Feature Article:

Findings from the *FDIC Survey of Bank Efforts to Serve the Unbanked and Underbanked*

Banks offer individuals the opportunity to save, borrow, invest, and build a credit record. Access to a basic bank account and financial services is fundamental to economic self-sufficiency. Millions of Americans, however, are unbanked or underbanked, meaning that they do not have access to banks or are not fully participating in the mainstream financial system.[1]

This article summarizes the key findings of and recommendations drawn from the *FDIC Survey of Bank Efforts to Serve the Unbanked and Underbanked*.[2] It is intended to inform bankers, policymakers, and researchers of the results of the survey and to outline steps to improve access to the financial mainstream.

The survey finds that while most banks are aware that their market areas include significant unbanked and underbanked populations, relatively few have made it a strategic priority to target these market segments. In addition, while a number of banks are trying to reach the unbanked and underbanked, relatively few participate in the types of outreach that are thought to be particularly effective. The survey findings also indicate that although banks recognize the challenges associated with doing business with unbanked and underbanked individuals, they are making some progress in improving the accessibility of banking services.

Background

Few statistics are available on the actual number of unbanked and underbanked individuals and households in the United States. However, the percentage of American families that are unbanked is estimated at about 10 percent, and a substantial share of the population may be underbanked.[3]

The Federal Deposit Insurance Corporation (FDIC) is committed to ensuring that consumers have access to basic banking and other financial services. The FDIC is also dedicated to developing more robust data about unbanked and underbanked households and the factors that hinder them from fully using the mainstream financial system. As part of the commitment to these issues, during 2008 the FDIC conducted a nationwide survey of FDIC-insured depository institutions to assess efforts to serve unbanked and underbanked individuals and families.

The survey, the first of its kind at the national level, is mandated by Section 7 of the Federal Deposit Insurance Reform Conforming Amendments Act of 2005 (Reform Act). The Reform Act requires that the FDIC conduct biennial surveys "on efforts by insured depository institutions to bring those individuals and families who have rarely, if ever, held a checking account, a savings account or other type of transaction or check-cashing account at an insured depository institution into the conventional finance system."

In designing the survey, the FDIC focused on questions raised in the Reform Act and sought to provide information to the banking industry that would enhance the efforts of insured institutions to serve the unbanked and

[1] Unbanked individuals and families are those who have rarely, if ever, held a checking account, savings account, or other type of transaction or check-cashing account at an insured depository institution. Underbanked individuals and families are those who have an account with an insured depository institution but also rely on nonbank alternative financial service providers for transaction services or high-cost credit products.

[2] The FDIC retained Dove Consulting to help administer the survey of banks. Dove Consulting collected the survey results and reported aggregated results to the FDIC. The survey results were released on February 5, 2009. For complete results, see http://www.fdic.gov/unbankedsurveys/.

[3] The Board of Governors of the Federal Reserve System, in its *Survey of Consumer Finances*, reports that 8 to 13 percent of U.S. households lack transaction accounts. See *Survey of Consumer Finances* for 1995, 1998, 2001, 2004, and 2007. The Center for Financial Services Innovation recently estimated that 40 million U.S. households are underbanked. See *The CSFI Underbanked Consumer Study*, June 8, 2008, at http://www.cfsinnovation.com/research-paper-detail.php?article_id=330366.

underbanked.[4] The objectives of the survey were as follows:

1. Identify and quantify the extent to which insured institutions reach out to, serve, and meet the banking needs of unbanked and underbanked individuals and households;

2. Identify challenges affecting the ability of insured institutions to serve unbanked and underbanked individuals and households; and

3. Identify innovative efforts that insured institutions use to serve unbanked and underbanked individuals and households.

Bank Survey Details

The survey was voluntary and consisted of mail-in questionnaires administered to a stratified random sample of about 1,300 banks.[5] The nationally representative sample was selected from the population of federally insured banks and thrifts with retail branch operations. Each of the 25 largest insured banks was included in the sample; 48 percent of all other banks with assets over $1 billion were also sampled, as were 14 percent of banks with assets under $1 billion. In all, 685 complete surveys were returned, resulting in a response rate of 54 percent. The response rate was 96 percent for the 25 largest banks, 61 percent for banks with assets over $1 billion, and 51 percent for banks with assets under $1 billion.[6]

The survey consisted of three sections. The first section focused on bank financial education and outreach efforts. The second section examined the obstacles that limit banks' ability to serve the unbanked and underbanked. This section asked about the perceived challenges to serving these customers, efforts to improve access through retail branch operation modifications, services provided to noncustomers who may be unbanked or underbanked, and bank account opening practices and policies. The final section assessed the types of deposit, payment, and credit products offered to entry-level consumers, focusing on innovative products that serve the needs of unbanked and underbanked individuals.

