NATIONAL DISABILITY INSTITUTE

BANKING STATUS and FINANCIAL BEHAVIORS of ADULTS with DISABILITIES:

Findings from the 2017 FDIC National Survey of Unbanked and Underbanked Households and Focus Group Research

NATIONAL DISABILITY INSTITUTE
Nanette Goodman, MS
Michael Morris, JD

Contents

Figures

Tables

1. A Letter from National Disability Institute

Since 2006, the Federal Deposit Insurance Corporation (FDIC) has convened an Advisory Committee on Economic Inclusion to explore the current state of knowledge and potential solutions to improve the participation of underserved populations in the financial mainstream. Given their financial vulnerability, focused efforts are needed to improve the financial inclusion of individuals with disabilities and their families. Working-age adults with disabilities are more than twice as likely to be living in poverty than their nondisabled peers.[1] From our analysis of FDIC survey results, we also know that nearly half of adults with disabilities are unbanked and underbanked.[2]

National Disability Institute (NDI) envisions a society where people with disabilities have the same opportunities to achieve financial stability and independence as those without disabilities. More than one-fourth of families nationwide have a member with a disability.[3] This group includes people of all ages, genders, races, ethnicities and types of disability in both urban and rural areas. To meet this diversity, government, the financial services community and other stakeholders must work together to support informed decision making that empowers individuals with disabilities to have accessible and affordable choices. These choices should respect individual needs and preferences to facilitate membership and strengthen participation in the economic mainstream.

NDI is pleased to present this new report, *Banking Status and Financial Behaviors of Adults with Disabilities: Findings from the 2017 FDIC National Survey of Unbanked and Underbanked Households*, to update the information from our previous reports based on the 2013 and 2015 FDIC National Survey data. This report is particularly timely as bank regulators in 2019 are considering regulatory changes to the Community Reinvestment Act (CRA) requirements of banks to serve low- and moderate-income (LMI) populations and LMI neighborhoods. Twenty-nine years after the passage of the Americans with Disabilities Act (ADA), and more than 40 years after passage of CRA, there is now a timely opportunity to examine the approaches, roles and responsibilities of regulated financial institutions to proactively address the financial access and economic opportunity needs of LMI people with disabilities. The data in this report provides compelling evidence of unmet credit and other financial needs of people with disabilities nationwide to inform these changes.

We thank the FDIC Chairman and staff for their continued commitment to advance information, education activities and other strategies that will improve financial inclusion for economically vulnerable populations, including individuals across the spectrum of disabilities and their families. We would like to thank Bonnie O'Day, PhD for her insights in conducting the focus groups described in this report. We would also like to thank JPMorgan Chase for providing ongoing support to analyze the FDIC data through a disability lens and publish findings from the Surveys in 2013, 2015 and now 2017.

Michael Morris
Executive Director
National Disability Institute

1 Lauer, E.A. & Houtenville, A.J., 2017. *Annual Disability Statistics Compendium: 2018*. Durham, NH: University of New Hampshire, Institute on Disability. https://disabilitycompendium.org/
2 FDIC (2018). 2017 FDIC National Survey of Unbanked and Underbanked Households. https://www.economicinclusion.gov
3 U.S. Census (2005). Disability and American Families, 2000: Census 2000 Special Reports. CENSR 23. https://www.census.gov/prod/2005pubs/censr-23.pdf

2. Executive Summary

Many households struggle to make ends meet even as the U.S. economy grows. According to a study by the Federal Reserve Bank, 17 percent of adults leave bills either unpaid or partially unpaid in a given month and four in 10 would have difficulty handling an emergency expense as small as $400. Many have volatile income and low savings that can turn common experiences – such as waiting a few days for a bank deposit to be available – into a problem.[4]

One key to financial well-being is access to high quality, affordable financial services that enable a person to save, spend and borrow. For many, mainstream banking provides these needed services. Through FDIC insured savings and checking accounts, banks provide a safe place to store savings. They provide a variety of options to ease transactions, such as Automated Teller Machines (ATMs), direct deposit, automatic bill payment, paper checks and multiple methods to track spending. They facilitate access to credit through credit cards and loans.

Despite the importance of banking, 8.4 million U.S. households (6.5 percent of all households) were unbanked in 2017, meaning that they did not have a bank account. An additional 242 million households (18.7 percent of all households) were underbanked, meaning they had a bank account but, in the past year, used alternative financial services: money orders, check cashing, remittances (international money transfers), pawn shops, rent-to-own programs, payday loans, refund anticipation loans and auto-title loans.[5]

The challenges facing all households in making informed decisions about financial products and services may lead to costly mistakes that limit access to affordable financial transactions, negatively impact credit, increase debt and further impede economic inclusion. For working-age adults with disabilities, these challenges are compounded by limited participation in the labor market, higher rates of poverty and limited education. For example, only 37 percent of working-age adults with disabilities are in the labor market and working compared with 79 percent of working-age adults without a disability. More than one-quarter (26 percent) of working-age adults with disabilities live in poverty compared with 10 percent of those without a disability. Only 15 percent of adults with disabilities have a bachelor's degree or higher compared with 35 percent of those without a disability.[6]

The FDIC explains that "public confidence in the banking system is strengthened when banks effectively serve the broadest possible set of consumers." Every two years since 2009, the FDIC has conducted a national survey of unbanked and underbanked households to help inform policymakers and financial institution leaders about consumer behavior and how to better meet consumer needs. For the third time in six years, National Disability Institute further analyzed FDIC's survey results to provide a deeper understanding of the financial behavior and banking status of working-age households with disabilities and compare results with working-age households without disabilities.

4 Board of Governors of the Federal Reserve System. (2019) Report on the Economic Well-Being of U.S. Households in 2018. https://www.federalreserve.gov/publications/2019-economic-well-being-of-us-households-in-2018-executive-summary.htm

5 FDIC (2018). 2017 FDIC National Survey of Unbanked and Underbanked Households. https://www.economicinclusion.gov

6 Erickson, W., Lee, C., von Schrader, S. (2017). Disability Statistics from the American Community Survey (ACS). Ithaca, NY: Cornell University Yang-Tan Institute (YTI). Retrieved from Cornell University Disability Statistics website: www.disabilitystatistics.org

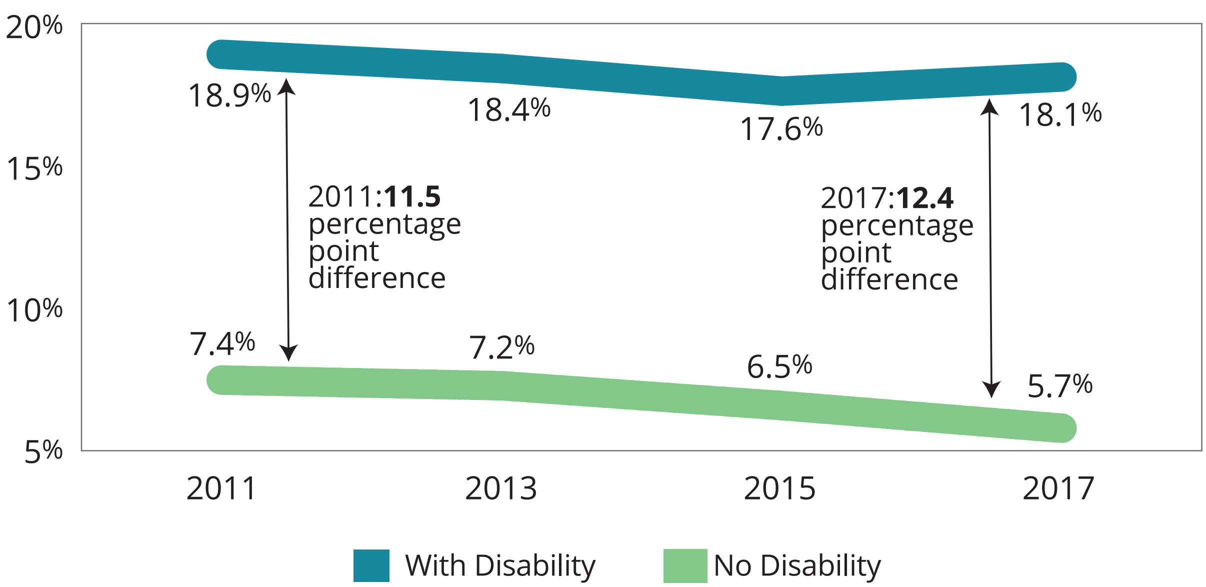
FDIC's survey results document that households with a disability were more likely to be unbanked or underbanked than those without a disability, and less likely to be fully banked. Importantly, while the unbanked rate has been declining steadily since 2011 for many, the rate has remained statistically unchanged for people with a disability. As a result, the disability gap is widening.

Some of the reasons for this gap are specifically disability related, while some of the reasons have to do with an interplay of disability and non-disability related factors. For example, some people may not use a bank because it lacks accessible technology (disability related), while some may rely on nonbank services to avoid overdraft fees. The overdraft fee issue is not directly related to disability, but someone may be at risk of overdraft because of their income level, and their income level may be tied to their disability. Given the interplay of factors, it is difficult to identify precisely how disability intersects with factors such as education, income and race to make banking services less accessible to people with disabilities.

Regardless of the complexities, this study illustrates that households with a disability have a different relationship with banks than those without a disability. This is true even when accounting for the impact of other characteristics such as race, age, income or home ownership. Households with a disability are less likely to be fully banked. Even if they are banked, they are less likely to use mobile apps or ATMs and more likely to use cash rather than electronic methods to pay bills and more likely to combine bank services with nonbank services. They are much less likely to avail themselves of credit and establish savings accounts that protect them against unexpected expenses. When they do have savings, they are more likely than households without a disability to keep them at home or with family and/or friends.

This data, combined with findings from focus groups, show that the nexus of race, poverty and disability create significant barriers to financial inclusion for many people with disabilities. More troubling is that this situation has not changed dramatically over time. In fact, while the unbanked rate for people without disabilities has been declining slowly, but steadily, since 2011, the rate for people with disabilities has not improved. As a result, the difference in the unbanked rate between households with and without disabilities, known as the "disability gap," has increased from 11.5 percentage points to a 12.4 percentage point difference (Figure 1).

Figure 1: Unbanked Rate by Disability Status, 2011-2017



The FDIC data reveals the following comparisons between households with no disability and households with a disability:

Banking Status

- Eighteen percent of households with a disability were unbanked, meaning that no one in the household had a checking or savings account, compared to six percent of people without disabilities. While the unbanked rate for households without a disability has declined steadily since 2013, the rate for households with a disability has remained unchanged. As a result, the disparity between households with and without a disability has widened.
- The percentage of these households with a disability that are underbanked, meaning they have a bank account, but use alternative financial services, dropped from 28 to 25 percent. This is still higher than the rate for households without a disability (20 percent), but the disparity is shrinking.

Type of Accounts Owned by Banked Households

- Among banked households, only 57 percent of those with a disability have a checking and savings account, versus 80 percent of their nondisabled peers. Households with a disability are much more likely than those without a disability to have only a checking account (39 percent versus 19 percent).

Methods Used to Access Accounts

- Households with a disability differ from those without a disability in their primary method of accessing their bank accounts. Households with a disability were much more likely to use a bank teller (29 percent versus 16 percent) or an ATM (28 percent versus 19 percent) and much less likely to use online banking (27 percent versus 42 percent) or mobile banking (10 percent versus 20 percent). Five percent of households with disabilities and two percent of those without disabilities use telephone banking as their primary method.
- Between 2013 and 2017, households with and without disabilities have moved away from relying on bank tellers and ATMs to online and mobile banking as the primary method for accessing their account, but households without a disability are moving at a faster rate.
- Not only are households with a disability less likely to use internet and mobile banking as their primary method of accessing their accounts, they were much less likely to access their account online or through mobile banking at all. Fewer than half of households with disabilities accessed their accounts online, compared with 73 percent of those without disabilities; 29 percent used mobile banking, compared with 51 percent of those without disabilities.
- Household with disabilities continue to face a digital divide. Only 56 percent of households with a disability have internet access at home and 62 percent have access to a smartphone, compared with 79 and 83 percent of households with no disability.

Use of Alternative Financial Services

> The use of Alternative Financial Services (AFS) for transactions such as check cashing, money orders and remittances has declined between 2013 and 2017 for households with and without disabilities, yet those with disabilities continue to be more likely to use these services. Twenty-eight percent of households with a disability use AFS for transactions, compared with 19 percent of those without a disability.

> Twelve percent of households with a disability use AFS for credit such as pawn shops, rent-to-own, payday loans and auto title loans, compared to seven percent of those without a disability. Use of AFS for credit has declined from 15 percent in 2013, but because these services tend to be very costly, the disparity is concerning.

Saving for Unexpected Expenses

> Only 39 percent of households with a disability save for unexpected expenses, compared to 63 percent of those without disabilities. Among those who saved, households with a disability were much more likely to save at home or with family or friends (18 percent versus 10 percent) rather than using a savings or checking account.

Access to Credit

> Compared to households without disabilities, households with disabilities were much less likely to have a credit card (43 versus 73 percent), store credit (28 percent versus 44 percent), an auto loan (21 versus 40 percent), a mortgage (23 percent versus 42 percent), a student loan (11 versus 22 percent) or a personal loan from a bank (six percent versus eight percent). In fact, 40 percent of households with disabilities had no mainstream credit, compared to only 15 percent of those without a disability.

> Households with a disability are less likely to apply for a credit card or for a personal loan from a bank (11 percent versus 17 percent) and, among those who applied, 33 percent of households with a disability were denied, compared to 19 percent of those without a disability.

Together these statistics highlight the extent to which people with disabilities are not fully included in the financial mainstream and the opportunity for banks to develop products, services and processes to better meet their needs.

3. Policy Implications

National Disability Institute offers recommendations in a three-part framework to engage government and the financial and disability communities to build new and improved pathways to financial inclusion for households with a disability. The three areas are **Access**, drawing customers into the banking system; **Sustainability**, keeping consumers in the banking system; and **Growth**, deepening banking relationships.

1. **ACCESS:** DRAWING CUSTOMERS INTO MAINSTREAM FINANCIAL SERVICES

A. Take Advantage of Teachable Moments: Using Publicly-Funded Distribution Channels

Many working-age adults with disabilities rely on government benefits and programs as part of a social safety net for food, housing, healthcare, income and employment supports. A constellation of public and private not-for-profit providers represent essential distribution channels in regular communication with the target audience.

Public funders (Medicaid, Workforce Development, Education) require an assessment of need to set education, employment and/or community participation goals that results in development of individual program plans. Such individual program planning represents a teachable moment in time to assess financial health and capability, set financial goals, customize opportunities to build knowledge and skills to make informed financial decisions and draw customers into mainstream financial services.

Medicaid is a federal funding stream managed by state agencies in collaboration with a wide array of public and private for profit and not-for-profit agencies that offers a menu of community-based services and supports to millions of individuals with significant disabilities on a daily, weekly and monthly basis. There is growing evidence of the relationship between the impact of financial stress on physical and mental health. Beginning efforts by health insurers to add financial counseling to a wide menu of services and supports needs to be expanded and become a more regular part of fundable community support services to improve financial health and mental and physical health.

Each month, the Social Security Administration (SSA) communicates with more than 12 million individual beneficiaries of SSA disability benefits – Supplemental Security Income (SSI) and/or Social Security Disability Insurance (SSDI). These individuals are required to receive their SSA disability benefit as an electronic transfer. The possibilities of utilizing monthly electronic transfer of funds as a teachable moment has extraordinary possibilities. Each beneficiary could be linked to FDIC's financial education curriculum, Money Smart, to build their critical knowledge and skills to help make better informed financial decisions. It is estimated that over five million Social Security beneficiaries with disabilities are eligible to open ABLE accounts (see Section 2B, page 13) to begin a new pattern of behavior of saving and investing contributions to their account to meet identified short- and longer-term needs. Each month, SSA could be educating ABLE-eligible Social Security beneficiaries about the benefits of opening an account without any adverse impact on means-tested federal benefits. SSA could provide this target audience with stories of how Social Security beneficiaries are utilizing their ABLE account to become more independent, employed and in better health. FDIC-insured savings options are financial choices offered by some state ABLE programs.

Every week, job seekers with and without disabilities nationwide visit one of more than 1,600 American Job Centers (AJCs) to seek assistance with employment opportunities and ways to increase critical skills that offer new career pathways. The Workforce Innovation and Opportunity Act (WIOA), signed into law in 2014, requires the provision of financial literacy training as a service to help a job seeker "obtain or retain employment." At a community level, there is a unique opportunity for financial institutions to collaborate with AJCs to improve access to financial education and coaching, as well as safe and secure financial products and services that recognize that informed financial decision making and economic inclusion are critical skills for successful employment. As a part of the Workforce Development system, state Vocational Rehabilitation (VR) agencies provide supports and services to over one million youth and adults with disabilities annually. VR counselors have a unique opportunity to integrate benefits and financial counseling as part of a pathway to employment with career advancement potential that focuses on short- and longer-term financial goals, informed financial decision making and strategies.

Each of these examples of government interaction with youth and working-age adults with disabilities represent teachable moments to draw customers with disabilities into the economic mainstream. Public and private agencies, in collaboration with the FDIC and federally insured depository institutions, can leverage their unique strengths and resources to improve access to financial education, coaching and mainstream financial resources.

The FDIC could lead a workgroup with representatives of the U.S. Departments of Labor, Treasury and Education; Consumer Financial Protection Bureau (CFPB), Social Security Administration, IRS, Administration on Community Living (ACL), Centers for Medicaid and Medicare Services and Rehabilitative Services Administration to design a roadmap of improved access to mainstream financial services, education and coaching. The priority audience for access would be youth and working-age adults with disabilities. The workgroup could identify specific strategies that take advantage of teachable moments to support a path into the economic mainstream in collaboration with financial institutions and community-based organizations.

The workgroup's recommendations for specific policy change and actions could be disseminated to all insured depository institutions, a broad array of related state agencies (health, human services, VR, labor), community-based organizations essential to the delivery of social and human services, people with disabilities, their families and other relevant stakeholders. Each of the participating federal agencies could issue new guidance on "teachable moments" to improve financial capability and access to mainstream financial services for the target audience that details a roadmap of cross-agency collaboration at national, state and community levels.

B. Build Trust and Transcend Compliance for Superior Customer Service

FDIC survey results continue to indicate a lack of confidence and trust in and access to mainstream financial services by more than one in four households, including those households with a disability. Since 2005, National Disability Institute, in cooperation with the FDIC, mayors' offices, financial institutions, community nonprofit organizations and other related stakeholders in the public and private sectors, has convened more than 50 Financial Inclusion Summits in cities nationwide to open up greater dialogue between the disability and financial communities. The highlight of these Summits were small round table discussions to develop recommendations to improve access and customer service for individuals across the spectrum of disabilities. These Summits have generated recommendations on both how to improve accessible and affordable products and services for people with disabilities and strategies to expand availability of financial education and coaching through community organizations.

Common themes echoed by participants emphasized a desire for superior customer service that transcends compliance requirements and new and deeper levels of cooperation and collaboration. Individuals with disabilities want to be a part of financial institution disability sensitivity training for their employees, be engaged in testing products and services before market launch and be a part of focus groups to share personal experiences, needs and expectations. Participants with disabilities requested a commitment by financial institutions to increased recruitment, hiring, workplace accommodations and the advancement of qualified individuals with disabilities in diverse roles as part of an inclusive workforce. Financial institutions, as model employers, would build trust and confidence with the target audience and their extended family and friends.

Every day households are faced with financial decisions on how to make ends meet and balance short-term needs and wants with longer-term goals of a better economic future. Summit participants with disabilities want the opportunity to continue communication with financial institution leaders and decision makers through a financial inclusion workgroup, to design critical next steps to implement Summit recommendations. Collaborative efforts recommended include a designated lead problem solver at each financial institution to quickly resolve access or other types of service issues or a coordinated approach to identifying and leveraging diverse community resources to increase opportunities to build financial capabilities of the target audience. In many of the cities, a financial inclusion workgroup continues to focus on collaborative activity between the financial and disability communities, with the support of Mayors' Offices on Disability (MOPDs), Community Affairs, Civil Rights and Finance. The results expected will transcend the Americans with Disabilities Act (ADA) and other regulatory requirements to set the stage to grow and deepen relationships.

2. SUSTAINABILITY: KEEPING CUSTOMERS IN THE BANKING SYSTEM

A. The Modernization of the Community Reinvestment Act

Current discussions being led by the Office of the Comptroller of the Currency (OCC) are inviting the public (consumer and financial institutions) to comment on ways to modernize the CRA to reflect changes in delivery of banking services and need for greater consistency and transparency in regulators' oversight of financial institutions, as well as greater disclosure to the public of data on bank CRA activities.

