

The Unbanked and Underbanked

The Unbanked

Unbanked consumers are those who lack access to mainstream financial services. Underbanked consumers may have access to financial services, but don't use them regularly.

Market Size¹

- 28 million people in the U.S. are unbanked, representing nearly 15 million households or 10% of the population
- 45 million people are "underbanked," representing 24 million households or 15% of the population
- Together, 73 million people representing nearly 40 million households and 25% of the U.S. population are financially underserved

Market Characteristics²

- Nonwhite families are four times more likely to be unbanked than white families
- 35% of all Latinos in the U.S. are unbanked.
- The underbanked tend to be younger, have lower incomes and have less education than the general population
- Each year, Americans spend at least \$13 billion on more than 340 million alternative financial services transactions at check-cashing centers, money-wiring stores and paydayloan outlets
- If those transactions were conducted at a Wal-Mart MoneyCenter, spending would be reduced by 25 to 50 percent or more, saving Americans \$3.25 billion to \$6.5 billion or more each year

America's Financial Landscape

Over the past two decades, there has been a steady decline in household savings in the U.S.³

- Savings rates are near record lows; Americans save just one tenth of one percent of disposable income
 - Personal savings rate in the United States is the lowest of any industrialized nation
 - Only 40% of Americans have emergency savings funds
 - A majority of Americans in households with incomes of \$35,000 or less believe they are more likely to accumulate a \$500,000 nest egg by winning the lottery or sweepstakes (40%) than by patient savings and investing of modest sums (30%)
- Only 30% of unbanked households held savings, compared to 80% of those with bank accounts. Only 8% of unbanked families have a retirement account⁴
 - Consumers in impoverished areas lack access to traditional bank services when compared to higher income and higher FICO score communities. This results in a lack of available financial services for the unbanked and underserved⁵