# Where Are the Unbanked and Underbanked in New York City?

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**Nationwide, millions of Americans live on the economic margins. Nearly 10 million US households (7.7 percent) are unbanked, meaning they do not have a checking or savings account (FDIC 2014). Another 25 million (20.0 percent) are underbanked, meaning they have checking or savings accounts but also use alternative financial services such as check cashing or payday loans (FDIC 2014).**

A bank account, which provides structure and a safe place to save money, may help people build savings and assets (Barr and Blank 2009; Collins 2015; Rhine, Greene, and Toussaint-Comeau 2006). On the other hand, the problem may be having sufficient income to save, not the bank account itself. For example, over half of unbanked households (57.5 percent) cite not having enough money as a reason for not having a bank account (FDIC 2014, 25).[1] Minimum balance requirements, insufficient funds fees, and overdraft fees can make bank accounts expensive and limit their value for low-income consumers; and low fee, low balance bank accounts may not be profitable for banks. For some consumers, operating outside the formal financial sector can be a better option.

Other consumers—the underbanked—straddle both the formal and informal sectors and get their financial needs met by both traditional financial institutions and alternative financial service providers. Some consumers turn to prepaid cards, which can be used to deposit money, pay bills, make purchases, and withdraw cash at automated teller machines (ATM)—many of the functions bank accounts are used for.

There is a push to move beyond measuring unbanked and underbanked and focus on financial health, which captures concepts including day-to-day financial management, resilience, and opportunity (Gutman et al. 2015).[2] The unbanked and underbanked have been shown to have lower financial health (Gutman et al. 2015), so they can be considered a marker for financial health.

## 360,000 New York City households are unbanked; another 780,000 are underbanked

This brief and an accompanying interactive map were commissioned by the New York City Department of Consumer Affairs' Office of Financial Empowerment. The brief provides information on how many New Yorkers are unbanked and underbanked, recognizing their links to financial health. It also illustrates New Yorkers' use of prepaid cards. Prepaid cards provide much of the same functionality as bank accounts, so they can be used as an alternative. We look at the city as a whole as well as separately in the five boroughs and 55 neighborhoods. This local look provides new neighborhood information to a field where national statistics dominate. Key findings include the following:

- In total, 360,000 households in New York City are unbanked and 780,000 are underbanked.

- The city's shares of unbanked and underbanked are higher than the national average. In 2013, 11.7 percent of New Yorkers were unbanked and 25.1 percent were underbanked, compared with 7.7 percent and 20.0 percent, respectively, of US households.

- Between 2011 and 2013 the percent of New Yorkers who were unbanked went down while the percent underbanked went up, but the total (or cumulative) percent unbanked and underbanked was unchanged (37 percent).

- The Bronx has the highest share of unbanked (21.8 percent) and underbanked (30.5 percent) households. Staten Island has the lowest share of unbanked households (7.2 percent) and is on par with Manhattan for the lowest share of underbanked households (18.8 percent).

- Nearly 13 percent of households in New York City have used a prepaid card.

Our local-level estimates come from model-based predictions using data from the FDIC National Survey of Unbanked and Underbanked Households and the American Community Survey.[3] For more details, see the data and methods box at the end of this brief.

To bring the statistics to life and capture the perspective and insights of New Yorkers' experiences with financial institutions and alternative financial services, this brief incorporates qualitative findings from a companion RTI International study (2014) that interviewed 30 low-income New Yorkers. These New Yorkers were selected because they live in neighborhoods with a high share of unbanked or underbanked people.

The remainder of this brief details the unbanked, underbanked, and prepaid card-using populations in New York City, its five boroughs, and its 55 neighborhoods. We focus on 2013—the most recent year data are available—but also make comparisons to 2011.

