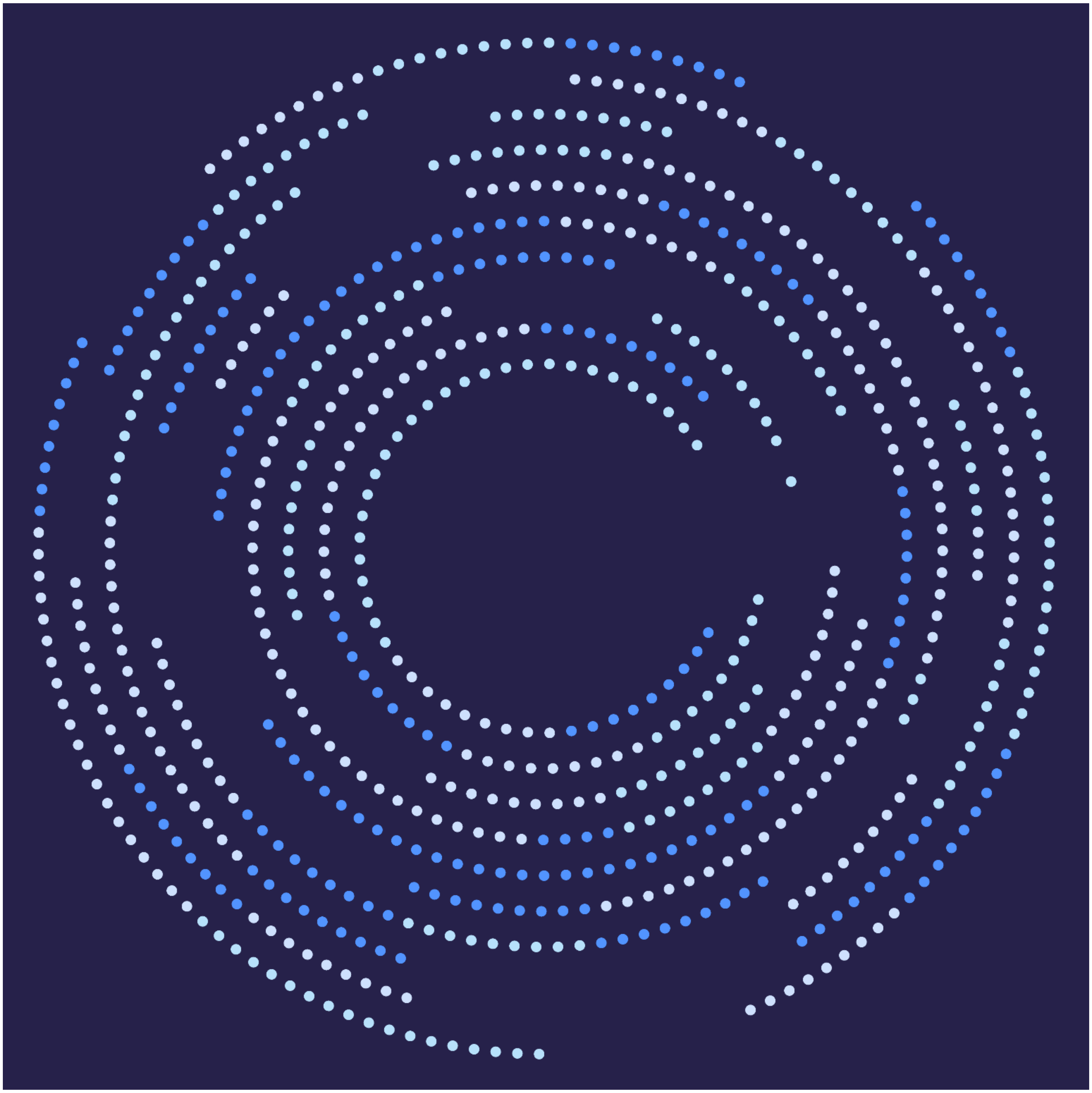
ACCESS TO FINANCIAL SERVICES IN NEW YORK

A REPORT ON UNBANKED AND UNDERBANKED COMMUNITIES AND HOUSEHOLDS IN NEW YORK, PURSUANT TO CHAPTER 183 OF THE LAWS OF 2022

MAY 5, 2023



I. INTRODUCTION

The New York State Department of Financial Services ("DFS" or the "Department") respectfully submits this report on the findings of its study performed pursuant to Chapter 183 of the Laws of 2022 (the "Act") (S.1684/A.8293). The Act, signed by Governor Hochul on May 5, 2022, directs the Department to prepare a "study of underbanked communities and households in New York State and to provide recommendations to make financial services accessible to such communities and households." Access to safe and affordable financial services is critical to household financial stability, but far too many New Yorkers are either unbanked, meaning that no one in the household had a checking or savings account at a bank or credit union, or underbanked, meaning that the household had a checking or savings account and also utilized a non-bank service provider for a financial services transaction in the past 12 months.[1] Specifically, the legislation requires that the study "include, but not be limited to an analysis of the location and demographics of underbanked communities and households in New York state and the causes of underbanked communities and households in New York state."

II. DEPARTMENT OF FINANCIAL SERVICES

Established in 2011 by the consolidation of the New York Banking Department and Insurance Department, DFS oversees the banking and insurance industries and a broad array of financial products and services with the goal of modernizing regulation. DFS supervises and regulates the activities of nearly 3,000 financial institutions with assets totaling more than $8.8 trillion as of December 31, 2021. This includes more than 1,200 banking and other financial institutions, and more than 1,700 insurance companies. DFS seeks to build an equitable, transparent, and resilient financial system that benefits individuals and supports business. Through engagement, data-driven regulation and policymaking, and operational excellence, DFS and its employees work to empower consumers and protect them from financial harm; ensure the health of regulated entities; drive economic growth in New York through responsible innovation; and preserve the stability of the global financial system.

Particularly relevant to this report, Section 10 of the New York Banking Law charges DFS with ensuring the safe and sound operation of regulated financial institutions and protecting the public interest and the interests of depositors, creditors, shareholders, and

[1] New York State Department of Financial Services, *Governor Hochul Signs Legislation Boosting Consumer Protections and Addressing Inequities in Financial Services System*, May 5, 2022; Federal Deposit Insurance Corporation (FDIC), *2021 FDIC National Survey of Unbanked and Underbanked Households*, October 2021.

stockholders.[2] DFS's Banking Division supervises bank and non-bank service providers. DFS also houses a Consumer Protection and Financial Enforcement Division, which fights consumer fraud, ensures that regulated entities comply with related New York and federal law, educates consumers about financial services, and resolves disputes between consumers and providers of financial products and services.[3]

III. REPORT OVERVIEW

In furtherance of its mission and responsibility to ensure that New York residents have access to a variety of safe and sound products that serve their financial needs, DFS intends to continue to monitor New Yorkers' access to financial products and services, looking for trends and developments as the demographics of the State and the needs of its population develop.

The specific purposes of this report, consistent with the legislative mandate, are to (1) assess the scope of access to financial services in New York State; (2) consider potential drivers for limited service or a lack of service; and (3) suggest opportunities for DFS and other State agencies to increase access to financial services across the state.

Having conducted a comprehensive assessment of consumer needs and access, the Department now has a benchmark of financial services available to New Yorkers. This baseline will improve DFS's ability to recommend appropriate and comprehensive solutions, and will enhance future analysis. Proposed solutions will be tailored, as relevant, to the geographic and demographic diversity of the State, including urban, suburban, rural, agricultural and manufacturing communities. The Department will also identify what is not working for New Yorkers and consider how to address these deficiencies.

[2] N.Y. Banking Law § 10.

[3] The other DFS divisions include Insurance, Cybersecurity, Research and Innovation, Climate, and Operations. The Cybersecurity Division protects consumers of financial services and the financial services industry from cyber threats by improving cybersecurity in the financial services industry and conducting cybersecurity-related enforcement investigations in cooperation with the Consumer Protection and Financial Enforcement Division. The Research and Innovation Division concentrates on financial services innovation and houses the Department's virtual currency unit, which licenses and supervises non-bank entities engaging in virtual currency business activities. Lastly, the Climate Division, established in 2021, is tasked with ensuring that climate risks are integrated into the governance frameworks, business strategies, and risk management processes of regulated institutions.

IV. BACKGROUND

The below section sets forth the methodology of the report, before turning to a high-level overview of financial service providers in New York State, including density information, where available, and the impact of broadband availability on access to financial services.

A. REPORT METHODOLOGY

To produce this report, DFS analyzed quantitative data from the Federal Deposit Insurance Corporation's ("FDIC") National Survey of Unbanked and Underbanked Households, a biennial survey that the FDIC has conducted in coordination with the U.S. Census Bureau since 2009. Utilizing a supplement to the Current Population Survey ("CPS"), the June 2021 FDIC survey gathered information from more than 30,000 U.S. households on bank account ownership and usage of nonbank payment services, credit, prepaid cards, money orders, check cashing and money transfer services.[4]

The FDIC survey collected responses from a total of 1,031 households across New York State, of which 417 were from New York City. DFS derived data for the report from the FDIC's online data tools and two main survey datasets maintained by the FDIC: the 2021 analysis dataset and the multi-year analysis dataset.[5] DFS then applied the appropriate household weights provided with each dataset.[6]

DFS conducted extensive desk research to understand the context, demographic trends, and barriers to access for unserved and underserved populations, as well as the scope of their need. DFS reviewed studies conducted by government entities, including the FDIC, the Federal Reserve, the Consumer Financial Protection Bureau ("CFPB"), the New York City Department of Consumer and Worker Protection, as well as Congressional Testimony; consulted academic books and papers, including works on unbanked and underbanked populations, social science studies, and industry publications; and reviewed media reports, including from *American Banker*, the *Wall Street Journal*, the *New York Times*, and other such publications.

In addition, DFS undertook extensive interview-based stakeholder outreach. The Department held over forty conversations with advocates, academics and researchers, industry participants, state agency personnel, and experts at other government entities to hear and understand a diversity of stakeholder perspectives, and to expand the Department's existing knowledge of the challenges facing the unserved and

---

[4] The CPS is administered by the U.S. Census Bureau for the Bureau of Labor Statistics on a monthly basis to nearly 60,000 households nationally. The CPS survey is the main source of data regarding labor force characteristics in the 2021 FDIC National Survey of Unbanked and Underbanked Households.

[5] Federal Deposit Insurance Corporation, *Data Downloads and Resources*, last updated October 25, 2022.

[6] *Id.*

underserved populations. Through these conversations, the Department explored the needs of those on the economic fringes and the many methods underserved populations use to manage their financial lives. Importantly, these conversations highlighted challenges facing specific underserved groups, and augmented certain deficiencies in data availability caused by small population numbers, low FDIC survey response rates among certain groups, and thinly populated geographic areas.

It is important to note that consumers with access to financial services may have reasons for opting out, or limiting usage of traditional financial institutions, some of which are set out in Section VI–Barriers to Accessing Financial Services. Additionally, banking status is not immutable; secondary research and stakeholder outreach confirm that for some consumers, banking status can be cyclical, with households moving between unbanked or underbanked and fully banked status, or vice versa, depending on life circumstances. For example, according to FDIC data, nationwide, nearly 35% of recently banked households as of 2021 became banked at least in part due to receipt of government benefits, such as pandemic stimulus relief.[7] Nationwide, approximately 21% of recently unbanked households attributed closing a bank account due to a recent job loss, furlough, or other loss of income.[8]

Ensuring that all New Yorkers are able to conduct their financial lives safely and affordably and have a pathway to economic well-being is critical to the mission of DFS. To that end, this report is intended to begin to identify gaps in access as well as disparate availability, affordability, and uptake of financial products. Lack of data on some of the most vulnerable populations created challenges that DFS hopes to address in future work. For example, certain segments of the population are less likely to respond to surveys or outreach due to mistrust of government and institutional usage of their personal information. Other groups are harder to reach because of logistical challenges, such as people who are in transitional housing or who lack mobile internet or phone access.

B. NEW YORK STATE'S FINANCIAL SERVICES

A wide variety of financial service providers are active in New York State, from traditional financial service institutions such as banks and credit unions, to non-bank financial service providers such as money transmitters and retail check cashers. The below section discusses the services offered by these institutions and presents information on density and utilization, before examining the availability of broadband in order to access online and mobile financial services across the state.

---

[7] 2021 FDIC National Survey of Unbanked and Underbanked Households at 3.

[8] *Id*. at 4

Banks, Credit Unions and Savings and Loan Associations

As of June 2022, New York State had 4,269 bank branches (including savings and loan association branches) and 1,056 credit union branches. These numbers reflect a notable decrease in bank branches and a slight increase in credit union branches over a five-year period; in July 2017, New York had 5,122 bank branches (including savings and loan association branches) and 1,037 credit union branches.[9] The five counties with the most bank branches as of June, 2022, are all downstate, namely, New York, Queens, Nassau, Kings and Suffolk, and are among the most populous counties in the state.[10] By contrast, the five counties with the fewest bank branches are located primarily in the North Country (St. Lawrence, Hamilton, Lewis) and Western New York (Yates and Schuyler), which, with the exception of St. Lawrence, are the least populous counties in the state.[11]

The five counties with the most credit union branches as of June 2022 were Erie, Monroe, Suffolk, Nassau, and Onondaga.[12] The five counties with the fewest credit union branches were St. Lawrence, Hamilton, Sullivan, Yates and Schuyler.[13] Speaking generally, the downstate region has the highest density of bank and credit union branches.[14]

The New York State map below shows branch locations for banks, savings and loan associations, and credit unions. The map underscores that bank and credit union density is highest in areas of the state that are urban or have greater population density while bank and credit union density is lower in more rural areas of the state.

---

[9] Federal Deposit Insurance Corporation, *BankFind Suite: API for Data Miners*.

[10] According to the 2020 Census, the five most populous New York counties are Kings (approximately 2.7 million), Queens (approximately 2.4 million), New York (approximately 1.7 million), Suffolk (approximately 1.5 million) and Bronx (approximately 1.5 million). Nassau County is the sixth most populous county in New York State (approximately 1.4 million). United States Census Bureau, *New York State Population Topped 20 Million in 2020*, August 25, 2021.