National Disability Institute has been actively involved in the public discussion with a focus on data that shows clearly that individuals with disabilities disproportionately live in poverty and LMI neighborhoods as compared to their nondisabled peers. NDI has offered a nine-point framework for CRA modernization that would require CRA evaluations of individual bank performance to examine investment, lending and service activities that impact LMI individuals with disabilities in the bank's physical footprint.[7]

CRA oversight by banking regulators could address the challenges of unbanked and underbanked persons with disabilities and proactive solutions being offered by the bank being evaluated. Community input could be invited from the disability sector in the neighborhoods being covered by the bank's physical footprint. Data could be collected, analyzed and made publicly available on individual bank performance as part of the CRA examination. This data should highlight the unmet needs of people with disabilities for affordable and accessi-

7 Morris, M., Goodman, N., Baker, A., Palmore, K and Blank, P (2019). *Closing the Disability Gap: Reforming the Community Reinvestment Act Regulatory Framework*. Georgetown Journal on Poverty, Law and Policy. XXVI(3):355-382.

ble housing, credit at reasonable rates and terms, accessible services online and in-person and disability-sensitive financial literacy education and counseling.

B. Encourage Opening ABLE Accounts as a Pathway to Financial Inclusion

ABLE accounts are a means of disruptive innovation, changing expectations about savings and asset building. ABLE accounts offer a new opportunity that is upending the traditional acceptance of means-tested eligibility for public benefits such as SSI, Medicaid, food, housing and health assistance that discourage savings and, therefore, perpetuate financial instability.

The Achieving a Better Life Experience (ABLE) Act was signed into law on December 19, 2014. After eight years of families telling their stories of financial struggle and instability as a result of the extra costs of raising a child with or living a life of disability. Congress, with overwhelming bipartisan support, passed the ABLE Act and presented an estimated eight million individuals with disabilities and their families with an opportunity to become savers and investors in a better quality of life and economic future.

ABLE accounts offer new pathways to mainstream financial inclusion. For some ABLE account owners, funds growing in an account may be a critical down payment for a home or auto loan that will positively impact the terms of credit. For others, the ABLE account may be used like a checking account to cover recurring expenses, such as a monthly lease payment or therapy visit. There is a new opportunity and obligation for diverse stakeholders to deliver financial and investor education to those ABLE account beneficiaries who are, by law, also the owners of the accounts. For the first time, creating a budget, setting savings goals and understanding the responsibilities of managing credit and debt are critical knowledge and skills areas that have not been a part of public education or social and human service delivery system activities for youth and working-age adults with disabilities.

Financial institutions, in cooperation with the FDIC, can explore cross-sector strategies to build the financial capabilities of ABLE account owners. We are heartened by the efforts already underway by the FDIC to enhance Money Smart training materials to increase their relevance to this new generation of savers with disabilities. There is also an opportunity for the FDIC, Treasury and the Municipal Securities Rulemaking Board (MSRB) to coordinate efforts with the U.S. Departments of Labor, Health and Human Services and Education, as well as the Social Security Administration, to expand financial investor education opportunities for the target audience.

3. GROWTH: DEEPENING BANKING RELATIONSHIPS AND FOSTERING FINANCIAL EMPOWERMENT

A. Target the Economic Inclusion Potential of Mobile Financial Services

The new data reveal that more households with a disability have access to smartphones and the internet than did in the previous survey. As smartphone penetration is growing, and with the resulting access to the internet, working-age adults with disabilities are a likely target to build and deepen relationships with federally insured depository institutions. For many, such a relationship will overcome barriers of access to transportation and improve real-time management of financial resources. To make mobile banking a greater reality for the target audience, three challenges must be overcome. First, financial institutions must pay careful attention to the need for accessible design when new products and services are developed for use on mobile and web-enabled platforms. Accessible design must consider integration with assistive technologies. A second challenge is to design more personal technology solutions so that households with a disability who favor cultivating in-person relationships with bank representatives at neighborhood outlets still have a way to build a connection that is more personal. Such a challenge transcends the needs and preferences of households with a disability and requires further market research to explore the possibilities that offer a hybrid solution (similar to online personal shoppers or virtual assistants who are familiar with individual preferences and needs) to provide a more personal touch. The third – and perhaps most significant challenge – is affordability. Even when the challenges of accessible design and maintaining a personal touch are overcome, the cost of the required data plans to operate mobile applications may price out expanded participation by those households with a disability who are struggling to make ends meet.

The recognition that mobile financial services could serve as a critical pathway to economic inclusion presents a unique opportunity for further conversation between the Federal Communications Commission (FCC) and all three bank regulators (FDIC, OCC and the Federal Reserve) on affordability and accessibility of broadband.

B. Revisit the Definition and Oversight of Financial Inclusion

Since the last FDIC survey, one of the most significant developments in banking is the evolution of financial services by financial technology companies (Fintech). This evolution of the financial services industry has brought a wide range of new products and services to consumers that challenge traditional thinking and behavior with new access points, different approaches to credit, alternative methods to save and invest and varied choices in how one makes payments or transfers funds. There are new questions about how to protect consumer interests regarding safety and security without imposing undue burdens on innovations capable of providing sustained benefits to customers and the broader financial system. Multiple regulatory agencies are exploring their role and seeking public comment from all related stakeholders on what approaches they should take to responsible innovation.[8]

Fintech offers significant opportunities to advance financial inclusion by providing access to financial products and services for underserved consumers. For households with a disability, Fintech can advance financial inclusion only if accessibility and affordability challenges are met in addition to safety and security concerns.

National Disability Institute recommends a convening of all related stakeholders – regulatory agencies, financial institutions, Fintech companies, community-based leaders and individuals who represent economically vulnerable populations – to revisit the current financial inclusion framework and define possible options to accelerate the availability of affordable and accessible financial products and services that are safe and secure and provide improved pathways to the economic mainstream. Such a convening places a spotlight on financial inclusion and those left behind by the evolution of the financial services industry and emerging technology innovation.

8 Consumer Financial Protection Bureau (2015). Mobile financial services: A summary of comments from the public on opportunities, challenges and risks for the underserved http://files.consumerfinance.gov/f/201511_cfpb_mobile-financial-services.pdf and Office of the Comptroller of the Currency (201) Public Comments on Exploring Special Purpose National Bank Charters for Fintech Companies https://www.occ.gov/publications-and-resources/publications/banker-education/files/exploring-special-purpose-nat-bank-charters-fintech-companies.html

Conclusion

When federally insured depository institutions effectively serve the broadest possible set of consumers, public confidence is strengthened in the banking system, which ultimately benefits everyone. This includes the approximately 9.6 million adults and 2.6 million children living in unbanked or underbanked working-age households with a disability.

There is no one solution that will change the findings gleaned from the most recent round of FDIC's survey of households. However, this report sends an important message to government, financial institutions, regulators and the disability community to work together on additional solutions that improve the availability of affordable and accessible financial products and services responsive to the needs of people with disabilities. We must work together to open communication channels that increase trust and confidence in the banking system by our nation's most economically vulnerable citizens.

4. Background and Methodology

The full economic inclusion of all Americans, including those with disabilities, requires access to income, safe and affordable financial services, opportunities to build assets and personal control over finances. In an effort to expand economic inclusion, the FDIC bi-annually conducts a *National Survey of Unbanked and Underbanked Households* to help policymakers and leaders of financial institutions understand consumer behavior in order to better meet consumers' needs.[9]

The FDIC began conducting the survey in January 2009, and subsequent surveys were conducted in June 2011, June 2013, June 2015 and June 2017. Data are collected through the Unbanked/Underbanked Supplement to the Current Population Survey (CPS). The CPS is a survey of over 50,000 U.S. households conducted monthly by the U.S. Census Bureau for the Bureau of Labor Statistics (BLS) and is representative of the U.S. civilian, non-institutionalized population of people 15 years or older. The survey is administered by field representatives across the country through both in-person and telephone interviews. In addition to being the primary source of monthly labor force statistics, the CPS is used to collect data for a variety of other studies that keep the nation informed of the economic and social well-being of its people. This is done by adding a set of supplemental questions to the monthly basic CPS questions. Supplemental inquiries vary month to month and cover a wide variety of topics in addition to banking behaviors, such as child support, volunteerism, health insurance coverage and school enrollment.

All households that participated in the June 2017 CPS were eligible to participate in the Unbanked/Underbanked Supplement. Of the 52,068 households that participated in the June 2017 CPS, 35,217 also participated in the Unbanked/Underbanked Supplement. Of these, 23,875 were of working age (25-64) and included in the final analysis. Of these, 3,160 were identified as having a disability based on the definition described in the next section. The data is weighted to be representative of the U.S. population.[10]

The CPS includes data on a variety of socio-economic and demographic characteristics including age, family income, educational attainment, employment status and others. It also includes questions (described below) to identify respondents who have a disability.

NDI has been using these questions to compare the banking status and banking experiences of working-age households with a disability to those without a disability. NDI released reports in 2015 and 2017 on the *Banking Status and Financial Behaviors of Adults with Disabilities* based on findings from FDIC's 2013 and 2015 National Surveys of Unbanked and Underbanked Households.

This study presents results from the 2017 Survey, comparison with previous survey findings and delves deeper by complementing the data with qualitative findings from seven focus groups NDI conducted in January 2018. Fifty-seven participants with a variety of impairments, including visual, hearing, mobility, mental health and intellectual, joined the discussions about banking habits, the barriers they faced in banking and financial management and their use of financial technologies. Appendix I details the focus group methodology.

9 Federal Deposit Insurance Corporation (2018) 2017 FDIC National Survey of Unbanked and Underbanked Households. https://www.economicinclusion.gov/surveys/.

10 U.S. Census Bureau (undated). Current Population Survey (CPS): Methodology. http://www.census.gov/programs-surveys/cps/technical-documentation/methodology.html.

NDI's 2017 report is available at: https://www.national disabilityinstitute.org/reports/banking-stat-fin-behav-2017/ and the FDIC analysis of these survey data is available at https://www.economicinclusion.gov/surveys/.

Identifying Respondents with Disabilities on the Survey

Disability is a complex concept and difficult to identify and measure using a small number of questions on a survey. The FDIC Survey of Unbanked and Underbanked Households uses a well-established set of six questions to identify respondents with a disability. However, when we interpret the data it is useful to understand the following complexities in defining disability and identifying the disability status of survey respondents.

Disability is conceptualized through a social model: Disability has often been defined as a physical, mental or psychological condition that limits a person's activities. In the past, this was interpreted according to a medical model. That is, disability was linked to various medical conditions and was viewed as a problem residing solely in an individual. Disability was seen solely as the result of an individual's inability to function. Interventions usually included medical rehabilitation and the provision of social assistance.[11]

This medical model has been replaced by the social model of disability, which conceptualizes disability as arising from the interaction of a person's functional status with the physical, cultural and policy environments. If the environment is designed for the full range of human functioning and incorporates appropriate accommodations and supports, then people with functional limitations are able to fully participate in society. Interventions must be available at the individual level (e.g., medical rehabilitation) and at the societal level. For example, the use of universal design to make infrastructure more accessible, inclusive education systems and community awareness programs to combat stigma.[12]

Functioning occurs on a continuum and no single universal standard exists that separates people with and without disabilities. Conceptually, disability is not an "all or nothing" concept. Let's take mobility as an example. Some people have trouble rising from a seated position, others can do that but struggle to take a step, some can take a few steps, some can walk around a small room but no further, some can walk a mile, some can run a marathon. Where one draws the line that would determine whether a person has a disability depends on the reason for drawing the line. The Social Security Administration draws the line at one place, whereas the Americans with Disabilities Act draws it in another place. As a result, it is not possible to easily define unequivocally who does and does not have a disability.

The lived experience of disability varies, both among people with disabilities and among racial and ethnic groups. The term "disability" describes a varied group of 40-57 million adults. A person's disability can be related to vision, hearing, movement, communication, cognition and/or psychosocial issues. It can range from mild to severe and be constant or episodic. A disability can occur at birth, in old age or anytime in between. It can be congenital or can arise because of chronic illness, injury, malnutrition or aging. People with disabilities vary by age, income, education level, race, ethnicity and other socio-economic characteristics. The diversity of types and severity of disability, age of onset, income and race have significant implications for developing strategies that promote financial inclusion.

Many large national surveys, including the CPS, use six questions to identify disability. Because disability is a complex concept with no clear distinction between who has a disability and who does not have

---

11 Mont, D. (2007). Measuring Disability Prevalence. The World Bank, Social Protection Discussion Paper No. 706. http://documents.worldbank.org/curated/en/578731468323969519/Measuring-disability-prevalence

12 Ibid.

a disability, surveys may use a different set of questions to capture the concept. Most large national surveys in the U.S. include the follow six questions to identify disability:

1. Are you deaf, or do you have serious difficulty hearing?
2. Are you blind, or do you have serious difficulty seeing, even when wearing glasses?
3. Because of a physical, mental or emotional problem, do you have difficulty remembering, concentrating or making decisions?
4. Do you have difficulty walking or climbing stairs?
5. Do you have difficulty bathing or dressing?
6. Because of a physical, mental or emotional problem, do you have difficulty doing errands alone, such as visiting a doctor's office or shopping?

For the purpose of this report, householders are considered to have a disability if they are between ages 25-64 and responded "yes" to any of the six-question disability sequence or are classified as "Not in Labor Force – Disabled" based on a series of questions about employment and labor force participation.

Identifying households with a disability: We use the term "household with a disability" to indicate the householder has a disability and is between the ages of 25 to 64, following the FDIC's methodology of categorizing households by the personal characteristics of the householder. The householder is identified at the time the survey is administered as the person (or one of the people) in whose name the housing unit is owned or maintained.[13] If there are multiple householders in a family, the householder is defined as the person who answers the door when the interviewer makes contact with the household.

A household is classified as "without disability" if the householder is between age 25 and 64 and does not have a disability. This approach has limitations. If the householder does not have a disability, but another person in the household does, the household will be considered a "household without disability." If the householder is not between the ages of 25 and 64, the household is not included in the analysis.

Comparison of Households with and without a Disability

The characteristics of households with a disability where the householder is of working age (25-64) differ significantly from households without disability. Households with a disability are more likely to be African American, older, have lower levels of education, be out of the labor force, have low income, be living individually rather than as part of a married couple, be a non-homeowner and be U.S. rather than foreign born (Table 1: Household Characteristics by Disability Status, 2017). The data also reveal that households with a disability are more likely to have stable rather than volatile incomes over the course of the year. While this may be true on average, it could be masking the long-term income volatility facing individuals whose onset of a disability occurs during their working years. The onset of a disability often leads to a significant drop in earnings,[14] which may affect banking behaviors.

The likelihood of having a disability increases with age. Almost half of householders with a disability are age 55-64 compared with 24 percent of those without a disability. Chronic medical conditions such as diabetes,

13 The "householder" may be considered the "head of household." However, beginning in 1980, the Bureau of the Census discontinued the use of the term "head of household" because social changes have resulted in greater sharing of household responsibilities among the adult members and, therefore, have made the term "head" increasingly inappropriate in the analysis of household and family data.

14 Meyer, BD & Mok, WKC (2013) Disability, Earnings, Income and Consumption. NBER Working Paper No 18869. http://www.nber.org/papers/w18869

high blood pressure, back pain, anxiety or depression can lead to functional limitations over time. In addition, the cumulative effects of inadequate nutrition and health care, stressful or unsafe working conditions and other factors increase the risk of disability over the lifespan.[15]

Householders with disabilities tend to have lower levels of education than those without a disability. Almost one in five adults with disabilities has less than a high school education (18 percent) compared to seven percent of adults with no disability. In this survey, only 16 percent have a bachelor's degree or more compared to 42 percent of householders without a disability. While most households in the United States derive their income from employment, the majority of households with disabilities are not employed and not in the labor force and may receive federal disability cash benefits from the Social Security Administration. Eligibility for these programs is predicated on an "inability to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment(s)."[16]

The Social Security Disability Insurance (SSDI) program serves people with disabilities who have made sufficient contributions to the SSA Trust Fund and can no longer work because of their disability. Benefit levels are calculated based upon contributions to the Trust Fund, the size of the wage earner's family and potential wages lost because of disability. The average monthly SSDI benefit to a disabled worker is $1,238.[17] SSDI benefits are not means-tested. Beneficiaries can have a working spouse, a home and significant financial resources, but the beneficiary must be deemed disabled and unable to work to receive benefits. Earned income has an impact on SSDI cash and healthcare benefits. Almost nine million people receive these benefits.

Supplemental Security Income is a means-tested program for elderly and disabled people. To be eligible for non-elderly SSI benefits, the beneficiary must be deemed to be disabled, have no significant work history, have limited income and have $2,000 or less in cash resources. Over six million working-age individuals receive SSI benefits. SSI beneficiaries who are unmarried and have no other income receive a maximum of $735 in monthly benefits in 2019, but the average monthly benefit is $575, well below the 2019 poverty level for an individual.[18] Both earned and unearned income has an impact on SSI cash and healthcare benefits. The SSI asset limit has a significant impact on the recipient's financial management because excess savings could result in an overpayment (which will then need to be repaid) or loss of benefits.

The differences in the characteristics between households with and without a disability must be accounted for when we examine the impact of disability on banking. That is, it is important to determine whether differences in banking behavior are due to differences in disability status or to the differences in characteristics associated with disability. For example, if low-income people are more likely to have a disability and less likely to bank, what is the cause of lower banking rates? Is it due to having a lower income or is it due to having a disability? Only by accounting for the differences in the characteristics between households with and without a disability can we gain insight into whether people with a disability face unique challenges in interacting with the banking system.

15 Ibid.
16 https://www.ssa.gov/disability/professionals/bluebook/general-info.htm
17 Social Security Administration (2019). Annual Statistical Supplement. Table 5.E1. and 7.A1
18 Numbers of SSDI and SSI recipients include 1.5 million beneficiaries who receive both types of benefits. See https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/ for a statistical snapshot of Social Security beneficiaries, February 2017.

Table 1: Household Characteristics by Disability Status, 2017

Household Characteristic	With Disability	No Disability
All	**100**	**100**
Race/Ethnicity		
Black	22	14
Hispanic	11	15
Asian	2	7
White	61	63
Other	3	1
Age		
25-34 years	9	25
35-44 years	15	25
45-54 years	29	25
55-64 years	48	24
Education		
No High School Degree	18	7
High School Degree	35	22
Some College	32	29
College Degree	16	42
Employment status		
Employed	26	83
Unemployed	3	3
Not in Labor Force	72	13
Family income		
Less than $15,000	36	7
$15,000 to $30,000	20	11
$30,000 to $50,000	17	19
$50,000 to $75,000	14	20
At least $75,000	13	44
Household type		
Married Couple	32	53
Unmarried Female-headed Family	16	13
Unmarried Male-headed Family	6	5
Female Individual	22	13
Male Individual	24	16
Homeownership		
Homeowner	50	63
Non-homeowner	50	37

table continued next page

Household Characteristic	With Disability	No Disability
Metropolitan status		
Metropolitan area - principal city	29	31
Metropolitan area - balance	35	45
Not in metropolitan area	19	11
Not identified	16	13
Monthly income volatility		
Income was about the same each month	75	68
Income varied somewhat or a lot	17	24
Unknown	8	8
Nativity		
U.S. born	93	82
Foreign born citizen or non-citizen	7	18
Disability type*		
Hearing	16	
Vision	12	
Cognitive	29	
Ambulatory	50	
Self-Care	13	
Independent Living	24	
Work Disability	59	

*Disability type sums to more than 100 because respondents may fit into more than one category

FINDINGS

5. Banking Status

Summary

"Banking Status" refers to the extent to which an individual uses banks for financial services. The FDIC classifies households into three groups:

Unbanked: No one in the household had a checking or savings account.

Underbanked: The household had a checking or savings account and also used at least one product or service from an alternative financial services (AFS) provider in the past 12 months for transactions (e.g., money orders, check cashing, international remittances) or credit (e.g., payday loans, tax refund anticipation loans, rent-to-own services, pawn shop loans or auto-title loans).

Fully banked: The household had a bank account and did not use AFS in the past 12 months.

In 2017, households with a disability were three times as likely to be unbanked as households without a disability. They were also 16 percent more likely to be underbanked. Since 2011, the un/underbanked rates for people without disabilities has been decreasing while the un/underbanked rates for people with disabilities has been increasing slightly.

Factors such as race, income and education impact the banking status of people with and without disabilities. While controlling for these variables, people with disabilities are still seen to be less banked. Sixty-eight percent of the difference between the fully banked rate of people with a disability compared to those without a disability is explained by the difference in socioeconomic characteristics, and the other 32 percent is explained by the presence of a disability and other factors for which we can't account.

The reasons people with many disabilities are un/underbanked include a complex interplay of factors that are disability specific (e.g., not feeling welcome because of a disability) and not disability specific (e.g., not having enough money to maintain an account). Some of the not disability specific factors are still tied to issues of disability and inclusion (e.g., not having enough money may be tied to inadequate job opportunities).