# The Unbanked Population

Roughly one in every nine New York City households (11.7 percent) does not have a bank account.[4] This translates into roughly 360,000 households.[5] The New York City unbanked rate is higher than the unbanked rates for the nation and for New York State, which are 7.7 and 8.5 percent, respectively (figure 1; see FDIC 2014). This higher unbanked rate for New York City is consistent with a greater degree of economic disadvantage for New York City residents. For example, 17.5 percent of New York City families live in poverty, while the comparable numbers for the nation and New York State are 11.6 percent and 12.1 percent.[6]

**Share of Households without a Bank Account, 2013**
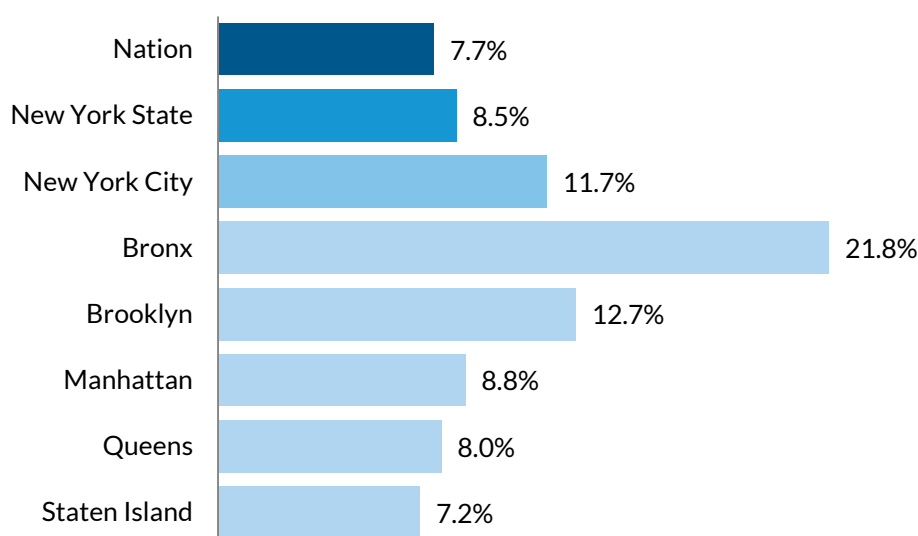


**Sources:** National and state figures are from FDIC-published tables based on *2013 FDIC National Survey of Unbanked and Underbanked Households* (FDIC 2014). All other figures are authors' estimates based on the *2013 FDIC National Survey of Unbanked and Underbanked Households* and the 2013 American Community Survey.

Not surprisingly, the New York City average does not tell the city's full story. The unbanked rate differs by nearly 15 percentage points across the five boroughs. The Bronx has the highest share of households without a bank account—21.8 percent—while Staten Island has the lowest share—7.2 percent (see figure 1). This difference highlights the vast economic diversity within the city. Brooklyn, next in line behind the Bronx, has 40 percent fewer unbanked households—12.7 percent; this is slightly above the city average of 11.7 percent. Manhattan and Queens have unbanked rates somewhat lower than the city average—8.8 and 8.0 percent, respectively. The Bronx and Brooklyn stand out as having above-city-average poverty and unemployment rates, and below-average income (table 1). This

suggests that there are multiple aspects to the disadvantage in these areas and multiple avenues for addressing people's needs.

**Characteristics of New York City and the Five Boroughs, 2013**

|  | Share of families living in poverty | Median income | Share of population unemployed | Share of population foreign-born |
|---|---|---|---|---|
| **New York City** | 17.5% | $58,012 | 8.7% | 37.0% |
| **Brooklyn** | 19.5% | $47,520 | 9.4% | 37.2% |
| **Bronx** | 27.6% | $33,009 | 11.8% | 33.7% |
| **Manhattan** | 14.8% | $72,190 | 7.2% | 28.4% |
| **Queens** | 12.3% | $56,599 | 7.8% | 48.1% |
| **Staten Island** | 10.3% | $69,633 | 7.8% | 20.4% |

**Sources:** Poverty share, median income, and foreign-born share from authors' calculations based on 2013 American Community Survey data. Unemployment data from Bureau of Labor Statistics Local Area Unemployment Statistics.

