

# GAO Highlights

Highlights of [GAO-22-104468](#), a report to congressional requesters

## Why GAO Did This Study

Access to reliable and affordable banking services is essential for household financial well-being. In 2019, FDIC estimated that 5.4 percent of surveyed U.S. households were unbanked. GAO used the survey data to estimate another 17.9 percent had a bank account but used alternative financial services, such as check cashing or payday loans that can have high fees or interest rates.

GAO was asked to review factors affecting household access to basic banking services. Among other objectives, this report examines factors associated with households' use of basic banking services, statutory and regulatory factors affecting service availability and cost, and the efforts of selected federal financial regulators to address these issues. GAO analyzed survey data from FDIC on unbanked and underbanked households, reviewed studies on laws and regulatory factors, examined agency documentation, and interviewed market participants and observers and agency officials.

## What GAO Recommends

GAO recommends that FDIC, NCUA, and OCC establish outcome-based performance measures reflecting the full scope of their efforts to achieve strategic objectives related to access to banking services. The agencies generally agreed with these recommendations.

View [GAO-22-104468](#). For more information, contact Michael E. Clements at (202) 512-8678 or [clements@ga.gov](mailto:clements@ga.gov).

February 2022

## BANKING SERVICES

### Regulators Have Taken Actions to Increase Access, but Measurement of Actions' Effectiveness Could Be Improved

#### What GAO Found

Lower-income, less-educated, and minority households are more likely to be unbanked (not have a checking or savings account) or be underbanked (have a checking account but use alternative financial services, which can be costly), according to GAO analysis of Federal Deposit Insurance Corporation (FDIC) survey data (see table). Consumers might not use banks for reasons including lack of money, unexpected or high bank fees, lack of trust, and privacy concerns, according to FDIC's survey and market participants and observers.

**Banking Status by Household Income, Education, and Race, 2015–2019 (percentage)**

		Unbanked	Underbanked	Fully banked
Income	Less than \$15,000	25	22	53
	\$15,000–29,999	12	23	66
	\$30,000 or more	2	18	81
Education	No high school degree	22	26	51
	High school degree or more	5	18	77
Race and ethnicity	Black	16	31	53
	Hispanic	14	30	56
	White	3	14	83
<b>Total</b>	<b>—</b>	<b>6</b>	<b>19</b>	<b>75</b>

Source: GAO analysis of Federal Deposit Insurance Corporation (FDIC) data. | [GAO-22-104468](#)

Note: For more details, see table 2 in [GAO-22-104468](#). Totals do not always add to 100 percent due to rounding.

Several laws and regulatory factors may intentionally or unintentionally affect the cost and availability of basic banking services. For example, two studies found large banks may have increased checking account fees to offset regulatory limits on their fees for processing debit card transactions. By contrast, regulations requiring consumers to choose to receive overdraft protection may have reduced overdraft fees paid by consumers who did not opt in, according to market observers and three studies by the Consumer Financial Protection Bureau.

Actions of the selected regulators GAO reviewed related to unbanked and underbanked households generally focused on research, education, and oversight. But some regulators lack outcome-oriented measures of their efforts to increase banking access or their measures do not cover all their key initiatives. For example, FDIC piloted a public awareness campaign on the benefits of bank accounts. Yet, its measures indicate only whether a task was completed and do not incorporate information on the outcomes (which could be used to assess the activities). The National Credit Union Administration (NCUA) measures how long it takes to process credit union charters, which helps assess timeliness but does not provide information to assess agency performance in facilitating access to credit union services. The Office of the Comptroller of the Currency (OCC) launched an initiative to increase access to credit, including small-dollar loans. But OCC did not incorporate performance measures for a key initiative to enhance banking access. By using outcome-oriented performance measures for their efforts to increase access to banking services, FDIC, NCUA, and OCC could better identify opportunities for improvement across all key initiatives and set priorities accordingly.