A limited number of bank case studies were included along with the survey results. The case studies were developed from in-depth interviews with 16 surveyed banks that appeared to be successfully developing innovative business opportunities with unbanked and underbanked individuals. Case study banks were carefully selected based on a variety of information, including survey questionnaire responses and industry research.[7]

Summary of Survey Results

Financial Education and Outreach Efforts

A main objective of the survey was to quantify the extent to which banks serve and reach out to unbanked

[4] One of several factors and questions the Reform Act asks the FDIC to consider in conducting the survey is, "What is a fair estimate of the size and worth of the 'unbanked' market in the United States?" The FDIC is addressing this question through a separate household survey effort conducted jointly with the U.S. Bureau of the Census as a supplement to the Census Bureau's Current Population Survey in January 2009. The goals of that survey are to gather accurate estimates of the number of unbanked and underbanked households in the United States, their demographic characteristics, and reasons why they are unbanked or underbanked. It is anticipated that the results of this survey will fill many data gaps regarding unbanked and underbanked households in the United States. The FDIC plans to release the results later this year.

[5] The universe for the survey was the 7,487 federally insured banks and thrifts operating in the United States during the first quarter of 2007. Because a statistical sample was selected for the survey (i.e., a stratified random sample), valid statistical estimates of universe statistics were derived from the sample. These estimates were "unbiased," aside from the impact of survey nonresponse. To correct for the nonresponse bias, a standard weight adjustment procedure was used. See Chapter 2 of the survey report for a complete discussion of the survey methodology.

[6] Twenty-four of the 25 largest banks responded to the survey. The universe of the survey also included 564 banks with assets over $1 billion; 268 of these banks were included in the sample and 159 responded. There were 6,898 banks with assets under $1 billion in the survey universe; 994 of these banks were included in the sample and 502 responded.

[7] The FDIC identified some case study banks based on industry research completed prior to the implementation of the survey. Other case study banks were chosen if their responses to the survey revealed particularly innovative or successful strategies for reaching the unbanked and underbanked. The case study population was designed to include banks of varying sizes and covering different geographies. All case study banks had to meet "good standing" criteria, which considered ratings for Community Reinvestment Act, safety and soundness, and compliance. The 16 case study banks are Amalgamated Bank, New York, NY; Artisans' Bank, Wilmington, DE; BancorpSouth, Tupelo, MS; Bangor Savings Bank, Bangor, ME; Carver State Bank, Savannah, GA; Central Bank of Kansas City, Kansas City, MO; Citibank, N.A., Las Vegas, NV; Citizens Union Bank of Shelbyville, Shelbyville, KY; The Commerce Bank of Washington, Seattle, WA; Fort Morgan State Bank, Fort Morgan, CO; International Bank of Commerce, Laredo, TX; KeyBank, Cleveland, OH; Mitchell Bank, Milwaukee, WI; Monroe Bank & Trust, Monroe, MI; Ridgewood Savings Bank, Ridgewood, NY; and Second Federal Savings of Chicago, Chicago, IL.