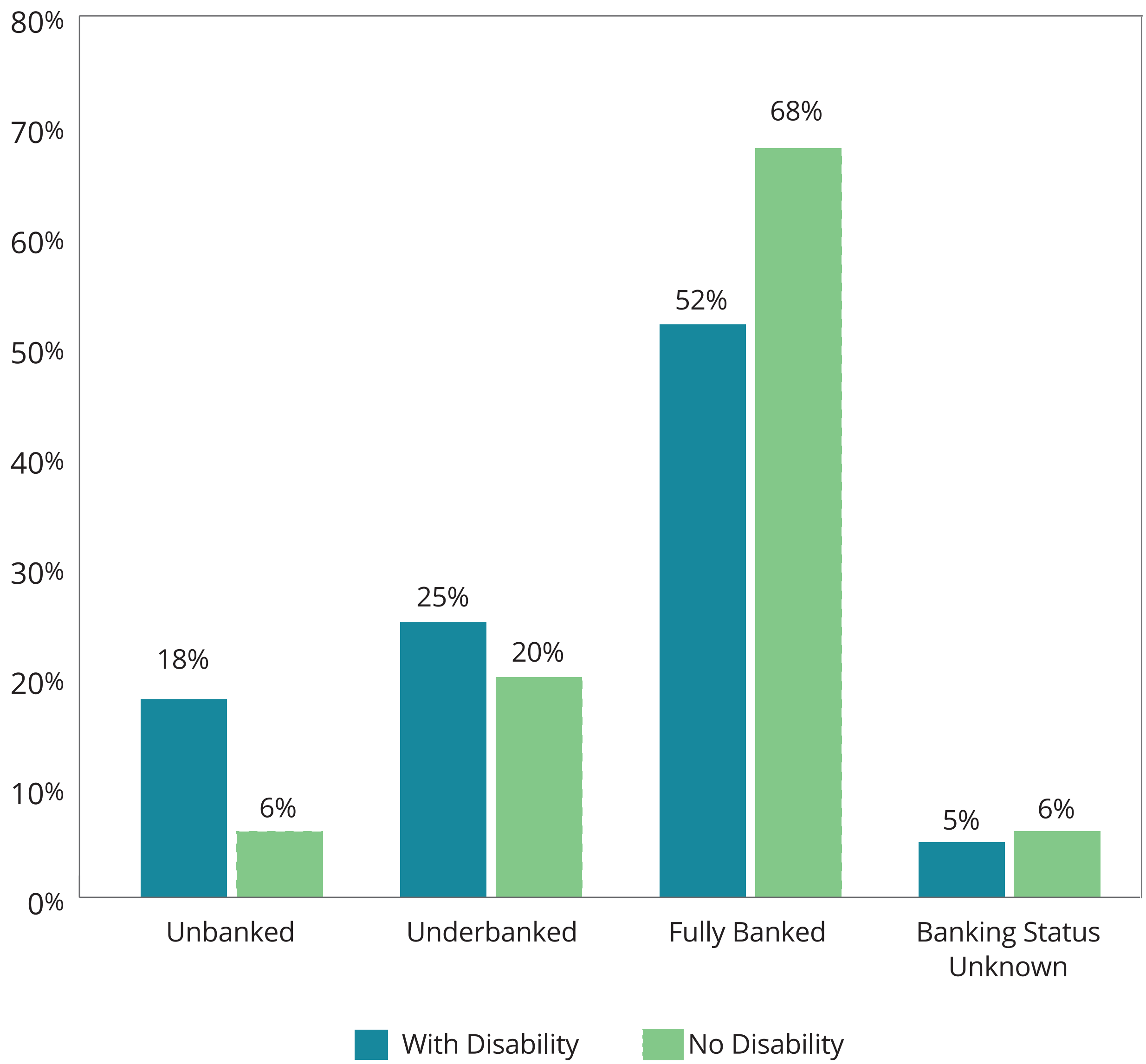
Banking Status of People with Disabilities

In 2017, more than two million working-age households with a disability were unbanked. Households with a disability were three times as likely to be unbanked as households with no disability (18 percent of households with a disability compared with six percent of households with no disability) (Figure 2).

An additional 4.5 million working-age households with a disability were underbanked. In other words, 25 percent of households that have a bank account, but used a service that either (1) the bank does not offer, (2) the bank offers, but the household does not qualify or (3) is offered elsewhere at a lower price or with more convenience.

Only half of households with a disability – 5.9 million households – were fully banked compared with two-thirds (68 percent) of those without a disability.

Figure 2: Household Banking Status by Disability Status, 2017



Changes in Banking Status over Time

The disparity in banking status between households with and without a disability has increased over time. The unbanked rate has been declining slowly, but steadily, since 2011 for households without a disability while the rate increased slightly between 2015 and 2017 for households with a disability.

In 2011, 18.9 percent of households with a disability were unbanked compared with 7.4 percent of those without a disability. This 11.5 percentage point gap increased to 12.4 percentage points in 2017, with 18.1 percent of households with a disability being unbanked compared to 5.7 percent of those without.(Table 2: Household Banking Status by Disability Status and Year).

Table 2: Household Banking Status by Disability Status and Year

	Unbanked		Underbanked		Fully Banked		Unknown	
Year	With Disability	No Disability	With Disability	No Disability	With Disability	No Disability	With Disability	No Disability
2011	18.9	7.4	26.9	21.1	51.8	68.7	2.4	2.8
2013	18.4	7.2	28.0	20.8	49.2	67.2	4.5	4.8
2015	17.6	6.5	27.8	20.1	50.3	68.6	4.3	4.8
2017	18.1	5.7	24.7	19.9	52.2	68.0	5.0	6.5

Banking Status by Disability Status and Household Characteristics

Many factors are associated with banking status. For example, people with less education or income are less likely to be banked, as are younger people and people who hold marginalized racial identities. As shown in Table 1 people with disabilities are more likely to have non-disability factors that are correlated with un/underbanked status. However, even when controlling for other characteristics, people with disabilities are less banked than people without disabilities. For example, households of color (regardless of disability status) are more likely to be unbanked or underbanked than White households, but households of color with a disability are even more likely to be unbanked or underbanked than households of color with no disability (Table 3: Household Banking Status by Disability Status and Household Characteristics (%), 2017).

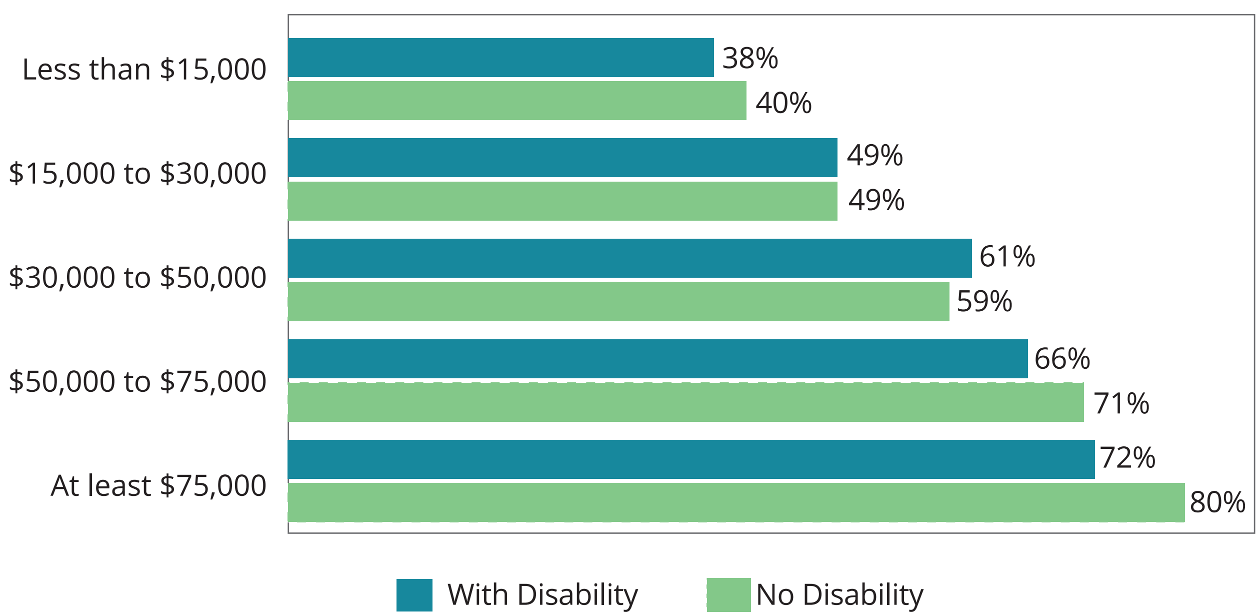
Table 3: Household Banking Status by Disability Status and Household Characteristics (%), 2017

	Unbanked		Underbanked		Fully Banked	
Household Characteristic	With Disability	No Disability	With Disability	No Disability	With Disability	No Disability
All	18	6	25	20	52	68
Race/Ethnicity						
Black	33	14	30	33	32	46
Hispanic	21	13	28	30	44	50
Asian	9	2	18	19	72	68
White	12	2	22	15	61	77
Other	26	11	34	27	40	57
Age						
25-34 years	23	8	30	23	43	63
35-44 years	22	7	29	22	43	65
45-54 years	20	5	23	19	51	70
55-64 years	15	3	23	16	57	74

	Unbanked		Underbanked		Fully Banked	
Household Characteristic	With Disability	No Disability	With Disability	No Disability	With Disability	No Disability
Education						
No High School Degree	35	25	23	31	38	37
High School Degree	20	9	25	23	50	61
Some College	13	5	27	22	55	67
College Degree	7	1	20	15	68	78
Family income						
Less than $15,000	35	30	23	25	38	40
$15,000 to $30,000	17	16	27	28	49	49
$30,000 to $50,000	8	7	27	27	61	59
$50,000 to $75,000	3	2	26	21	66	71
At least $75,000	2	0	20	13	72	80

The pattern of people with disabilities being less banked than peers without disabilities can also be seen in the context of income. (Figure 3: Percentage of Households Fully Banked by Income and Disability Status, 2017). In the lowest income group (less than $15,000), households without a disability were two percentage points more likely to be banked than those with a disability (40 percent of households without disability and 38 percent of households with a disability were fully banked). In the highest income group, households without a disability were seven percentage points more likely to be fully banked (80 percent of households without a disability and 72 percent of those with a disability). This indicates that as low-income status becomes less of a barrier to being fully banked, other disability-related factors continue to affect banking status.

Figure 3: Percentage of Households Fully Banked by Income and Disability Status, 2017



In addition to being less banked than their non-disabled peers, people with disabilities are also more likely to have other household characteristics associated with being un/underbanked. For instance, households with a disability have lower incomes and do not own their homes, which make them more likely to be unbanked or underbanked. At the same time, they have other characteristics that make them more likely be banked such as being older and having more stable incomes.

Statistical techniques allow us to separate the effects of disability versus the effects of these other characteristics so we can estimate the independent impact of disability. When applying this multivariate analysis, we find that 68 percent of the difference between the fully banked rate of people with a disability compared to those without a disability is explained by the difference in socioeconomic characteristics, and the other 32 percent is explained by the presence of a disability and other factors for which we can't account. Thus, if households with a disability had the same characteristics as households without a disability (e.g., same age, race, etc.) the observed gap in the fully banked rates between households with and without a disability would shrink from 16 percentage points (52 percent versus 68 percent) to only five percentage points (63 percent versus 68 percent).[19]

Reasons for Being Unbanked

The FDIC survey first asks unbanked respondents to identify all the reasons they are unbanked and then asks them to identify the primary reason. Survey respondents most commonly said they "do not have enough money to keep in an account." Sixty-three percent of unbanked households without a disability and 50 percent with a disability cited this as one reason they are unbanked (Figure 4: Reasons for Being Unbanked by Disability Status, 2017) and 43 percent of households with disability and 31 percent of those without disability identified it as the primary reason for being unbanked (Figure 5: Primary Reason for Being Unbanked, 2017). One-quarter of unbanked households with a disability reported not trusting banks, having privacy concerns or having the perception that account fees are too high or unpredictable as one of the reasons they are unbanked (Figure 4: Reasons for Being Unbanked by Disability Status, 2017).

19 Based on the Blinder-Oaxaca decomposition method described in https://www.stata-journal.com/article.html?article=st0152

Figure 4: Reasons for Being Unbanked by Disability Status, 2017

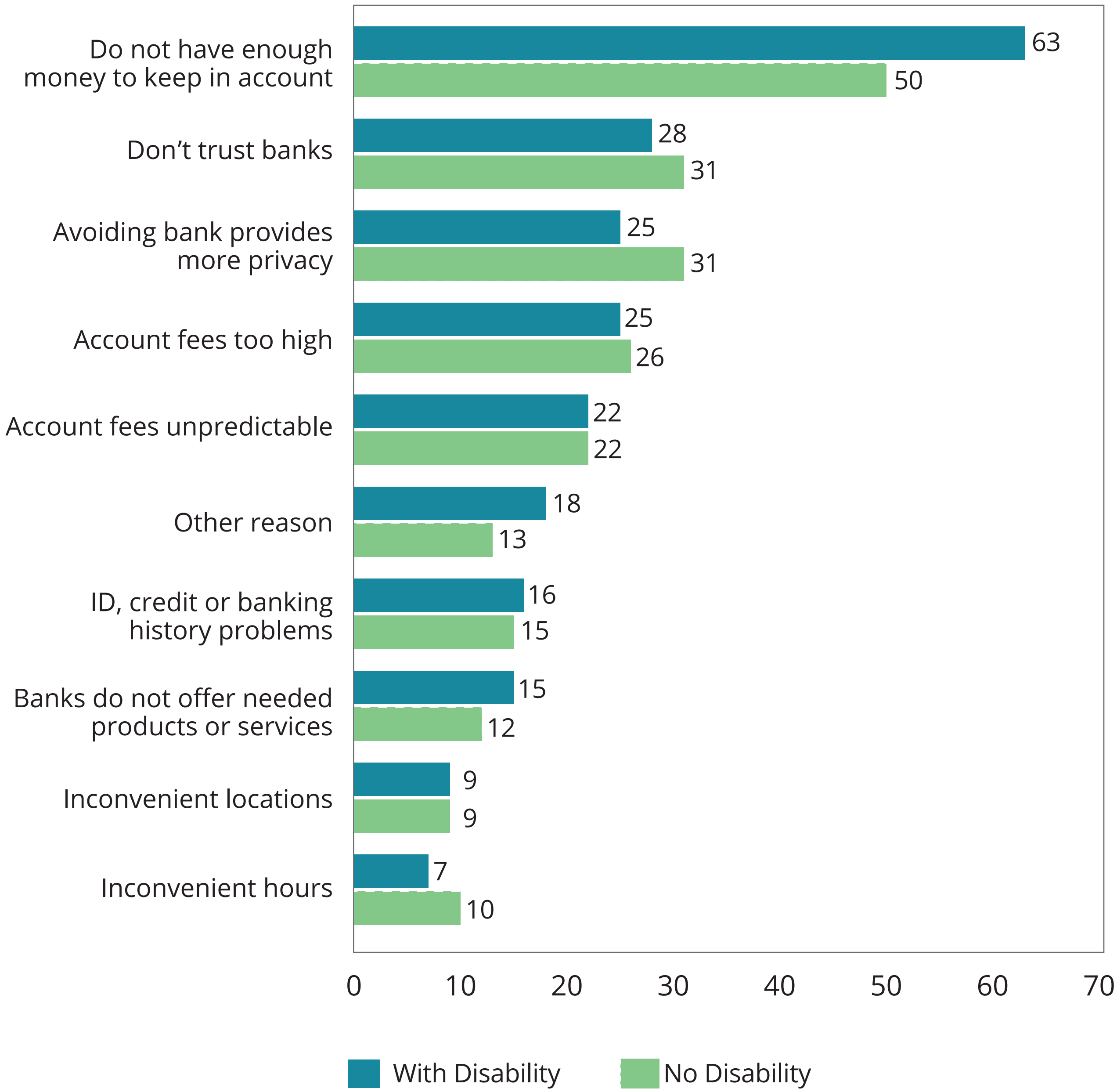
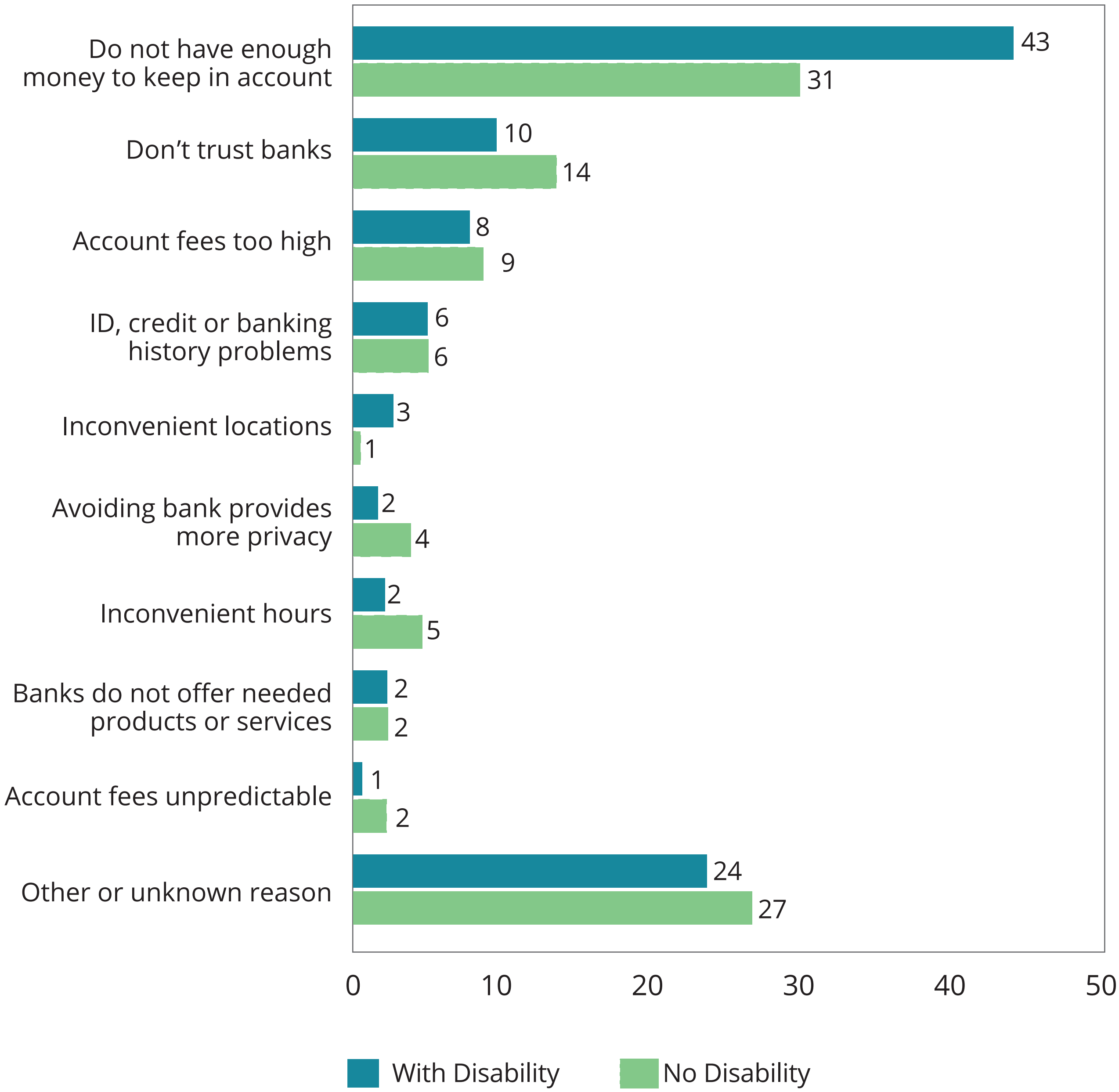


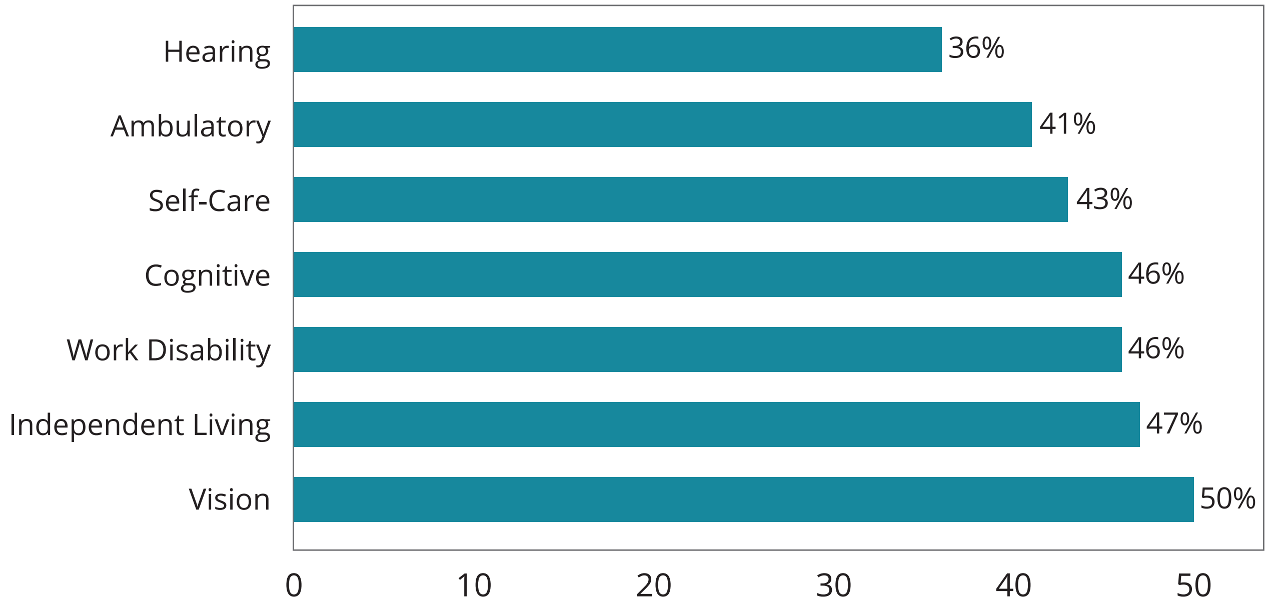
Figure 5: Primary Reason for Being Unbanked, 2017



Banking Status by Disability Type

Householders with hearing impairments are less likely to be unbanked or underbanked than those with difficulties with independent living (e.g., doing errands alone such as visiting a doctor's office or shopping) or cognitive disabilities (difficulty concentrating, remembering or making decisions) (Figure 6).

