



FINANCIAL SERVICE CENTERS OF AMERICA

Fact Sheet: The Unbanked & Underbanked Consumer in America

For millions of “unbanked” and “underbanked” Americans, the cash-based approach to managing personal financial transactions makes the most sense. Financial service centers provide the cash-based products and services that best meet their needs and the peace of mind of knowing their obligations have been met without fear of future financial repercussions.

Serving as the voice of the consumer

FiSCA members enjoy tremendous customer satisfaction levels (greater than 95% satisfaction rating according to a nationwide customer satisfaction survey¹). With that level of satisfaction comes trust. As such, when FiSCA members have made their customers aware of government proposals that could adversely affect customer access to basic financial services, they have responded enthusiastically. In fact, more than 660,000 customers have signed up to support preserving financial choice and access to financial services for all Americans.

Tens of thousands of customers signed petitions in the fall of 2010 urging members of Congress to reject finance reform proposals that would adversely impact that access to financial services, and restrict their choices. For many, this was their first involvement in public policy debates. FiSCA and its members will continue to empower its customers to make sure their voices are heard in state houses around the country and in Washington.

Who are the “unbanked” and “underbanked” consumers?

- 17 million Americans do not have a bank account. These are “unbanked” consumers.
- 51 million² Americans have a bank account but routinely use FSCs. These consumers are considered “underbanked”
- Minorities and low-to-moderate-income consumers are disproportionately represented in the “unbanked” and “underbanked” categories.
- According to the FDIC, there are approximately 30 million Americans who rely upon financial service centers (FSCs) in addition to, or instead of, traditional financial institutions when conducting their routine financial business.

Why do these consumers choose financial service centers?

Access

- Traditional financial institutions are often difficult to find in working class and minority neighborhoods, having concentrated their locations in middle and upper class suburbs.
- In contrast, FSCs are deeply-integrated members of the local communities they serve.
- FSCs offer better hours to accommodate varying work schedules (many are conveniently open seven days a week, even 24 hours a day).

¹“Survey of Customers of FiSCA Member Organizations,” September 2006.

² “FDIC National Survey of Unbanked and Underbanked Households,” December 2011.

Interpersonal Service

- Low-income individuals sometimes need a higher level of interpersonal service not often found in traditional banks. They get that at a FSC.
- There is significant cultural aversion to using mainstream banks. Many immigrants come from cash-based cultures and are reluctant to trust banks with their hard-earned money.
- The FSC staff speaks the language(s) of the neighborhood and offer a more family-friendly environment than traditional financial institutions.

Liquidity

- These consumers often lack the liquidity required to open and maintain bank accounts.
- They live paycheck to paycheck and have little, if any, money left over to put into a bank.

Transparency

- Low-and- moderate-income consumers manage tight budgets and cannot be subject to surprise fees and back-end charges. An unexpected charge can be catastrophic.
- All fees charged by licensed FSCs are posted and explained up front and all fees are paid at the time of the transaction.