Chart 1

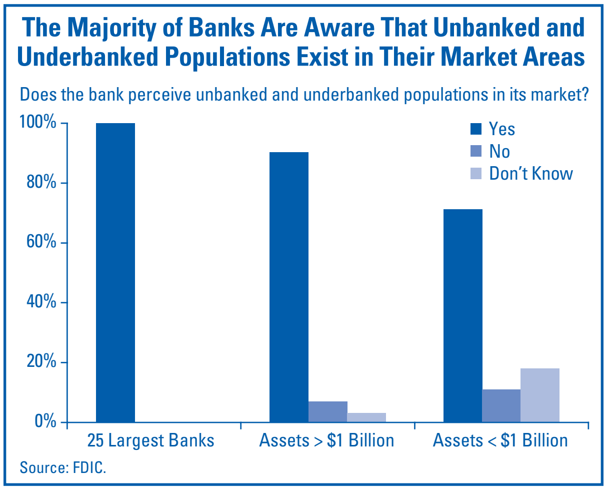
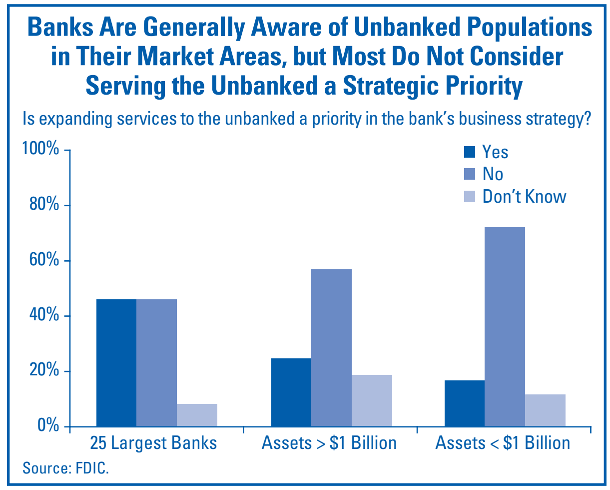


Chart 2



and underbanked individuals. However, to effectively educate and establish banking relationships with individuals outside of the mainstream, banks must first identify where these populations reside and commit to serving them. The survey found that 73 percent of banks are aware that unbanked and underbanked populations exist in their market areas (see Chart 1).[8] However, fewer than 18 percent of banks identify expanding services to these individuals as a priority in their business strategy (see Chart 2). More than three-quarters of banks (77 percent) have not conducted research on this potential opportunity in their Community Reinvestment Act (CRA) assessment areas.[9] According to the survey, the 25 largest banks are more likely than smaller banks to identify expanding services to these groups as a priority, although fewer than half (46 percent) have done so.

When asked to rank the three most effective strategies for educating and reaching out to unbanked and underbanked customers, banks identified "teaching financial education sessions" as the most effective, followed by "financial outreach with other organizations" and "off-premise outreach visits" (see Table 1). Almost all banks (98 percent) rank financial outreach with other organizations and outreach visits among the top three most effective strategies.

Table 1

Banks Identified "Teaching Financial Education" As the Most Effective Outreach Strategy

Effectiveness Ranking	Programs
1	Teaching financial education sessions
2	Financial outreach with other organizations
3	Off-premise outreach visits
4	Providing financial education materials
5	Targeted marketing
6	Other

Source: FDIC.

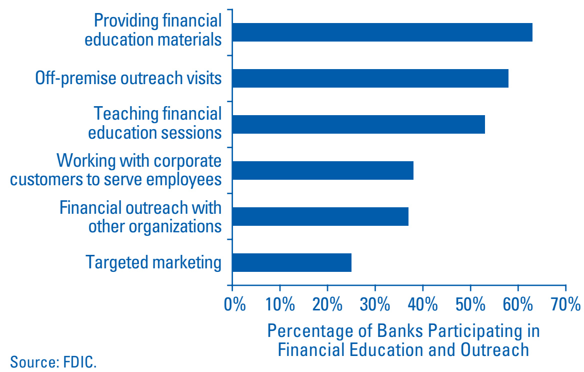
Bank perceptions of the most effective education and outreach strategies do not necessarily correlate with their participation in these activities. For example, banks ranked "providing financial education materials" as only the fourth most effective outreach strategy, even though this method is the most commonly used. Sixty-three percent of banks provide financial education materials to the unbanked and underbanked, often in the form of brochures and pamphlets (see Chart 3 on page 42 for a summary of bank participation in various outreach strategies). Responses to open-ended survey questions suggest that most banks do not distinguish

[8] Throughout this article, statistically valid estimates from the sample are presented as percentages of the survey universe without referring to them specifically as "estimates." For example, in this reference, "73 percent of banks" is "an estimated 73 percent of banks."

[9] In 1977, Congress enacted the CRA to encourage federally insured banks and thrifts to help meet the credit needs of their entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations. The CRA implementing regulations require a bank to delineate one or more assessment areas, which are geographic areas (e.g., entire Metropolitan Statistical Areas or individual census tracts) that the bank reasonably expects to serve. Assessment area delineations may not arbitrarily exclude low- or moderate-income geographies or reflect illegal discrimination. The bank's primary federal bank regulatory agency evaluates the bank's record of helping to meet the credit needs of the assessment area(s) that the bank defined, consistent with safe and sound lending.