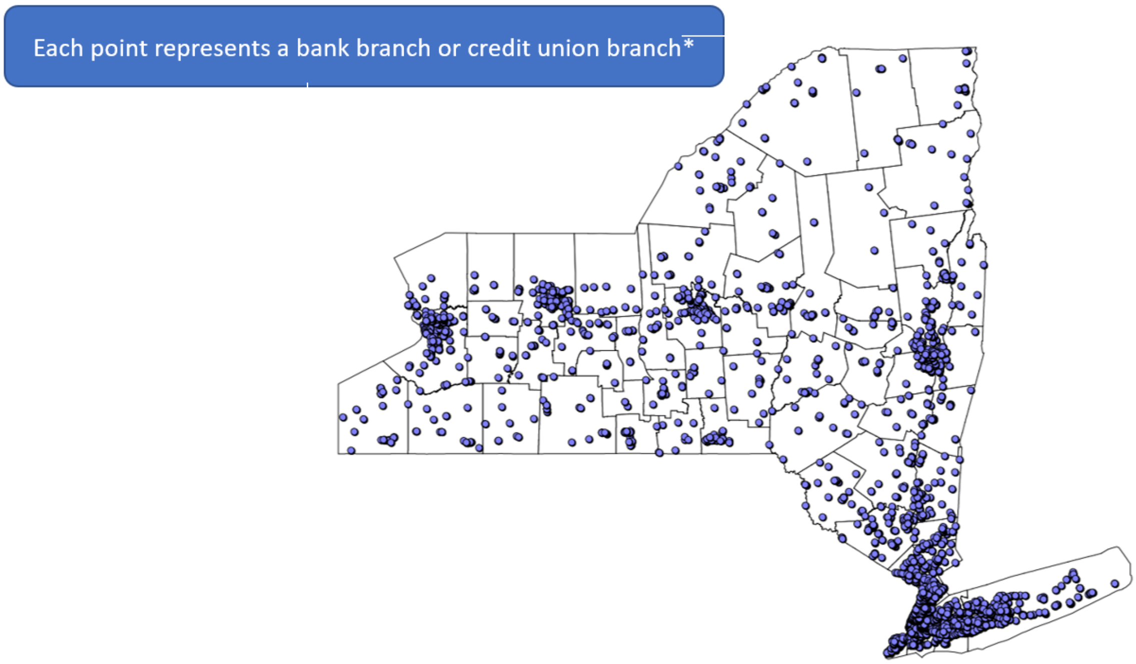
[11] St. Lawrence is the 27th most populous New York county (approximately 108k), Hamilton is the least populous New York county (approximately 5k), Lewis is the 59th (approximately 27k), Yates is the 60th (approximately 25k), Schuyler is the 61st (approximately 18k). *Id.*

[12] Eerie County is the 8th most populous county in New York (approximately 954k), Monroe is the 9th (approximately 759k), Suffolk is the 4th (approximately 1.5 million), Nassau is the 6th (approximately 1.4 million) and Onandaga is the 11th (approximately 477k). National Credit Union Administration, *CU Select*, 2022.

[13] Sullivan County, by contrast, is the 34th most populous New York county (approximately 79k). *Id.*

[14] *Id.*

Figure 1. Banks and Credit Union Branch Density



Source: FDIC BankFind Suite Data tool and NCUA CU select Data tool. Data retrieved and current as of June 30th, 2022.
*Bank branch may be of a banking institution that is federally chartered, New York State-chartered, or chartered by another state. The credit union branch may be of a credit union that is federally chartered or New York State-chartered.

Non-Depository Financial Service Providers

In addition to the banks, credit unions and savings and loan associations shown above, several types of non-bank financial institutions operate in New York State. Some of these are supervised by DFS, while others are supervised by other state and federal agencies. While discussions of alternatives to traditional banking in this report focus primarily on check cashers and money transmitters, New York consumers also utilize other non-depository licensed financial service providers, as well as alternative financial tools to manage their financial lives. The following list of providers and tools is not exhaustive.

- *Budget planners* (also referred to as *credit counselors*) are nonprofit corporations that can assist consumers with creating debt consolidation plans to pay off outstanding debts. They may also be able to help negotiate lower fees or interest rates and provide credit counseling and financial education services. Budget planners typically serve individuals with debt, and particularly those who are close to filing for bankruptcy.[15] As of the end of 2021, DFS had regulatory oversight of 28 budget planners, with 43 domestic offices.[16]

- *Credit services businesses* are individuals or organizations that provide a service with the intent of improving a consumer's credit score or history. These services are typically used to correct credit report errors and by thin- or low-file borrowers aiming to increase credit worthiness or by individuals with a low credit score trying to improve their standing. Fees for these services may vary; however, it is expressly prohibited to charge fees in advance of performing the service.

- *Licensed lenders* are entities that can make loans of up to $25,000 to individuals for a personal, family, household, or investment purpose, and up to $50,000 to individuals for business and commercial purposes, with an interest rate greater than 16%, but no more than 25%.[17] As of the end of 2021, DFS had regulatory oversight of 21 licensed lenders, with 84 domestic offices.[18]

- *Money transmitters* facilitate the transfer of money, primarily via money order, wire, check, or electronic instruments.[19] For individuals without a bank account, these businesses can facilitate the transfer of funds domestically and abroad. Additionally, even for those that have a bank account, these businesses are often a cheaper alternative to a bank wire transfer and more immediate than an EFT (electronic funds transfer, which may be free but can take several days). In 2021, 6.8% of households in New York reported using a non-bank money transfer service, 9.1% of households reported using a non-bank money order service, and 3.3% of households reported using a non-bank international remittance.[20] In the case of money orders in particular, according to FDIC data, in 2021 Black households and Hispanic households in New York State reported utilizing non-

[15] Budget planners are regulated by Article XII-C of the New York Banking Law. Fees charged by budget planners are subject to approval by the Department and may not run longer than 60 months, but can include an initial fee of usually $75 and then a monthly fee of usually $50. In November 2022 the Department issued guidance clarifying additional factors that are considered when budget planners request a modification in the fees they can charge, including the proportion of revenue from creditors captured by budget planners, fees being charged by other similarly situated budget planners, and any pertinent information in connection with the request for a fee modification.

[16] New York State Department of Financial Services, *2021 Annual Report*, June 15, 2022 at 17 and 23.

[17] N.Y. Banking Law § 340.

[18] DFS 2021 Annual Report, at 17 and 23.

[19] Money transmitters must be licensed by DFS to operate in New York and are regulated under Article XIII-B of the New York Banking Law. They are also regulated by the federal Financial Crimes Enforcement Network (FinCEN) within the U.S. Treasury Department to combat money laundering activity.

[20] 2021 FDIC National Survey of Unbanked and Underbanked Households.

bank money orders at a rate approximately four times and five times the rate of white households, respectively.[21] Households making less than $30,000 indicated that they utilized non-bank money orders (over the 12 months preceding the survey) at disproportionately higher rates compared to households earning at least $30,000.[22]

Both Black and Hispanic households in New York State reported utilizing non-bank international remittances at six times the rate of white households.[23] Family income ranges of respondents varied. 4.1% of respondents within the $15,000 to $30,000 range, 4.6% of respondents within the $30,000 to $50,000 range, 3.0% of respondents in the $50,000 to $75,000 range, and 2.4% of respondents in the $75,000 and above range reported utilizing non-bank international remittances.[24] As of the end of 2021, DFS had regulatory oversight of 118 money transmitters, with 359 domestic offices.[25]

- *Prepaid cards* are financial instruments used to carry balances of cash without requiring a checking or savings account at a financial institution.[26] Individuals can physically or digitally load the card with a balance of cash and spend up to that balance. A prepaid card operates much like a debit card, but it may provide more accessibility to un/underbanked individuals because issuers do not consider prior banking history and have less stringent ID requirements than those that apply to many credit products. Accordingly, prepaid cards are a popular option to facilitate digital transactions or to localize cash on hand if an individual is unable to open an account at a financial institution or does not have an accessible institution in their community.

  However, prepaid cards come with a myriad of transaction and user fees, typically including a monthly fixed fee for access to the card, a transaction fee each time the card is used, ATM withdrawal fees, a fee for inquiring about the current balance of a card, a fee to reload the card with funds, and/or a decline fee if there

[21] *Id.*

[22] *Id.*

[23] *Id.*

[24] *Id.*

[25] DFS 2021 Annual Report, at 17 and 23.

[26] Prepaid card products are regulated at the federal level by the CFPB under the Truth in Lending Act and the Electronic Fund Transfer Act. These rules create consumer protections around how funds are loaded and stored in the case of fraud and wrongful transfers and also mandate that fee schedules are clearly laid out in consumer disclosures. Bureau of Consumer Financial Protection, *The Consumer Credit Card Market*, September 2021.

are insufficient funds on the card for an attempted transaction. Additionally, providers may charge fees to maintain the account, such as an inactivity fee if the card isn't used for a certain period of time and a bill payment fee for using the card provider's website to make payments. Further, it should be noted that the FDIC does not insure all prepaid cards.

In 2021, 5.8% of households in New York reported using a prepaid card.[27] Notably, Black households used prepaid cards (10.7% of the subgroup) at nearly twice the rate of white households (5.5% of the subgroup). Respondents that reported utilizing prepaid cards over the 12 months preceding the survey tended to be in the lower household income bands, though households in the higher income bands also utilized them, with 7.0% of respondents in the $15,000 to $30,000 family income range, 6.4% of respondents in the $30,000 to $50,000 range, 7.4% of respondents in the $50,000 to $75,000 range and 4.7% of respondents in the $75,000.[28] Prepaid cards are regulated at the federal level by the CFPB.

- *Retail check cashing* entities allow individuals to cash checks, bank drafts, or money orders for a fee.[29] For individuals that either do not have a bank account or do not have access to their bank locally, check cashers present an opportunity to convert value held in checks into liquid currency. As of December 31, 2021, there were 450 retail check cashing locations in New York State compared to 532 in July 2017. The majority of retail check casher locations are concentrated downstate. The five counties with the most retail check cashers are Kings, Bronx, Queens, New York, and Suffolk. There are 41 counties in New York State, out of a total of 62, with no check cashers at all.[30]

  Within New York City, fewer check cashers exist in areas with high bank and credit union density. In zip codes where there are fewer bank branches and credit unions, check cashers are more prevalent. Of the 61 zip codes with three or fewer FDIC-regulated bank branches, check casher locations equal or outnumber bank

---

[27] 2021 FDIC National Survey of Unbanked and Underbanked Households.

[28] *Id.*

[29] Check cashers are regulated by the Department pursuant to Article IX-A of the New York Banking Law, primarily regarding the maximum fee that can be charged and how close together facilities can be located. In January 2023, the Department amended 3 NYCRR Section 400.11 to limit fees to1.5% of the check if issued by a government agency for the purposes of monetary assistance or, for all other checks, the greater of $1 or 2.2% of the amount of the check. A check casher license is not required if an entity cashes checks for free.

[30] Federal Deposit Insurance Corporation, *FDIC BankFind Data Suite*; National Credit Union Administration, *CU Select*; NYDFS internal data. Data retrieved and current as of 6/30/2022.

branches in 46.[31] It should also be noted that according to 2021 FDIC data, check cashers are utilized disproportionately by Black and Hispanic households in New York; while 2.9% of all households in New York used a non-bank check cashing service, 7.5% of Black households and 6.5% of Hispanic households utilized these services.[32] Households earning less than $75,000 utilized non-bank check cashing services significantly more (over the 12 months preceding the FDIC survey) than households making more than $75,000.[33] As of the end of 2021, DFS had regulatory oversight of 93 check cashers, 74 of which were retail, with 450 domestic offices.

- *Sales finance companies* are entities that are in the business of acquiring installment contracts, retail obligations, or credit agreements made between other parties. A common example of a sales finance company is a financing company associated with a car dealership that issues an auto loan to a consumer after acquiring the contract of the car sale.[34] As of the end of 2021, DFS had regulatory oversight of 89 sales finance companies, with 142 domestic offices.[35]

- *Tax preparers* are individuals or organizations who prepare a substantial proportion of clients' income tax returns and may facilitate tax refund anticipation loans or a refund anticipation check.[36] Refund anticipation loans allow individuals to borrow money against the potential refund they will receive at tax time – effectively receiving their refund at the time of filing instead of waiting for the government to mail a check or deposit funds into their account. In 2021, 1.2% of all households in New York utilized a refund anticipation loan, but 6.0% of Black households used this service.[37] Households making $30,000 or less per year were more likely to use a refund anticipation loan than households with higher incomes.[38] The New York State Department of Taxation and Finance has regulatory oversight of tax preparers.

---

[31] *Id.*

[32] 2021 FDIC National Survey of Unbanked and Underbanked Households. It should be noted that the sample size is too small to produce an estimate for some race/ethnicity categories, namely, Asian, American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, Two or More Races

[33] *Id.*

[34] Sales finance companies are regulated by the Department pursuant to Article XI-B of the New York Banking Law and are also covered under Article X of the New York Personal Property Law.

[35] DFS 2021 Annual Report, at 17 and 23.

[36] Tax preparers are regulated by the Department of Taxation and Finance pursuant to Article 24-C of the New York General Business Law.

[37] 2021 FDIC National Survey of Unbanked and Underbanked Households.

[38] *Id.*

While the majority of these services and products are outside of the scope of this report due to data limitations, the availability and utilization information above is still notable. First, a discussion of these products highlights the methods in which unbanked and underbanked consumers manage their financial lives, away from traditional financial institutions. Secondly, it's illustrative that certain of these products are utilized disproportionately by low-income households, as well as households of color in New York State who may lack access to traditional financial institutions for a variety of reasons.

Broadband Availability

Over the past several years, there has been a growing shift towards the use of online and mobile banking tools, which accelerated during the COVID-19 pandemic. According to a study conducted by Fidelity National Information Services ("FIS"), which works with many of the largest banks in the world, early April 2020 saw a 200% increase in new mobile banking registrations, and mobile banking traffic increased by 85%.[39] While it is expected that this trend will continue, mobile and online banking have not penetrated all populations in New York equally. While digital access as a barrier to banking will be discussed in greater detail in Section VI–Barriers to Accessing Financial Services below, it is worth looking at the availability of broadband in regions of New York State, particularly as those relate to the presence or absence of bank branches and alternative financial service providers.

