

Inequality in Access to Bank Credit

Highlights from the 2019 FDIC Survey of Household Use of Banking and Financial Services



The recent social movement that denounced the systemic racism and discrimination of Americans who are Black, Indigenous and People of Color (BIPOC)

ushered the U.S. into a time in which institutions are actively working to redress the unequal treatment of all historically marginalized groups. Unfortunately, too many times these efforts fall short in recognizing and intentionally targeting the discrimination faced by the 41.1 million Americans living with disabilities today. Public forums on the topic of equity may barely, if at all, discuss the barriers persons with disabilities face: programs made available to BIPOC individuals may not be tailored to persons with disabilities and data collected to assess financial well-being may fail to ask whether the respondent has a disability.

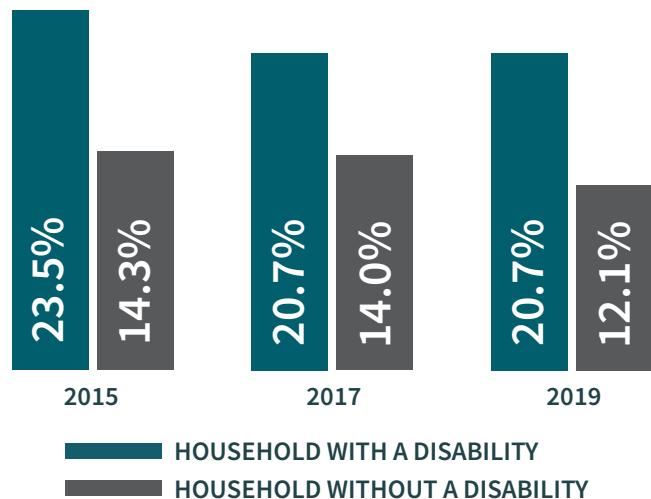
Using data from the 2019 FDIC Survey of Household Use of Banking and Financial Services, this factsheet calls attention to the inequalities in bank credit experienced by persons with disabilities. Recognizing the impact of intersectionality, the findings highlight the disproportionate financial barriers faced by BIPOC persons with disabilities. The data was collected in June 2019 prior to the economic impact of COVID-19. Therefore, analysis of these data can help (1) characterize how households with disabilities were financially positioned to withstand the pandemic and (2) investigate the impact of the pandemic on households with disabilities by providing a comparative benchmark for the 2021 survey.

A household is classified as having an unmet need for credit if one or more of the following are true:

- Household used a nonbank credit product;
- Household was denied a Visa, MasterCard, American Express or Discover credit card or a personal loan or line of credit from a bank (or not given as much credit as requested); or
- Household did not apply for a Visa, MasterCard, American Express or Discover credit card or a personal loan or line of credit from a bank because of concerns about being turned down.

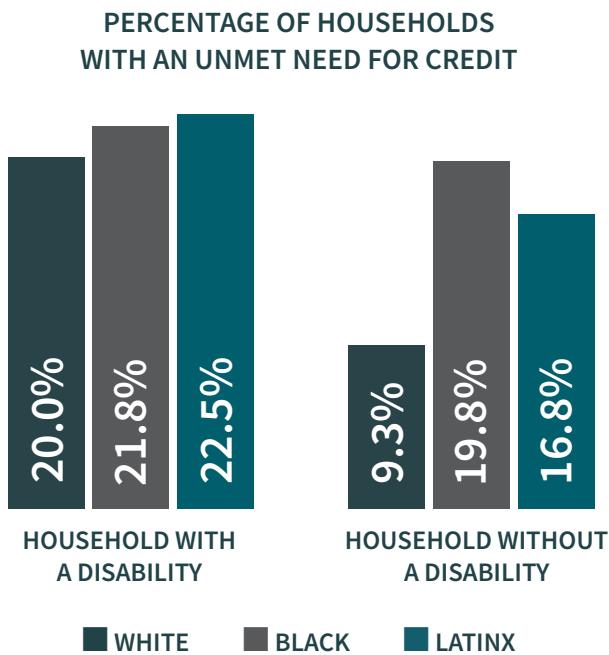
- There is a data gap affecting persons with disabilities who are American Indian/Alaska Native, Hawaiian Native/Other Pacific Islander or Asian. The survey data does not have enough respondents from these groups to produce precise estimates, which puts affected groups at risk of being overlooked in public policy and programming. Therefore, it is critical for researchers to obtain data that describes the financial barriers faced by persons with disabilities who are members of these races.
- Black households have the highest percentage of householders with disabilities.
 - 17.8% of Black households have a householder with disabilities (White: 11.9%, Latinx: 8.7%).

PERCENTAGE OF HOUSEHOLDS WITH AN UNMET NEED FOR CREDIT OVER THE YEARS OF DATA COLLECTION



- The percentage of households with a disability that had an unmet need for credit decreased from 23.5% in 2015 to 20.7% in 2017, but remained at 20.7% in 2019.
- In households without a disability the percentage of an unmet need for credit was about the same in 2015 and 2017 (14.3% and 14.0%, respectively) and decreased by 1.9% to 12.1% in 2019.
- In 2019, the percentage of households with an unmet need for credit was 1.7 times greater in households with a disability than in those without disability.
 - With a disability: 20.7%; Without a disability: 12.1%

- Irrespective of race/ethnicity, higher percentages of households with a disability have an unmet need for credit.
 - Black with a disability: 21.8%; Black without a disability: 19.8%
 - Latinx with a disability: 22.5%; Latinx without a disability: 16.8%
 - White with a disability: 20%; White without a disability: 9.3%



- In households with a disability, there are slight differences in the percentage of an unmet need for credit among Black, Latinx and White households.

A marginally higher percentage of Black and Latinx households with a disability have an unmet need for credit compared to White.¹

- Black with a disability: 21.8%; Latinx with a disability: 22.5%; White with a disability: 20%
- In contrast, in households without a disability, there are larger differences in an unmet need for credit with Black and Latinx households showing much higher percentages than White.
 - Black without a disability: 19.8%; Latinx without a disability: 16.8%; White without a disability: 9.3%
- It is likely that American Indian/Alaska Native households with a disability face inequalities in bank account ownership similar to the ones found in Black and Latinx households with a disability. For instance, in households without a disability, the races/ethnicities with the highest percentage of an unmet need for credit are American Indian/Alaska Native (21.6%), followed by Black (19.8%) and Latinx (16.8%). Data also show that the percentage of households with an unmet need for credit was even higher in Latinx and Black households with a disability. Therefore, it is likely that the percentage of American Indian/Alaska Native households with a disability with an unmet need for credit is similar to the percentages found in Black and Latinx households with a disability.

¹ The difference in the percentage of households with an unmet need for credit was statistically significant when comparing White and Latinx households with a disability, but not when comparing White and Black households with a disability (at .05 and .1 alpha levels).

METHODOLOGY

The race/ethnicity of the householder was used to classify the household. For example, “Black household with a disability” refers to a household for which the householder identifies as Black alone and not Latinx. The associations between income bracket and group membership based on disability status and race/ethnicity described in this document are significant at the .05 alpha level.

NDI thanks the FDIC for their continued commitment to gather data on disability status and to advance the financial inclusion of persons with disabilities and other economically vulnerable populations. It is our hope that other economic surveys start to collect disability data (e.g., Annual Business Survey, Consumer Expenditure Survey, Federal Reserve Board Survey of Household Economics and Decision-making Survey).

This research was made possible through the generous support of JPMorgan Chase & Co.