Figure 6: Unbanked or Underbanked by Disability Type, 2017



Focus Group Findings: Banking Status

NDI conducted seven focus groups to better understand why people with disabilities are less than fully banked, and how disability-specific and non-disability specific factors interact to exclude people with a disability from fully banked status. Two main themes were: (1) people use nonbank services to avoid account and overdraft fees and (2) people feel unwelcome by their bank.

As shown below, the issue of overdraft fees is directly connected to income and financial security while the issue of feeling unwelcome implicates the intersection of disability with other identities and characteristics.

Underbanked to avoid account and overdraft fees

Many focus group participants expressed anger and frustration with account fees, ATM fees and overdraft fees and often used check cashing services and non-bank money orders to avoid bank fees.

A particular problem for focus group participants with limited incomes was the time it takes for a check to clear at the bank and the funds to become available. This delay often resulted in overdraft fees as they spent funds from deposits that had not cleared. Participants said they had difficulty figuring out their checking account balance due to these delays. They also had difficulty determining when automatic withdrawal of checking account fees and bill payments might occur. Most participants did not have sufficient funds to absorb these automatic payments, particularly if the withdrawals were not anticipated. These delays and automatic withdrawals caused confusion and frequently resulted in account overdrafts, which exacerbated the problem.

> "The overdraft charges were a big thing with us. We had a certain amount of money in checking and then if anything hit, there was a $35 or $40 charge. At one time, we had five things hit – things that

automatically deducted out of our account and then it takes a few days for the amount that was taken out to show up. So meanwhile, we're spending money we didn't have and then we had overdraft fees."
(62-year-old female with mobility limitations)

"If you pay a bill on Friday, the check doesn't clear till Monday or Tuesday. So then you never know what your balance really is."
(65-year-old female with cerebral palsy and anxiety)

These individuals used check cashing services to get immediate access to cash without waiting for the bank to clear the check. They also said that check cashing services were open during the evening and on weekends when banks were generally closed.

In order to avoid the fees, other participants chose to avoid checking accounts and instead have only a savings account. Savings accounts often limit both the number of withdrawals the account holder can make and the services they can get at the bank for no cost. This drove some people to do things like pay bills using money orders from the post office.

In addition to using AFS to get quicker access to their funds, almost 40 percent of focus group participants used money orders to conduct their transactions. Some report that this strategy allowed them to avoid overdrafts because funds are taken from the account immediately so there are no "pending charges" and they do not have to worry about a recipient holding the check and cashing it later when the customer doesn't expect it. Others wanted the immediate proof that the bill had been paid. A few participants said they used money orders when checks were not accepted citing landlords and chemical dependency programs that required guaranteed forms of payment.

Underbanked because they feel unwelcome by their bank

Although many focus group participants said they felt welcome by their bank while others described negative experiences that they believed were due to their income or disability that made them angry, irritated or frustrated. The interactions often prompted them to change banks or use alternative financial services (AFS).

"It's like there's a judgment going on, why do you get Social Security? It's been really hard. I had worked my whole life and then I had to go on disability. They think we just kick back and don't do anything, but it's really hard."
(58-year-old female with bipolar disorder)

A 55-year-old male wheelchair user with an intellectual disability sometimes feels dismissed by bank staff. He said:

"Some banks I don't go to [anymore]. I've had bad experiences because sometimes banks don't want to deal with people with learning disabilities so they push you aside."

6. Banked Households: Types of Accounts

Summary

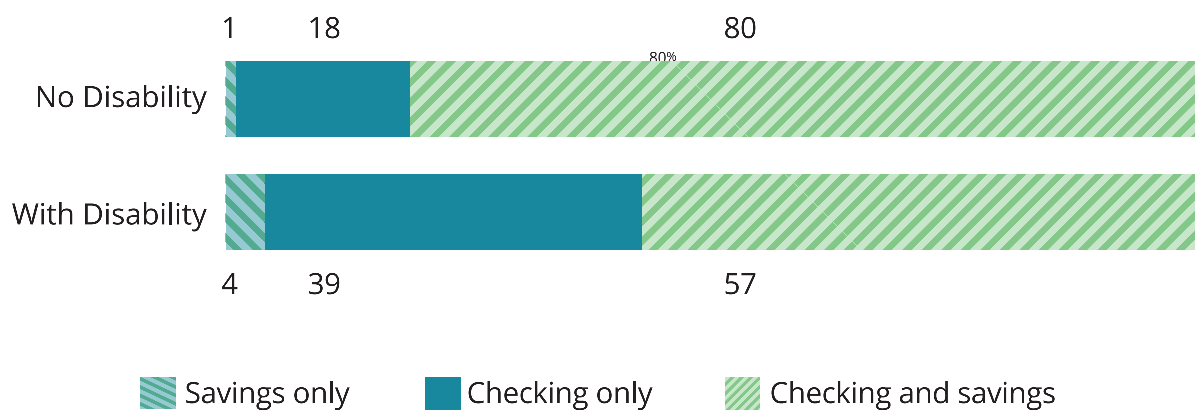
Checking accounts are designed to ease transactions through checks, online bill paying services and ATMs, while savings accounts are designed to hold money for safekeeping (with a small but guaranteed rate of return). Even among those who are banked, households with disabilities are twice as likely to have a checking account without a savings account as those without disabilities.

Types of Accounts

Checking and savings accounts each offer different services, and it is the combination of the two types of accounts that allows households to maximize the value of a banking relationship. Checking accounts facilitate financial transactions while savings accounts encourage account holders to save for unexpected expenses or emergencies by separating them from the checking accounts while avoiding the risk of storing savings at home. Most banks offer automated savings tools to encourage more savings.

Among those who are banked, 57 percent of households with a disability have both a savings and checking account compared with 80 households without a disability (Figure 7). This indicates that banked households with a disability may be underutilizing the advantages of being banked.

Figure 7: Types of Accounts Owned by Banked Households, 2017



Patterns of checking and savings account ownership have fluctuated slightly between 2011 and 2017 for banked households with and without a disability, but there is no clear pattern emerging. The disparity between households with and without a disability has persisted over time. Households with a disability have remained 20 percentage points less likely to have savings accounts than households without a disability (Table 4: Types of Accounts Owned by Banked Households by Disability Status and Year).

Table 4: Types of Accounts Owned by Banked Households by Disability Status and Year

	Checking and Savings		Savings Only		Checking Only		Had Savings (Checking and Savings or Savings Only)		Had Checking (Checking and Savings or Checking Only)	
Year	With Disa-bility	No Disa-bility	With Disa-bility	No Disa-bility	With Disa-bility	No Disa-bility	With Disa-bility	No Disa-bility	With Disa-bility	No Disa-bility
2011	56.8	77.9	5.1	1.8	38.1	20.3	61.9	79.7	94.9	98.2
2013	52.3	77.6	6.1	1.8	41.6	20.6	58.4	79.4	93.9	98.2
2015	53.6	79.9	4.9	1.6	41.4	18.5	58.6	81.5	95.1	98.5
2017	57.3	80.1	4.0	1.3	38.6	18.5	61.3	81.4	95.9	98.6

Types of Accounts by Household Characteristics

Whether a household has a checking account, a savings account or both varies by household characteristics. Households with higher incomes, higher levels of education, stable income and who are White or Asian are more likely to have both a checking and savings account. However, the disparity between households with and without a disability persists across these household characteristics. Regardless of characteristics, households with a disability are less likely to have both a checking and savings account (Table 5: Types of Accounts Owned by Banked Households by Household Characteristics and Disability Status, 2017).

Table 5: Types of Accounts Owned by Banked Households by Household Characteristics and Disability Status, 2017

	Checking and Savings		Savings Only		Checking Only	
Household Characteristic	With Disability	No Disability	With Disability	No Disability	With Disability	No Disability
All	57	80	4	1	39	18
Race/Ethnicity						
Black	52	74	7	3	41	24
Hispanic	51	67	4	3	45	30
Asian	69	81	2	1	29	17
White	60	84	3	1	37	15
Other	45	77	8	1	47	22
Age						
25-34 years	65	79	3	1	32	20
35-44 years	59	80	4	1	36	19
45-54 years	59	81	5	2	36	18
55-64 years	55	81	4	1	41	18
Education						
No High School Degree	37	50	8	5	55	45
High School Degree	50	71	4	2	45	27
Some College	62	79	3	1	35	19
College Degree	78	89	2	1	20	10
Family income						
Less than $15,000	33	55	9	5	58	40
$15,000 to $30,000	49	56	4	3	47	41
$30,000 to $50,000	63	70	3	2	34	28
$50,000 to $75,000	75	82	1	1	24	17
At least $75,000	86	91	1	1	14	8

Focus Group Findings

Focus group findings reveal four main reasons that people with disabilities may not have savings accounts: lack of funds, fear of losing disability cash benefits, low interest rates in savings accounts and low expectations about their ability to save.

Lack of Funds: The most common reason participants did not have a savings account was lack of funds. Some focus group members acquired disabilities at birth or as children. If they never had the opportunity to work or have limited work experience, are unmarried and meet SSA's eligibility requirements, they may receive SSI disability benefits which have a maximum payment of only $771 per month[20] making it difficult to save. As one African American woman with an autoimmune disease put it, “I don’t have anything to save. Just to open a savings account at [name of bank] you have to have $500. Where is someone on disability benefits going to get that?”

Individuals who were employed and paid into the Social Security Trust Fund receive SSDI disability benefits. The average SSDI payment for a single person with no dependent children is $1,234. One woman with mental and physical disabilities explained,

> “I was a homemaker and when I became disabled and stopped working, I didn’t have enough money to keep a savings account. There was just no money. It became very tough for me, approaching 50 years old with no money... I just didn’t have much money.”

Several people who acquired their disability during their working years said they had a savings account in the past, but experienced a precipitous drop in income because they are no longer working and no longer have money to save.

Fear of Losing Social Security Benefits: Some participants did not have a savings account because they feared losing their disability cash benefit from Social Security. In some instances, this was a rational concern in response to Social Security policy. In other cases, it was based on a misunderstanding of how a policy impacted them and, in still other cases, it was based on a reaction to the possibility of unpredictable SSA actions.

People who receive SSI may become ineligible for the program if they have assets over $2,000. Fear of losing cash benefits led several focus group participants to avoid savings accounts. As a young woman with intellectual disabilities said, “I need to be careful to keep my savings account under $2,000. You can’t have savings over $2,000 or you will get cut off from SSI.”

It is not only recipients of SSI that avoided savings accounts, it was also recipients of SSDI that mistakenly believed they would lose access to their benefits if they had assets above $2,000. SSI is a means-tested program that *does* limit how much a beneficiary can accumulate in assets/resources. SSDI *does not* impose a resource limit. Some SSDI recipients feared they would lose benefits due to assets, and this fear motivated beneficiaries to find different ways of savings.

Independent from the SSI resource limit issue, some people feared that SSA would unpredictably demand money for other reasons. One example of this is the collection of overpayments: Some people who receive Social Security benefits work and a portion of their earnings is deducted from their benefit check. SSA may not correctly make these deductions, resulting in an overpayment of benefits. The overpayment is collected from the beneficiary, sometimes years after the overpayment has occurred. In other cases, the SSA can apply rules that provide incentives for beneficiaries to work, resulting in no overpayment. But the work incentives are so complex that few beneficiaries understand them, so the fear that SSA will collect an overpayment is quite real. A Latino man with cerebral palsy said,

> “I’ve always had a checking account since I’ve been independent, but whether I have had a savings account varies a lot depending on my financial situation…whether or not I was employed. And part of that was because of the fear, maybe it is a Latin thing, that if you have money somewhere, Social Security will come and snatch it from you... I haven’t received benefits in eight years, but there is still that fear.”

Low Interest Rates in Savings Accounts: Other focus group participants said they kept their funds in a

---

[20] This amount is for a single person with no children.

checking account due to minimum savings deposit requirements and very low interest rates. A man who became unemployed after losing his vision said, "I used to have a savings account, but now I don't have enough money. Besides, the returns are so miniscule it's not really effective to have one."

Navigating Volatile Circumstances: A final reason for not having a savings account was that people used money to respond to the moment-to-moment realities of their lives. The Latino man with cerebral palsy described his work at a Center for Independent Living that served people with disabilities in a Latino section of Las Angeles.

> "Honestly, in the disability Latin community, the whole idea of being able to save up for things is sort of new," he explained. "There is not a lot of thought about planning for tomorrow or planning for a year or 10 years from now. The fundamental thinking is that if you have money it is yours to spend and you should spend it."

7. Banked Households: Methods Used to Access Accounts

Summary

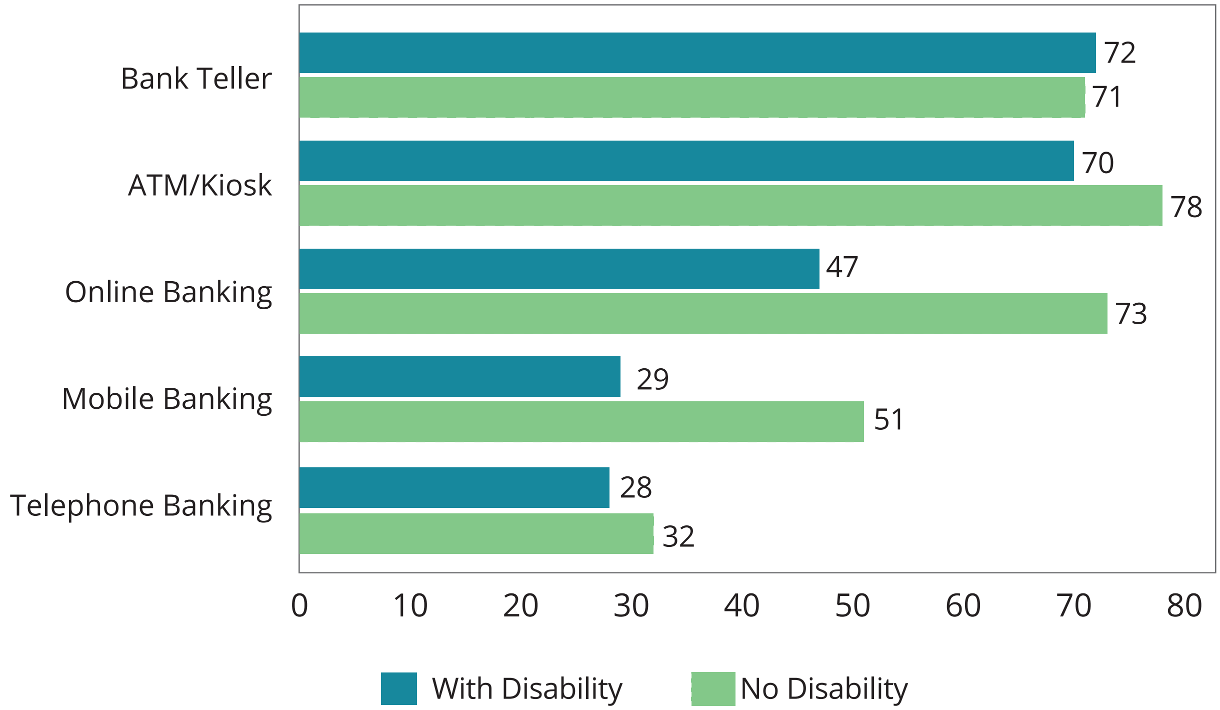
While bank branch tellers are the most common method for people with and without disabilities to access services, people with disabilities are more reliant on this method than their non-disabled peers. People with disabilities are more likely to use it as their primary means of access and less likely to use ATM, online and mobile options.

As focus group findings show, there is no singular explanation of the choices people with disabilities make regarding the methods used to access their accounts. The interplay between accessible technologies, quality of customer service and nature of disability seem to be particularly influential in the decisions people with disabilities make.

Methods Used to Access Accounts

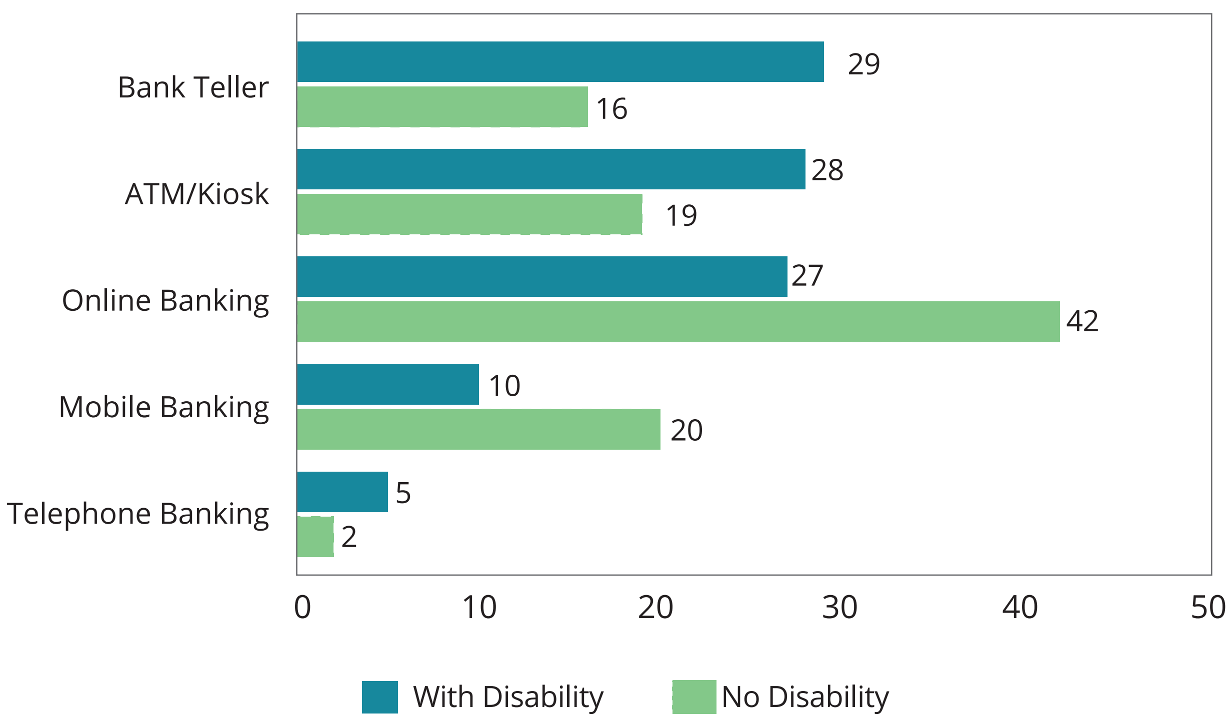
The teller at the bank branch is the most common method of accessing accounts for over 70 percent of households with and without a disability. While both groups are equally likely to use a bank teller, households with a disability were less likely to use the ATM and much less likely to use online or mobile options (Figure 8: All Methods Used to Access Bank Accounts by Disability Status, 2017).

Figure 8: All Methods Used to Access Bank Accounts by Disability Status, 2017



An analysis of the primary method used to access bank accounts tells a different story. Twenty-nine percent of banked households with a disability use the bank teller as the primary method of accessing their account compared to only 16 percent of households without a disability, indicating that the bank branch is vitally important to the disability community. At the same time, more than half of households with no disability were using online or mobile options (42 percent used online and 20 percent used mobile) compared with only one-third of households with a disability (27 percent online and 10 percent mobile) (Figure 9: Primary Method Used to Access Bank Accounts by Disability Status, 2017).

Figure 9: Primary Method Used to Access Bank Accounts by Disability Status, 2017



Between 2013 and 2017, households with and without a disability decreased their use of bank tellers and increased their use of mobile options as the main method of accessing their accounts. However, households with a disability are making this shift at a slower pace, increasing the disparity in the methods the two groups use to access their accounts (Table 6: Primary Method Used to Access Bank Accounts by Disability Status and Year, 2015 and 2017). By 2017, households with a disability were 12 percentage points more likely to use a bank teller and 10-15 percentage points less likely to use mobile and online options as their primary banking method.