Broadband data is collected as directed by the Comprehensive Broadband Connectivity Act by the Public Service Commission ("PSC") on an annual basis. According to the most recent data available, as of August 11, 2022, approximately 97.4% of New York State is considered digitally served by broadband, meaning that the location has a high-speed service provider (at least 100Mbps download and at least 10Mbps upload), and at least two internet service providers.[40] By contrast, 0.1% of New York State is considered underserved by broadband, meaning either that the location has fewer than two internet service providers, or has speeds of less than 100Mbps download, but greater than or equal to 25Mbps.[41] Finally, 2.5% of New York State is considered unserved by broadband, meaning that the location either has fixed wireless service, or else wired service is only available with speeds of less than 25Mbps download.[42]

---

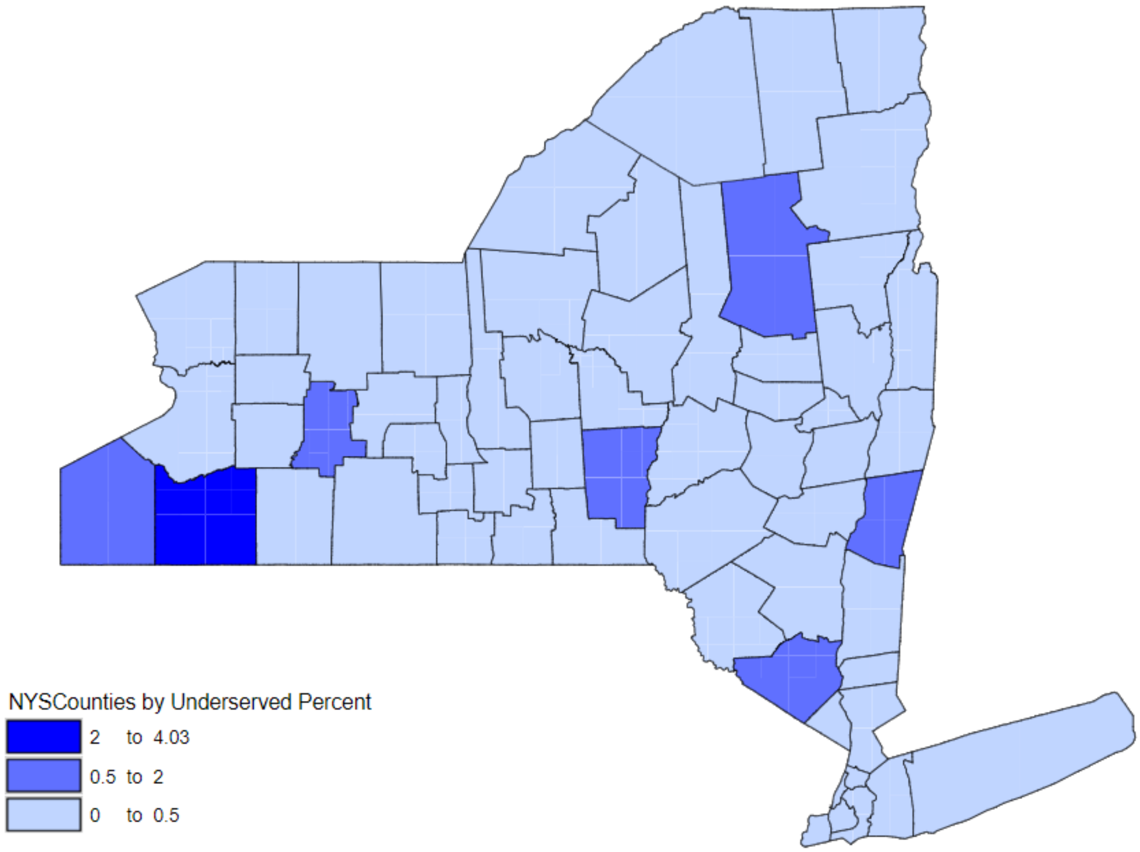
[39] Ellen Schindler, *One year later: How COVID-19 is impacting mobile banking trends*, FIS, March 15, 2021.

[40] *New York State PSC Broadband Map*.

[41] *Id.*

[42] *Id.*

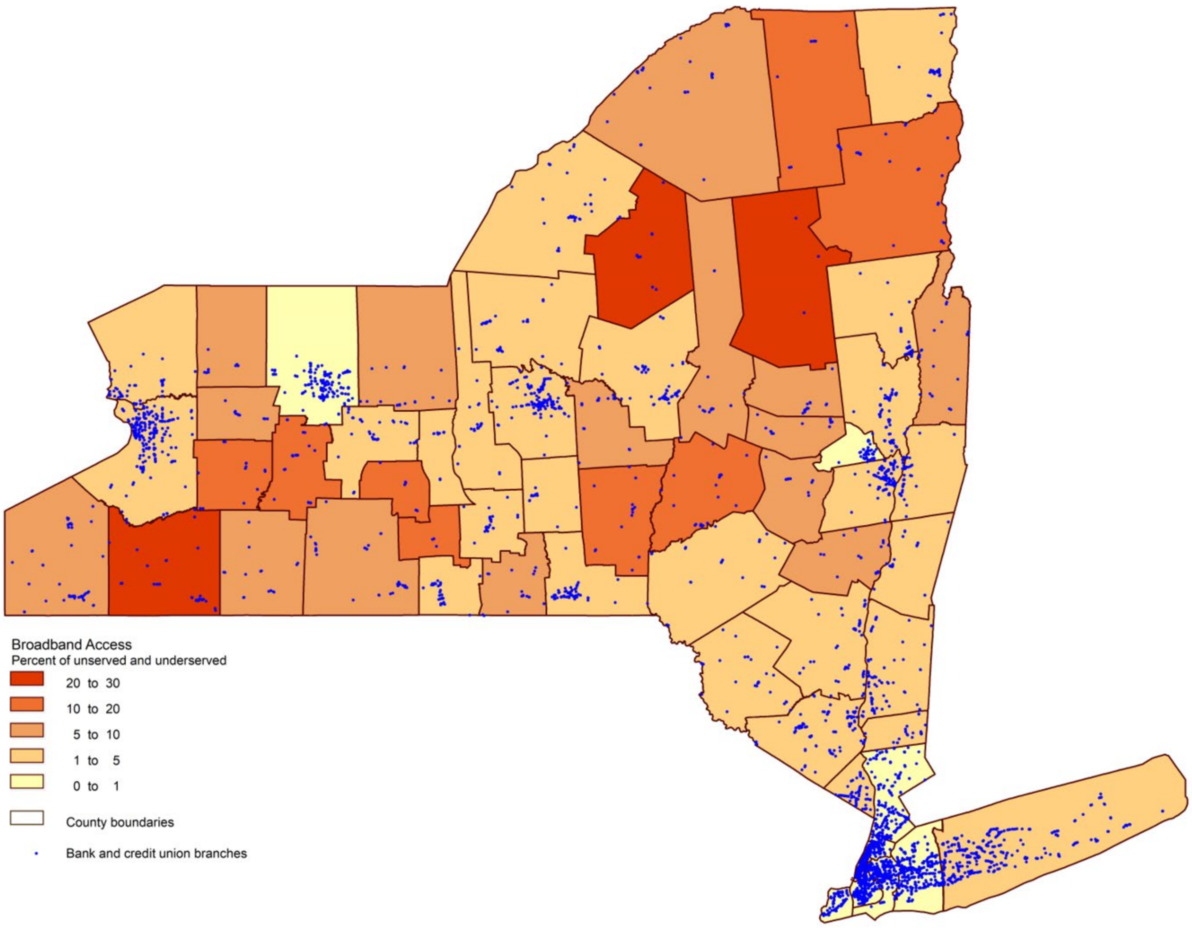
Figure 2. Access to Broadband Service



Source: National Telecommunications and Information Administration, 2021.

The above map indicates areas of the state with higher incidences of households that are either unserved or underserved by broadband. In these areas, households report facing difficulty accessing certain services, among them financial services such as online or mobile banking. This is a particular issue for households residing in areas that are both unserved or underserved by broadband, and that also lack physical branch locations.

Figure 3. Broadband Service and Bank and Credit Union Branch Locations



Source: New York State PSC Broadband Map; FDIC call report data as of 2Q2022 and NCUA call report data as of 2Q2022

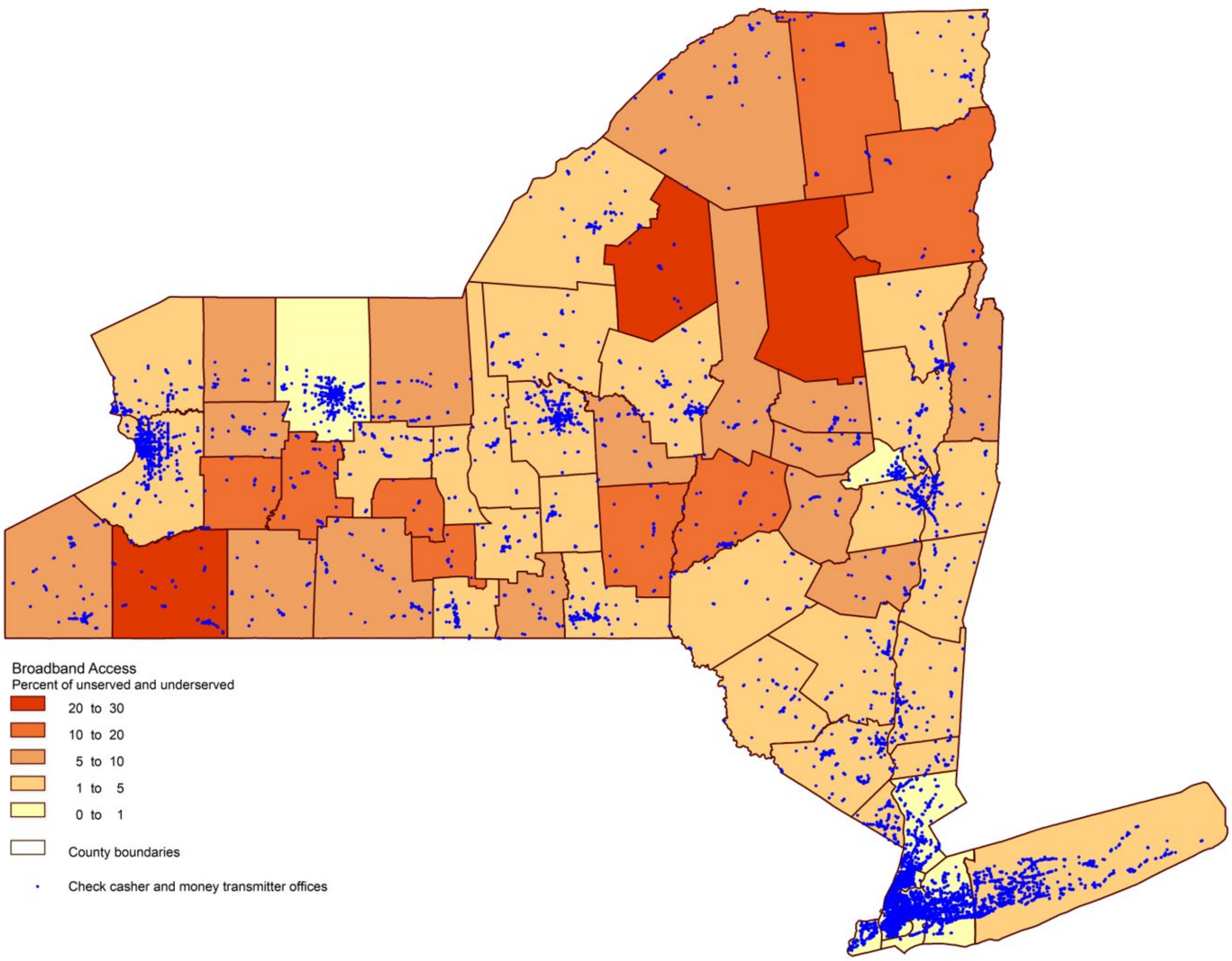
*Note that each blue dot represents a bank or credit union branch. A bank branch may be of a banking institution that is federally chartered, New York State-chartered, or chartered by another state. The credit union branch may be of a credit union that is federally chartered or New York State-chartered.[43]

The above map overlays availability of broadband with the physical branch locations of state- and federally chartered banks and state- and federally chartered credit unions. These branches tend to be clustered in and around larger metropolitan areas, including New York City, Albany-Schenectady, Syracuse, Rochester, and Buffalo. Certain areas of the state with less broadband availability also have fewer bank or credit union branches, meaning that households in those parts of the state may be limited in both their online and mobile banking options, as well as their physical banking options.

---

43 Federal Deposit Insurance Corporation, *FDIC BankFind Data Suite*; National Credit Union Administration, *CU Select*; NYDFS internal data. Data retrieved and current as of 6/30/2022.

Figure 4. Broadband Service, Check Cashers, and Licensed Money Transmitter Locations



Source: New York State PSC Broadband Map; NYDFS internal data. Data retrieved and current as of June 30th,2022.
*Note that each blue dot represents a check casher or money transmitter office

By contrast, the above map overlays availability of broadband with the physical locations of licensed money transmitters and check cashers. While, similar to bank and credit union branches, clusters of licensed money transmitters and check cashers exist in metropolitan areas of the state, there are also significant concentrations of these providers in more rural areas, such as the northernmost part of the state. In particular, licensed money transmitters may be especially prevalent in areas with a large population of agricultural workers or foreign-born New Yorkers remitting money to their countries of origin.

These maps, taken together, provide additional insight into the availability of financial services –both in person, and digitally – by region of New York. The impact of lack of broadband availability as a barrier to access will be discussed in greater detail in Section VI of this report.

C. RELEVANT NEW YORK STATE BANKING LAWS AND PROGRAMS

Certain New York State laws and programs are designed to facilitate consumer access to financial services and products, including through the New York basic banking requirements, the Banking Development District ("BDD") program, and DFS's robust supervision of all state-chartered banking institutions including for consumer-protection considerations and community-support requirements.

New York households benefit from the requirement that banking institutions offer the NYS basic banking account, a mandatory low-fee account designed to ensure that all New York consumers can access a safe and affordable bank account.[44] In an Industry Letter issued on April 15, 2022, under Superintendent Adrienne A. Harris, DFS announced that New York State-regulated banking institutions that offer Bank On accounts will be deemed to have satisfied this requirement.[45] This action was taken in an effort to expand the reach of affordable banking services and encourage New Yorkers, particularly those most underserved, to open accounts.[46] As of March 2023, 54 banking institutions operating in New York offered Bank On accounts, of which 20 were New York State-chartered.[47]

New York's BDD program was created in 1997 by Section 96-d of the New York Banking Law. The purpose of the BDD program is to encourage the establishment of New York State- and federally chartered bank and credit union branches in communities with a demonstrated need for banking services. The program aims to enhance access to banking services and support individual wealth-building for people who may have had no (or limited) banking relationships by giving them the opportunity to become part of the financial mainstream and to promote local economic development and revitalization by improving access to capital for local businesses. In addition to fulfilling the expectation of providing affordable and accessible banking products and services, BDD participating branches are required to provide financial education within the BDD, and are expected to

---

[44] N.Y. Banking Law § 14-f.

[45] In 2015, the Cities for Financial Empowerment Fund led the creation of the Bank On account standards, provide for checking accounts featuring, among other things, no overdraft or NSF fees. New York State Department of Financial Services, *Industry Letter: Offering Bank On Accounts as an Alternative to New York Basic Banking Accounts*, April 15, 2022.

[46] New York State Department of Financial Services, *Governor Kathy Hochul Announces New Guidance to Expand Access to Low-Cost Bank Accounts in Recognition of National Financial Literacy Month*, April 15, 2022.

[47] Bank On as of March 3, 2023.

engage the community meaningfully – whether by active participation and support of community-based organizations within or serving the BDD or through outreach.

Participating banking institutions are eligible to access subsidized deposits from the state of New York. Additionally, institutions that are otherwise not permitted to access municipal deposits may do so when participating in the BDD Program.

New York State has designated 55 BDDs, 33 (60%) of which are located in New York City. Of the 55 designated BDDs, 24 remain active in the BDD program. Superintendent Adrienne A. Harris has, to date, approved four bank branches to participate in the BDD program since joining DFS in September 2021, including the first ever credit union to receive BDD approval.

Depositors of New York State-chartered banks also benefit from DFS's supervision in the following ways: (a) DFS ensures compliance with state and federal consumer protection laws and regulations; (b) laws that ensure banks are serving all communities where they operate and making investments in these communities with marketing, branches and loans; and (c) state and federal laws and rules prohibiting depository and non-depository lenders from lending discrimination. Further, DFS helps to resolve disputes with providers of financial products and services, including by facilitating restitution for aggrieved consumers. In 2022, DFS returned more than $151 million to New Yorkers in restitution, which is separate from any penalties levied for violations of laws and regulations.