Chart 3

Most Banks Provide Educational Materials, Classes, and Off-Premise Outreach, but Other Efforts to Reach Unbanked Populations Are More Limited



Source: FDIC.

between unbanked and underbanked customers in their educational materials.

Many bank strategies for reaching unbanked and underbanked populations rely on partnering with or traveling to outside organizations. In all, 37 percent of banks participate in financial education or outreach efforts with other organizations in order to expand services to unbanked and underbanked individuals. Examples of these efforts include working with businesses to offer employee payroll cards, partnering with government entities to provide electronic benefit transfer or prepaid cards, and collaborating with faith-based groups to provide cash assistance. The largest 25 banks are more likely to participate in such efforts. Fifty-eight percent of banks reported that they conduct off-premise financial education and outreach visits, most commonly at high schools and community-based organizations. In addition, 38 percent of banks work with corporate or business customers to provide services for unbanked and underbanked employees. Larger banks are more likely to work with businesses to promote services for the unbanked.

About half (53 percent) of banks teach financial education sessions targeted to the unbanked and underbanked, which banks ranked as the most effective outreach method. Educational sessions are typically conducted offsite, and larger banks are more likely to offer them. Among banks that provide these sessions, the most frequently covered topics are basic banking and savings programs.

One-quarter of banks use targeted marketing to reach unbanked and underbanked individuals, and larger banks are more likely to engage in this strategy. Among banks that target a specific demographic, Hispanic Americans are targeted more frequently than other groups.

Table 2

Banks Report That Profitability Issues and Regulatory Concerns Pose Challenges to Serving the Unbanked

Ranking	Challenges
1	Profitability issues
2	Regulatory barriers
3	Fraud concerns
4	High cost of customer acquisition
5	Competition from alternative service providers
6	Unfamiliarity with this population
7	Internal challenges
8	Other challenges

Source: FDIC.

Perceived Challenges to Serving Unbanked and Underbanked Customers

Banks appear to assume that doing business with unbanked and underbanked individuals is not profitable, which is an obstacle to serving these populations. When asked to rank order the challenges banks face in serving or targeting the unbanked and underbanked, banks list "profitability issues" first, followed by "regulatory barriers" and "fraud concerns" (see Table 2). Of the 40 percent of banks that perceive regulatory impediments, many cite concerns related to maintaining compliance with the Patriot Act and the Bank Secrecy Act.[10]

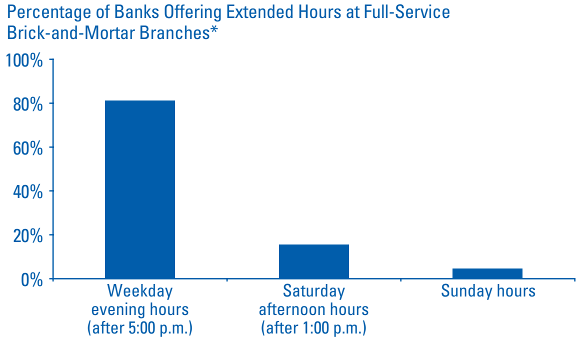
Bank Efforts to Improve Access to Retail Branches

In the past five years, banks have taken several steps to make retail branches more accessible to unbanked and underbanked customers. For example, almost two-thirds (64 percent) of banks reported that they modified their retail operations to make them more appealing or convenient. Almost three-quarters (73 percent) of these banks reported offering Internet or mobile banking. In addition, 47 percent of banks installed external automated teller machines (ATMs), and 43 percent added off-premise ATMs. Thirteen percent of banks added branches in nontraditional locations (e.g., community centers and supermarkets), and 20 percent added

[10] Title III of the Patriot Act, which was signed into law on October 25, 2001, requires banks to establish a Customer Identification Program. The Bank Secrecy Act (BSA) of 1970 requires U.S. financial institutions to assist U.S. government agencies to detect and prevent money laundering. The BSA is sometimes referred to as the "anti-money laundering" law (AML) or as "BSA/AML."