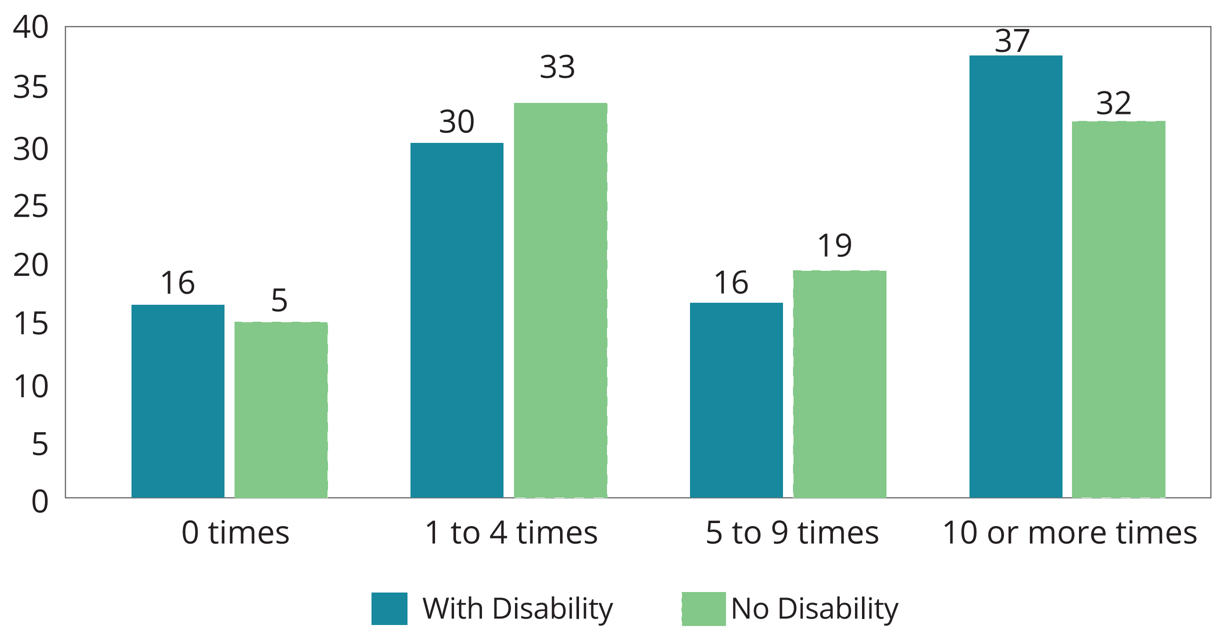
Table 6: Primary Method Used to Access Bank Accounts by Disability Status and Year, 2015 and 2017

	2015		2017		Percentage Point Difference between 2015 and 2017		Disparity between Households with and without a Disability	
Method	With Disability	No Disability	With Disability	No Disability	With Disability	No Disability	2015	2017
Bank Teller	32.4	20.6	28.7	16.3	-3.7	-4.3	11.8	12.4
ATM Kiosk	27.7	20.5	27.9	19.1	0.2	-1.4	7.2	8.8
Online	25.9	43.8	26.5	41.6	0.6	-2.2	-17.9	-15.1
Mobile	6.6	11.9	10.0	19.8	3.4	7.9	-5.3	-9.8
Telephone	5.4	2.5	5.2	2.5	-0.2	0	2.9	2.7

Bank Branch Visits Among Banked Households

The 2017 survey included new questions about whether survey respondents spoke with a teller or other employees in person at a bank branch in the past 12 months. Most banked households (84 percent of those with disabilities and 85 percent of those without disabilities) visited a bank branch at least once. Households with disabilities were more likely to visit 10 or more times (37 percent versus 32 percent) (Figure 10).

Figure 10: Bank Branch Visits in Past 12 Months Among Banked Households, by Disability Status, 2017



Focus Group Findings: Methods of Accessing Accounts

Focus group participants used a variety of methods to do their banking, including speaking to a teller, using an ATM, calling the automated 800-telephone service or using online or mobile banking options. Most used more than one method to conduct their banking, based upon things such as convenience, accessibility of technology, quality of customer service, nature of disability and personal preferences.

This section outlines how these themes show up in the context of three common ways focus group participants used to access bank services: bank branch, ATM and automated phones.

Using the Bank Branch

Focus group participants had diverse experiences and opinions about using the bank branch. While many visited their branch frequently and seemed to appreciate the personal relationship and social interaction with the teller, others sharply criticized their banks citing inadequate accessibility of the bank branch, biased attitudes and lack of disability sensitivity among bank employees. Some participants pointed to specific issues of accessibility at their branches; others did not experience the same issues because of the specifics of their branch or the nature of their disability.

Developing a personal relationship: Several participants mentioned it was important to develop a relationship with the bank branch so if a problem arose, they have an individual to whom they could turn. A man with cerebral palsy from Delaware seemed to appreciate the personal relationship with his teller. He explained, "Of course, they know me anyways. They are like a family." Another said, "The bank staff know us and they are nothing but helpful."

Several participants mentioned positive experiences in which bank branch representatives went out of their way to provide excellent service. For example, to identify their currency, blind customers need to separate or fold each denomination differently. A blind woman with an intellectual disability said,

> "I usually go to a bank further away just because I like their customer service. When I go in to the bank, there's a lady and as soon as she sees me she's running over to help me with anything I need. There are times I may have to see someone other than the teller and she makes sure I get the help I need. Sometimes I have to get a lot of money out – I want to get it in singles so I can separate my cash the way I want to. So they'll sit me down and somebody will help me and then go get the singles and they'll put them in an envelope for me. They'll make sure I have it all separated."

Some group members with intellectual disabilities need concepts explained in language they can understand. Others need help with budgeting or financial management. One woman described a very positive experience:

> "I have to give [name of bank] credit. They sit with my husband and me, which is very important. They tell us where to put the money and how to manage it. They make people feel that they are important. They write down what you earn and what you spend and explain this is how much you can spend... they helped us do a budget."

Biased attitudes: Focus group members described interactions they had with bank staff that indicate biased attitudes, inadequate training and a lack of disability sensitivity. A blind professional explained:

> “I wanted to get some information about applying for a mortgage and the teller was not helpful at all. I told her I was not ready to buy a home yet, but wanted to find out what was involved. She said the mortgage person only came during the week and wondered why I wanted to talk to them when I wasn’t ready to buy a house yet. I said I would be a first-time home buyer and I wanted to educate myself. I guess she looked at me like, ‘If you’re not ready why should we waste our time?’ She took down my name and information and said someone would get back to me with an appointment, but they never did. I was really disappointed with the service I got there.”

The customer had visited a branch on a Saturday that was near her home, which she had not previously visited. Whether her aspiration to purchase a home was dismissed because she was not familiar to bank staff or because of her disability, her race, assumptions about her financial stability or income, or just due to poor customer service, is difficult to disentangle, but the result is the same. “When I am ready to buy a home, I sure won’t go to that bank,” she said.

Others felt a bias based on disability or dependence on Social Security disability benefits. A woman with mental health and anxiety disorders whose disability was invisible said, “It’s like there’s a judgment going on – ‘Why do you get Social Security?’ It makes you not want to deal with people period. I had worked my whole life and then I had to go on disability. They think we just kick back and don’t do anything, but it’s really hard.”

A Deaf man said: “It’s an attitude. They should understand the culture. If they have paper we can write notes, but they just say, ‘Oh no, you can’t hear.’ They show this expression. It is so obvious… It’s that ‘deer in the headlights’ look.”

Accessibility: Mobility impaired, blind and Deaf focus group participants faced access challenges specific to their disability.

Wheelchair users said the counters in bank branches are much too high and, where they exist, there is often no one servicing the lower counter. “I can’t see them and they can’t see me. It’s like talking to a wall,” one focus group participant complained. [21] Other participants mentioned that entrance doors were too heavy for a mobility impaired person to open. Others said some ATMs were too high for wheelchair users to reach.[22]

Visually impaired participants faced a unique challenge. Several noted that when making a withdrawal through a bank teller, they needed to enter their PIN into a flat touch screen. One woman explained, “Rather than just handing your debit card to a teller, you have to swipe your card in a machine that sits on the counter and then enter your PIN. The screen and the keyboard are not accessible. It’s a flat screen and it doesn’t talk. I have some vision, but the contrast is really bad so I can’t read it on my own. Maybe it makes things more efficient for people able to use that process, but it makes things more complicated and now I have to take someone with me.”

Deaf participants seemed to have the most trouble communicating with tellers. Several expressed the need to use video phones with video relay services. A video phone allows people who use sign language to communicate directly with each other using sign language. The video phone can be used to talk to non-signers via a sign language interpreter. The interpreter communicates with the Deaf person using sign language and relays

21 Counters should be 36 inches high by 36 inches wide. See Architectural Access Board Americans with Disabilities Act Guidelines (ADAAG) Section 7.2(2) at https://www.access-board.gov/guidelines-and-standards/buildings-and-sites/about-the-ada-standards/background/adaag).

22 See http://accessadvocates.com/2010-ada-standards-for-accessible-design-atms/ for a summary of accessibility requirements for cash machines.

the information to the hearing person by speaking the message. This technology has replaced text telephones (TTY) which allowed people to communicate with each other by typing messages back and forth.[23]

> A Deaf man added, "I started calling around to banks and I found a lot of them are not friendly at customer service. They would say 'use a TTY.' I don't want to use something as archaic as that. So I finally decided I needed to go in face-to-face, but that was kind of hard. First they assumed I could read lips, but I can't. I can write notes. Then I noticed other people were being taken care of and I was not. I could tell the person at the bank was frustrated too. I ended up at a bank that was tech friendly, they are big, they have a video phone. I can call directly. I didn't realize until I changed to a bank with equal access that my bank said they had everything, but really it was difficult to use." (A video phone is a relatively inexpensive purchase that would facilitate communication with Deaf customers.)

Other Deaf focus group participants share stories that revealed a lack of understanding of the Deaf experience. Several mentioned that bank officers thought they should be able to read lips. One told a story about bank loan officers who failed to realize that asking an individual whose first language is American Sign Language (ASL) to quickly sign loan documents was like asking someone to read and understand a complex legal document in their second language.

Varying importance of the bank branch. The lifestyles of many focus group participants led them to rely on services that were only accessible via a teller. For example, many focus group participants relied on cash and visited the branch to obtain smaller bills not available through an ATM to use for laundry or paratransit services that required exact change. Other participants, however, relied more heavily on ATMs and online banking, speaking with a bank representative only to address problems with their accounts such as overdraft fees and other issues.

Resistance to change. Several focus group participants said they like the "old way of doing banking." One described it as, "How I was brought up. It is how I've been doing business for years, since I've been working as a teenager. I am so used to going to the bank, filling out my deposit or withdrawal slip and getting my money that way." Another woman agreed, saying she, "Felt more comfortable with the old style of banking."

Using the ATM

While many participants said they were comfortable using the ATM, others said they felt unsafe or uncomfortable using ATMs or lacked knowledge about how to use ATM accessibility features. ATM use was a particularly salient issue for blind and visually impaired participants.

Blind or visually impaired customers can access ATMs by plugging an earphone into a hole in the top right corner of the ATM. As soon as an earphone is plugged in, synthesized speech "reads" the information displayed on the screen and describes which button the customer should push for each transaction.[24]

Some blind participants did not know they could receive audio prompts from ATMs if they plugged a headphone into the machine. Others felt uncomfortable using ATMs because of their blindness. One man from Washington, D.C., said,

23 See https://www.nad.org/resources/technology/telephone-and-relay-services/video-relay-services/
24 See http://accessadvocates.com/2010-ada-standards-for-accessible-design-atms/ for a summary of accessibility requirements for cash machines.

> "Honestly, I'm just not comfortable using an ATM in public as a blind person. I'm not there yet. If you're standing in line, you got somebody behind you and they know that you're blind and you're using the machine. I'm just not comfortable, at this point. I will eventually, if I have to, but not comfortable yet."

Others echoed that sentiment. One woman said "I don't go to the ATM to deposit cash or take out cash because of people with those scanner things. I can't see if anyone is looking over my shoulder so I just go inside. I am more comfortable that way." Another woman added, "Some ATMs are inside the bank, which is a little better comfort level. It's a little discomforting when they are outside, because you never know who is watching."

Using the Automated Phone

The automated phone is an important source of information for many focus group participants. As one participant noted:

> "I use the 800 number every couple of days. I check my balance to make sure that nothing is coming out that shouldn't be, that my deposits are in there, and that my bills are being taken out properly. It's easier to do it on the phone than to do it online. I pay my bills online because it's easier than writing checks, but everything else I do over the phone."

However, Deaf focus group participants expressed a significant level of frustration with calling their bank. Many reported that, when they call their bank through video relay, banks often will not discuss business with them because the bank staff mistakenly believe they cannot legally communicate confidential information through that technology.

Even though the use of video relay services to transmit confidential information is protected under the ADA,[25] and has been litigated [26], some banks continue to deny access to this legally protected means of access. A Deaf man explained his frustration:

> "I have a right to do it through video relay. When you call the bank, you can use a VP (video phone). When you call the bank through an interpreter, the bank will refuse to accept the call. They would say, 'No, you have to use a TTY[27].' But Deaf people do not use a TTY today. It is very outdated. So we are using the best communication we have, the video phone, but the bank won't accept it for security reasons. They don't want to talk to a third party. They say, 'It could be anyone, any outsider saying they are calling on my behalf.' So they think they are protecting my interest, but they aren't. They have not found the best way to solve the problem. They could have some security questions and, if you can answer all the questions right, then they accept the call. The real issue is that the Deaf person and the bank have to communicate and, at the same time, provide security for the customer. Many people at the banks don't have a clue about this."

25 See https://www.ada.gov/effective-comm.htm and https://www.ada.gov/wells_fargo/ for discussions of relay services and requirements to accept calls from them.

26 Settlement Agreement Between the United States of America and Wells Fargo & Company Under the Americans with Disabilities Act. DJ #202-11-230 https://www.ada.gov/wells_fargo/wells_fargo_settle.htm

27 A Telecommunication Device for the Deaf (TTY) is a special device that lets people who are Deaf, hard of hearing or speech-impaired use the telephone to communicate by allowing them to type text messages. A TTY is required at both ends of the conversation. It is considered slow and cumbersome by many Deaf people.

8. Use of Technology

Summary

People with disabilities are less likely to use online or mobile banking services. Some of this disparity is because people with disabilities are less likely to have access to internet and smartphones. However, even among those with access to the technologies, people with disabilities are less likely than people without disabilities to use online or mobile banking services

Access to Internet and Smartphones

As shown in Figure 9, households with disabilities are more the 35 percent less likely than others to use mobile or internet as one of the ways they access their accounts and the disparity is increasing over time. A substantial amount of the disparity in the use of online and mobile bank services results from differences in access to technology between households with and without a disability.

Compared to those without a disability, households with a disability were much less likely to have access to a smartphone or home internet. Although the gap in smartphone access diminished somewhat between 2013 and 2017, in 2017, only 62 percent of households with a disability had a smartphone compared to 83 percent of households without a disability. In addition, this disparity is apparent in access to home internet. Only 56 percent of households with a disability and 79 percent of those without a disability have internet access at home (Table 7: Access to Phone and Internet by Disability Status, 2013, 2015 and 2017).

Table 7: Access to Phone and Internet by Disability Status, 2013, 2015 and 2017

	With Disability			No Disability			Percentage Point Difference between Households with Disability and Households with No Disability		
Type of Access	2013	2015	2017	2013	2015	2017	2013	2015	2017
Smartphone	39.4	54.3	61.9	68.1	78.8	83.3	-28.7	-24.5	-21.4
Other Mobile	38.2	25.1	18.8	19.9	9.5	5.3	18.3	15.6	13.5
No Mobile Phone	16.7	13.2	10.6	7.1	5.0	3.2	9.6	8.2	7.4
Internet at Home	N/A	55.4	56.1	N/A	79.4	79.4	N/A	-24.0	-23.3

N/A Comparable question not included on the 2013 FDIC Survey

Access to smartphones and internet at home varies by disability status and household characteristics such as age and income.

With respect to age, younger households are more likely to have smartphones and internet at home than older households. The older the household, the larger the disparity in smartphone and internet access between households with and without a disability. For example, 82 percent of young households (25-34) with a disability have a smartphone and 87 percent of young households with no disability have such access (a five percentage point difference). Among older households (55-64), 54 percent of older households with a disability have access compared to 77 percent of older households without a disability (a 23 percentage point difference).

There is a similar trend with respect to income. Low-income households with and without a disability have less access to both smartphone and internet technologies. The disparity between households with and without a disability decreases with income (Table 8: Smartphone and Internet Access at Home by Disability Status and Household Characteristics, 2017). For example, among households with less than $15,0000 family income, there is an 18 percentage point difference between households with and without a disability regarding their households' access to smartphones; whereas among families with at least $75,000 income the difference is only two percentage points.

Table 8: Smartphone and Internet Access at Home by Disability Status and Household Characteristics, 2017

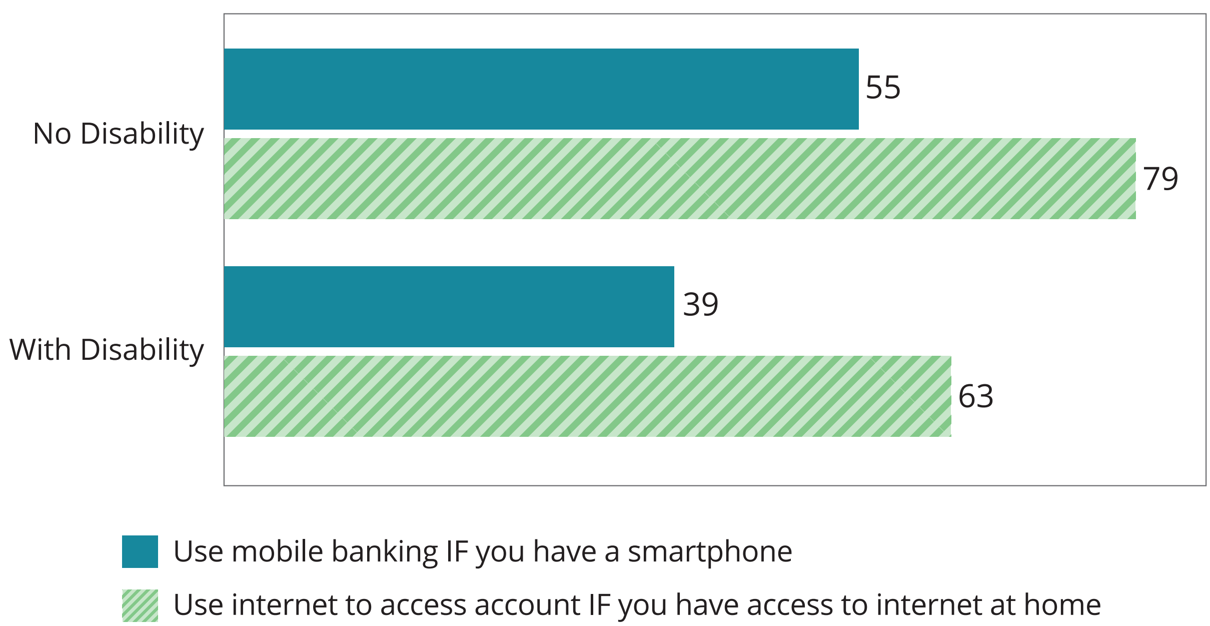
	Smartphone		Internet at Home	
Household Characteristic	**With Disability**	**No Disability**	**With Disability**	**No Disability**
All	62	83	56	79
Race/Ethnicity				
Black	58	80	44	70
Hispanic	58	78	50	66
Asian	66	84	68	84
White	64	85	62	85
Other	61	80	47	75
Age				
25-34 years	82	87	64	79
35-44 years	66	85	57	79
45-54 years	67	84	58	81
55-64 years	54	77	53	79
Education				
No High School Degree	44	66	34	47
High School Degree	55	78	48	71
Some College	70	85	64	81
College Degree	80	88	83	89
Employment status				
Employed	81	85	69	81
Unemployed	68	77	51	68
Not in Labor Force	55	74	51	73

	Smartphone		Internet at Home	
Household Characteristic	With Disability	No Disability	With Disability	No Disability
Family income				
Less than $15,000	43	67	33	51
$15,000 to $30,000	59	73	55	60
$30,000 to $50,000	72	79	67	74
$50,000 to $75,000	80	85	76	83
At least $75,000	86	89	88	90

Implications of Access to Technology on Methods of Accessing Accounts

Having easy access to technology (owning a smartphone or having internet access at home) significantly increases the chance of using that technology as one of the methods to access a bank account. However, even if they have the technology, households with a disability are less likely to use it to access their accounts than households without a disability. Among households who own smartphones, 39 percent of those with a disability use mobile banking compared with 55 percent of those without a disability. Among households with internet access at home, 63 percent of those with a disability use online banking compared with 79 percent of those without a disability (Figure 11).

Figure 11: Use of Online and Mobile Technology as a Method to Access Bank Accounts by Access to Technology and Disability Status, 2017



Focus Group Findings: Use of Technology

Focus group findings reveal the promise of and barriers to use of smartphone and internet-based banking services. The technologies can ease the burden and expense of physically getting to the bank (a burden felt particularly acutely by participants with intellectual disabilities, blindness and/or some mobility-related disabilities). But despite the potential benefits, participants varied dramatically in their use of technology.

Several focus group participants described the benefits of online and mobile banking for people with disabilities. For example, blind participants said the switch from paper to electronic statements allows them to read their statement online with a screen reader rather than contacting the bank to obtain a braille or large print statement or asking a sighted friend for assistance. One person with a visual impairment reported that it is easier to use an app for daily updates and balances than the phone system, which requires the customer to enter bank account numbers using the keypad on the telephone.