*Two views on bank accounts:*

- *"I like having a bank account because it makes me feel professional."*
- *"There's always a hidden fee; a surcharge or something."*

*Bushwick, Brooklyn, and Washington Heights, Manhattan, residents (RTI International 2014)*

Our analyses show that between 2011 and 2013, the unbanked rate fell in New York City, following the national trend. Nationally, the unbanked rate fell from 8.2 percent in 2011 to 7.7 percent in 2013,[7] while it fell in New York City from 14.3 percent to 11.7 percent (table 2). There were also declines in four of the five boroughs: the Bronx, Brooklyn, Manhattan, and Queens. The borough with the lowest unbanked rate in 2011—Staten Island—did not experience a declining rate over this period. Staten Island is the only borough to experience upticks in the unemployment or poverty rates between 2011 and 2013 (appendix table A.2).[8] The decline in New York City's unbanked rate is consistent with decreases in New York City's unemployment and poverty rates. New York City's unemployment rate went from 9.1 percent in 2011 to 8.7 percent in 2013, and the poverty rate fell from 18.0 percent to 17.5 percent.

TABLE 2

**Share of Households without a Bank Account in 2011 and 2013**

|  | 2011 | 2013 |
|---|---|---|
| **New York City** | 14.3% | 11.7% |
| **Bronx** | 28.5% | 21.8% |
| **Brooklyn** | 15.2% | 12.7% |
| **Manhattan** | 10.8% | 8.8% |
| **Queens** | 9.3% | 8.0% |
| **Staten Island** | 7.0% | 7.2% |

**Sources:** Authors' estimates based on the *2011* and *2013 FDIC National Survey of Unbanked and Underbanked Households* and the 2011 and 2013 American Community Survey.
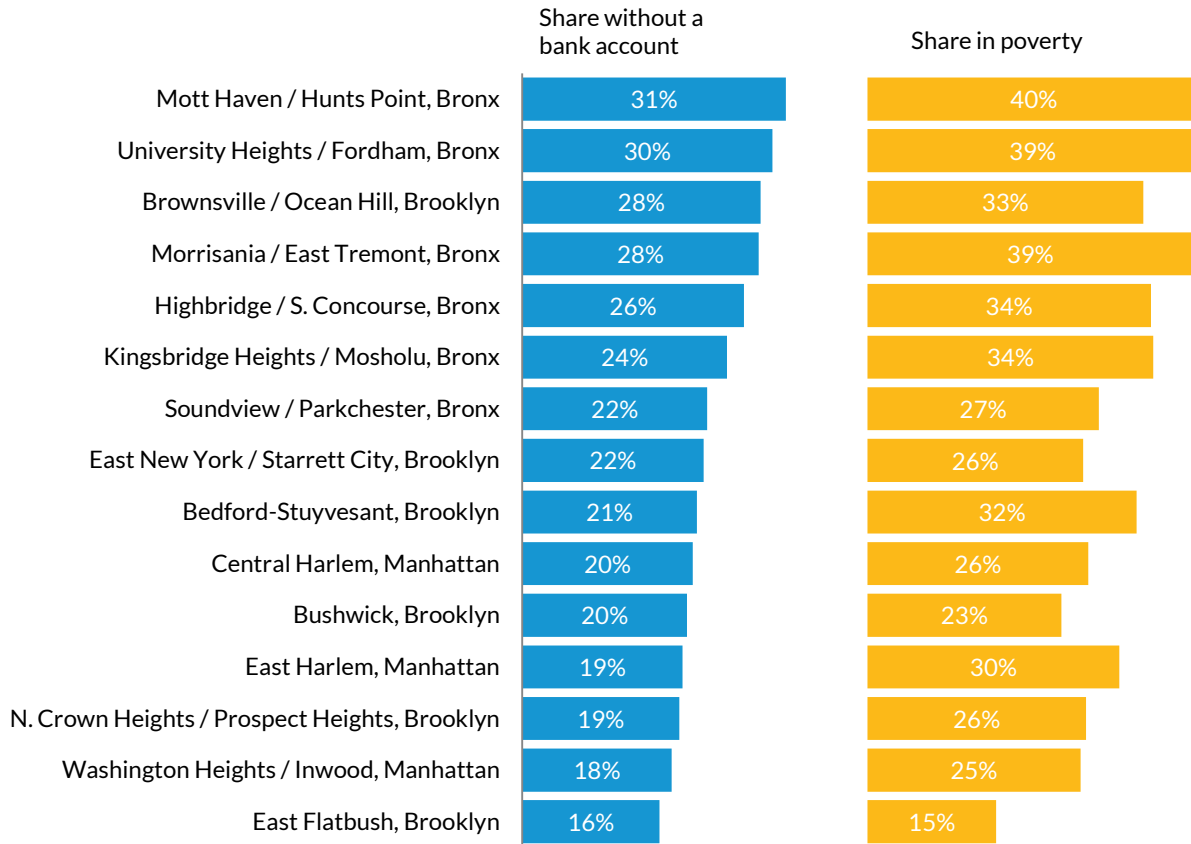
At the community level, neighborhoods with the highest unbanked rates are disproportionately in the Bronx and Brooklyn (figure 2). Among the 15 most unbanked neighborhoods, 6 are in the Bronx, 6 are in Brooklyn, and 3 are in Manhattan. Thirteen of these neighborhoods have among the highest poverty rates in the city, with at least one in four people living below the poverty level. Broadly speaking, there is a strong relationship between neighborhoods with high unbanked rates and neighborhoods with high poverty rates.[9] Of the 16 neighborhoods with poverty rates above 25 percent, only 2 have unbanked rates below the city average of 11.7 percent: Borough Park and Lower East Side/Chinatown. Only 7 of New York City's 55 neighborhoods have unbanked rates of less than 5 percent (appendix table A.1); these neighborhoods are in Manhattan (Stuyvesant Town/Turtle Bay, Greenwich Village/Financial District, and Upper East Side), Queens (Bayside/Little Neck, Forest Hills/Rego Park, and Flushing/Whitestone), and Staten Island (South Shore). All these neighborhoods have poverty rates below the city average.