Chart 4

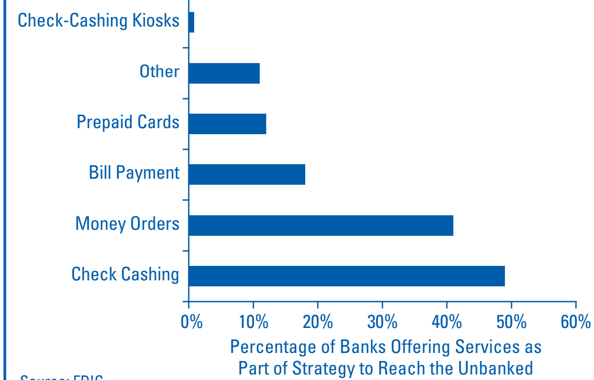
The Majority of Banks Offer Extended Hours, Typically during Weekday Evenings



Source: FDIC.
*Based on all banks offering some type of extended hours; 41 percent of banks do not offer extended hours.

Chart 5

Banks Offer a Limited Range of Services That Might Appeal to Unbanked and Underbanked Individuals



Source: FDIC.

branches in low- to moderate-income (LMI) areas.[11] In addition, many banks now offer extended hours (59 percent) and employ bilingual staff (52 percent) at their retail branches (see Chart 4).

Another way banks can be more accessible to unbanked and underbanked customers is to offer a range of products and services that may especially appeal to them; however, most banks do not incorporate this approach into their branch strategies. Indeed, fewer than half of banks offer check cashing (49 percent) and money orders (41 percent) as part of their strategy to serve the unbanked and underbanked. Far fewer offer other services, such as bill-paying services and prepaid card issuance and reloading (see Chart 5).

Services Banks Provide to Noncustomers Who May Be Unbanked or Underbanked

Although a bank cannot reasonably determine whether a noncustomer is unbanked or underbanked, offering a variety of services to noncustomers is one way of reaching those populations. One service that the unbanked and underbanked commonly use is check cashing. However, banks provide limited check-cashing opportunities for noncustomers. Most banks (96 percent) will cash checks for noncustomers drawn on the bank itself, but fewer than one-third will cash payroll and other business checks not written on the bank for noncustomers.

The type of identification required to cash a check can also pose challenges for noncustomers who may be unbanked or underbanked. Most banks will accept a driver's license (92 percent) or state-issued photo identification (86 percent) from noncustomers who wish to cash checks. However, only a limited number of banks accept the Matrícula Consular identification (20 percent) and the Individual Taxpayer Identification Number (ITIN) (1 percent) as primary forms of identification for check cashing by noncustomers (see Chart 6 on page 44).[12]

Besides check cashing, other transaction services to noncustomers are relatively limited. For example, 37 percent of banks offer bank checks and money orders to noncustomers, 6 percent offer international remittances, and 2 percent offer check-cashing cards.

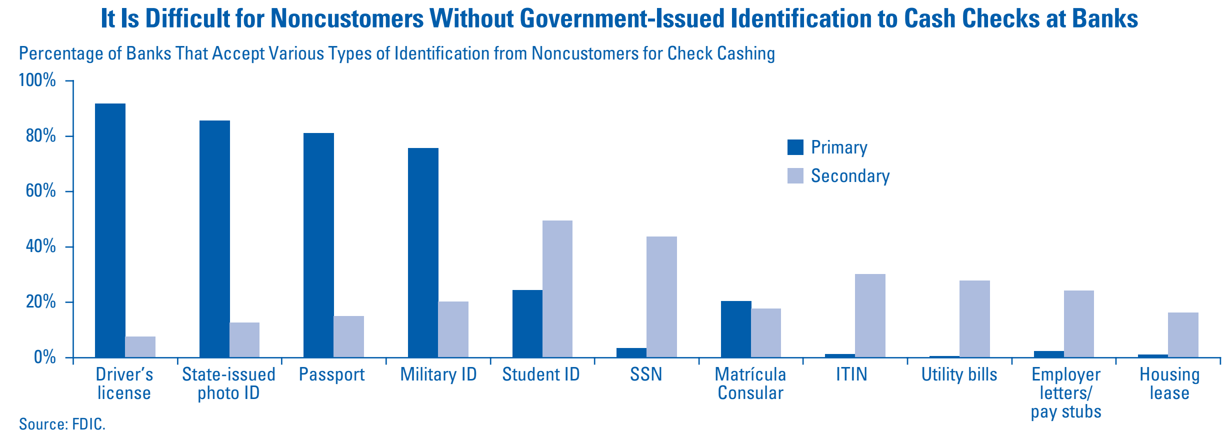
Bank Account-Opening Practices and Policies

Unbanked and underbanked individuals also face a number of challenges in establishing banking relationships. These individuals often must present government-issued identification to open a bank account. While most banks will accept either a driver's license (99 percent) or passport (92 percent), only 27 percent of banks accept Matrícula Consular cards and only 38 percent accept ITINs as forms of identification for opening a new account.

