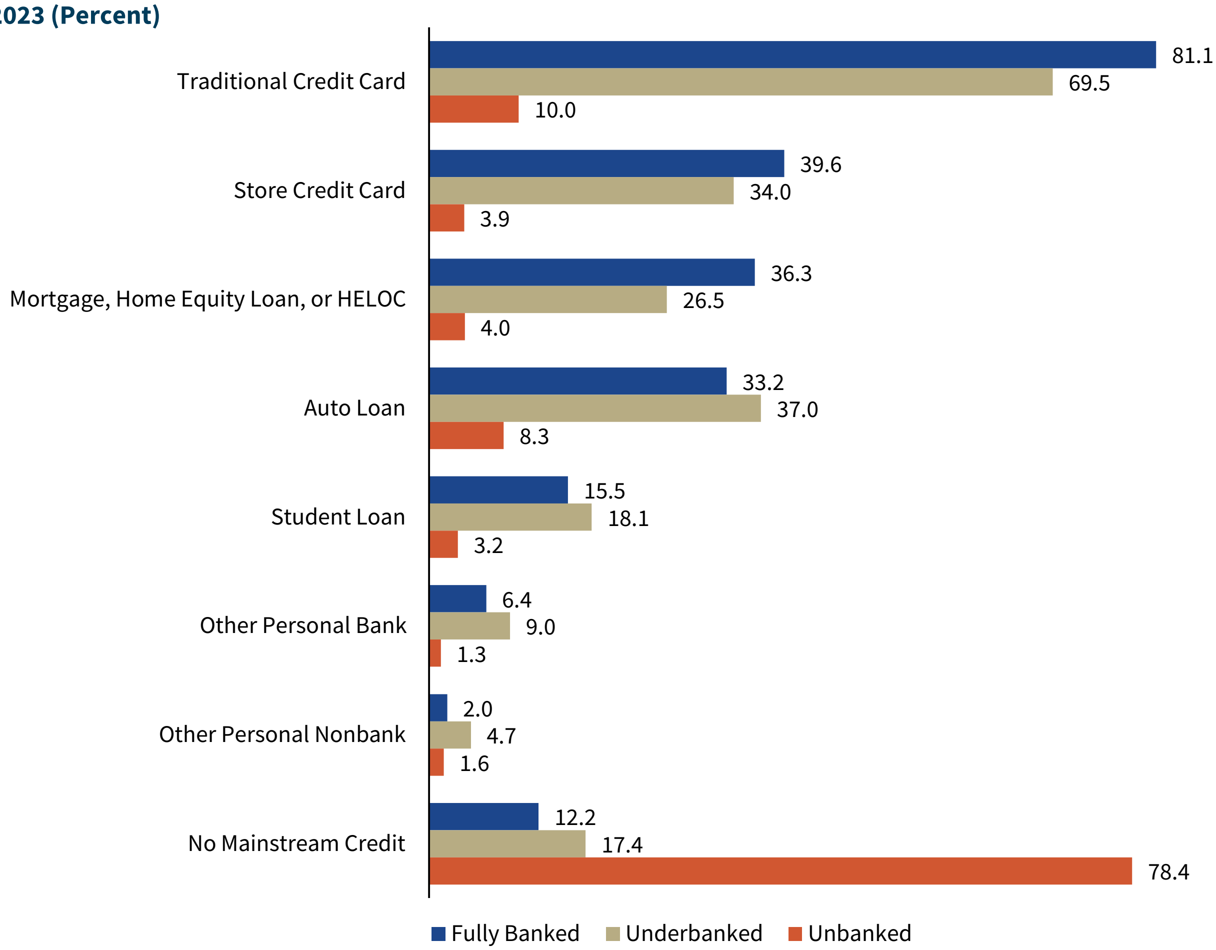


Note: Bars sum to 100 percent.