V. UNBANKED AND UNDERBANKED HOUSEHOLDS IN NEW YORK STATE

This section provides descriptive statistics and a demographic analysis of the unbanked and underbanked in New York. Understanding the characteristics of these populations is crucial in developing policy recommendations to improve access to financial services. We draw mainly on data from the 2021 FDIC National Survey of Unbanked and Underbanked Households.[48]

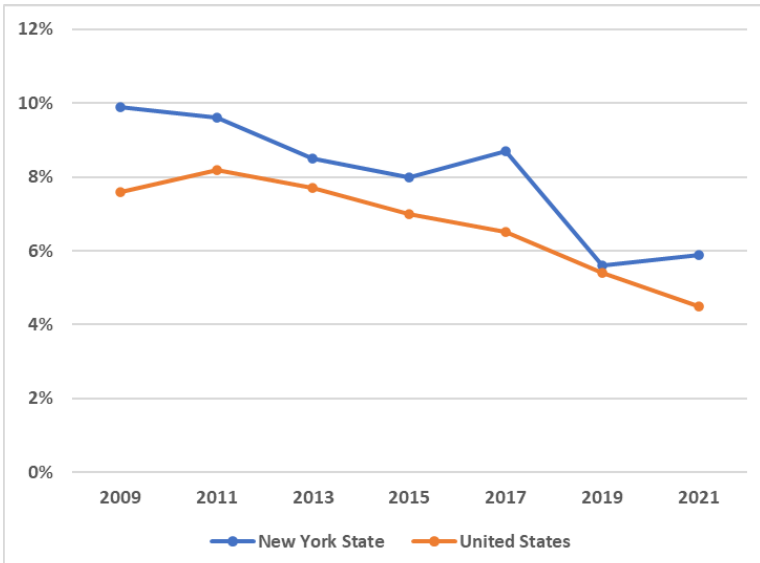
This section is organized into three main parts. The first two parts highlight overall rates, trends, and characteristics for unbanked and underbanked households in New York. The final part briefly underscores the limitations of using the FDIC national survey data to examine the geographic distribution of the unbanked and underbanked across the state and recommends ways to improve future data collection and analysis.

[48] While the survey is nationally representative, the sample sizes for smaller geographies and subpopulations within New York are occasionally too low to report. To fill in these gaps and paint a more complete picture, the 2021 estimates of unbanked and underbanked rates are supplemented, when possible, with 2017–2021 five-year estimates that consist of larger sample sizes.

A. UNBANKED HOUSEHOLDS

"Unbanked" households are defined as households in which no member had a checking or savings account at a bank or credit union. In 2021, there were an estimated 452,471 unbanked households in New York, which accounts for 5.9% of total households in the state. Since 2009, the unbanked rates for households in both New York and across the nation have dropped by nearly half. Figure 5 below shows New York underbanked household rate decreased from 9.9% in 2009 to 5.9% in 2021, while the U.S. unbanked rate decreased from 7.6% to 4.5%.

Figure 5. Unbanked Household Rates, NYS vs National, 2009 to 2021



Source: DFS's analysis of estimates from FDIC data tool.

Between 2017 and 2019, the unbanked rate for New York households fell from 8.7% to 5.6%. This notable decline mirrored falling unbanked rates for households across the U.S, which, according to the FDIC, was partly due to "improvements in the socioeconomic circumstances of U.S. households over this period."[49] Since 2019, the unbanked rate for New York households has increased slightly and remains higher than the U.S. average.

While this overall downward trend is an encouraging sign of improving access to financial services for New York's broader population, it masks the reality that certain demographic groups remain disproportionately unbanked.

Studies show that the sociodemographic factor most strongly associated with the likelihood of being unbanked is low income. Household income is thus an important

---

[49] Fumiko Hayashi and Sabrina Minhas, *Who are the Unbanked? Characteristics Beyond Income*, Economic Review, Federal Reserve Bank of Kansas City, June 20, 2018, at 55-70.

characteristic when analyzing the banking status of households, particularly in New York, which has the highest income inequality in the U.S.[50]

Table 1. Unbanked Rates by Household Characteristics, NYS vs National, 2021

Characteristics	NYS	U.S.
All Households	**5.9**	**4.5**
Household Income		
Less Than $15,000	NA	19.7
$15,000 to $30,000	15.6	9.2
$30,000 to $50,000	4.4	4.0
$50,000 to $75,000	3.9	2.1
At Least $75,000	0.3	0.6
Education		
No High School Diploma	NA	19.2
High School Diploma	11.1	6.8
Some College	5.4	3.3
College Degree	1.0	0.9
Age Group		
15 to 24 years	NA	5.8
25 to 34 years	5.4	5.1
35 to 44 years	4.6	5.1
45 to 54 years	4.6	5.2
55 to 64 years	7.2	4.8
65 years or more	6.3	2.7

Race/Ethnicity	NYS	U.S.
Black	15.2	11.3
Hispanic	13.7	9.3
Asian	NA	2.9
American Indian or Alaska Native	NA	6.9
Native Hawaiian or Other Pacific Islander	NA	NA
White	2.2	2.1
Two or More Races	NA	5.0
Disability Status		
Disabled, Aged 25 to 64	NA	14.8
Not Disabled, Aged 25 to 64	4.2	3.7
Not Applicable (Not Aged 25 to 64)	6.5	3.2
Citizenship and Place of Birth		
U.S.-Born	5.4	4.0
Foreign-Born Citizen	7.9	4.6
Foreign-Born Noncitizen	NA	11.0
Employment Status		
Employed	2.4	2.6
Unemployed	NA	11.8
Not in Labor Force	11.3	6.8

Source: 2021 FDIC analysis dataset. Note: NA indicates sample size is too small.

In both New York and across the United States, households earning less than $30,000 are, on average, considerably more unbanked than households earning $50,000 or above.[51] Further, New York households earning less than $30,000 are, on average, more unbanked than their U.S. counterparts. In particular, 15.6% of New York households with incomes between $15,000 and $30,000 are unbanked compared to 9.2% nationwide.

New York is also one of the most racially and ethnically diverse states in the nation.[52] Compared to the general U.S. population, New York has a higher percentage of Black,

---

[50] Estelle Sommelier and Mark Price, *The new gilded age: Income inequality in the U.S. by state, metropolitan area, and county*, Economic Policy Institute, July 19, 2018.

[51] The sample size for unbanked households in NY earning less than $15,000 is too small to report; however, the 2017–2021 estimates roughly support the 2021 distribution of NY unbanked households by income level. The 2017–2021 estimates show that 24.2% of NY households earning less than $15,000 or less are unbanked.

[52] Based on the United States Census Bureau, *2020 Census: Racial and Ethnic Diversity Index by State*, August 12, 2021.

Asian, and Hispanic/Latino residents.[53] At the same time, Black and Hispanic households in New York have higher unbanked rates than Black and Hispanic households nationwide.[54]

Only about two percent of white households are unbanked in New York. By contrast, Black households are unbanked at nearly seven times the rate of white households. Hispanic households are unbanked at nearly six times the same rate. According to the 2017–2021 estimates, Asian households are unbanked at about two times the rate of white households.

Figure 6. NYS Unbanked Rates by Race/Ethnicity and Income, 2017–2021 Averages

Race/Ethnicity	Household Income	Unbanked Rate
Black	Less than $15,000	29.5%
	$15,000 to $30,000	37.0%
	$30,000 to $50,000	6.6%
	$50,000 to $75,000	5.0%
	At least $75,000	1.4%
	All Black Households	13.4%
Hispanic	Less than $15,000	38.3%
	$15,000 to $30,000	25.1%
	$30,000 to $50,000	15.7%
	$50,000 to $75,000	4.5%
	At least $75,000	0.6%
	All Hispanic Households	16.3%
White	Less than $15,000	13.1%
	$15,000 to $30,000	6.6%
	$30,000 to $50,000	2.9%
	$50,000 to $75,000	1.8%
	At least $75,000	0.4%
	All White Households	2.8%
NYS	Less than $15,000	24.2%
	$15,000 to $30,000	16.4%
	$30,000 to $50,000	6.3%
	$50,000 to $75,000	2.7%
	At least $75,000	0.6%
	All NYS Households	6.7%

Source: DFS's analysis of FDIC multiyear dataset.

[53] *Id.*

[54] 2021 FDIC National Survey of Unbanked and Underbanked Households multi-year data set.

Figure 6 above presents unbanked rates for New York households by race/ethnicity and income.[55] Across each racial/ethnic group, lower-income households have much higher unbanked rates than higher income households. Nevertheless, Black and Hispanic households earning less than $30,000 are markedly more likely to be unbanked, on average, than white households in the same income bracket.

Several other sociodemographic characteristics are also disproportionately represented among unbanked households in New York. For instance, less-educated households are much more likely to be unbanked, on average, than households with higher levels of education. A significant gap exists between the unbanked rates for households with a college degree and households with a high school diploma or less.[56]

The unbanked rate for elderly (aged 65 and above) households in New York is twice the unbanked rate for elderly households across the United States.[57] There is also a wide disparity in banking status among working-age households with a disability and working-age households without a disability.[58]

Only about 2.5% of employed households are unbanked in New York. The unbanked rate for New York households that do not participate in the formal labor market is 11.3% compared to 6.8% nationally.[59]

According to the 2017–2021 estimates, working-age households with a disability are unbanked at nearly 3.5 times the rate of working-age households without a disability.[60] The 2017–2021 estimates also show that foreign-born noncitizen households are unbanked at roughly twice the rate of U.S.-born households.[61]

---

[55] Due to insignificant sample sizes, the unbanked rates for Asian, American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, and Two or More Races are not reported.

[56] See the Appendix to this report for additional sociodemographic characteristics among unbanked, underbanked and fully banked New York households.

[57] 2021 FDIC National Survey of Unbanked and Underbanked Households multi-year dataset.

[58] The 2021 FDIC National Survey clarifies that, in instances in which “person-level characteristics” are referenced (e.g., age, education, or educational attainment), they generally describe the head of household (typically, the person who owns or rents the home). Put differently, in this context, “working-age household with a disability” is defined in the 2021 FDIC National Survey to be a household in which the head of household is aged 25-64 and has a disability. 2021 FDIC National Survey of Unbanked and Underbanked Households at 2.

[59] 2021 FDIC National Survey of Unbanked and Underbanked Households multi-year dataset.

[60] *Id.*

[61] *Id.*

B. UNDERBANKED HOUSEHOLDS

"Underbanked" households are defined as households that have a checking or savings account at a bank or credit union, but have conducted some of their financial services transactions outside of the bank or credit union, by utilizing a non-bank provider. These non-bank providers may provide services or products including money orders, check cashing, international remittances, rent-to-own services, payday loans, pawn shop loans, tax refund anticipation loans, or auto title loans.

Figure 7 below compares unbanked, underbanked, and fully banked rates for New York households from 2009 to 2021. It illustrates a clear inversion of the underbanked rate and fully banked rate since 2015: the underbanked rate steadily fell as a larger proportion of households became fully banked.[62] In 2021, there were an estimated 989,301 underbanked households in New York, which accounts for 12.9% of total households in the state.[63]

Mirroring national trends, and as previously indicated in this section, the unbanked and underbanked rates for New York households have fallen considerably in recent years. Possible explanations include increased availability of secure and affordable online and mobile bank accounts, as well as speedy income disbursements from economic impact payments and support from other government relief programs at the beginning of the COVID-19 pandemic.[64]

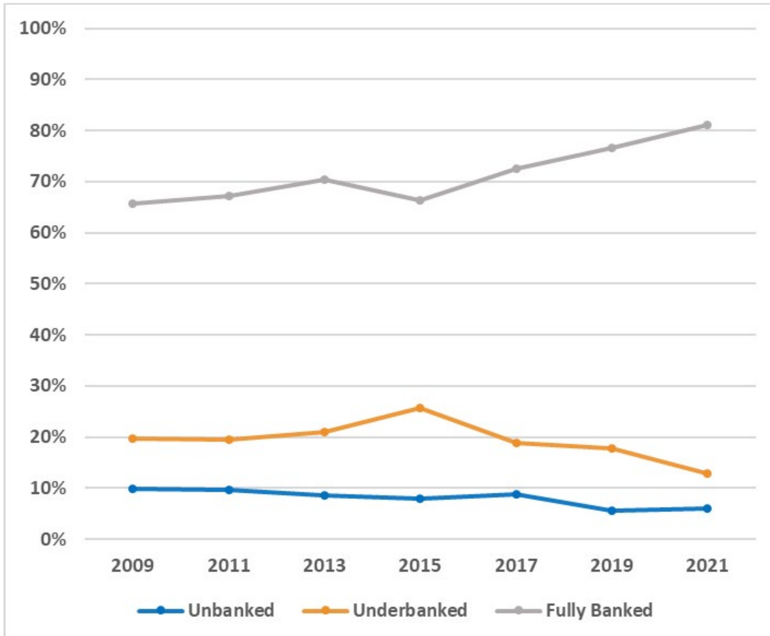
---

[62] 2021 FDIC National Survey of Unbanked and Underbanked Households multi-year dataset.

[63] *Id.*

[64] 2021 FDIC National Survey of Unbanked and Underbanked Households.

Figure 7. NYS Unbanked, Underbanked and Fully Banked Household Rates, 2009 to 2021



Source: DFS's analysis of estimates from FDIC data tool.

As shown in Table 2 below, the 12.9% underbanked rate for New York households in 2021 is slightly lower than the 14.1% underbanked rate for U.S. households.[65] The underbanked rates for low- to moderate-income New York households ($15,000 to $75,000) are notably lower than for low- to moderate-income households nationwide.[66]

Black and Hispanic households in New York have much higher underbanked rates than white households.[67] However, while Black households in New York are, on average, less underbanked than Black households nationwide, Hispanic households in New York have higher underbanked rates than their national counterparts.[68]

In New York and across the nation, the underbanked rate for white and Black households decreased substantially over the past decade, while it remained virtually the same for Hispanic households.[69] The underbanked rate for Hispanic households in New

---

[65] 2021 FDIC National Survey of Unbanked and Underbanked Households multi-year dataset.

[66] *Id.*

[67] *Id.*

[68] *Id.*

[69] New York's Hispanic population has grown more than 15% over the last decade, accounting for nearly two-thirds of the state's population growth between 2010 and 2020. Nationally, growth of the Hispanic population accounted for about half of U.S. population growth during that same period.