Another blind focus group participant enthusiastically described his app:

> "I love my mobile app. It's got a fingerprint ID so I don't have to put in my passcode all the time. It has alerts that give me a daily balance through email. If I exceed my balance or have a withdrawal that is out of the norm, it sends me a text message. I recently had a problem with my account and I was able to speak to a person pretty quickly using my app... But you can't get cash from the app so I'll go to the ATM and use my headphones and take cash out."

Another participant described the benefits for someone with mobility issues:

> "I feel like going into a bank takes too much time. Plus, there's the transportation issue. There's the not having to get in and out of my vehicle or in and out of an accessible vehicle. Who has time for that?"

There was wide variance in the use of smartphones and internet to access accounts even among focus group participants who had access to the technologies. The reasons for the variance include disability specific and non-disability specific factors. In some cases, focus group participants were concerned about security, felt that they lacked technical skills required to use the technology or didn't need the technology for the transactions they conducted. In other cases, participants described specific accessibility issues they encountered when they attempted to use the technology.

One theme in accessibility concerns was that technology did not facilitate access for account holders who are blind or have difficulty typing. Several blind participants said that bank websites are sometimes difficult to navigate, even with a screen reader. In some cases, website developers do not insert the alt text for images, change the order or labeling of links or add more graphics to the page when the website is updated.[28] A blind man said, "It's not easy to access them. And when the website changes, you have to learn it all over again. It's a learning process that can be time consuming."

[28] Blind customers can access internet bank websites or apps on smartphones through software that translates screen text into audible speech commonly called screen readers. To make the website or app accessible, all material that isn't strictly text must be labeled or "tagged" using alternative text. This "alt text" is not visible, but is identified by the screen reader. Other visually impaired customers with sufficient vision will use screen magnification software or features built into their browser or the website to enhance text size or change color. See https://www.w3.org/WAI/fundamentals/accessibility-intro/#what for a discussion of screen readers and web accessibility for blind and visually impaired customers.

Other blind focus group members noted that smartphone apps are easier to use than websites because they are linear and don't require navigation around the web page. One man provided tips on making an app most usable:

> "The best accessibility is when you don't overindulge in a lot of buttons. You have just what you need. Screens refresh very cleanly. The best design is when, from a non-visual perspective, things look like they are in a list and you don't have a bunch of tables and columns and extra 'fluff.'"
> (42-year-old male, blind)

A woman with quadriplegia who does not have full use of her fingers described the challenge of entering information into fields on the website:

> "I can use the mouse, but I can't type. So I go to the field and use my Dragon Speech software to fill in the field. I haven't had this problem with my bank but, sometimes, even though I can see the field is filled in, the app doesn't read it. I think they are trying to protect against robots, but it is really frustrating."
> (45-year-old female with quadriplegia)

9. Prepaid Debit Cards

Summary

People with disabilities use prepaid debit cards more often than people without disabilities. This is true regardless of banking status. Since 2011, the use of prepaid cards has been increasing among people with disabilities, whereas for people without disabilities it increased from 2011 to 2015, then decreased in 2017.

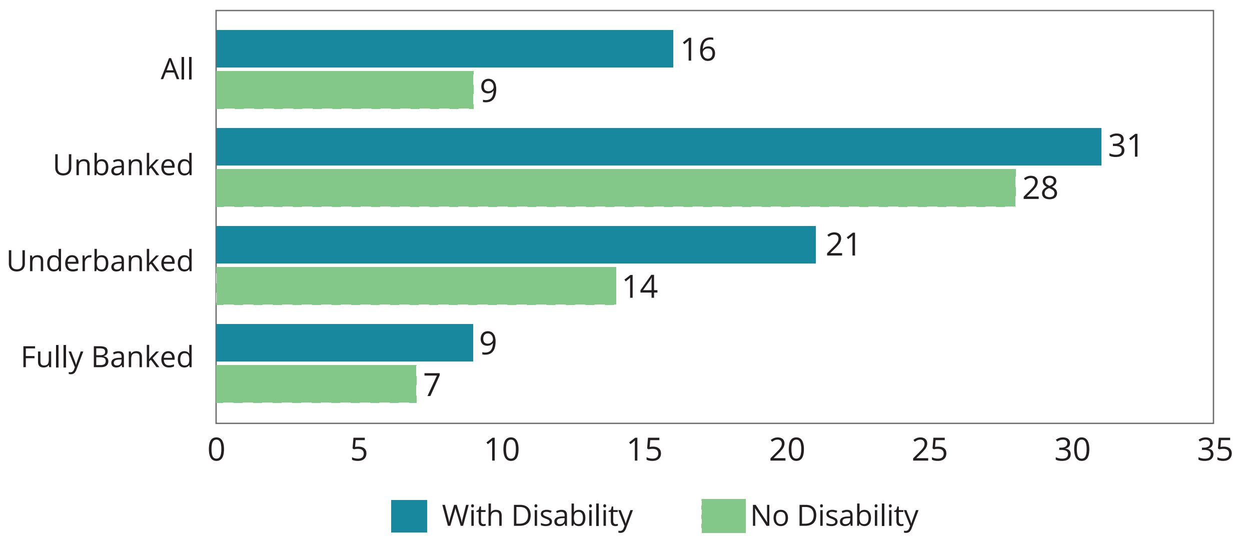
Use of Prepaid Cards

Reloadable prepaid debit cards allow consumers to withdraw cash at ATMs, make purchases, accept direct deposits and deposit checks. The use of these cards is particularly appealing to consumers who are unbanked since they can load dollars directly onto the card and then use the balance for purchases. Compared to credit cards and bank debit cards, they may help the consumer curb spending and avoid credit card debt and bank overdraft fees since it is not possible to spend more than the amount of money loaded on the card.

While the cards can provide these benefits, many have major drawbacks. They often charge excessive fees for everything from set-up to reloading and, unlike using a credit card, using a debit card does not allow the consumer to build a credit history.

Households with disability are more likely to use prepaid cards than households without disabilities and the use of prepaid cards is most prevalent among unbanked households. Thirty-one percent of unbanked households with a disability and 28 percent of unbanked households without a disability used a prepaid card in the past 12 months (Figure 12).

Figure 12: Prepaid Card Use in the Past 12 Months by Disability and Banking Status, 2017



Growth in Prepaid Card Use

In 2017, 16 percent of households with a disability and 10 percent of those without a disability used a prepaid card. For households with a disability, this represents a steady increase between 2013 and 2017. For households without a disability, the use of prepaid cards grew between 2013 and 2015 and then fell slightly by 2017. (Table 9: Prepaid Card Use by Disability Status, 2013, 2015 and 2017).

Table 9: Prepaid Card Use by Disability Status, 2013, 2015 and 2017

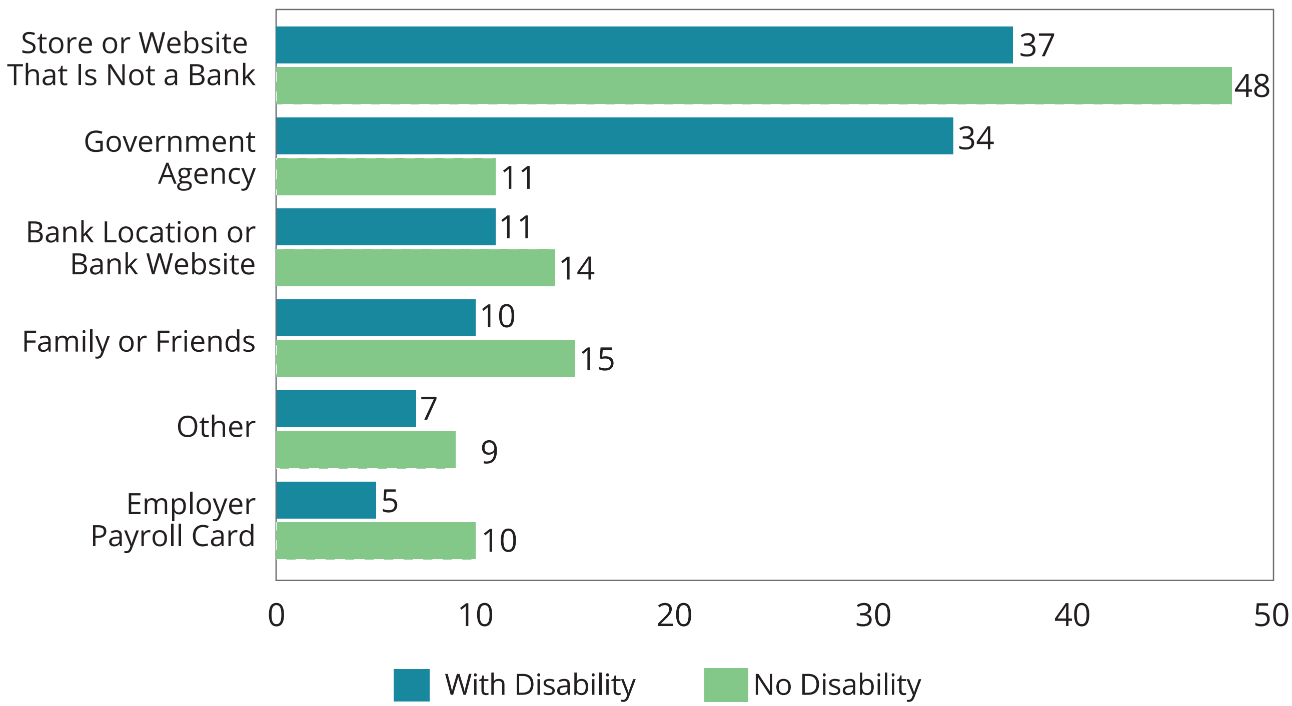
Year	With Disability	No Disability
2013	12.4	8.7
2015	15.2	10.4
2017	15.6	9.5

Sources of Prepaid Cards

Households that used prepaid cards obtained them from a variety of sources. The most common source was a store or website that is not a bank.

Sources of prepaid cards differed by disability status. One-third of households with a disability obtained the prepaid card from a government agency, compared to only 11 percent of households with no disability (Figure 13). This disparity is likely due in part to the fact that many beneficiaries of federal cash benefit programs (Social Security Disability Insurance, Supplemental Security Income or veterans cash benefits) have the option to receive payments onto a prepaid card. This is a common practice because beneficiaries are required to receive payments electronically and government issued prepaid benefits cards are a good alternative for unbanked beneficiaries.

Figure 13: Sources of Prepaid Cards for Households That Used Prepaid Cards in Past 12 Months, 2017



Focus Group Findings: Prepaid Debit Cards

Focus groups confirmed that using prepaid cards to receive benefits was common practice. Many participants obtained the card from SSA through a program called Direct Express.[29] Beneficiaries receive these cards each month in lieu of a direct deposit into their bank account. Some beneficiaries who received their payment through this method said the funds were available immediately, avoiding the delay involved for the bank to clear the check. Others said it was "just easier."

A few participants said they transferred funds from their bank account to their prepaid debit cards as a method to avoid overdrafts. A woman with cerebral palsy said, "I had a checking account, but the money was always gone. So now I get my check and put all my money on a prepaid debit card and pay my bills from that. And when it's gone it's gone."

[29] See https://www.ssa.gov/deposit/howtosign.htm.

10. Alternative Financial Services

Summary

People with disabilities are more likely than their peers without disabilities to use alternative financial services. They are significantly more likely to use Credit AFS which carry troublesome consequences for all users.

High levels of education and income decrease the use of AFS among households with and without a disability. But the higher the education and income level, the greater the disparity between households with and without disabilities.

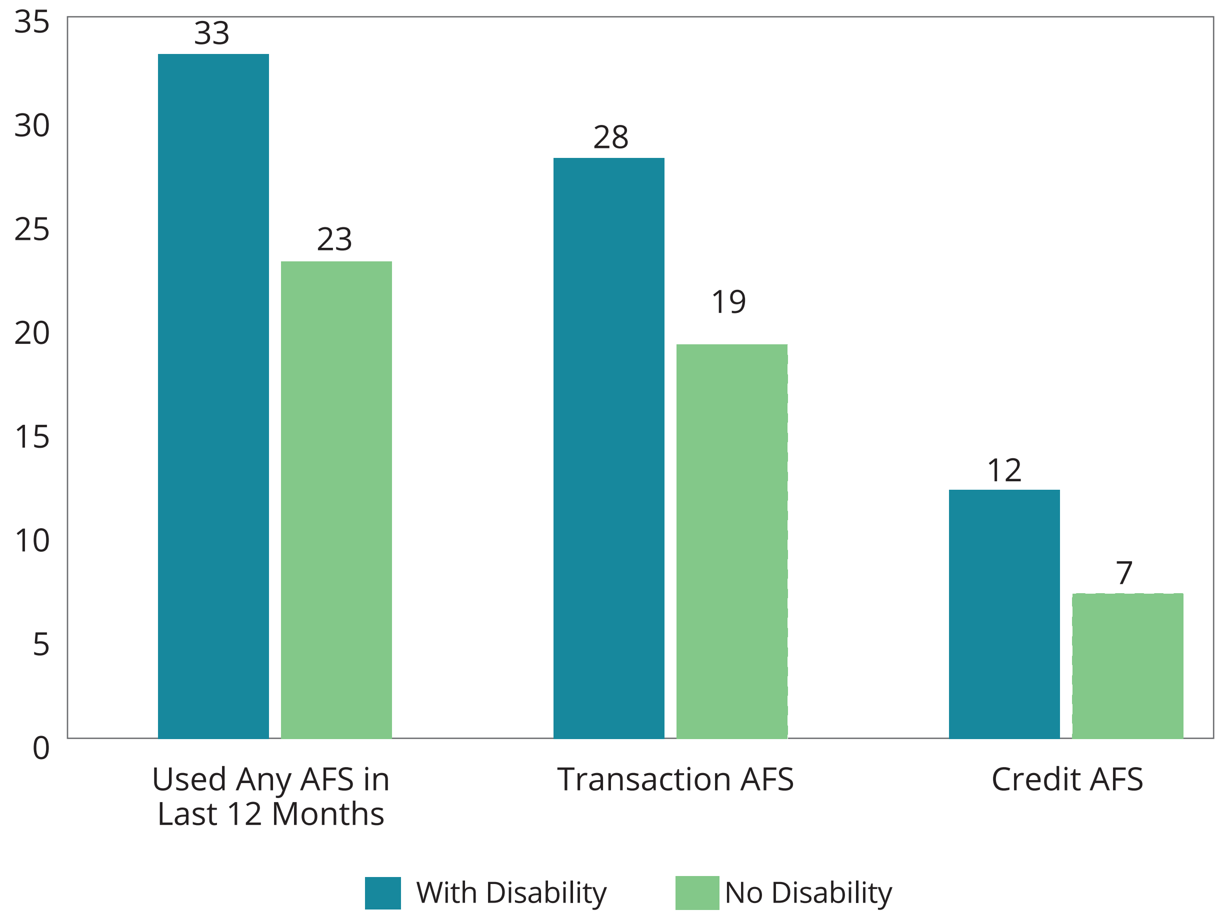
AFS Generally

The survey asks households about their use of alternative financial services in the last 12 months to conduct a transaction or access credit. Specifically, the survey asks if they went to a place other than a bank to send a money order, cash a check or send an international remittance (Transaction AFS). Respondents were also asked if they have used pawn shops, rent-to-own services, payday loans, refund anticipation loans and auto-title loans (Credit AFS). Responses to these survey questions are used to classify banked households into "underbanked" or "fully banked."

While some nonbank financial services providers offer convenient services and easy access to cash, their services can carry high costs, limiting low-income families' ability to accumulate assets and establish a credit history.

More than one in four households with a disability used a transaction AFS (most commonly money orders and check cashing) and 12 percent used credit AFS (most commonly pawn shops) compared to 19 percent and seven percent, respectively, for those without a disability. (Figure 14).

Figure 14: Use of Alternative Financial Services in the Last 12 Months by Disability Status, 2017



For people with and without disabilities, the use of transaction AFS has remained more common than credit AFS (Table 10). Transaction AFS has steadily declined from 2013 to 2017 for households with and without a disability driven by a decline in use of money orders and check cashing services. Credit AFS decreased from 2015 to 2017 after having increased slightly between 2013 and 2015.

Table 10: Use of Alternative Financial Services by Disability Status, 2013-2017

	Any AFS		Transaction AFS		Credit AFS	
Year	With Disability	No Disability	With Disability	No Disability	With Disability	No Disability
2013	38.7	26.0	32.8	22.7	14.5	7.4
2015	38.0	24.5	31.4	20.7	14.6	7.8
2017	33.2	23.1	27.5	19.2	12.2	7.2

Transaction AFS

People with disabilities are more likely than people without disabilities to use money orders and check cashing, but less likely to use remittances.

Money orders are a prepaid guaranteed form of payment that require a buyer to pay for the money order using cash or another form of guaranteed funds. While money orders can be issued by banks, they are usually sold for a lower cost at many locations including post offices, grocery stores and convenience stores. More than one-fourth (27 percent) of households with a disability and 15 percent of households with no disability use money orders (Table 11: Use of Specific Alternative Financial Services by Disability Status, 2017).

Check cashing services allow people to exchange checks for cash. These services vary widely from mom-and-pop outlets to publicly traded companies.[30] The charge for cashing a check also varies and can be expensive. Some charge a flat fee for checks up to a certain amount, while others charge a percentage of the check value or a flat fee plus a percentage fee. Ten percent of households with a disability and six percent of households with no disability use check cashing services.

A variety of non-bank options exist to send money abroad (remittances). Only two percent of households with a disability use AFS to send remittances abroad, compared with five percent of households with no disability.

Table 11: Use of Specific Alternative Financial Services by Disability Status, 2017

Type of Service	With Disability	No Disability
Transaction AFS		
Money Orders	22	14
Check Cashing	9	6
Remittances	2	5
Credit AFS		
Pawn Shops	4	1
Rent-to-Own	3	1
Payday Loans	3	2
Refund Anticipation Loans	3	3
Auto-title Loans	4	1

Credit AFS

Credit AFS is much less common than transaction AFS for people with and without disabilities, but it carries more potential risk to all users. Credit AFS offer consumers access to small dollar loans that may be otherwise unavailable because most banks do not offer them. These alternative credit services, however, tend to charge high interest rates, and do not allow the user to establish a credit history, which limits their ability to qualify for less expensive mainstream credit in the future. Compared to households with no disability, households with a disability are much more likely to use such services.

30 FDIC (2009) Alternative Financial Services: A Primer. FDIC Quarterly (3)1:39-47. https://www.fdic.gov/bank/analytical/quarterly/2009-vol3-1/fdic140-quarterlyvol3no1-afs-final.pdf

Pawn shops offer secured loans to people, with items of personal property used as collateral. Pawned items can usually be redeemed within a certain period of time for some agreed upon amount of interest. If the loan is not paid, the pawn broker offers the item for sale. Pawn shops are generally state regulated, and finance charges can vary from five percent to 25 percent per month plus additional per-month service charges. [31] Households with a disability are four times more likely to use pawn shops than those without a disability (four percent compared with one percent).

Rent-to-own businesses sell big ticket consumer products, such as furniture, computers, appliances and electronics under rental-purchase agreements where consumers take possession of the product, pay weekly or monthly installments, often with very high interest rates, and own the goods at the end of the agreement. Households with a disability are three times as likely to use rent-to-own services than those with no disability (three percent compared with one percent).

Payday loans are typically small dollar, short-term loans (often two weeks to a month) provided to consumers with previous payroll and employment records. The loans are secured by a claim to the borrower's bank account with a post-dated check or electronic debit authorization. Payday loans are due in full on the borrower's next payday. If the borrower cannot pay off the full loan plus interest, they pay a fee to extend the due date or pay back the loan, but often quickly take out a new one to cover other expenses[32]. Eighteen states and the District of Columbia effectively prohibit payday loans by limiting the APR to rates below what is economically viable for the lender. Four states regulate fees and the remaining 32 allow high cost lending: http://www.paydayloaninfo.org/state-information. Households with a disability are one and a half times as likely to use payday loans as households with no disability (three percent compared with two percent).

Refund anticipation loans allow tax filers to receive funds from their tax refund quickly. High tax preparation and other fees may be deducted even though clients using free tax programs can get their refunds within the same timeframe when they choose direct deposit.[33] Households with a disability are equally likely than those without a disability to use tax refund anticipation loans.

Auto-title loans are secured loans where borrowers use the vehicle title as collateral. If the borrower defaults on payments, the lender can repossess their vehicle and sell it to repay the outstanding debt. These loans are typically short-term and tend to carry higher interest rates than other sources of credit. Households with a disability are four times as likely than those without a disability to use auto-title loans (four percent compared with one percent).

Household Characteristics Impacting AFS Use

The use of AFS differs by household characteristics. For people with and without disabilities, the use of AFS declines as income and education level increases. But as education level and income increase, so does the disparity between disabled and non-disabled use of AFS. For example, among households earning $15,000-$30,000 per year, AFS use is nearly the same between people with and without disabilities; while for households earning at least $75,000 per year, eight percent more people with disabilities use AFS compared to people without disabilities (Table 12).

