

Understanding Long-Term Trends in Bank Account Ownership by Race and Ethnicity

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Policymakers in the United States have had a longstanding interest in expanding access to services from federally insured depository institutions. Consumers who obtain an account at a bank or credit union (hereafter, bank) enjoy certain protections and benefits such as deposit insurance that may not be available when obtaining financial products from nonbank providers. Ownership of a bank account may also improve consumers' financial stability through asset building tools such as savings accounts, by facilitating transactions such as the ability to receive direct deposit of income and government payments, and by improving access to mainstream credit.

Despite these benefits, bank account ownership is not universal. Estimates from the most recent Survey of Consumer Finances indicate that 4.4 percent of all U.S. households were unbanked in 2022, meaning that no one in the household had a checking, savings, or money market account. In 1989, the overall unbanked rate was 14.4 percent. Consistent with the overall time trend, unbanked rates among Black and Hispanic households—population segments with persistently high unbanked rates—also fell substantially. For Black households the unbanked rate declined from 43.3 percent in 1989 to 9.6 percent in 2022, and for Hispanic households the unbanked rate declined from 36.5 percent in 1989 to 10.8 percent in 2022.

This research identifies key factors that contributed to long-term decreases in unbanked rates across race and ethnicity, as well as highlights the most important remaining barriers to bank account ownership for the present population of unbanked households. The 1989–2022 triennial Survey of Consumer Finances, which contain a rich set of characteristics that can influence a household's desire to have a bank account, are well-suited for our analysis. To provide further insight into barriers to bank account ownership, and how these barriers might have changed over time, we use the 2013–2021 biennial Unbanked and Underbanked Supplement to the monthly Current Population Survey to examine time trends in the reasons unbanked households cite for not having a bank account. We also examine trends in related financial behaviors measured in these data, specifically methods that banked households used to access bank accounts (e.g., bank tellers and mobile banking) and financial transaction services that households might use to substitute for certain functions of a bank account (e.g., nonbank money orders and check cashing).

Our findings will be relevant to policymakers and organizations whose mission is to support bank account ownership. For example, understanding how changes in the financial services market have affected populations with persistently high unbanked rates could inform strategies targeted towards these groups going forward.

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