York was 26.1% in 2021, constituting only a 1.5 percentage point decrease since 2011.[70] By comparison, the underbanked rate for Black households was 21.9% in 2021, a 12.8 percentage point drop since 2011.[71]

Table 2. Underbanked Rates by Household Characteristics, NYS vs National, 2021

Characteristics	NY	U.S.
All Households	**12.9**	**14.1**
Family Income		
Less Than $15,000	NA	19.2
$15,000 to $30,000	14.7	18.9
$30,000 to $50,000	15.6	17.3
$50,000 to $75,000	10.2	14.0
At Least $75,000	11.2	9.7
Education		
No High School Diploma	NA	24.1
High School Diploma	13.3	16.7
Some College	14.6	14.9
College Degree	9.7	9.9
Age Group		
15 to 24 years	NA	21.9
25 to 34 years	13.0	17.7
35 to 44 years	15.2	16.9
45 to 54 years	12.6	14.5
55 to 64 years	14.0	13.4
65 years or more	9.9	9.1

Race/Ethnicity	NY	U.S.
Black	21.9	24.7
Hispanic	26.1	24.1
Asian	NA	16.5
American Indian or Alaska Native	NA	25.1
Native Hawaiian or Other Pacific Islander	NA	NA
White	6.6	9.3
Two or More Races	NA	20.6
Disability Status		
Disabled, Aged 25 to 64	NA	20.5
Not Disabled, Aged 25 to 64	13.8	14.9
Not Applicable (Not Aged 25 to 64)	NA	NA
Citizenship and Place of Birth		
U.S.-Born	9.8	12.3
Foreign-Born Citizen	20.0	19.5
Foreign-Born Noncitizen	28.1	31.3
Employment Status		
Employed	13.6	15.1
Unemployed	NA	20.7
Not in Labor Force	11.2	11.7

Hispanic households are underbanked at nearly four times the rate of white households, and Black households are underbanked at roughly 3.5 times the rate.[72] According to 2017–2021 estimates, Asian households are underbanked at about 1.5 times the rate of white households.[73] White households in New York are, on average, less underbanked (6.6%) than White households nationwide (9.3%).[74]

---

[70] 2021 FDIC National Survey of Unbanked and Underbanked Households multi-year dataset.

[71] *Id.*

[72] *Id.*

[73] The 2017–2021 weighted five-year averages for the underbanked were constructed using the hbankstatv5 and hbankstatv3 variables from the multiyear dataset. Due to definitional changes for the underbanked over time (e.g., inconsistent survey questions on international remittances), all 2017–2021 underbanked estimates analyzed in this report should be viewed as reasonable approximations rather than precise estimates.

[74] 2021 FDIC National Survey of Unbanked and Underbanked Households multi-year dataset.

Figure 8 below shows underbanked rates for New York households by race/ethnicity and income. Compared to unbanked households, underbanked rates are more evenly distributed across the income spectrum within each racial/ethnic group.[75] This more even distribution suggests that low income may play less of a role in the likelihood of being underbanked than it does for the unbanked.

Unlike Black and Hispanic households, however, low-income white households (earning less than $30,000) have noticeably higher underbanked rates than for white households earning $30,000 or more.[76] Nonetheless, the underbanked rates for Black and Hispanic households across all income bands are much higher compared to white households.

Figure 8. NYS Underbanked Rates by Race/Ethnicity and Income, 2017–2021 Averages

Race/Ethnicity	Household Income	Underbanked Rate
Black	Less than $15,000	30.1%
	$15,000 to $30,000	22.1%
	$30,000 to $50,000	31.6%
	$50,000 to $75,000	34.9%
	At least $75,000	26.9%
	All Black Households	29.3%
Hispanic	Less than $15,000	24.7%
	$15,000 to $30,000	27.5%
	$30,000 to $50,000	31.0%
	$50,000 to $75,000	31.0%
	At least $75,000	27.9%
	All Hispanic Households	28.3%
White	Less than $15,000	13.1%
	$15,000 to $30,000	14.3%
	$30,000 to $50,000	11.6%
	$50,000 to $75,000	10.4%
	At least $75,000	9.7%
	All White Households	10.9%
NYS	Less than $15,000	19.8%
	$15,000 to $30,000	18.8%
	$30,000 to $50,000	19.2%
	$50,000 to $75,000	17.6%
	At least $75,000	13.7%
	All NYS Households	16.7%

Source: DFS's analysis of FDIC multiyear dataset.

Several other sociodemographic characteristics also provide valuable insight into New York's underbanked population. For instance, households without a college degree are

[75] *Id.*

[76] *Id.*

underbanked at a higher rate than households with a college degree.[77] At the same time, the 2017–2021 estimates indicate that the difference between the underbanked rates of the least and most educated households in New York (27.7% and 12.4%, respectively) is not as wide as the difference between the unbanked rates of the least and most educated households (25% and 1.3%, respectively).[78]

While the underbanked rates for households aged 25 to 64 are fairly uniform, they are notably higher than for elderly households. According to the 2017–2021 estimates, households aged 15 to 24 are underbanked at about twice the rate of elderly households.[79] The 2017–2021 estimates also show that foreign-born noncitizen households are underbanked at almost 2.5 times the rate of U.S.-born households, while foreign-born citizen households are underbanked at around twice the rate.[80]

C. DATA LIMITATIONS AND FUTURE RESEARCH

The FDIC National Survey of Unbanked and Underbanked Households is the most comprehensive and best available statistical resource on the unbanked and underbanked populations throughout the U.S. Nevertheless, analysis of smaller geographies and subpopulations across New York was severely limited for this report due to inadequate survey samples sizes. For a more complete statistical picture of the unbanked and underbanked in New York, future research would require more funding and resources directed towards original data collection and survey design through either the establishment of an internal team at DFS of social scientists and survey statisticians or a public-private research partnership or collaboration.

VI. BARRIERS TO ACCESSING FINANCIAL SERVICES

DFS undertook extensive stakeholder engagement on questions of access to financial services in New York State. Interviews focused on three key themes: the scope of financial services with which New Yorkers engage; barriers to access and drivers of being financially underserved or unserved; and solutions and promising developments. The below section highlights major themes of these stakeholder interviews. Additionally, this section aims to highlight the manner in which barriers and drivers impact particular populations. The scope of this report does not permit an in-depth review on how each barrier or driver impacts each population or group in New York; however, it does aim to bring attention to particular trends and issues. Further, where possible, secondary data

[77] *Id.*

[78] *Id.*

[79] *Id.*

[80] *Id.*

gathered through desk research are included to augment the important issues raised by stakeholders.

A. UNDERSERVED COMMUNITIES OFTEN LACK TRUST IN TRADITIONAL FINANCIAL INSTITUTIONS

A major hurdle identified by stakeholders in DFS's qualitative outreach is trust in traditional financial institutions. Unbanked and underbanked New York consumers may opt to avoid a relationship with traditional financial institutions, or else limit their interactions with these institutions unless strictly necessary, for reasons related to fear, negative past experiences, or institutions' historical lack of presence in certain communities. These sentiments are reflected in the 2021 FDIC survey; when respondents were asked why they did not have a bank account, 34.1% of respondents included "avoiding a bank gives more privacy" as one of their reasons (with 8.4% stating it was the main reason), and 33% included "don't trust banks" as one of their reasons (with 13.2% stating it was the main reason).[81]

In stakeholder outreach, advocates and legal service providers working with low-income and marginalized New York communities detailed a multitude of ways in which distrust toward banks has been articulated by unbanked or underbanked New Yorkers. For example, undocumented foreign-born individuals may be hesitant to establish a bank account for fear of having their documentation status disclosed to federal immigration authorities. Similarly, individuals who have had negative interactions with government agencies or law enforcement, such as individuals with a history of justice-involvement, or homeless or runaway youth may also be particularly unlikely to engage with traditional financial institutions, because they may be seen to be part of the larger governmental or criminal legal system and because of concerns around how these institutions will utilize and maintain personal information. For these groups and others with particular privacy concerns or institutional distrust, advocates and legal service providers advised it is common to avoid banking relationships entirely, or interact with traditional financial institutions only when strictly necessary, while conducting the rest of their transactions utilizing non-bank financial services.

Similarly, stakeholders also pointed to populations of individuals who are now unbanked or underbanked due to prior negative interactions with banking institutions. For example, consumers who have a history of incurring overdraft or non-sufficient fund ("NSF") fees, discussed in more detail below, may opt out of a relationship with a traditional financial institution entirely. Advocates and legal service providers also pointed to anecdotes regarding low-income constituents falling victim to fraud and encountering significant difficulties in getting it remediated or addressed by banking institutions. One stakeholder,

---

[81] 2021 FDIC National Survey of Unbanked and Underbanked Households.

for example, recounted an instance in which a household in receipt of Supplemental Security Income payments for a minor child opened a bank account for the sole purpose of receiving those payments; the individual was unaware that the account was compromised until the bank took adverse action against them due to insufficient funds. Another stakeholder advised that consumers with limited resources may fear that funds held in a bank account could be seized or garnished, pointing to a lack of information and education around which funds are exempted from such action. In these cases, households may opt out of maintaining a bank account, even if at some point in their history they did maintain one.

Stakeholders advised that distrust in banking institutions can be entrenched in certain racial, ethnic or cultural groups in ways that impact banking status. For example, advocates working with Black constituents referenced the legacy of redlining that resulted in ongoing disinvestment in their communities, as well as discriminatory and racist practices by financial institutions. Others pointed to consumers' experiences with predatory financial products offered by financial institutions, including certain predatory mortgage products sold during the housing boom of the early 2000s that contributed to the subsequent subprime mortgage crisis. Advocates noted that there is genuine fear in these communities of predation by financial service providers based on past experience, such as lack of transparency around fee structures that has prevented households of color from opening bank accounts, or from utilizing the full scope of financial services offered by banks in favor of alternative financial institutions such as check cashers.

Distrust in banking institutions can also be prevalent in certain immigrant communities and can be informed both by experiences in a person's country of origin, as well as uptake within that particular immigrant community. For example, a 2013 study focused on foreign-born New York City residents found large differences in banking practices by Mexican, Ecuadorian, and Chinese populations.[82] Whereas 95% of the Chinese immigrants surveyed held bank accounts, only 65% of Ecuadorian immigrants and 43% of Mexican immigrants did.[83] In this study, Chinese immigrants were the first among the cultural groups to become banked after arriving in the United States, and this was attributed, at least in part, with the prevalence of Chinese banks in neighborhoods with large numbers of Chinese immigrants in New York City.[84]

---

[82] NYC Department of Consumer Affairs Office of Financial Empowerment, *Immigrant Financial Services Study*, November 2013.

[83] *Id*. at 13.

[84] *Id*. at 36.

B. FINANCIAL INSTITUTIONS MAY OFFER LIMITED SERVICES TO OR ENGAGEMENT WITH MARGINALIZED COMMUNITIES.

Stakeholders spoke at length about the ways in which banking institutions fail to engage in a comprehensive and culturally competent manner with marginalized communities, for example, by offering fewer services for individuals with limited English proficiency, having poorly trained consumer-facing staff, refusing to accept certain types of government-issued identification, and limited product offerings to meet the community's credit needs.

Traditional Financial Institutions May Not Offer Comprehensive Services for Individuals with Limited English Proficiency

Numerous advocates and service providers working with communities with limited English proficiency flagged that banking institutions still have a significant amount of work to do to make their services and products available in non-English languages. Other types of financial institutions that consumers interact with, such as credit reporting bureaus and mortgage servicers also fall short in this area. A 2015 report published by the Northwest Queens Financial Education Network ("NQFEN")—a coalition of immigrant service organizations, including Chhaya CDC, New Immigrant Community Empowerment ("NICE"), Community Development Project at the Urban Justice Center, and Queens Community House—highlighted lack of non-English language services as a major impediment to banking, particularly among South Asian populations in Queens.[85] According to their survey results, approximately 4 in 10 Bengali/Bangla speakers and 7 in 10 Nepali/Tibetan speakers reported that banks failed to "offer services in their primary language."[86] Among Nepali and Tibetan speaking respondents, in particular, over half reported facing difficulty in conducting their banking in English.[87] Bengali/Bangla is the second-most spoken Asian language in New York City, and there are approximately 9,124 Nepali speakers in New York City, so this hurdle affects a significant number of New Yorkers.[88] For groups that experience difficulty conducting their banking in English, or that have limited English proficiency, utilizing non-bank financial services may be preferable if the consumer-facing staff speak the same language, or are part of the same community.

However, advocates make clear that translation of services and materials, while vitally important, may not be enough to ensure that individuals with limited English proficiency establish relationships with banking institutions. Rather, language accessibility is

---

[85] Northwest Queens Financial Education Network (NQFEN), *Bridging The Gap: Overcoming Barriers to Immigrant Financial Empowerment in Northwest Queens*, February 1, 2015.

[86] *Id.*, at iii.

[87] *Id. at 8.*

[88] Linying He and Yungcheng Wang, *Asian Languages in New York City*, Asian American Federation, July 30, 2022.

necessary but not necessarily sufficient to bring these consumers into the banking perimeter. These findings are in keeping with the data presented in the 2015 NQFEN report. Even as over 90% of Spanish speaking respondents surveyed reported that banks offered services and materials in Spanish, 40% of Spanish speaking respondents did not maintain a U.S.-based checking or savings account.[89] This suggests that other factors are at work in determining the banking status among certain populations. In conversations, stakeholders made clear the importance of banking institutions doing more than mere translation; it is critical that banking institutions engage with immigrant communities, including partnering with community organizations and service providers to help establish relationships in these communities and ensure that they are meeting community needs in a culturally competent manner.

Gaps in Online and Mobile Banking Options

In addition to limitations in services related to language access, reports also indicate that there is a gap in technology offerings, even in banks that are dedicated to serving marginalized communities. A recent report published by the Urban Institute found that Black depository institutions — defined in the report as institutions serving communities and individuals of color — nationwide trail their minority and non-minority institution peers in offering online and mobile banking services.[90] Given the potential impact of Black depository institutions in expanding access to credit in communities of color, as well as the increased demand for technology adoption in this space (particularly, customer-facing technology, such as check deposits), improvements in these types of services could be an important inroad to increasing access to financial services for Black communities.

Bank Policies on Documentation Requirements May Not Meet Marginalized New Yorkers' Needs

Advocates noted that many banking institutions' policies and product offerings fail to meet the needs of marginalized communities. One common refrain pertained to identification requirements for opening checking and savings accounts. Concern and confusion among potential consumers regarding what documents are required to open accounts can dissuade potential customers from even attempting to open an account. Individuals with forms of identification that are not deemed acceptable by banks (for example, idNYC, foreign-government issued identification such as Mexican consular cards, and ITIN numbers in lieu of social security numbers), or who lacked more than one form of identification continue to be, according to advocates, denied bank accounts. This barrier for undocumented individuals is also a significant hurdle for formerly incarcerated

---

[89] Bridging The Gap Overcoming Barriers: to Immigrant Financial Empowerment in Northwest Queens, at 9.

[90] Michael Neal, Amalie Zinn, and Linna Zhu, *Boosting the Technological Infrastructure of Black Minority Depository Institution Is Critical*, Urban Institute, February 23, 2023.

individuals–a population which is disproportionately Black and brown and male–who often have no identification upon release and are therefore unable to open an account.

Bank Product Offerings May Not Meet Marginalized New Yorkers' Needs

In addition to policies around identification that preclude individuals from opening bank accounts, advocates also highlighted the fact that the greatest product needs in marginalized communities are frequently not offered by mainstream banks, especially small dollar loans for personal and, particularly, for small business purposes. Even when consumers do have a relationship with a bank through a checking or savings account, they may not have access to all of their bank's product offerings, particularly in the case of individuals with thin credit files or low credit scores. Industry experts indicated that historically, small businesses have tended to have a higher loan fail rate in the absence of dedicated outreach and follow-up to the small business borrower, which has disincentivized many banking institutions from lending to them. Additionally, fintech products have started to bridge the gap in access to small dollar loans. These non-bank alternatives are providing consumers, including subprime borrowers, access to such products that have not been available through traditional financial services providers.[91] However, certain services may introduce new costs or risks to the borrower, and are of limited utility to those who lack access to digital devices or connectivity.