31 http://www.bankrate.com/finance/personal-finance/pawnshop-101-what-you-need-to-know-1.aspx
32 http://www.pewtrusts.org/~/media/legacy/%20uploadedfiles/pcs_assets/2012/pewpaydaylendingreportpdf.pdf
33 http://www.eitcoutreach.org/learn/tax-filing/rals/

Banking status also has a large impact on the use of AFS, but being banked does not mean that people do not use AFS. Among banked families, households with a disability are much more likely to use AFS. Almost one-third (30 percent) of banked households with a disability use AFS compared with 21 percent of banked households without a disability (Table 12: Use of Alternative Financial Services by Household Characteristics and Disability Status, 2017).

Table 12: Use of Alternative Financial Services by Household Characteristics and Disability Status, 2017

	Used any AFS in last 12 Months		Transaction AFS		Credit AFS	
Household Characteristic	With Disability	No Disability	With Disability	No Disability	With Disability	No Disability
All	33	23	28	19	12	7
Race/Ethnicity						
Black	46	42	41	37	14	12
Hispanic	37	37	32	33	12	8
Asian	20	19	16	16	7	5
White	27	16	22	12	11	6
Other	48	33	36	27	18	13
Education						
No High School Degree	39	45	34	42	14	11
High School Degree	34	28	28	24	13	9
Some College	33	25	27	20	14	9
College Degree	23	15	20	12	6	4
Employment status						
Employed	34	23	28	18	15	7
Unemployed	40	35	33	31	12	11
Not in Labor Force	33	24	27	21	11	7
Family income						
Less than $15,000	38	40	32	36	12	12
$15,000 to $30,000	38	39	32	34	13	12
$30,000 to $50,000	30	31	24	26	14	10
$50,000 to $75,000	28	22	21	17	13	7
At least $75,000	22	14	18	10	7	4
Banking Status						
Unbanked	47	57	43	54	13	13
Banked (underbanked or fully banked)	30	21	24	17	12	7

Use of AFS Among Underbanked Households with a Disability

While some households use AFS rather than establish a banking relationship (the unbanked), others are connected to a bank, but still choose nonbank financial services (the underbanked). Looking at the use of AFS among these underbanked households provides additional insight on the type of services bank customers find inadequate.

Sixty-six percent of households with a disability, and classified as underbanked, were not considered fully banked solely because they used AFS for transactions; the majority of this group used only nonbank money orders. For households needing a guaranteed form of payment, nonbank money orders are likely less costly than a money order or cashier's check from a bank.[34] A smaller percentage of unbanked households with disabilities used only check cashing services. While check cashing services may be expensive, they offer consumers immediate access to their funds, in contrast to banks which "hold" the check for up to five days before cash is available for withdrawal.[35] A small percentage of underbanked households with a disability use only remittance services. A number of nonbank alternatives (including storefront location and online services) provide remittance services for a lower cost than bank wire fees[36].

The other 40 percent of underbanked households with a disability used either credit AFS only (19 percent) or a combination of credit and transaction AFS (15 percent).

Focus Group Findings: Use of AFS

Focus group findings add more insight into the common use of transaction AFS, particularly money orders. Many participants said they use money orders to pay bills primarily because funds are taken from the account without delay and they receive immediate verification through a receipt that the bill has been paid. A Deaf woman from Washington, D.C. explained, "My landlord accepts a personal check, but I like using a money order. There is no processing. It is guaranteed. I have a receipt that says it is paid. It's more secure." A man from Delaware said, "It is easier to keep the receipt that you tear off the back of the money order. I put it somewhere and have proof that I paid the bill. I very rarely write checks." Another man continued: "I do checks for some people, and some I do a money order, because some places hold your checks for a long time. I really can't stand that. I know who to send money orders to and who not to. I only send money orders if I know they aren't going to cash a check on time."

A few participants said they used money orders when checks were not accepted. A couple said they used money orders because their landlord wouldn't accept a check for rent. Another woman explained that the chemical dependency program in which she was enrolled wouldn't accept checks. "If you write a check and your payment doesn't go through, they hold your medication and won't give it to you." Others said they use money orders because they have "always done it that way."

The reasons why focus group participants used check cashing services provides some insight into the many factors people with disabilities, particularly those with less income, have to navigate. Participants used check cashing services to get immediate access to cash, without waiting for the bank to clear the check. They also said that check cashing services were open during the evening and on weekends when banks were generally closed. A few participants used check cashing services so the funds would not be visible to SSA or other means-tested programs.

34 https://www.mybanktracker.com/news/cashiers-check-fee-comparison-top-10-us-banks, https://www.mybanktracker.com/news/2013/11/11/comparing-post-office-bank-western-union-money-order-fees/

35 Servon, L. (2018). *The Unbanking of America: How the Middle Class Survives*. Boston/New York: Mariner Books-Houghton Mifflin Harcourt

36 http://www.consumerreports.org/cro/2012/03/the-best-ways-to-send-money-abroad/index.htm

11. Saving for Unexpected Expenses

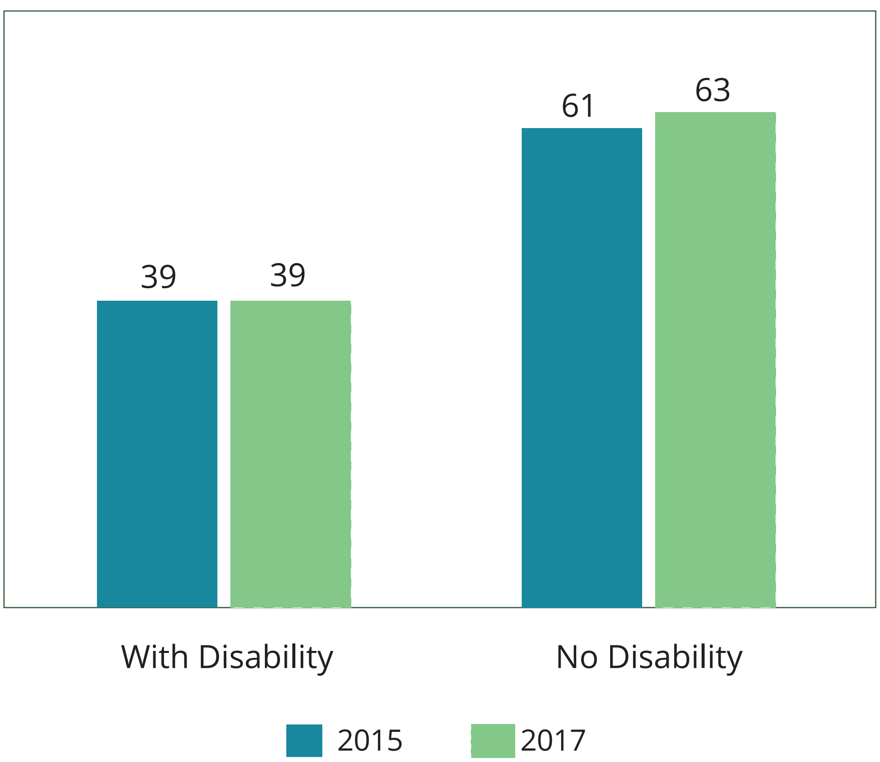
Summary

People with disabilities were less likely to save than people without disabilities. This is true even when controlling for other household characteristics that are associated with low saving rates such as low education and low income households. Among households that did save, households with disabilities were less likely to use a savings account and more likely to keep savings at home or with friends. Focus groups revealed that the rate of savings and the method of savings may be affected by asset limitation requirements imposed by some means-tested programs on which many people with a disability rely.

Saving Rates and Methods

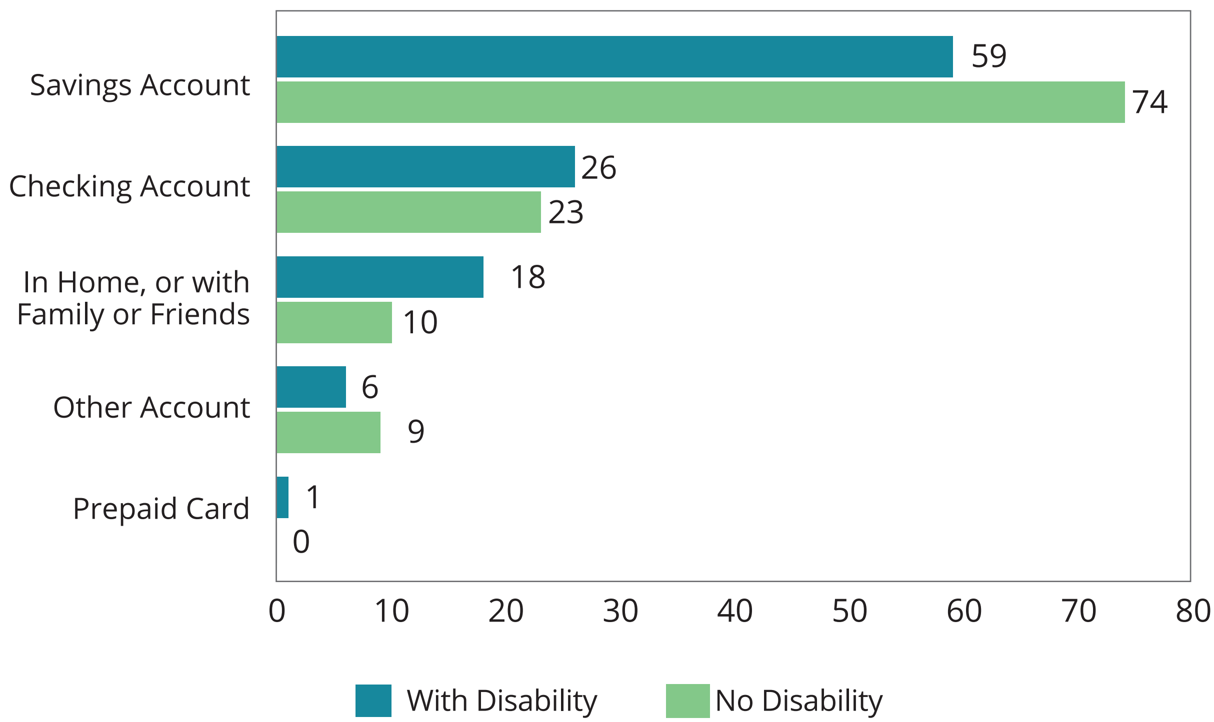
The 2017 survey found 39 percent of households with a disability and 63 percent of households with no disability saved for unexpected expenses or emergencies in the past 12 months (Figure 15). The rate for people with disabilities did not change between 2015 and 2017 while the rate for those without disabilities increased two percentage points.

Figure 15: Saving for Unexpected Expenses by Disability Status, 2015 and 2017



Among households that saved for unexpected expenses or emergencies, savings accounts were the most common method of savings, followed by checking accounts and keeping savings in home or with family and/or friends. Households with a disability were much less likely than those without a disability to use a savings account and more likely to keep savings at home or with family and/or friends (18 percent compared with 10 percent of those without a disability) (Figure 16).

Figure 16: Savings Methods for Households That Saved by Disability Status, 2017



Among those who save, households with a disability who are unbanked tend to keep their savings in their home or with family and/or friends or on a prepaid card, whereas those who are banked tend to use savings or checking accounts (Table 13).

Table 13: Saving Method by Banking Status and Disability, 2017

Method	Checking Account		Savings Account		Prepaid Card		Kept in savings in home, or with family or friends	
	With Disability	No Disability	With Disability	No Disability	With Disability	No Disability	With Disability	No Disability
Unbanked	8	2	0	2	11	10	1	4
Underbanked	22	23	58	68	1	0	6	7
Fully banked	29	23	63	78	0	0	6	9

Savings Vary by Household Characteristics

Rates of savings varied by household characteristics. Among households with and without a disability, saving rates were lower among households of color and less educated, non-working and lower income households. For each of these characteristics, households with a disability were even less likely to save than those without a disability. For example, 35 percent of households without a disability with incomes less than $15,000 saved, compared with only 19 percent of households with a disability in the same income group (Table 14: Saving for Unexpected Expenses by Disability Status and Household Characteristics, 2017).

Table 14: Saving for Unexpected Expenses by Disability Status and Household Characteristics, 2017

Household Characteristic	With Disability	No Disability
All	38	63
Race/Ethnicity		
Black	29	53
Hispanic	30	51
Asian	24	60
White	44	69
Other	33	62
Age		
25-34 years	53	64
35-44 years	40	63
45-54 years	38	63
55-64 years	36	63
Education		

continued next page

Household Characteristic	With Disability	No Disability
No High School Degree	20	36
High School Degree	32	52
Some College	45	64
College Degree	60	73
Employment status		
Employed	57	65
Unemployed	34	46
Not in Labor Force	32	54
Family income		
Less than $15,000	19	35
$15,000 to $30,000	32	41
$30,000 to $50,000	49	55
$50,000 to $75,000	56	66
At least $75,000	69	76
Banking Status		
Unbanked	10	22
Underbanked	41	59
Fully Banked	46	68
Status Unknown	17	61

Focus Group Findings: Saving for Unexpected Expenses

Focus groups cited two primary reasons for their lack of savings: (1) having insufficient funds and (2) fear of losing SSI benefits.

Most focus group participants said they did not have sufficient funds to save for unexpected expenses. In explaining their tight budgets, several described receiving help from family or friends. A woman from Florida said, "I don't have any extra money to save. At the end of the month, I go to the food shelf or get money from friends." Another man who was having financial difficulties said, "I did have emergency funds, but it is pretty much depleted now. If I had an emergency I would probably have to give up the car and cancel the car insurance. I was talking to some people at [name of agency] and they told me to go to the County Elder Care Services to see if they might help pay some bills like my electric bill."

A few participants who had jobs saved a small amount each month. One man said, "It's important to save so I do. I had to learn that the hard way. It's hard, but I try to save 10 percent. I am hopeful that things will get better. Things are tough right now, but they will get better."

Participants were sensitive to the fact that they could lose means-tested SSI benefits if they accumulated assets above $2,000. One participant explained that they put money in another person's account or a safe deposit box to ensure they do not lose their SSI benefit.

12. Bank and Nonbank Credit

Summary

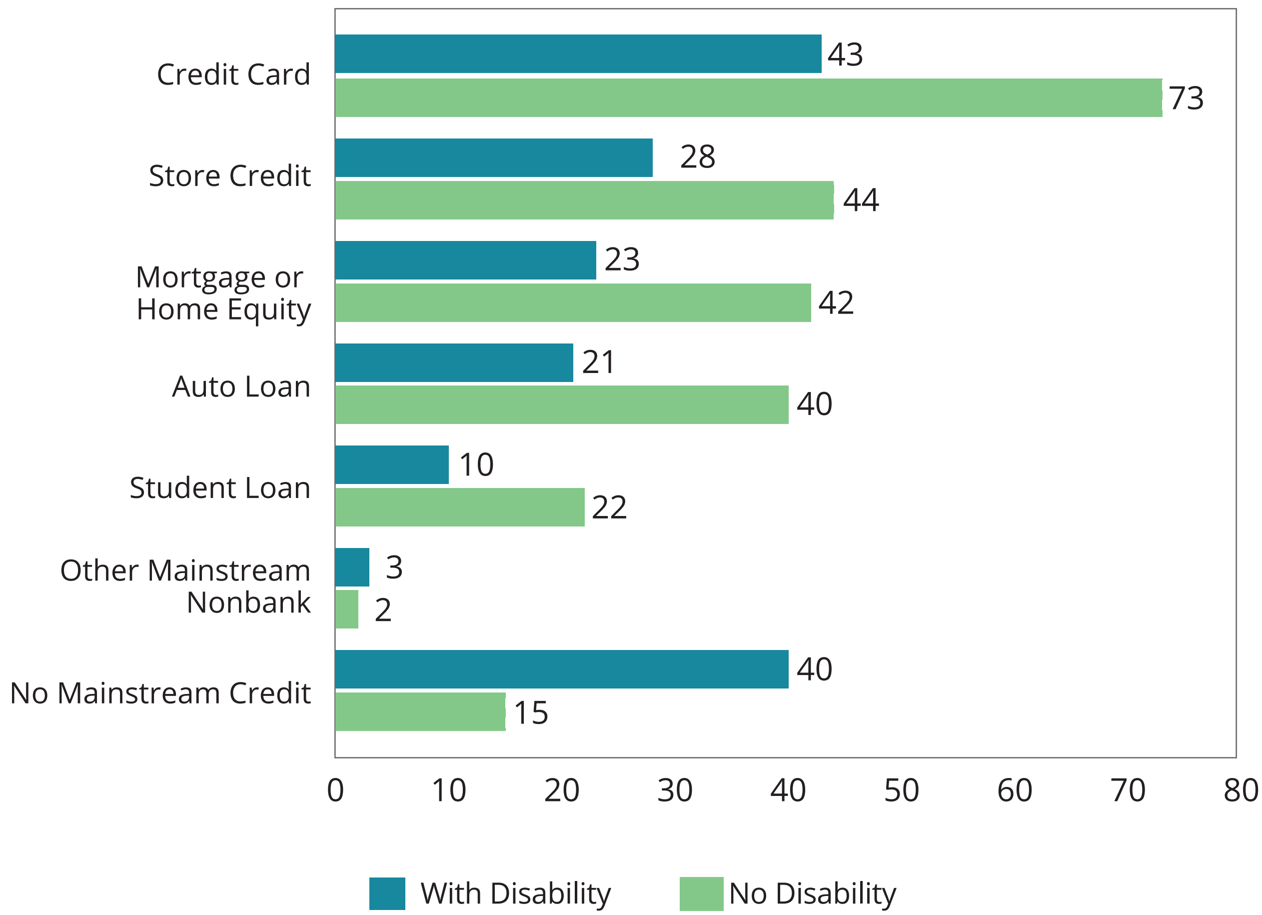
Households with disabilities are more than twice as likely to have no bank sources of credit, and less likely to use mainstream credit regardless of income level. Focus groups revealed that part of this is attributable to the fact that it is hard to obtain mainstream credit without a history of either mainstream credit or significant income, both of which are less accessible to people with disabilities.

Use of Bank and Nonbank Credit

Access to credit is a key component to financial inclusion as it allows consumers to spread out the cost of a major purchase or weather an adverse economic event. In order to fully understand the use of credit, the FDIC survey includes a series of questions about whether the household has bank credit to supplement other questions on nonbank credit. Specifically, it asked whether the household has bank credit, including a credit card (Visa, MasterCard, American Express or Discover) or a personal loan or line of credit from a bank (not including student loans or loans taken out to make major purchases like a house or car), and whether they had applied for bank credit, the result of that application and whether they thought about applying for bank credit, but did not because they thought they might be turned down.

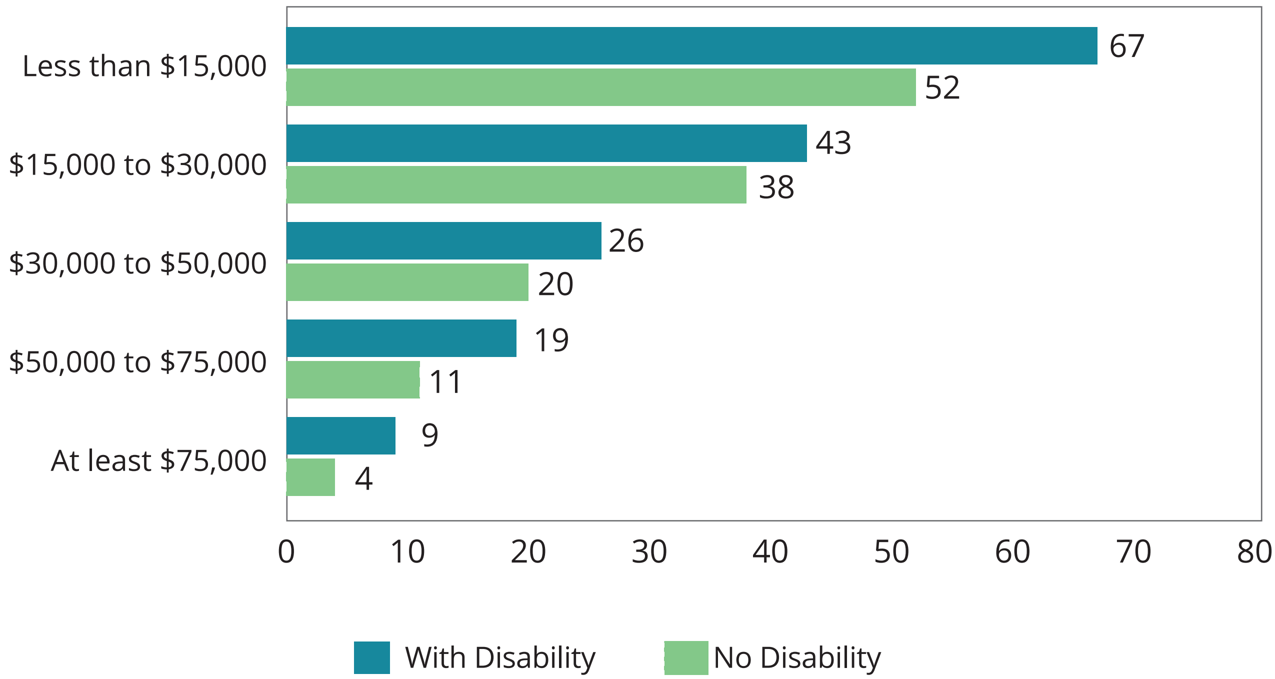
Households with disabilities are almost three times as likely to lack mainstream credit as those without disabilities: Forty percent of households with disability had no mainstream sources of credit compared with 15 percent of households with no disability (Figure 17).