[11] In low-income areas, income is equal to or less than 50 percent of the median income of the local Metropolitan Statistical Area (MSA) or appropriately defined rural area. In moderate-income areas, income is between 50 percent and 80 percent of the median income of the local MSA or appropriately defined rural area.

[12] Matrícula Consular cards are identification cards issued to Mexican national citizens by the government of Mexico through its consulate offices. Similar consulate identification cards are issued to citizens of other countries.

Chart 6



Source: FDIC.
Note: ITINs are Individual Taxpayer Identification Numbers. A primary identification is sufficient by itself, and a secondary identification is insufficient by itself but acceptable together with another secondary identification.

A blemished credit history presents further challenges to opening a new account. Most banks (87 percent) require a third-party credit check screen, such as ChexSystems, when a customer opens a new checking account.[13] One-quarter of banks automatically reject a new account application that receives a negative result on the credit check screen, and only half (49 percent) can override a negative result at a branch location. However, one-quarter of banks offer "second chance" accounts designed for individuals not qualified for conventional bank accounts.[14]

Survey results reveal that a blemished credit history and insufficient identification impede unbanked and underbanked individuals from opening bank accounts more than any other factor. When asked to rank order the three most common reasons that a new account applicant is declined, banks identified "negative account screening" first, followed by "insufficient identification information" and a "low credit score."

[13] ChexSystems, Inc., is a network of financial institutions that provides deposit account verification services to members and information to help them identify account applicants who may have a history of account mishandling (for example, people whose accounts were overdrawn and then closed by their bank).
[14] "Second chance" accounts are frequently checkless accounts or accounts with limited check-writing privileges that may be connected to a debit card. They usually provide most or all of the benefits of a regular checking account, including a bank routing number and account number.

Deposit, Payment, and Credit Products and Services Offered to Entry-Level Consumers

Accounts and products that are designed to address the needs of unbanked and underbanked individuals often succeed in bringing them into the mainstream banking system. The survey shows that most banks offer basic savings, deposit, and transaction accounts to qualified customers. For example, almost two-thirds (62 percent) of banks offer an entry-level checking account with no minimum balance. Another 8 percent of banks normally charge a minimum fee on their most basic checking account but will waive the fee if the customer uses direct deposit. When required, the median minimum balance with or without direct deposit was $100.

Nearly all banks (99 percent) charge a per-item overdraft fee on their most basic (lowest cost) transaction account. These fees range from $8 to $38, with a median of $25. While more than half (60 percent) of banks offer some type of program that will cover or waive the overdraft fee, such programs frequently involve a line of credit or transfer and may not be available to underbanked customers. More than half of banks (57 percent) that charge overdraft fees automatically close an account after a customer has a certain number of overdrafts (ranging from 1 to 500) or if an account has a negative balance for a given period of time (ranging from 10 to 180 days).

In addition, nearly all banks (97 percent) offer low-balance (under $500) basic savings accounts, but fewer offer savings programs designed to help unbanked and underbanked customers. Seven percent of banks offer savings accounts through workplace-based programs,

Chart 7

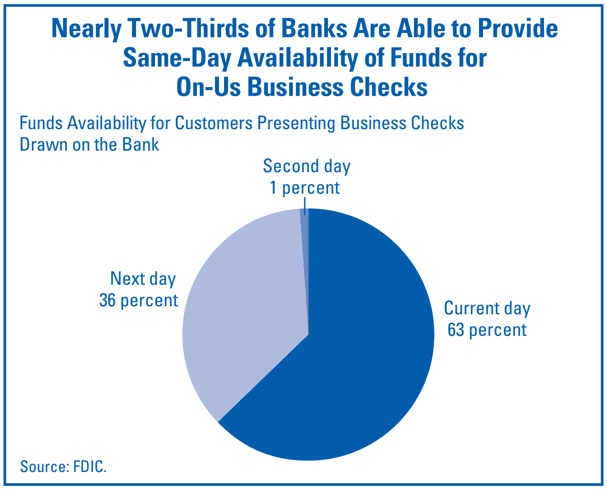
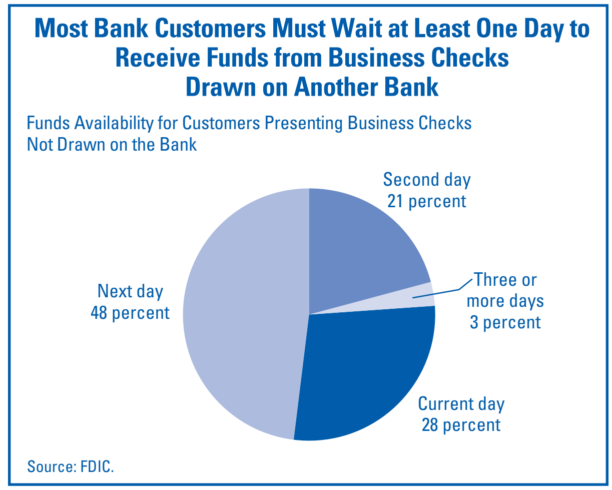


