

THE UNBANKED & UNDERBANKED – US – 2024

FIs must continue working to bridge the gap between mainstream financial services and the un- and underbanked to ensure an equitable and inclusive banking system.



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The Unbanked & Underbanked - US - 2024

This report looks at the following areas:

- Reasons for being unbanked
- Top factors that would get the unbanked to open bank accounts
- Top financial challenges facing the un- and underbanked
- Attitudes and financial behaviors of the un- and underbanked

Overview

The terms "unbanked" and "underbanked" refer to groups within the general population that either have no or limited access to traditional banking products and services. In the case of the unbanked, this segment is more likely to be multicultural adults on the lower-ends of the income spectrum. For the underbanked, Millennials comprise the biggest portion of this segment – standing at a whopping 55%. While the underbanked do possess access to some banking services, their use can be limited, and is often supplemented by a heavier reliance on [alternative financial products and services such as payday loans or money orders](#).

While both groups have their own set of distinct financial challenges, the key unifier is the desire for an affordable banking experience. In fact, half of the unbanked would open a bank account if fees were out of the question. For fintechs and online-only banks, the sensitivity to fees among these groups positions them well from an acquisition standpoint – given these institutions' long histories championing an equitable and cost-effective model of banking. For digital providers, the underbanked remain a key market to tap into, given that nearly half



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plan to open an account with an online-only FI within the next year, presenting an enticing opportunity for these brands to pounce on.

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Report Content

EXECUTIVE SUMMARY

- What you need to know

Consumer trends: key takeaways

- An underbanked status is heavily linked with being a Millennial
 - Graph 1: share of un- and underbanked consumers, by generation, 2024
- Small-dollar loans are a growing area more FIs should explore in order to provide healthier alternatives to the underbanked
- Help customers prepare for the unexpected with affordable small dollar loans
- For FIs looking to capture the unbanked, affordability is the core tenet that they must keep in mind when approaching this segment
 - Graph 2: key factors that would get the unbanked to open a bank account, 2024
- Encouraging is the fact the many of the unbanked seem to consider their current situation as transitory
 - Graph 3: planned account openings, by banking status, 2024
- For credit unions and online-only FIs, there are also promising opportunities when it comes to capturing underbanked adults
 - Graph 4: types of FIs underbanked consumers use most often, 2024
- Market predictions

Opportunities

- There is much for FIs to tap into considering how the un- and underbanked tend to break out generationally
- Nearly 15% of unbanked consumers were previously denied an account at a traditional FI
- Negative report items from past banking relationships are a contributor to why many of the unbanked are without checking accounts
- What is a ChexSystems report?
- Where there's a will, there's a way; FIs have the tools and balance sheets to be able to bank the unbanked
- Younger consumers are much more likely to use social media to engage with personal finance education content
 - Graph 5: channels used to learn about personal finance, by generation, 2023
 - Graph 6: financial behaviors in the past year, by generation, 2023
- SoFi established a creative partnership to promote its fee-free deposit accounts

CONSUMER INSIGHTS

Consumer fast facts

Un- and underbanked consumers

- Over 10% of consumers have identified as being unbanked, that is they do not have a checking or savings account with a financial institution
- Unbanked consumers are most likely to be concentrated below the \$50,000 income threshold
 - Graph 7: share of unbanked consumers, by household income, 2024
- Black consumers are the most likely group to be unbanked
 - Graph 8: reasons unbanked Black adults don't have a bank account, 2024
 - Graph 9: share of unbanked consumers, by race and ethnicity, 2024
- More outreach and trust-building initiatives from FIs are needed across minority communities

Reasons for not being banked

- Fee sensitivity is a growing driver to consumers' unbanked status
 - Graph 10: top reasons the unbanked don't have a bank account, 2024
- Inconvenient branch locations are a rising contributor to the unbanked's current status
 - Graph 11: top reasons the unbanked don't have a bank account, 2024
- Banks have an opportunity to establish a face-to-face presence via pop-up branches
- PNC Bank continued expanding its network of pop-up branches

Motivations to opening a bank account

- Nearly a third of the unbanked would seek a relationship with an FI if they were incentivized from the get-go
- FIs can go beyond sign-up bonuses and extend rewards and incentives to drive financially healthy behaviors

Financial challenges and future plans

- Saving and meeting payment obligations are the biggest financial challenges facing the underbanked
 - Graph 12: top financial challenges, by banking status, 2024
- While not high on the list of challenges, FIs can still support the un- and underbanked's goals of saving for their children's education
 - Graph 13: top financial challenges, by banking status, 2024

Financial behaviors and attitudes

- PayPal, Amazon, and Walmart are the top three brands the un- and underbanked would open bank accounts with
 - Graph 14: non-banks the un- and underbanked would open an account with, 2024
- A case for Walmart in a sea of challengers
- Walmart remain extremely well-positioned to capture the un- and underbanked
- There is a significant opportunity to reach the un- and underbanked via messaging centered around early paycheck access

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- Graph 15: attitudes toward early paycheck access, by banking status, 2024
- A significant portion of the unbanked are leaving the door open when it comes to opening an account
 - Graph 16: attitudes toward bank account opening, by banking status, 2024
- The majority of the un- and underbanked consider it vital to be able to manage their finances through their phones
 - Graph 17: importance of mobile experience when managing finances, by banking status, 2024

COMPETITIVE STRATEGIES

Marketing and advertising

- The sign-up bonus remains a powerful tool for incentivizing new account acquisitions – particularly among the unbanked
- FIs can cross-sell other deposit products via bundles with larger sign-up bonuses
- Chime reminds customers that they can receive their tax refunds up to six days in advance
- Coupled with its messaging about early tax refunds, Chime also promotes its trademark early paycheck access service

THE MARKET

- Market context

Market drivers

- Being unbanked and unemployed are closely linked
 - Graph 18: share of unbanked consumers, by employment status, 2024
- With employment driving key bankable moments among the unbanked, FIs should leverage creative partnerships with job placement services
- Despite an increasingly digitized payment landscape, cash remains king for the unbanked
- More payment guardrails are needed to ensure the economic safety of the unbanked
 - Graph 19: top reasons the unbanked don't have a bank account, 2024

APPENDIX

- Market definition
- Consumer research methodology
- Generations
- Abbreviations and terms

Disclaimer

This is marketing intelligence published by Mintel. The consumer research exclusively commissioned by Mintel was conducted by Kantar Profiles ([See Research Methodology for more information](#)).

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