Figure 17: Use of Mainstream Credit Products, 2017



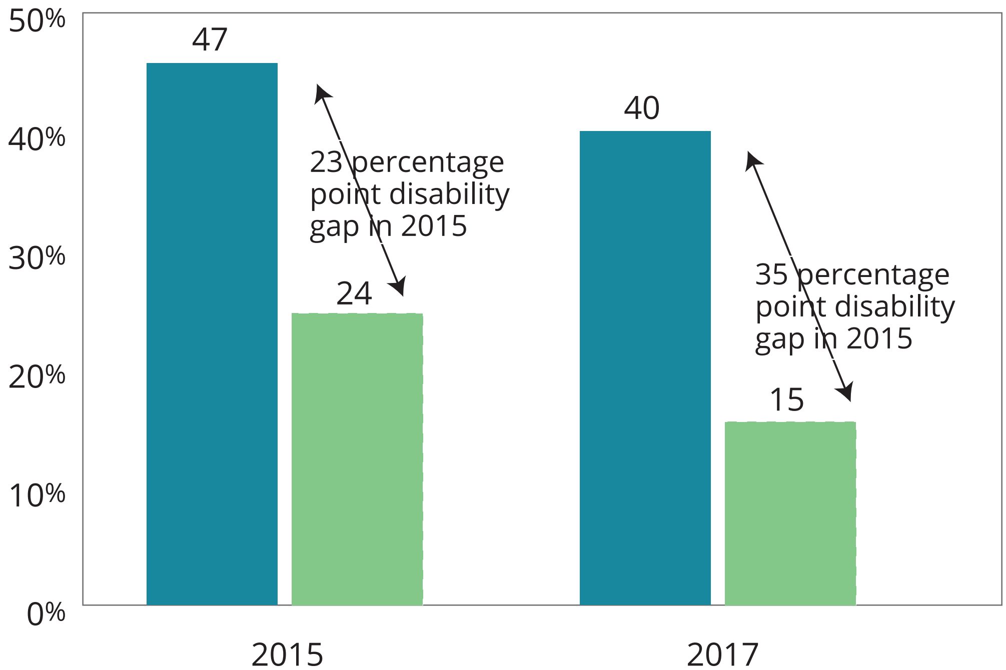
Compared with households without disability, those with a disability are less likely to have any mainstream credit products regardless of income level (Figure 18: No Mainstream Credit Products by Income and Disability Status, 2017).

Figure 18: No Mainstream Credit Products by Income and Disability Status, 2017



Compared to 2015, households with and without disabilities are both more likely to have mainstream credit but, the disability gap, the disparity between households with and without a disability, has grown from 23 percentage points to 35 percentage points (Figure 19).

Figure 19: Percentage of Households with No Mainstream Credit Products, 2015 and 2017, by Disability Status



Unmet Need for Credit

A household is considered to have an unmet need for credit if they: (1) applied for bank credit and were denied; (2) felt discouraged about applying for bank credit; or (3) used any nonbank credit product. Based on this definition, 19 percent of households with a disability and 13 percent of households without a disability have an unmet need for credit. (Figure 20: Unmet Need for Credit by Disability Status, 2017)

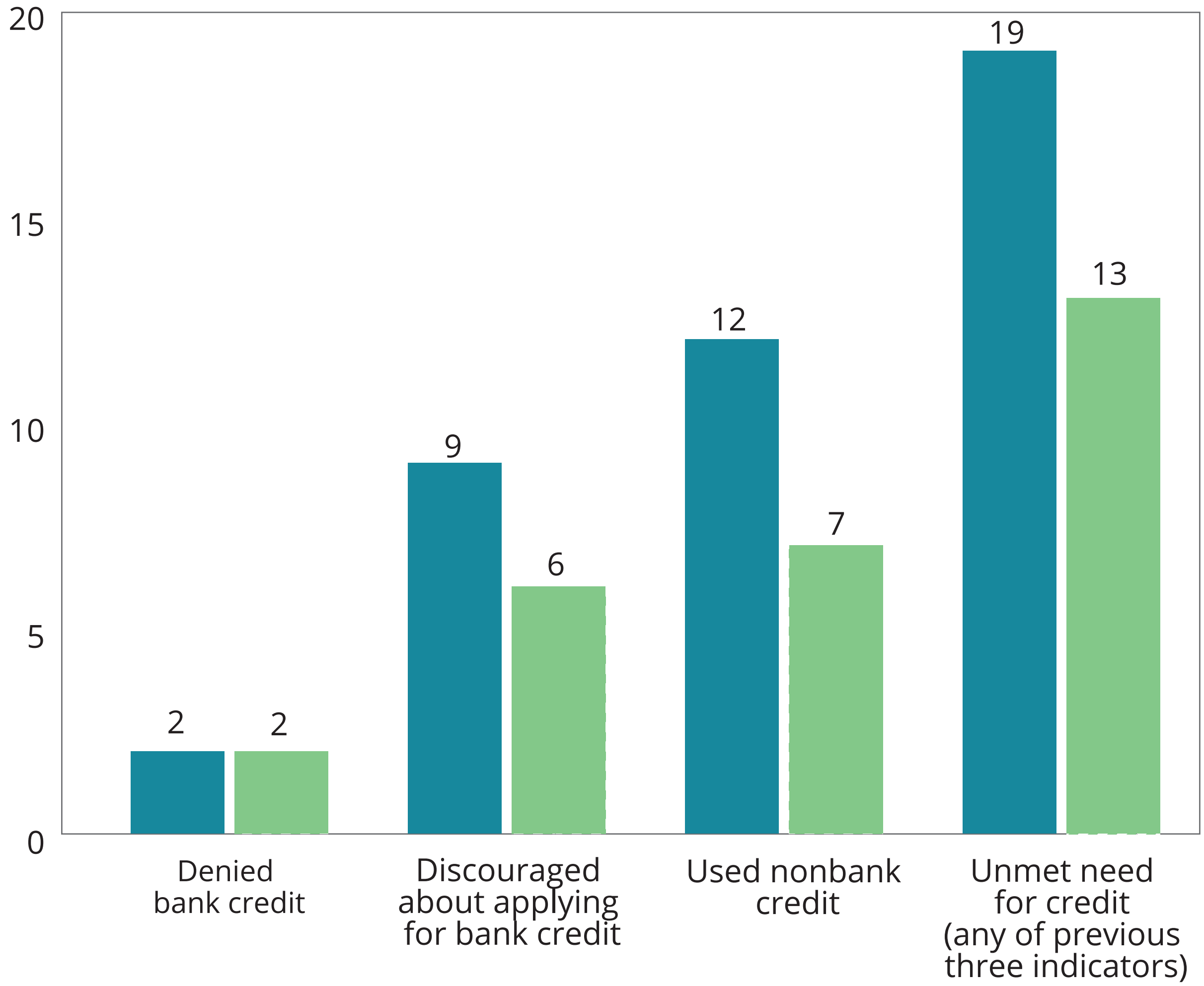
Focus Group Findings: Credit

Focus group participants talked about their use of credit and unmet need for credit. While some of their comments were related to income, others were related to disability.

Many focus group participants did not want credit cards or loans because they were concerned that it would be too difficult to pay off because they had low or unpredictable incomes.

For some, low credit scores prevented them from getting access to credit. A woman from Florida said, "I tried to get a credit card, but I have bad credit from the last 10 years. I can't go back to 1995 and fix it. But you get judged for your past and not where you are today." Another participant described a bank representative who was encouraging him to consolidate his debts. "Even though my credit score is low – around 670 – the representative at the bank said, 'If someone could only get you a full-time job or a part-time job that pays good money and you could make the payments, we could set you up with a loan for $5,000 and you could get rid of the credit card and just make one payment per month.'" The participant said, "If I could get a job, I wouldn't be in this situation."

Figure 20: Unmet Need for Credit by Disability Status, 2017



Several participants described that they had obtained credit before the onset of their disability. However, their disability forced them to reduce their work hours or leave their job making it challenging to pay off the debt.

Most participants were aware of their credit scores and discussed how to raise them. They mentioned Credit Karma,[37] which can be used at no charge. The service enables users to understand and dispute their credit scores. One participant explained, "I disputed things that were over 10 years old using Credit Karma and my credit score was raised to over 600. I pay my car payment on time and it improved my credit score." A man from another group said, "I use Credit Karma as a means to monitor credit. It has been useful to give me some ideas to reevaluate my debt to income and distribution of funds."

37 www.creditkarma.com

13. Conclusion and Implications

Adults with a disability remain unbanked and underbanked at higher rates than their peers without disabilities even when adjusting for socioeconomic and demographic characteristics. Since 2011, the "disability gap" has increased. While the unbanked rate for people without disabilities has been steadily decreasing, the unbanked rate for people with disabilities has remained consistently high; this is increasing the gap between people with and without disabilities.

Factors such as race, income and education impact the banking status of people with and without disabilities. While controlling for these variables, people with disabilities are still more likely to be less banked. Sixty-eight percent of the difference between the fully banked rate of people with a disability compared to those without a disability is explained by the difference in socioeconomic characteristics, and the other 32 percent is explained by the presence of a disability and other factors for which we can't account.

There are many reasons why people with disabilities remain un/underbanked. Some relate directly to their disabilities (e.g., lack of accessible technologies); some to non-disability specific factors (e.g., using money orders to avoid overdraft fees); and some to navigating the benefit system (e.g., not using a savings account in order to remain qualified for means-tested SSI).

Regardless of the cause, the composite picture of households with a disability and their financial behavior and banking status presents an economically vulnerable population making financial decisions that perpetuate financial instability, without gaining the benefits of regular participation in the economic mainstream. The findings indicate a continued reliance on nonbank products and services that offer no pathway out of poverty and potential for greater exploitation.

This is particularly clear in people with disabilities' lack of access to bank credit. Households with a disability were more likely to have an unmet need for credit. Access to credit is an important element of financial inclusion. Credit can help purchase and build assets or absorb the shock of an adverse economic event. Households with a disability were twice as likely to have no mainstream credit (no credit card, store credit, mortgage or home equity loan, auto loan or student loan) as compared to their nondisabled peers (40 versus 15 percent). While some households are not looking for credit, many have either been denied bank credit, discouraged about applying for bank credit or used non-bank credit.

Instead of using bank credit, which builds credit history and offers lower interest rates, many people with disability turn toward predatory credit AFS. Credit AFS tend to carry high interest rates and often trap users in a cycle of debt. In addition, AFS is not connected to credit bureaus so users who are able to pay off the debt do not benefit from an increased credit score that may allow them to borrow at a lower rate in the future. However, credit AFS offer consumers access to small dollar loans that may be otherwise unavailable; most banks do not provide small dollar loans. Low- and moderate-income households often use credit cards, with high interest rates, to extend themselves credit. However, only one-third of underbanked households with a disability even have a credit card.

The increased use of smartphones and internet-based banking services presents both an opportunity and risk for people with disabilities. These technologies carry the potential to create easier access to services, particularly for people whose disabilities make physically going to branches difficult. At the same time, these technologies are not always designed in ways that are accessible for all levels and types of abilities. Some people with disabilities are particularly supported by the in-person customer service provided at branches which may not carry over to electronic services. In the background of these accessibility issues is also the fact that people with disabilities are less likely to have access to smartphones or internet than people without disabilities. All of this indicates the importance of ensuring that the needs of people with disabilities are met as banks focus more energy on electronic services.

Though many people with disabilities were supported by customer service at branches, others felt excluded by the technology, the tellers or both. Focus group members described systemic barriers due to multiple stigmas that are difficult to overcome. Some felt they had encountered prejudice in dealing with bank staff because of their race. Others faced issues related to poverty, such as minimum balance requirements for savings accounts, high monthly checking account service charges and unexpected overdraft fees. In addition to these barriers, many faced accessibility issues related to disability such as heavy doors to bank entrances, high counters, lack of opportunities to communicate with a sign language interpreter and flat screen bank card readers. Individuals who face the "triple jeopardy" of poverty, race and disability encounter barriers in all of these categories, compounding their obstacles to financial inclusion.

These findings should serve as a wake-up call for banks and policy-makers to: (1) expand access and draw customers with disabilities into mainstream banking through education and superior customer service; (2) keep customers with disabilities in the banking system by modernizing the Community Reinvestment Act and encouraging eligible customers to open ABLE accounts; and (3) deepen the banking relationship by capitalizing on the economic inclusion potential of mobile financial services and revisit the definition and oversight of financial inclusion.

14. About the Authors

Nanette Goodman, M.S., is the Director of Research at National Disability Institute, where she conducts quantitative and qualitative analysis of policies and programs affecting the financial stability of people with disabilities. She is the primary author of NDI's 2017 report on the *FDIC Survey of Unbanked and Underbanked Households and Financial Capability of Adults with Disabilities* based on the FINRA Investor Education Foundation National Financial Capability Study. She has also written on the intersection between disability, poverty and race, financial education in American Job Centers, the use of the Earned Income Tax Credit (EITC) among people with disabilities and complexities and opportunities in the disability employment system. Prior to joining NDI, she conducted research on disability policy issues in the U.S. and developing countries as an independent consultant, a Senior Policy Advisor at the Office of Disability Employment Policy (ODEP), U.S. Department of Labor and a Research Associate at the Cornell University Institute for Policy Research. She gained insights into the importance of public policy by raising a child with a disability. Ms. Goodman received an M.S. in Economics from the University of Wisconsin and a B.A. in Economics and Public Policy from the University of Pennsylvania.

Michael Morris, J.D., is the founder and Executive Director of National Disability Institute. He is a former legal counsel to the U.S. Senate Subcommittee on Disability Policy and is a key architect of the ABLE Act. He serves as a subject matter expert on financial inclusion and poverty reduction concerning people with disabilities to the FDIC, IRS, Federal Reserve Bank of Atlanta, National Council on Disability and multiple state ABLE programs. He was the first Kennedy Foundation Public Policy Fellow and worked in the office of Senator Lowell Weicker (CT).

Mr. Morris is the co-founder of the Real Economic Impact Tour and Network which, since 2005, has assisted more than two million low-income individuals with disabilities access the Earned Income Tax Credit and receive more than $2.3 billion dollars in tax refunds. He received his undergraduate degree in political science with honors from Case Western Reserve University in Cleveland, Ohio, and his law degree from Emory University School of Law in Atlanta, Georgia.

Mr. Morris co-authored two publications for the National Council on Disability: *The State of 21st Century Long Term Services and Supports: Financing and Systems Reform for American with Disabilities* (2005), and *The State of 21st Century Financial Incentives for Americans with Disabilities* (2008). He is co-author of *Tax Credits and Asset Accumulation: Findings from the 2004 NOD Harris Survey of Americans with Disabilities published in Disabilities Studies Quarterly* (2005), which reported on research findings from the inaugural Disability and Rehabilitation Research Projects (DRRP) on Asset Accumulation. In 2014, he co-authored the *National Report on the Financial Capability of Adults with Disabilities*, based on data analyzed from the FINRA Investor Education Foundation. In 2015, he co-authored the *Banking Status and Financial Behaviors of Adults with Disabilities* report, based on data analyzed from the FDIC's *National Survey of Unbanked and Underbanked Households.*

In 2016, Mr. Morris helped establish the ABLE National Resource Center (ABLE NRC), a collaborative of 25 of the leading national nonprofit disability organizations. The Center's website is the leading independent source of information about state ABLE programs and is on pace in 2019 to have two million visitors (www.ablenrc.org).

In 2019, Mr. Morris helped establish the Center for Disability-Inclusive Community Development (CDICD) to advance training, technical assistance and research activities that foster greater collaboration between the disability and financial communities to focus CRA-related activities of investment, lending and services to benefit low-income individuals across the spectrum of disabilities (https://www.nationaldisabilityinstitute.org/disability-inclusive-community-development/).

National Disability Institute, since its establishment 15 years ago, has emerged as one of the leading national nonprofit organizations dedicated to advancing financial inclusion and economic self-sufficiency for individuals across the spectrum of disabilities and their families (www.nationaldisabilityinstitute.org). The majority of NDI staff and Board of Directors have personal experience with disabilities as individuals, siblings and parents. With public funders (U.S. Departments of Labor, Education, Health and Human Services and Social Security Administration) and private support (JPMorgan Chase, Bank of America, Wells Fargo, Citibank, TD Bank and Walmart Foundation), NDI implements 14 projects at national, state and local levels that are improving financial capability and independence with partnerships between the disability and financial communities.

Focus Group Methodology

Focus groups are an effective means to allow researchers to hear consumer perspectives on a chosen topic. The groups enable researchers to hear the everyday life experiences of participants and provide the kind of knowledge that has immediate and practical use.[38] Focus group methodology fit the broad-based nature of our questions about barriers for people with disabilities in the banking industry and how the industry could increase inclusion of them in banking and financial management.

Specifically, our goal was to look at focus group participants' experiences using banks, including bank branches, cash machines and online banking. We also wished to know how participants obtain money and pay bills, where they get loans and cash checks and whether they are using some of the new financial technology (fintech) options to transfer money, make purchases and pay bills.

We developed a set of focus group questions based upon findings from the 2015 FDIC survey that showed that people with disabilities participate at lower levels in banking and use of financial technology and at higher levels in alternative banking services. We organized our questions into the following domains: (1) the types of banking services currently used; (2) positive and challenging experiences with those services; (3) use of computer or phone banking; (4) use of alternative financial services; (5) paying bills and saving for emergencies; (6) technology-based banking services such as PayPal, Venmo, GoFundMe or Lending Tree; (7) learning more about banking and financial technology; and (8) designing a banking system that works for you.

We identified focus group participants by contacting local service and advocacy organizations for individuals with disabilities. Our goal was to recruit individuals with physical, sensory, psychiatric and intellectual disabilities from a variety of socio-economic backgrounds.

We administered a brief questionnaire to obtain socio-demographic information from participants. We also asked about banking status, such as whether they had a checking or savings account, whether they had access to a computer and smartphone and their use of alternative banking services.

The sample consisted of 56 individuals in seven focus groups and three individual interviews. They represented a cross-section of working age people with disabilities. Two-thirds of the focus group participants were women; 43 percent were African American. More than half are currently employed. (Appendix Table 1)). They represent a range of physical, mental and sensory impairments. Almost half reported a vision or hearing

38 O'Day, Bonnie L., and Mary B. Killeen. "Research on the Lives of People with Disabilities: The Emerging Importance of Qualitative Research Methodologies." *Journal of Disability Policy Research*, vol. 13, no. 1, 2002, pp. 9-15.

impairment as their primary disability. One-quarter reported mental health as a primary or secondary disability and 30 percent included physical, mobility or medical impairments as a primary or secondary disability. More than 50 percent of our participants were under age 50.

Appendix Table 1: Demographic Characteristics of Focus Group Participants

Demographic Characteristics	Total/Percent of Total
Number of participants	56
Gender	
Female	64%
Male	36%
Age	
20-34	27%
35-49	29%
50-66	43%
Unknown	2%
Race/Ethnicity	
African American	43%
White	36%
Asian	13%
Latino	7%
Other	2%
Primary Disability	
Blind/vision impairment	25%
Deaf/hearing impairment	23%
Medical/Physical/Neurological	20%
Mental Health	14%
Cerebral Palsy	9%
Other/Unknown	5%
Intellectual Disability	4%
Multiple Disabilities	45%
Mental Health as Primary or Secondary Disability	23%
Physical/Mobility/Medical Impairments as Primary or Secondary	30%
Currently Employed	
Yes	54%
No	46%

Demographic Characteristics	Total/Percent of Total
Highest Level of Education Completed	
Less than high school	2%
High school graduate	27%
Some college	27%
Vocational/trade	5%
College graduate	29%
Post graduate work or higher	11%

Three-quarters of participants had access to a computer at home and a smartphone. Almost all had a checking account, but 18 percent did not have a savings account. Almost 80 percent use the ATM, 60 percent access a bank account online and 59 percent use a mobile phone. Their use of alternative financial services varies. While fewer than one in four use a check cashing service or non-bank loan service, 39 percent use money orders.

We recorded all focus groups and took extensive notes from the recordings. As the first step in the analytic process, we grouped verbatim quotes into domains that align with the structure of the FDIC survey. We selected quotes that provide participant insights in the most compelling fashion. Next, the two researchers independently reviewed the transcripts to ensure that the quotes accurately captured the sentiments of each group and that no critical comments were omitted. We also reviewed the data to identify common themes by disability type and race. We then discussed each domain to reach consensus about the main messages that should be presented in Chapter III. Our final step was to interpret and contextualize these themes and draw conclusions.

This report was made possible through the generous support of JPMorgan Chase.

NATIONAL DISABILITY INSTITUTE

Building a Better Financial Future

National Disability Institute
1667 K Street, Suite 480
Washington, DC 20006
202.296.2040
www.nationaldisabilityinstitute.org
@NationalDisability   @NatDisability