Chart 8



8 percent participate in or offer Individual Development Account (IDA) programs, and 3 percent participate in Internal Revenue Service Voluntary Income Tax Assistance (VITA) programs.[15] Fewer than one-quarter (22 percent) of banks partner with organizations to promote savings products, and about half (49 percent) offer special savings clubs. The largest 25 banks were more likely to offer some of these programs.

At many banks, funds availability from deposited checks, while in compliance with federal regulations, is slow relative to nonbank check-cashing services.[16] Funds are often made available most quickly for business and personal checks drawn on the bank (known as "on-us" checks), but at least one-third of banks require a minimum one-day waiting period before funds are available from these checks (see Chart 7). Longer waits are frequently required for government or payroll checks and checks drawn on another bank (see Chart 8). In addition, fewer than 6 percent of banks advance funds due to arrive by direct deposit or check, which can make banks less competitive than nonbank check-cashing services.

Banks offer few credit products tailored to LMI, unbanked, and underbanked individuals that could serve as alternatives to payday loans.[17] About two-thirds (69 percent) offer closed-end unsecured personal loans for amounts under $5,000. Among banks that do offer such loans, nearly all (97 percent) reported that they can originate an unsecured personal loan in less than 48 hours; 80 percent reported that they can originate such a loan in less than 24 hours.[18] However, eligibility requirements may hinder access for unbanked and underbanked customers.[19] About one-third (36 percent) of banks offer consumer credit cards, but most require a Social Security number, credit history, and minimum credit score to qualify, which likely limits availability to LMI individuals.

Case Study Highlights

The 16 case studies included with the survey results demonstrate that banks can serve the unbanked and underbanked markets both profitably and effectively.[20] The case study banks, which represent various asset size classes and geographic locations, are successfully serving these populations through a variety of innovative strate-

[15] Workplace-based programs, IDAs, and VITA programs can help bring unbanked and underbanked individuals into the mainstream financial system through savings products. IDAs are matched savings accounts that allow LMI individuals to save, build assets, and enter the financial mainstream. VITA programs offer free tax help to LMI individuals who cannot prepare their own tax forms.

[16] The Expedited Funds Availability Act of 1987 (Federal Reserve Regulation CC) sets maximum timeframes that a bank can withhold funds and is enforced by the bank's primary federal supervisor.

[17] See Christine Bradley, Susan Burhouse, Heather Gratton, and Rae-Ann Miller, "Alternative Financial Services: A Primer," *FDIC Quarterly*, vol. 3, no. 1 (2009) for more information about the prevalence of payday lending and other alternative financial services.

[18] Survey responses to a question asking whether banks offer affordable small-dollar loans revealed confusion about the product, since a number of banks counted overdraft lines of credit in their affirmative responses. The questionnaire defined "affordable small-dollar loans" as loans for "less than $1,000/at least a 90-day repayment term/less than 36 percent APR/low or no fees."

[19] Eligibility requirements frequently include review of credit history (required by 94 percent of banks), proof of income (required by 76 percent of banks), minimum credit score (required by 50 percent), and deposit relationship (required by 41 percent).

[20] The FDIC does not endorse any bank or product.

FDIC Activities to Encourage Economic Inclusion

The FDIC's Advisory Committee on Economic Inclusion (ComE-IN) was established by Chairman Sheila C. Bair and the FDIC Board of Directors in November 2006 according to requirements of the Federal Advisory Committee Act. ComE-IN provides the FDIC with advice and recommendations on important initiatives focused on expanding access to banking services by underserved populations. Expanding access may include reviewing basic retail financial services, such as check cashing, money orders, remittances, stored value cards, short-term loans, savings accounts, and other services that promote asset accumulation and financial stability.