C. CONSUMERS ARE DETERRED BY THE PERCEIVED OR ACTUAL COST OF BANKING

Another major theme to come out of stakeholder engagement pertains to the cost of banking, or the perceived cost of banking.

Fees

In particular, advocates pointed to the manner in which fees, specifically maintenance, minimum balance, overdraft and NSF fees,[92] were particularly punitive for New Yorkers

---

[91] New York University Stern School of Business Associate Professor Sabrina Howell recently co-wrote a paper examining the interaction between automated processes and access to Paycheck Protection Program (PPP) loans. The paper found that fintech lenders, which utilize automated processes, made a larger share of PPP loans to Black-owned businesses than small banks, which are less automated, positing that process automation in access to financial services could have important equity implications. Sabrina T. Howell, Theresa Kuchler, David Snitkof, Johannes Stroebel, Jun Wong, *Lender Automation and Racial Disparities in Credit Access*, November 11, 2022.

[92] An overdraft fee refers to a fee that is charged by a financial institution for processing a transaction that exceeds the amount of money available in a consumer's account. When a consumer makes a transaction that overdrafts their account, the financial institution honors and processes the transaction, and the consumer's account shows a negative balance, reflecting the amount by which the transaction exceeded the consumer's available funds. An NSF fee is an administrative fee imposed when a financial institution

with limited assets, and served to dissuade people from opening accounts. Advocates indicated that consumers found charges, particularly those for overdraft and non-sufficient funds, to be unpredictable, confusing, and difficult to track. This feedback is corroborated by the data; in the 2021 FDIC report, 29.2% of unbanked respondents identified fees or minimum balance requirements when asked for the primary reason they did not having a bank account.[93]

When asked about affordable banking accounts such as basic banking or Bank On accounts, several advocates noted that they had seen inadequate uptake of these types of accounts by consumers. They noted that many consumers remain unaware that these types of accounts exist, and that they had found consumer-facing bank staff to be inconsistently trained on the availability of these types of products.

In addition to fees acting as a deterrent from opening an account, these fees can, in certain cases even preclude individuals who want to be banked. Typically, advocates found, this was seen in overdraft situations, in which a consumer was allowed to overdraft their account and had the account closed due to a failure to resolve a negative balance. At this point, negative reports may be sent to account screening consumer reporting agencies that manage databases utilized by financial institutions in determining whether to allow a consumer to open an account. According to testimony from the National Consumer Law Center, in instances in which a consumer has a negative report, approximately a quarter of banks will automatically reject the consumer from opening an account, while half will need the decision of a branch manager to permit the opening of the account.[94] While there is no clear data on the number of consumers that are not permitted to open an account following such a negative report, studies have indicated that "the population affected is substantial."[95]

This can be damaging in a number of ways: it can make it difficult for consumers to clear negative history, and, if rejected from a bank account application, may dissuade an individual from seeking traditional financial services in the future, leading to a chronic unbanked status.

Advocates also referenced the high expense of conducting basic transactions at banking institutions, such as remittances. Remittances are electronic transfers of money from individuals residing in the United States to individuals or businesses abroad. Remittances

---

rejects and does not process a transaction because it exceeds the amount of money available in a consumer's account.

[93]2021 FDIC National Survey of Unbanked and Underbanked Households

[94] Chi Chi Wu & Katie Plat, *Account Screening Consumer Reporting Agencies – A Banking Access Perspective*, CFE Fund, October 19, 2015 at 6.

[95]*Id.*

are a common transaction for many consumers, especially for immigrants. Stakeholders reported that fees for these transactions tend to be higher at banking institutions than at alternate providers, such as local *notarios*, money transmitters, or through fintech applications, and that banking institutions often require more information from consumers than alternative providers. Similarly, money orders, which can be an important financial product for many, and particularly for low-income consumers, are often more expensive at a bank than an alternative institution. Consumers typically seek the most inexpensive option in conducting these transactions, but may trade off affordability for protection, depending on the methods they use. The fact that these products are more expensive and often less convenient at banks is a factor that may contribute to chronic unbanked or underbanked status, as individuals choose to conduct their transactions with alternative providers.

D. NEW YORK STATE, PARTICULARLY IN THE MOST UNDER-RESOURCED AREAS, SUFFERS FROM AN ABSENCE OF BRICK-AND-MORTAR BANK BRANCHES

Many stakeholders – regardless of population served or geography within New York State – identified the absence of brick-and-mortar bank branches as a contributing factor to unbanked and underbanked status in New York State. This is a nationwide trend that is not an isolated to New York. There are a number of factors contributing to this trend including bank mergers and many consumers moving to mobile or online banking options. The declining number of physical branches is an issue that is affecting New York more than many other states; in 2021, New York lost 221 bank branches, trailing only California and Michigan in bank branch closures by state.[96] According to a report published by the National Community Reinvestment Coalition, the national trend of branch closures appears to have accelerated following the onset of the COVID-19 pandemic.[97] Notably, between 2017 and 2021, one out of every three branch closures were located in low- or moderate-income or majority-minority neighborhoods.[98] This is particularly harmful given the fact that these neighborhoods tend to have fewer bank branches to start with.[99]

Stakeholders reported the disproportionate impact of bank branch closures on certain populations, specifically rural residents, and residents of low-income and majority-minority areas. In addition to these populations, individuals with limited access to

---

[96] Zach Fox and Umer Khan, *US bank branch closures increase 38% to new record high in 2021*, S&P Global, January 20, 2022.

[97] Jad Edlebi, Bruce C. Mitchell, and Jason Richardson, *The Great Consolidation of Banks and Acceleration of Branch Closures Across America: Branch Closure Rate Doubled During the Pandemic*, National Community Reinvestment Coalition, February 2022.

[98] *Id.*

[99] *Id.*

transportation are particularly impacted, as they may struggle to find another bank branch proximate to their home. Households that lack access to broadband or mobile devices are also impacted since they cannot easily switch to mobile or online banking when they lose nearby physical branches. And generally, populations that are less digitally literate are likewise impacted by the absence of brick-and-mortar branches.

The reduction in bank branches has been noted by stakeholders as an important driver of unbanked and underbanked status, but also one that is self-perpetuating. In neighborhoods in which consumers have a more fragmented relationship with banking–either being unbanked completely, or holding only one account and so having to rely on non-bank providers for certain essential financial services–consumers are less likely to make full use of the services that local branches do offer, which can itself lead to branch closures.

E. DIGITAL EQUITY ISSUES LIMIT ACCESS TO ONLINE AND MOBILE BANKING OPTIONS FOR MANY NEW YORK COMMUNITIES.

In addition to bank branch closures, which are more prevalent in low- and moderate-income, rural, and majority-minority areas, digital inequities compound access issues. While there has been an observable shift towards banking institutions operating through digital channels, this shift is not impacting all populations equally. Stakeholders across the state noted that mobile and online banking may leave behind older adults, households that lack access to broadband such as rural residents, and individuals that are not digitally literate. Issues regarding digital equity are broadly categorizable in three areas: access to broadband, access to devices and digital literacy.

Access to Broadband

Numerous stakeholders, representing diverse constituents across New York State identified access to broadband as a significant issue for individuals in conducting their financial lives. As of 2019, more than 1 million New York households lacked access to at-home broadband, though of course this statistic is not split evenly across all populations.[100] Approximately 24% of New Yorkers aged 65 and older lacked at-home access, compared to 8% of New Yorkers between the ages of 18 and 64.[101] Further, rates differ slightly based on race, with 10.4% of white New Yorkers, 13.9% of Black New Yorkers, 7.2% Asian and 11.7% of Hispanic New Yorkers lacking access to broadband. Additionally, stakeholders active with Native American populations highlighted significant access issues on tribal lands.

---

[100] Office of the New York State Comptroller, *Availability, Access, and Affordability: Understanding Broadband Challenges in New York State*, September. 2021.

[101] *Id*. at 16.

Further, access rates differ by income band, with access improving as household income increases. Over 36% of low-income households (earning less than $20,000) lack broadband connectivity, compared with 4.5% of households with an income of $75,000 and above.[102] Further, according to a 2022 report published by Democrats on the Joint Economic Committee found that 66% of unbanked households did not have access to internet at home.[103]

Rates are also significantly different by region, as indicated in Section IV above. The three regions of the state with the highest rates of households without access to broadband were North Country (19.3%), Mohawk Valley (18.2%), and Central New York (17.1%), while the Capital Region (13.6%), Mid-Hudson (12.4%), and Long Island (9.2%) had the fewest households without broadband access.[104] New York City fell somewhere in the middle, with 16% of households lacking access to broadband, and stakeholders reporting the greatest issues with access in the Bronx.[105] As bank services increasingly move online, these populations may struggle with access. It is particularly noteworthy that residents of rural New York will have access issues compounded, as brick-and-mortar branches close and access to online services is limited due to lack of broadband connectivity.

Access to Digital Devices

The second prong of access issues pertains to digital devices. While a 2021 Pew Research report found that approximately 85% of Americans have a smartphone, this rate does not tell the whole story.[106] Access to digital devices varies by demographic: nationwide, only 61% of individuals aged 65 and older use a smartphone, compared with 96% of adults aged 18–29.[107] Approximately 76% of households earning under $30,000 used smartphones, compared with 96% of households earning over $75,000.[108] Smartphone usage rates did not differ much based on race, with 85% of white and Hispanic individuals utilizing a smartphone and 83% of Black individuals.

Looking at unbanked households emphasizes the correlation between not having access to digital devices and lack of access to banking services.[109] According to a 2022 report,

---

[102] *Id*. at 14.

[103] Joint Economic Committee Democrats, *People of Color and Low-Income Communities Are Disproportionately Harmed by Banking and Financial Exclusion*, August 22, 2022.

[104] Availability, Access, and Affordability: Understanding Broadband Challenges in New York State, at 17.

[105] *Id.*

[106] Pew Research Center, *Mobile Fact Sheet*, April 7, 2021.

[107] *Id.*

[108] *Id.*

[109] *Id.*

more than one-third of unbanked households nationwide did not have access to a smartphone.[110] For these households, lack of access to smartphones is likely to inform their banking status; given the increased focus on mobile and online banking, they are likely to continue to be left behind.

Digital Literacy

Finally, stakeholders made clear that an individual's ability to utilize digital technology, their digital literacy, is an important part of the question of access. While this is an access issue that is expected to decline over time, as increasingly large segments of the population grow up digitally native, it is nevertheless an important point for current access. Numerous stakeholders spoke of low digital literacy, particularly as it pertains to older New Yorkers, and specifically low-income older New Yorkers. For these populations in particular, as mobile and online banking options continue to grow, it can be expected that these populations will face access issues without digital literacy interventions.

F. THERE ARE LIMITED RESOURCES AND OPTIONS FOR MEANINGFUL FINANCIAL EDUCATION/FINANCIAL COUNSELING FOR MARGINALIZED COMMUNITIES.

Several advocates, legal service providers and financial service providers highlighted the dearth of meaningful and culturally competent financial literacy options in New York. In outreach, two themes emerged: the first was the manner in which financial education is failing to keep pace with available financial products; second, stakeholders, particularly those that work most closely with marginalized communities, highlighted the need for financial literacy options that are tailored to these populations.

Stakeholders made reference to the changing financial service marketplace, including the prevalence of apps such as digital wallets and "investing at your fingertips," as well as increasingly complex products such as virtual currencies. That such services and products are marketed so broadly and are so easily available is a major shift for the industry and attracts consumers who may not otherwise have sought them out. Stakeholders cautioned that the availability of these products is outpacing consumer understanding.

Some stakeholders also referenced the manner in which traditional financial literacy fails to improve access to financial services for marginalized communities. Several advocates and service providers noted that they have not seen much evidence that standalone financial literacy courses are particularly effective in bringing underserved consumers

---

[110] Representative Don Beyer, *People of Color and Low-Income Communities Are Disproportionately Harmed by Banking and Financial Exclusion*, August 2022, at 11.

into the banking system. Others stated that in their experience, constituents had expressed a feeling that financial literacy programming could be condescending as presented, or it could fail to engage marginalized populations due to a disconnect between the educator and the populations being educated. For example, advocates working with homeless and trafficked youth noted that they were far more likely to listen to and learn from an adult educator who looked like them or who had similar lived experience.

Other organizations, however, and particularly those dedicated to working closely with one or more specific marginalized population–immigrants, for example–found that their financial literacy programming was successful when delivered by a trusted source in a culturally competent manner. Additional stakeholders noted success in financial counseling programs because they allow for context-driven, one-to-one service that address the needs of the individual. Similarly, stakeholders noted that in their experience, financial literacy efforts were most effective at the point of transaction or decision-making, such as educational sessions on mortgage products ahead of purchasing a home. These sorts of services – though difficult to scale – are important in ensuring that consumers, particularly those that are most marginalized, are aware of the risks and benefits of financial services and may help to increase access to financial services.

G. UN/UNDERSERVED COMMUNITIES ARE AT HIGHER RISK OF FALLING VICTIM TO FINANCIAL FRAUD OR IDENTITY THEFT, WHICH IS DIFFICULT TO REMEDIATE AND PERPETUATES ISSUES OF ACCESS.

Stakeholders flagged financial fraud and identity theft as a major issue that impeded sufficient access to banking services, particularly among underserved populations. Advocates and social service providers working with a wide range of constituencies noted that for a variety of reasons, marginalized New Yorkers are more likely to fall victim to fraud and identity theft perpetrated both by family members, intimate partners, as well as strangers. Such abuse is difficult to remediate and perpetuates lack of access. Among other groups, communities of color, survivors of domestic violence and older New Yorkers are more likely to experience fraud. A 2019 survey performed by the Federal Trade Commission asked respondents whether they had experienced certain financial frauds.[111] Nearly 16% of respondents, or approximately 40 million consumers nationwide, responded in the affirmative, with Black and Hispanic consumers more likely to have

[111] Federal Trade Commission, *Serving Communities of Color: A Staff Report on the Federal Trade Commission's Efforts to Address Fraud and Consumer Issues Affecting Communities of Color*, October 2021.

experienced fraud than white consumers.[112] Among survivors of domestic violence, up to 99% experience some level of "economic abuse," an umbrella term that encompasses bad acts such as coerced debt and identity theft, among others.[113] Financial scams targeting older Americans appear to be on the rise also; in 2021 there were over 92,000 older adult victims of scams, who lost a combined total of approximately $1.7 billion.[114]

Further, stakeholders working with New York State's Native American population, particularly those living on tribal lands, indicated that members may be at higher risk of exposure to predatory products, particularly lending. As certain tribal lands are restricted fee lands, meaning that they are owned by a tribe or an individual member but are subject to certain restrictions, including against sale and conveyance, stakeholders advised, traditional financial institutions often cannot collateralize these properties, which has led to borrowers being exposed to various predatory lending options.