A map shows the pattern of unbanked status across New York City (figure 3). High unbanked rates are concentrated in the South Bronx, upper Manhattan, and North Brooklyn. This map also shows the location of the relatively few neighborhoods with unbanked rates of 5 percent or lower.

For some New Yorkers, having a bank account seems out of reach; for others, it is a choice. According to in-depth interviews with New York City residents, some residents aspire to have a bank account and see them as providing security, while others are deliberately unbanked and think banks levy excessive fees (RTI International 2014).

FIGURE 2

**Neighborhoods with the Highest Shares of Households without a Bank Account and Corresponding Share in Poverty, 2013**

|  | Share without a bank account | Share in poverty |
|---|---|---|
| Mott Haven / Hunts Point, Bronx | 31% | 40% |
| University Heights / Fordham, Bronx | 30% | 39% |
| Brownsville / Ocean Hill, Brooklyn | 28% | 33% |
| Morrisania / East Tremont, Bronx | 28% | 39% |
| Highbridge / S. Concourse, Bronx | 26% | 34% |
| Kingsbridge Heights / Mosholu, Bronx | 24% | 34% |
| Soundview / Parkchester, Bronx | 22% | 27% |
| East New York / Starrett City, Brooklyn | 22% | 26% |
| Bedford-Stuyvesant, Brooklyn | 21% | 32% |
| Central Harlem, Manhattan | 20% | 26% |
| Bushwick, Brooklyn | 20% | 23% |
| East Harlem, Manhattan | 19% | 30% |
| N. Crown Heights / Prospect Heights, Brooklyn | 19% | 26% |
| Washington Heights / Inwood, Manhattan | 18% | 25% |
| East Flatbush, Brooklyn | 16% | 15% |

**Sources:** Share unbanked from authors' estimates based on the *2013 FDIC National Survey of Unbanked and Underbanked Households* and the 2013 American Community Survey. Share in poverty from the 2013 American Community Survey.