[11] Underbanked and fully banked rates in 2023 are not directly comparable to those in 2021 because the question on tax refund anticipation loans was broadened to better match credit products available on the market. See Appendix 2 for details. Excluding the use of tax refund anticipation loans, the underbanked rate would have been 13.6 percent in 2021 and 12.7 percent in 2023. The decline between 2021 and 2023 was statistically significant.

- **Fully banked, underbanked, and unbanked households exhibited differences in their use of mainstream credit products in 2023.**
  - As shown in Figure ES.16, compared with fully banked households, the share of underbanked households that had an auto loan, student loan, other personal bank credit, or other personal nonbank credit was higher, while the share that had a traditional credit card; store credit card; or mortgage, home equity loan, or HELOC was lower.
  - The shares of underbanked and fully banked households that used each mainstream credit product were, in general, much higher than the share among unbanked households. For example, seven in ten underbanked households (69.5 percent) and more than eight in ten fully banked households (81.1 percent) had a traditional credit card, compared with only 10.0 percent of unbanked households.
  - The proportion of households with no mainstream credit in 2023 was higher among underbanked households (17.4 percent) than among fully banked households (12.2 percent) but was much lower than the proportion among unbanked households (78.4 percent).
- **The use of BNPL in 2023 was much higher among underbanked households (9.7 percent) than among fully banked households (3.0 percent) and unbanked households (1.6 percent).** Further, one in five underbanked households that used BNPL (20.8 percent) missed or made a late payment on at least one of their BNPL purchases, more than twice the proportion among fully banked households that used BNPL (8.1 percent).
- **The use of crypto in 2023 was more common among underbanked households (6.2 percent) than among fully banked households (4.8 percent) and unbanked households (1.2 percent).** As with fully banked households that used crypto, the vast majority of underbanked households that used crypto held it as an investment.

FIGURE ES.16 Use of Mainstream Credit Products Among Fully Banked, Underbanked, and Unbanked Households, 2023 (Percent)



Implications

Since its inception, the *FDIC National Survey of Unbanked and Underbanked Households* has evolved to reflect the changing financial services marketplace and allow deeper analysis of the diverse and nuanced needs of different groups of consumers. These implications take a closer look at unbanked households, households with rapid increases in technology access, and households that do not use mainstream credit. Exploring the ways in which these groups' demographics and financial behaviors have changed reveals specific opportunities to increase economic inclusion. With more households participating in the financial mainstream, it is becoming increasingly difficult, but ever more important, to develop safe and affordable products and outreach strategies to reach households that do not participate in the insured banking system. Examining distinct groups with unique characteristics highlights the potential value of more targeted approaches to increasing access, sustainability, and growth in the banking system.

1. The Changing Composition of Unbanked Households

The composition of unbanked households has changed significantly over the years. The age distribution of unbanked households is now less disproportionately young. And while some unbanked households may be more tech savvy, still others rely primarily on cash. As a result, economic inclusion strategies that may have worked in the past may not be as compelling today. Gaining a more nuanced understanding of the current composition of unbanked households can help economic inclusion efforts evolve and better meet the needs of today's unbanked households.

2. Technology for Sustaining and Growing Banking Relationships

Technology is changing how consumers interact with banks and reshaping the financial services industry by increasing options for using technology to conduct financial transactions and develop business relationships. Smartphones are ubiquitous among banked consumers, but many are not using them to improve their banking experience. Significant untapped potential exists for banks to engage these consumers and help them use technology to sustain and grow banking relationships. Late adopters might be ready to use more technology for banking, but they are at risk of being left behind if they are not considered part of banks' technology strategies.