Financial fraud and identity theft are particularly harmful both for the immediate financial loss and also for lingering repercussions that are difficult to remediate and perpetuate lack of access. For example, service providers that work with survivors of domestic violence spoke at length about the prevalence of identity theft perpetrated by abusive partners against survivors. Survivors who were coerced to incur debt, or whose intimate partners used their identifying information to obtain goods or services, for example, often experience devastating impacts on their credit rating, which can hinder their ability to access much-needed financial services such as loans and credit cards, among others. These types of crimes can be difficult to address, resulting in survivors having to live with the repercussions for years to come.

Stakeholders also flagged services operating in New York that claim to assist New Yorkers with debt relief or credit repair, making false promises to settle or reduce credit card debt or to remove negative information from a consumers' credit report. These services tend to charge upfront fees but then fail to provide the service advertised. Advocates and legal service providers noted that these scams typically target individuals on fixed incomes, such as older New Yorkers and individuals on Social Security Disability Insurance.

Advocates and legal service providers additionally noted a high incidence of scams targeting households in receipt of government benefits, particularly EBT cards.

---

[112] In a footnote to the report, the FTC states that the likelihood of an African American individual falling victim to one of the frauds set forth in the survey was over 19%, compared to approximately 17% for Hispanic individuals and 15% for non-Hispanic white individuals. *Id.* at 40.

[113] National Coalition Against Domestic Violence, *Quick Guide: Economic and Financial Abuse*, April 12, 2017.

[114] Jennifer Walker, *Pepper Center Study to Help Seniors Avoid Financial Fraud and Prolong their Autonomy and Independence*, UConn Today, December 8, 2022.

Recipients may fall victim to "skimming," in which bad actors place overlay devices on points of service devices so that when an individual swipes their EBT card and enters their pin, the information is captured and later used to drain the funds available on the card. Another common scam that bad actors use to steal EBT funds involves phishing; the EBT-card holder receives an email or a phone call advising them that their EBT card is about to expire and asking for the associated PIN number, which is then used to clone the card. Since EBT cards do not currently carry the same financial protections as bank-issued credit or debit cards, this remains a risk for households reliant on these sorts of benefits.

Interestingly, stakeholders spoke of scams and fraud involving both digital pathways, as well as low-tech pathways. A number of advocates noted that fraud is pervasive with cash apps, for example, and that it is typically difficult to remediate. Cash apps and digital wallets often lack the benefit of FDIC insurance, as well as certain deposit protections that traditional bank accounts maintain. As many of these applications do not have an easy method to contact customer service, such as a 24/7 staffed telephone number, it can be difficult to work with institutions to address the fraud or scam and make the consumer whole.

However, these schemes are not limited to digital pathways. Advocates that work with veterans, for instance, noted that fraudulent actors target veterans at a higher level than other communities, often utilizing phone calls or mailers. Particular scams impacting this community include Veterans Affairs ("VA") home loan scams, including scams that convince consumers to redirect their mortgage payment, or guarantees a loan modification or to bring an end to the foreclosure process. In response to concerns around these types of scams, the CFPB initiated an investigation into mortgage companies that utilized deceptive mailers to advertise VA-guaranteed mortgages to servicemembers and veterans.[115] The CFPB was able to obtain nearly $4.5 million in penalties from such organizations.[116]

Stakeholders noted that these sorts of scams can have a deterrent effect on populations in interacting with traditional financial institutions and financial services more generally. When consumers have these types of negative experiences it erodes trust in the financial service system and makes it less likely that individuals will opt to interact with banks.

---

[115] Consumer Financial Protection Bureau, *Consumer Financial Protection Bureau Settles with Ninth Mortgage Company to Address Deceptive Loan Advertisements Sent to Servicemembers and Veterans*, October 26, 2020.

[116] *Id.*

H. UN/UNDERSERVED COMMUNITIES LACK TRANSPARENCY AROUND HOW CREDIT REPORTING WORKS, AND THOSE WITH THIN CREDIT FILES HAVE LIMITED OPTIONS TO BUILD CREDIT

Another theme raised by stakeholders was that underserved communities often lack an understanding of the way credit reporting functions impact their financial well-being and face limited options to build credit. This is exacerbated by a perceived lack of transparency in the credit reporting industry.

Anecdotally, according to stakeholders, consumers are less likely to interact with traditional financial services if they have negative items in their credit history, due to lack of understanding in certain communities about the purpose and utilization of credit reports. More than one social service provider noted that it was a common misconception for unbanked constituents to believe that they could not open a checking or savings account due to negative credit history or a low credit score. Advocates highlighted that there are significant concerns in marginalized communities about having negative information on a credit report, which serves to push individuals into paying for services such as credit repair, which often fail to provide the relief advertised, as indicated in the section above.

This lack of transparency around credit reports is exacerbated by access issues. Advocates that work with immigrant communities, and particularly those with limited English proficiency, noted that consumer credit reporting agencies are not required to translate credit reports into non-English languages. As of September 2021, Equifax announced that they would begin to offer credit reports translated into Spanish online and via mail,[117] and other consumer credit reporting agencies may offer information or assistance in Spanish, but they are not currently required to offer translated credit reports. This makes it difficult for individuals with limited English proficiency to identify incorrect items in their credit report that may be negatively impacting their credit, and harder still to remediate them. Adding to this harm is the fact that certain communities of color have less surname diversity than non-Hispanic white populations, a phenomenon known as "surname clustering." According to an amicus brief filed by UC Berkeley Center for Consumer Law and Economic Justice, Demos, and the Housing Clinic of Jerome N. Frank Legal Services Organization at Yale Law School, in the 2020 census, 26 surnames accounted for a quarter of the Hispanic population, with over 16% of individuals having one of the top 10 surnames.[118] A similar issue arises in certain other minority groups,

[117] Equifax, *Equifax Offers Credit Reports in Spanish Online and By Mail*, September 13, 2021.

[118] Brief for UC Berkeley Center for Consumer Law and Economic Justice, Demos, and Housing Clinic of Jerome N. Frank Legal Services Organization at Yale Law School as Amici Curiae, at 6, TransUnion LLC, v. Sergio L. Ramirez 594 U.S. ____ (2021).

including Asian and Black individuals.[119] In instances in which consumer credit reporting agencies match information based solely on name, the brief argues, communities of color are particularly vulnerable to having incorrect information included on their credit reports.[120]

Finally, stakeholders noted that there were limited options for consumers whose credit history is too limited to generate a credit score or a complete credit report. These consumers are commonly known as "credit invisibles," and are more likely to be a member of a marginalized population. According to a report published by the CFPB, nationwide nearly 50% of consumers in low-income census tracts do not have a credit record, or else have a credit record without a credit score due to limited history.[121] Further, according to the CFPB, data seems to suggest that Black and Hispanic individuals are more likely to be credit invisible across all age groups.[122]

Given the disproportionate incidence of credit invisible status in communities of color, which perpetuates lack of access to certain financial services and products, stakeholders underscored the importance of traditional financial institutions to utilize alternative data sources for credit building purposes. Specific initiatives referenced by advocates include reporting of rental payments to consumer credit agencies to assist renters in building a credit history as well as credit-builder loans, a financial product offered by some traditional financial institutions that has consumers make fixed payments to the institution over a prescribed period of time, gaining access to the loan amount at the end of the loan's term.

I. INEQUITABLE LENDING AND SERVICING PATTERNS LEAD TO REDUCED AVAILABILITY AND AFFORDABILITY OF CERTAIN FINANCIAL PRODUCTS

Stakeholders across the state spoke of alleged discriminatory lending patterns, particularly in the mortgage and auto lending markets. Advocates and legal service providers reported that their Black and Hispanic constituents, in particular, had greater difficulty in obtaining a mortgage compared to the rest of the population. In instances in which individuals from these communities did obtain mortgages, rates were less favorable, stakeholders claimed. There is data to support these anecdotal observations. According to a 2017 Pew Research Center citing 2015 Home Mortgage Disclosure Act data, approximately 27% of Black applicants and 19% of Hispanic applicants were

---

[119] *Id.*

[120] *Id.* at 7.

[121] The CFPB Office of Research, *Data Point: Credit Invisibles*, May 2015, at 15.

[122] *Id.*

rejected when applying for a mortgage.[123] This is compared to approximately 11% of white and Asian applicants whose applications were rejected.[124] In 2015, only 60% of Black households and 65% of Hispanic households obtained mortgages at rates below 5%, with 11% of Black households and 8% of Hispanic households paying above 7%. This is compared to white and Asian households, 73% and 84% of whom, respectively, had mortgage rates under 5%, with 6% and 2% of such households paying above 7% for their mortgage.[125]

The reasons cited by mortgage lenders for denying applicants vary by race/ethnicity. According to the same report, the most common reason that Black applicants were rejected was due to their credit history, with 31% of rejections in this population stemming from this.[126] Among Hispanic, white and Asian populations, the most common reason for rejection was due to a debt-to-income ratio that was too high. Stakeholders noted that as a result, more households of color are turning to online mortgage lenders, which may have more permissive debt-to-income ratio or credit requirements. This is not without its own risks, however; stakeholders suggested that borrowers may struggle to reach customer service personnel at online mortgage lenders when issues arise, and that borrowers may not fully understand the terms and conditions of the loan.

In addition to the Pew Research Center report cited above, recent news articles have also drawn attention to allegations of discrimination in mortgage lending.[127] In November 2022, The New York Times published an article finding, in part, that "[t]hough loan denials for both Black and white applicants have slowed since the 2008 financial crisis, the gap in denial rates for Black and white people applying for home loans has widened significantly."[128] Allegations of discriminatory lending patterns in the mortgage industry

---

[123] Drew Desilver and Kirsten Bialik, *Blacks and Hispanics face extra challenges in getting home loans*, Pew Research Center, January 10, 2017.

[124] *Id.*

[125] *Id.*

[126] It should be noted that data shows that as a group, approximately 1 in 5 Black individuals and 1 in 9 Hispanic individuals have FICO credit scores below 620, compared with approximately 1 in 19 white individuals who have credit scores below 620. Natalie Campisi, *From Inherent Racial Bias to Incorrect Data – The Problems with Current Credit Scoring Models*, Forbes, February 26, 2021.

[127] In addition to news coverage on discrimination in mortgage lending, DFS has published two reports on housing discrimination and redlining in New York State. The first report, published on February 4, 2021, was an inquiry into redlining in the Buffalo metropolitan area. The second report, published on December 8, 2022, was an inquiry into potential redlining in Syracuse, Rochester and Long Island. New York State Department of Financial Services, *Report on Inquiry into Redlining in Buffalo, New York*, February 4, 2021; New York State Department of Financial Services, *Second Report on the Department's Inquiry into Redlining: Syracuse, Rochester and Long Island*, December 8, 2022.

[128] Debra Kamin, *Discrimination Seeps Into Every Aspect of Home Buying for Black Americans*, The New York Times, November 29, 2022.

persist, and even in instances in which an individual borrower was not, themselves, discriminated against, the persistent allegations may deter them from seeking mortgages from traditional banking institutions.

Stakeholders also highlighted discrimination in the auto lending industry, specifically in "indirect" auto loans, which is auto financing arranged through auto dealers. Most notably, advocates stated that communities of color and those with limited English proficiency were offered auto loans at higher interest rates than white borrowers. This is particularly harmful in low-income households outside of urban areas, in which individuals rely on vehicles to commute to work or school, and to obtain basic services such as groceries. Further, to the extent that this population is less likely to be homeowners, an auto loan is likely the largest loan such household will take out in their lifetime, as well as their "primary connection to financial markets."[129] According to an article published by the Chicago Federal Reserve citing to a paper published by the CFPB, strong evidence of racial discrimination exists in the auto-lending market, which can result in Black, Hispanic, and Asian borrowers paying significantly more for their loans relative to white borrowers.[130] This study also found that Black borrowers will often be charged the maximum allowable interest rate markup, which results in these borrowers paying nearly $1,400 in additional interest over the life of their loan. That households will likely take out multiple auto loans over their lifetimes only compounds this disparity.[131]

These patterns of inequities in lending are important to highlight the access issues faced by marginalized communities. Even if consumers are able to obtain these loans, they may pay significantly more to do so than their non-Hispanic white counterparts. For low-income households that are already dealing with economic precarity, increased rates are particularly pernicious.

---

[129] Jonathan Lanning, *Evidence of Racial Discrimination in the $1.4 Trillion Auto Loan Market*, Federal Reserve Bank of Chicago, January 2023.

[130] *Id.* On October 6, 2022, DFS announced a settlement with New York State-licensed Rhinebeck Bank for violation of New York's fair lending law in connection with the bank's indirect automobile lending. DFS' inquiry determined that the institution's practices resulted in minority borrowers paying higher interest rates than non-Hispanic white borrowers in connection with their auto loans. It should be noted, however, that DFS does not have regulatory authority over auto lenders themselves. New York State Department of Financial Services, *DFS Superintendent Adrienne A. Harris Announces Settlement with Rhinebeck Bank to Resolve Fair Lending Violations Concerning Auto Loans*, October 6, 2022.

[131] *Id.*

J. IT IS EXPENSIVE TO BE UN/UNDERSERVED BY TRADITIONAL FINANCIAL INSTITUTIONS, WHICH COMPOUNDS AND PERPETUATES LACK OF ACCESS

Numerous stakeholders spoke of the expense incurred by consumers who operate outside of traditional financial services, both in terms of real dollars and intangible costs, such as time. Programs established at the onset of the COVID-19 pandemic and subsequent assistance programs – the Economic Impact Payment ("EIP") and expanded Unemployment Insurance programs – demonstrated this point on the national level. Specifically for the EIP, U.S. citizens that were unbanked received their EIP in the mail either via check or debit card.[132] This led to delays of up to 3 to 4 weeks (or more) before receiving their payments.[133] A 2021 Brookings Institute report found that 1 in 20 eligible EIP recipients had not received their initial round of EIP funds after six months.[134] Conversely, for banked U.S. citizens, the Internal Revenue Service reported that direct deposit payments would be received in a matter of days via direct deposit.[135] Compounded by heightened unemployment such as that observed in Spring 2020, for households living paycheck-to-paycheck waiting three to four weeks for relief could prove to be calamitous. Additionally, for unbanked and underbanked households[136] receiving their EIP via check, the same Brookings report estimated that they paid $66 million in check cashing fees.[137]

While EIP payment distribution cast a spotlight on one cost of being underserved, this particular set of difficulties is just one example among many similar types of costly frictions. For example, thousands of families take an advance on their tax return from a tax preparer because they immediately receive the funds – albeit at a cost – instead of having to wait for their return to come in the mail weeks later. Additionally, recipients of government benefits that are unserved or underserved by traditional financial institutions may opt to cash their benefits checks with check cashers. While the fees may appear to

---

[132] It should be noted that individuals without a Social Security number were not eligible for EIP, with certain exceptions. Office of Re. Ruben Gallego (D-AZ), *DACA, Undocumented Immigrants, and Mixed Status Families*, last accessed May 4, 2023.

[133] Christopher Zara, *IRS stimulus check update: What to know about mailed payments and the Friday deadline*, Fast Company, January 11, 2021.

[134] Dan Murphy, *Economic Impact Payment: Uses, payment methods, and costs to recipients*, Brookings Institute, February 17, 2021.

[135] Internal Revenue Service, *Economic Impact Payments on their way, visit Irs.gov instead of calling*, January 8, 2021.