FIGURE 3

**Share of Households without a Bank Account, 2013**
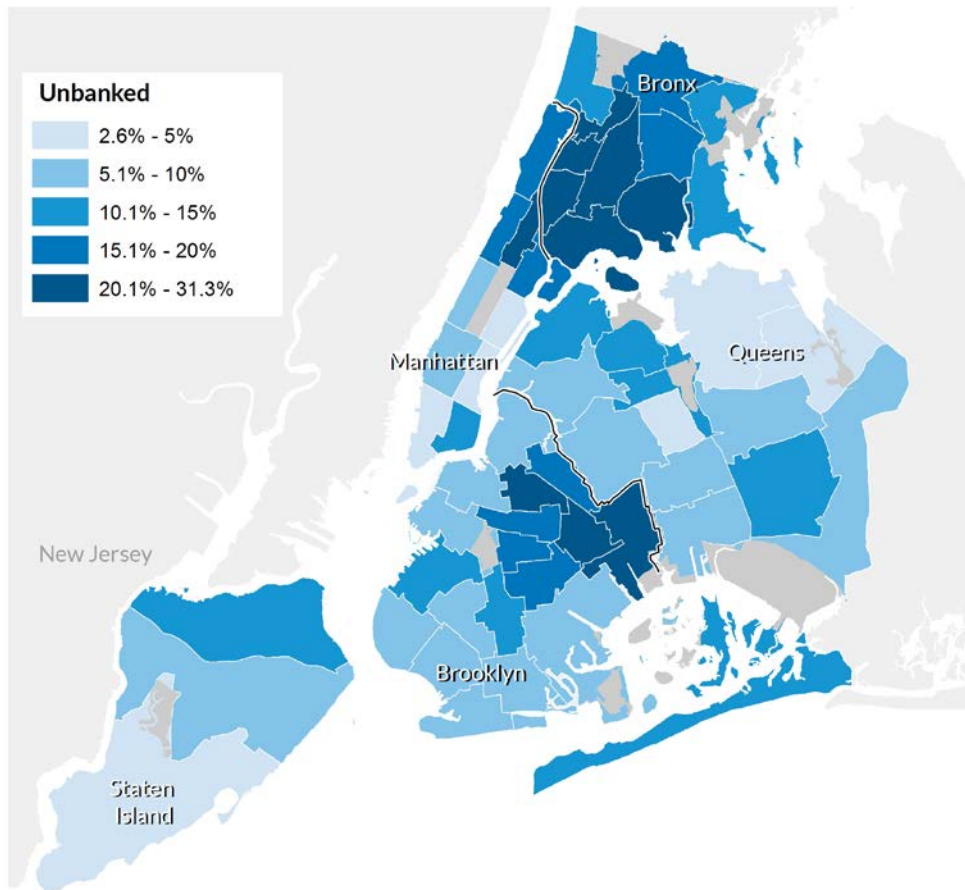


**Sources:** Authors' estimates based on the *2013 FDIC National Survey of Unbanked and Underbanked Households* and the 2013 American Community Survey.
**Note:** Areas within the city limits that are shaded in gray include airports and parks over 0.75 square miles.

# The Underbanked Population

More than one in four New York City households (25.1 percent) is underbanked; these New Yorkers have a checking or savings account but still rely on someplace other than a bank to cash a check, purchase a money order, transfer money internationally, take out a loan (e.g., tax refund loan or pawnbroker loan), or use rent-to-own services. This translates into roughly 780,000 underbanked New York City households.[10] Similar to the unbanked rate, New York City's underbanked rate is higher than the national and state rates, which are 20.0 percent and 19.6 percent, respectively (figure 4; FDIC 2014). The higher underbanked rate reflects the relative economic disadvantage of New York City, as described above. Some New Yorkers with bank accounts explained that they use check-cashing services to transfer money or cash checks and pawnshops to gain extra income (RTI International 2014).
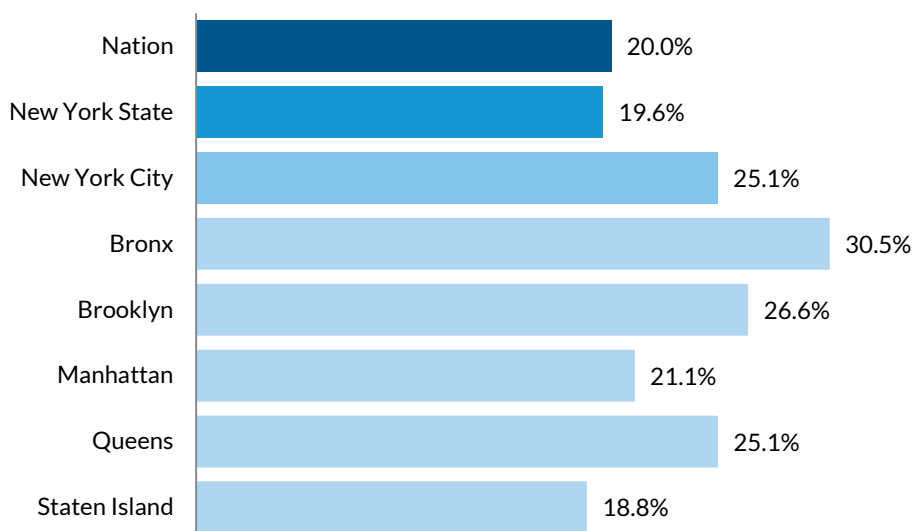
FIGURE 4