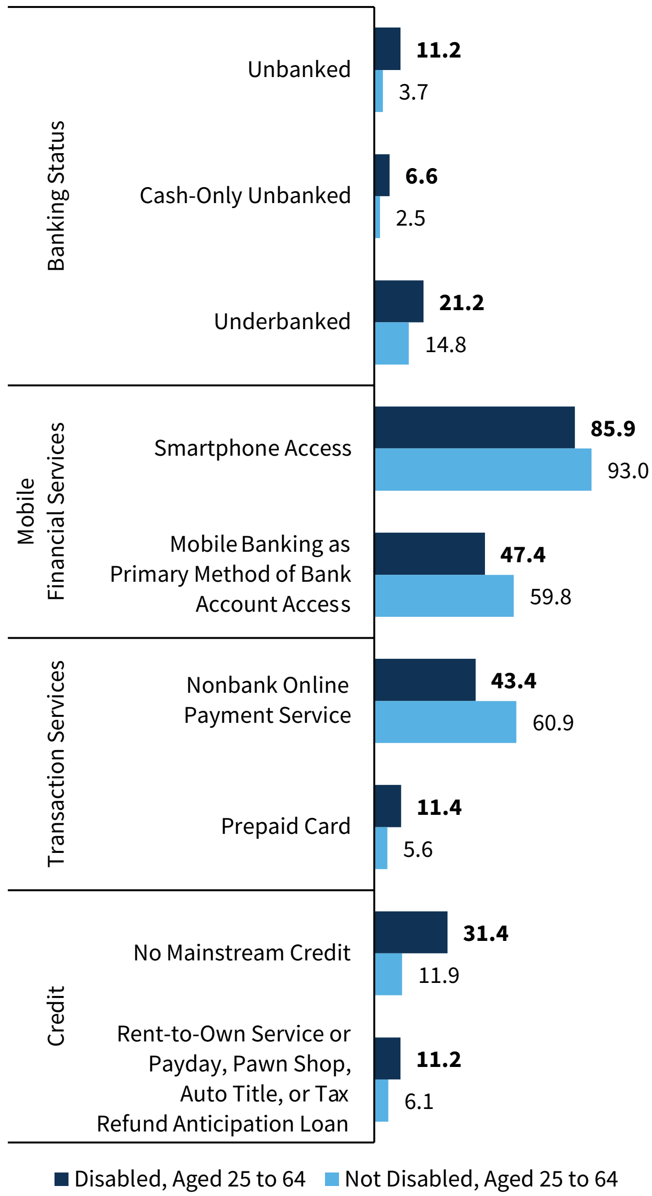
3. Credit Building

Gaining access to credit and establishing a credit history allow households to smooth consumption, build wealth, and weather financial shocks. In recent years, the share of households using mainstream credit has increased and the share using nonbank alternatives to mainstream credit has decreased, indicating that more consumers are able to access mainstream credit. However, large numbers of households do not use mainstream credit, and efforts to increase access to safe and affordable credit remain important. And as more consumers gain access to mainstream credit, targeted outreach and education about managing and building credit may be valuable to support successful use of credit. In addition, lenders and consumers alike would benefit from more detailed and transparent information about the impact of timing and types of credit use on credit history and scores.

Spotlight: Working-Age Households With a Disability

- **Between 2009 and 2023, the unbanked rate among working-age households with a disability decreased from 18.3 percent to 11.2 percent.** However, while working-age households with a disability in 2023 comprised 8.1 percent of households overall, they made up 21.5 percent of the unbanked.
- **In 2023, working-age households with and without a disability exhibited substantial differences in their use of financial services.** For example, Figure ES.17 shows that compared with working-age households without a disability, working-age households with a disability were
  - three times as likely to be unbanked,
  - two-fifths more likely to be underbanked,
  - one-fifth less likely to use mobile banking as the primary method of bank account access, and
  - more than twice as likely not to have mainstream credit.

FIGURE ES.17 Use of Selected Financial Services by Disability Status, 2023 (Percent)



Note: Bolded estimate indicates statistical significance at the 10 percent level from the corresponding estimate for working-age households without a disability. The percentage of households in a demographic group that used mobile banking as the primary method of bank account access is among banked households that had accessed their account in the past 12 months. All other percentages are among all households in the demographic group.

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