[136] Approximately 10% of U.S. households received a paper check, despite maintaining a bank account equipped to receive a direct deposit, likely due to the fact that the bank account was not linked to the IRS. *Id.*

[137] *Id.*

be nominally low, the real cost adds up over time and infringes upon consumers' ability to save.[138]

Stakeholders also noted that households that are unbanked or underbanked are likely to pay for services that may be provided free by a traditional financial institution, such as check cashing and debit card services. Importantly, stakeholders advised that the expense associated with being unserved or underserved by traditional financial institutions perpetuated lack of access by draining resources from households that are already resource-constrained, thereby making it more difficult for households to save and accumulate wealth.

VII. INDUSTRY TRENDS

In recent years, there have been a number of developments and industry trends that may impact access to financial services. The below list is not exhaustive, but identifies certain areas that are worth noting:

- *Overdraft and NSF fees*: Over the past several years, there have been increasing calls for banks to abolish or limit overdraft and NSF fees. An overdraft fee is a fee that is charged when a consumer makes a transaction or series of transactions in excess of the amount of money in the account, which the bank honors. A non-sufficient fund, or NSF, fee is also charged when a consumer attempts to spend in excess of the available bank balance, but in this instance the institution does not honor the transaction. Recently, a number of major traditional financial institutions have reduced or abolished their overdraft and/or NSF fees or otherwise placed limits on the manner in which such fees are charged. DFS has been at the forefront of efforts to curtail unfair or abusive overdraft or NSF practices. For example, in July 2022, DFS issued an Industry Letter determining that charging consumers an overdraft fee for transactions authorized at a point in time in which the consumer had a sufficient positive balances is an unfair practice.[139] In the same letter, DFS determined that the practice of charging a fee for overdraft protection transfers in instances in which the transfer amount would not cover the balance, and would still result in an overdraft fee is unfair, and stated that DFS

---

[138] On January 18, 2023, DFS announced the adoption of an updated check cashing regulation that eliminated automatic, annual increases in check cashing fees based on the Consumer Price Index. Instead, the final regulation created two tiers of fees for check cashers. For public assistance checks issued by a federal or state agency, the maximum fee that a check casher can charge is 1.5%. For all other checks, the maximum fee that a check casher can charge is the greater of 2.2% or $1. New York State Department of Financial Services, *DFS Superintendent Adrienne A. Harris Adopts Updated Check Cashing Regulation Creating a Fairer, Data-Driven Fee Methodology for New Yorkers*, January 18, 2023.

[139] New York State Department of Financial Services, *Industry Letter: Avoiding Improper Practices Related to Overdraft and Non-Sufficient Funds Fees*, July 12, 2022.

expects that regulated institutions do not charge a transfer fee and an overdraft fee in connection with the same transaction.[140] Such action is expected to be particularly impactful for consumers who are the most resource constrained and have thereby been most impacted by such fees.

- *Small-dollar loan products*: Small-dollar loan products have been a persistent need for consumers, and that need was exacerbated by the COVID-19 pandemic. In March 2020, the Board of Governors of the Federal Reserve System, the FDIC, the National Credit Union Administration, the Office of the Comptroller of the Currency and the CFPB issued a joint statement calling on traditional financial institutions to offer small-dollar loans to assist consumers and small business to help make ends meet.[141] Small-dollar loans are typically short-term, in an amount under $1,000 and repayable over a short time period. As of late 2022, six of the eight largest banks in the United States offered small-dollar loan products, and borrowers are typically able to access funds quickly, as they are either automatically pre-approved or able to complete and submit a brief application, following which funds are disbursed.[142] The Pew Research Center estimates that these loan products are priced at least 15 times lower than payday loans and can present a much better alternative to other high-cost products like title loans and rent-to-own.[143]

- *Credit underwriting and artificial intelligence ("AI")*: The calculation of credit worthiness has undergone significant re-thinking in terms of what factors are most important and what can be considered for a credit score. This comes on the heels of industry recognition of high barriers to entry for no- and thin-file consumers trying to build up their credit scores, as well as the difficulty of overcoming a negative credit history.[144] Each of the credit reporting bureaus now offers or has expanded capacity for services that allow consumers to report alternative data points to help improve credit scoring – including subscription payments, cash flow and account balance history, and rent payments. Additionally, the latest FICO scores now emphasize "trended data" – or how one's credit score has fared over

---

[140] *Id.*

[141] Board of Governors of the Federal Reserve System, et al., *Joint Statement Encouraging Small-Dollar Lending in Response to COVID-19*, March 26, 2020.

[142] Alex Horowitz and Gabriel Kravitz, *Six of the Eight Largest Banks Now Offer Affordable Small Loans*, Pew Charitable Trusts, January 24, 2023.

[143] *Id.*

[144] Brian Kreiswirth, Peter Schoenrock, and Pavneet Singh, *Using alternative data to evaluate creditworthiness*, Consumer Financial Protection Bureau, February 16, 2016.

time – making credit scoring more dynamic.[145] Finally, these data points are also being analyzed and collected in real-time through data aggregation platforms, which create opportunities to incorporate artificial intelligence in underwriting processes. Online lenders were the first to experiment with these methods and demonstrated the ability to consider hundreds of data points about a borrower and produce loan approvals and terms within minutes.[146]

While the use of AI in credit underwriting continues to gain momentum due to the potential around a higher volume of processing applicants and lower costs, risks remain, perhaps most notably around the potential for AI models to further entrench existing disparities in access to financial services. For example, due to the fact that AI models utilize historical data, which data itself "reflect[s] and detect[s] existing discriminatory patterns or biases," there is a significant risk that the underwriting determinations of these models could perpetuate historic harms, if not properly remediated.[147] Further, models may lack transparency, which may make it difficult for users to determine whether the models are contributing to disparities.[148]

- *Bank acquisitions/partnerships:* Recent years have seen a spate of financial technology companies ("fintechs") acquired by traditional financial institutions. A number of such acquisitions occurred in 2022, for example, including BNP Paribas SA's acquisition of HedgeMark International LLC and UBS Group AG's acquisition of Wealthfront Corp.[149] Even as certain banks acquire fintechs wholesale, thereby gaining access to their consumer base, products, and technology, some fintechs have themselves indicated interest in acquiring banks and thereby benefit from certain licensing exemptions and less expensive deposits.[150]

- *Bank-housed innovation departments*: Many banks have established internal innovation departments. In order to keep up with industry innovations, traditional financial institutions are increasingly creating products designed to compete with

---

[145]FICO, *FICO Score 10 Suite*, last accessed May 4, 2023.

[146] CB Insights, *Online Lenders Are Using Alternative Data and Mobile to Reshape Credit*, July 12, 2016.

[147] Michael Akinwumi, John Merrill, Lisa Rice, Kareem Saleh, and Maureen Yap, *An AI fair lending policy agenda for the federal financial regulators*, Brookings Institute, December 2, 2021.

[148] CFPB, DOJ – Civil Rights Division, EEOC, FTC, *Joint Statement on Enforcement Efforts Against Discrimination and Bias in Automated Systems*, April 25, 2023.

[149] Yizhu Wang and Nathanial Melican, *Steady M&A continues to deepen bank-fintech convergence*, S&P Global Market Intelligence, April 4, 2022.

[150] *Id.*

fintech innovations. For example, in 2017, seven banks – Bank of America, JPMorgan, Capital One, PNC Bank, US Bank, Truist, and Wells Fargo – launched Zelle, an online payment system. Zelle was created to directly compete with other online payment services such as Venmo, PayPal and CashApp. As of December 2022, more than 1,800 U.S. banks and credit unions support Zelle.[151]

Another salient example is the creation of credit products designed to compete with "Buy Now, Pay Later" ("BNPL") services. For instance, My Chase Plan was created by Chase Bank, and allows consumers to finance purchases over three to eighteen months; consumers pay a fixed fee based on the amount of the purchase.[152] Similar products have also been created by Amex and Citibank.[153]

- *Low or no fees associated with bank credit cards:* There is a trend toward lowering or eliminating credit card fees such as exchange fee charges and late payment penalties. This may be due, in part, to the competition of certain BNPL products that have no consumer charges if all payments are made in time.[154] According to the CFPB, BNPL loans have increased by almost tenfold from 2019 to 2021, driven by easy access, simple terms, and the fact, in many circumstances, no impact to the borrower's credit score. Compared to traditional installment loans, BNPL, or "pay-in-four" loans, are paid in four installments over six weeks with the first 25% due at point of sale. Amounts are small, averaging $135, compared to traditional installment loans averaging $800 over eight or nine months. While most loans are paid in time, a late payment can result in a payment penalty much higher than traditional forms of credit. BNPL loans are associated with younger borrowers who often have lower credit scores, are lower-income, may be over-extended on their credit cards and other forms of credit, and have lower liquidity.[155]

  As the BNPL landscape expands, certain risks to consumers remain. Currently, BNPL is largely unregulated, raising a number of consumer protection concerns.

---

[151] U.S. Department of the Treasury, *U.S Department of the Treasury Report to the White House Competition Council, Assessing the Impact of New Entrant Non-Bank Firms*, November, 2022.

[152] Trina Paul, *Credit cards offer 'buy now, pay later' options – but is it better than carrying a balance?*, CNBC Select February 6, 2023, updated March 27, 2023.

[153] *Id.*

[154] It should be noted that each BNPL product will have different associated fees and charges, and only certain products will have no consumer charges if all payments are made in time.

[155] Cortnie Shupe, Greta Li, and Scott Fulford, *Consumer Use of Buy Now, Pay Later – Insights from the CFPB Making Ends Meet Survey, Consumer Financial Protection Bureau*, March 2023.

Of particular concern is the lack of standardized disclosures, as well as the potential for high fees and charges.[156]

VIII. NEXT STEPS

Access to financial services is critically important for New York consumers, yet too many households remain unbanked, underbanked, or otherwise financially underserved. This report highlights observed characteristics of unbanked and underbanked households, as well as qualitative information regarding financially underserved households in New York State. The report also serves to highlight the manner and extent to which certain demographic groups are disproportionately unbanked, underbanked or financially underserved. Further, the report identified the need for DFS to continue to research.

It is clear that there are a number of barriers faced by New York consumers in accessing these services, and policy and programmatic solutions must be developed and implemented in order to increase access and reduce certain critical disparities. The below section sets forth best practices for industry participants, outreach and educational initiatives, and potential policy and legislative solutions that should be explored to help address key barriers to service.

A. BEST PRACTICES FOR INDUSTRY PARTICIPANTS:

Based on meetings with stakeholders and advocates, the following were identified as best practices that could be undertaken by financial institutions in order to increase access to financial services for New Yorkers:

- Develop partnerships with local community organizations, including those that serve populations most likely to be marginalized, in order to reduce barriers to access for financially underserved.
- Ensure that branch staff can communicate, or at a minimum, can offer printed materials in the most common non-English languages of the communities in which the branch is located.
- Establish language access protocol to ensure that customers who call or walk into branches are able to communicate in their preferred language.
- Review all customer-facing materials, including website and promotional materials, to ensure that the availability of low- or no-cost banking products are clearly highlighted in a prominent manner.
- Establish annual training for all customer-facing staff on topics designed to increase access to services for financially underserved individuals. Topics should include, but not be limited to:
    - Availability of low- or no-cost products;

---

[156] *Id.*

        - Acceptable forms of identification and documentation (e.g., ITIN numbers);
        - Identifying signs of financial abuse and fraud.
    - Adopt comprehensive digital and online banking services, to the extent not already adopted.

B. OUTREACH AND EDUCATION:

This report identified the need for comprehensive outreach and education tailored to specific underserved populations. Specific proposed outreach and education initiatives include:

- DFS will work with New York State agencies and community partners that work directly with underserved populations to develop and deliver training materials and consumer-facing guidance documents. Such partnerships may include:
    - Working with the Office of Children and Family Services to increase financial literacy and access for runaway, homeless, and trafficked youth, as well as youth aging out of foster care;
    - Working with the Office for the Prevention of Domestic Violence to educate survivors of domestic violence, as well as consumer-facing banking institution staff, on financial abuse and identity theft;
    - Working with the New York State Board of Parole and advocates representing individuals with a history of justice-involvement to increase access to financial services, including education on identification requirements to open bank accounts.
- DFS will continue to work with consumer advocates and financial institutions to share emerging issues and strategies to better serve underserved communities.

C. POLICY AND LEGISLATIVE INITIATIVES:

Through the development of this report, stakeholders have identified opportunities for potential policy and legislative action to improve access to financial services for New Yorkers. Suggestions for further consideration by policy makers include:

- Establishing language access requirements for financial service providers operating in New York State to ensure that New Yorkers with limited English proficiency, or those who are not comfortable conducting their banking in English are able to bank in the language of their choosing;

- Requiring banking institutions to maintain regular off-hours customer service to ensure that customers such as shift workers have access to assistance and support when needed;
- Ensuring transparency in advertising and promotion of basic banking accounts, including Bank On accounts, which banking institutions are required to offer pursuant to the New York Banking Law and the General Regulations of the Superintendent;
- Further incentivizing banks to use the Banking Development District program to establish new bank branches in areas of New York State that are financially underserved;
- Implementing an amnesty program for unbanked New Yorkers who face difficulty opening a bank account due to negative items in their banking history.

IX. APPENDIX

TABLE A1. NYS UNBANKED, UNDERBANKED, AND FULLY BANKED RATES BY HOUSEHOLD CHARACTERISTICS, 2017–2021 AVERAGES

Characteristics	Unbanked	Underbanked	Fully Banked
All NYS Households	6.7	16.7	76.6
Family Income			
Less than $15,000	24.2	19.8	56.0
$15,000 to $30,000	16.4	18.7	64.9
$30,000 to $50,000	6.3	19.2	74.5
$50,000 to $75,000	2.7	17.7	79.6
At least $75,000	0.5	13.6	85.9
Education			
No High School Diploma	25.0	27.7	47.3
High School diploma	10.2	18.8	71.0
Some College	5.9	18.3	75.8
College Degree	1.3	12.4	86.3
Age Group			
15 to 24 years	9.8	21.7	68.5
25 to 34 years	7.3	17.1	75.6
35 to 44 years	6.5	17.5	76.0
45 to 54 years	6.8	21.0	72.2
55 to 64 years	6.5	17.7	75.8
65 years or more	6.1	11.7	82.2
Race/Ethnicity			
Black	13.5	29.3	57.2
Hispanic	16.2	28.4	55.4
Asian	4.8	15.8	79.4
American Indian or Alaska Native	NA	NA	NA
Native Hawaiian or Other Pacific	NA	NA	NA
White	2.7	10.9	86.4
Two or More Races	NA	NA	NA
Disability Status			
Disabled, Aged 25 to 64	17.9	19.9	62.2
Not Disabled, Aged 25 to 64	5.3	18.1	76.6
Citizenship and Place of Birth			
U.S.-Born	5.7	13.7	80.6
Foreign-Born Citizen	7.8	22.5	69.7
Foreign-Born Noncitizen	13.2	31.6	55.2
Employment Status			
Employed	3.7	17.4	78.9
Unemployed	NA	NA	NA
Not in Labor Force	11.2	15.1	73.7

Source: DFS's analysis of FDIC multiyear dataset. Note: NA indicates sample size is too small.