The FDIC's Alliance for Economic Inclusion (AEI) is a national initiative to establish broad-based coalitions of financial institutions, community-based organizations, and other partners in ten markets across the country to bring all unbanked and underserved populations into the financial mainstream. AEI focuses on expanding basic retail financial services for underserved populations, including savings accounts, affordable remittance products, small-dollar loan programs, targeted financial education programs, alternative delivery channels, and other asset-building programs. To date, 952 banks and organizations have joined AEI nationwide; more than 65,000 new bank accounts have been opened; 45 banks are offering or developing small-dollar loans; 33 banks are offering remittance products; and more than 61,000 consumers have received financial education.

The FDIC's Affordable and Responsible Consumer Credit (ARC) Small-Dollar Loan Pilot Program is a two-year pilot project to review affordable and responsible small-dollar loan programs in financial institutions. The purpose of the study is to identify effective and replicable business practices to help banks incorporate affordable small-dollar loans into their other mainstream banking services. Best practices resulting from the pilot will be identified and become a resource for other institutions.[a]

The FDIC's *Money Smart* financial education curriculum is designed to help adults outside the financial mainstream enhance their money skills and create positive banking relationships. The FDIC also oversees the *Money Smart* Alliance, which consists of about 1,250 financial institutions, nonprofit organizations, schools, government authorities, and others that partner with the FDIC to provide financial education targeted to LMI households and others.

[a] See Susan Burhouse, Rae-Ann Miller, and Aileen G. Sampson, "An Introduction to the FDIC's Small-Dollar Loan Pilot Program," *FDIC Quarterly,* vol. 2, no. 3 (2008), 23–30, http://www.fdic.gov/bank/analytical/quarterly/2008_vol2_3/FDIC135_Quarterly_Vol2No3_Small_Dollar_Article.pdf.

gies. For example, several case studies suggest that banks are most successful in educating and reaching out to the unbanked and underbanked when they have established solid relationships with community organizations and have the support of these and other important stakeholders inside and outside the bank. Other case studies highlight banks that have overcome obstacles to working with the unbanked and underbanked by adapting to changing customer demographics, offering bank services in more casual or convenient settings, providing greater and more varied means of accessing bank services, and giving bank employees a key role in welcoming unbanked individuals. Finally, a number of case studies portray banks that are offering entry-level accounts and services that incorporate innovative features, such as debit cards and prepaid cards. Complete case studies appear in Chapter 12 of the survey report.

Next Steps

The FDIC hopes that the results of the survey will assist policymakers, researchers, and practitioners as they continue their work to expand access to the mainstream financial system. The FDIC intends to conduct and publish further research on these issues using these survey results as well as results from the *FDIC's National Survey of Unbanked and Underbanked Households*, which was conducted jointly with the Census Bureau in January 2009.

In addition, the FDIC will continue to pursue initiatives already under way that are designed to encourage insured institutions to serve the unbanked and underbanked, including the Advisory Committee on Economic Inclusion (ComE-IN), the Alliance for Economic Inclusion (AEI), the Affordable and Responsible Consumer Credit (ARC) Small-Dollar Loan Pilot Program, and the *Money Smart* financial education program (see text box above). The FDIC will also share information on best practices through the general examination process, meetings, and conferences.

Going forward, the government and financial industry might wish to define a shared goal to lower the number of unbanked and underbanked individuals and households. This effort would require reliable and regularly reported statistics on the number of unbanked and underbanked households in the United States and could be based on the results of the *FDIC's National Survey of Unbanked and Underbanked Households*. A national task force, composed of senior representatives of federal bank and credit union regulators and the U.S. Department of the Treasury, could be created to provide oversight and guidance.

Conclusions

The *FDIC Survey of Bank Efforts to Serve the Unbanked and Underbanked* has helped clarify efforts by financial institutions to increase economic inclusion. Banks recognize that unbanked and underbanked populations exist in their market areas, and many are trying to reach out to these individuals. Still, many opportunities remain in what is a largely untapped marketplace. The FDIC encourages all banks to expand their efforts to address the unique needs of the financially underserved. Using the survey results, practitioners, policymakers, and others who are committed to increasing access to the financial mainstream can work together to ensure that all consumers have access to basic banking and financial services.

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