**Share of Households with a Bank Account That Also Use Alternative Financial Services (AFS), 2013**



| | |
|---|---|
| Nation | 20.0% |
| New York State | 19.6% |
| New York City | 25.1% |
| Bronx | 30.5% |
| Brooklyn | 26.6% |
| Manhattan | 21.1% |
| Queens | 25.1% |
| Staten Island | 18.8% |

**Sources:** National and state numbers are from FDIC-published tables based on the *2013 FDIC National Survey of Unbanked and Underbanked Households* (FDIC 2014). All other numbers are authors' estimates based on the *2013 FDIC National Survey of Unbanked and Underbanked Households* and the 2013 American Community Survey.
**Note:** Alternative financial services (AFS) include check-cashing services, nonbank money orders or money transfers, payday loans, pawnshops, rent-to-own agreements, and refund anticipation loans.

Among the boroughs, the Bronx has the highest share of underbanked households (30.5 percent), followed by Brooklyn (26.6 percent), Queens (25.1 percent), Manhattan (21.1 percent), and Staten Island (18.8 percent) (figure 4). The Bronx has the highest poverty and unemployment rates to go along with its high share of underbanked households, followed by Brooklyn (see table 1). Queens has a relatively high underbanked rate as compared with Manhattan and Staten Island, given the relatively similar poverty and unemployment rates of the three boroughs. The large share of immigrants in Queens—highest among the five boroughs (table 1)—is a possible explanation. Immigrants are likely to use nonbank money-transfer services to send money internationally. Both banked and unbanked immigrants show a preference for nonbank remittance services (New York City Department of Consumer Affairs 2013).

*Immigrants are likely to use alternative financial services to send money internationally.*

Between 2011 and 2013 the share of underbanked households in New York City increased from 22.4 percent to 25.1 percent (table 3).[11] This increase offsets the decline in the unbanked rate between 2011 and 2013 (from 14.3 percent to 11.7 percent), leaving the share of New Yorkers that are unbanked or underbanked virtually unchanged over this period (36.8 percent). The underbanked rates increased in four boroughs (the Bronx, Brooklyn, Manhattan, and Staten Island), with three of these boroughs also experiencing decreases in the unbanked rates (the Bronx, Brooklyn, and Manhattan). In Queens, the underbanked rate remained steady over time, while the unbanked rate fell.

TABLE 3

**Share of Households with a Bank Account That Also Use AFS in 2011 and 2013**

|  | **2011** | **2013** |
| --- | --- | --- |
| **New York City** | 22.4% | 25.1% |
| **Bronx** | 26.8% | 30.5% |
| **Brooklyn** | 22.7% | 26.6% |
| **Manhattan** | 17.4% | 21.1% |
| **Queens** | 25.2% | 25.1% |
| **Staten Island** | 17.4% | 18.8% |

**Sources:** Authors' estimates based on the *2011* and *2013 FDIC National Survey of Unbanked and Underbanked Households* and the 2011 and 2013 American Community Survey.
**Note:** Alternative financial services (AFS) include check-cashing services, nonbank money orders or money transfers, payday loans, pawnshops, rent-to-own agreements, and refund anticipation loans.
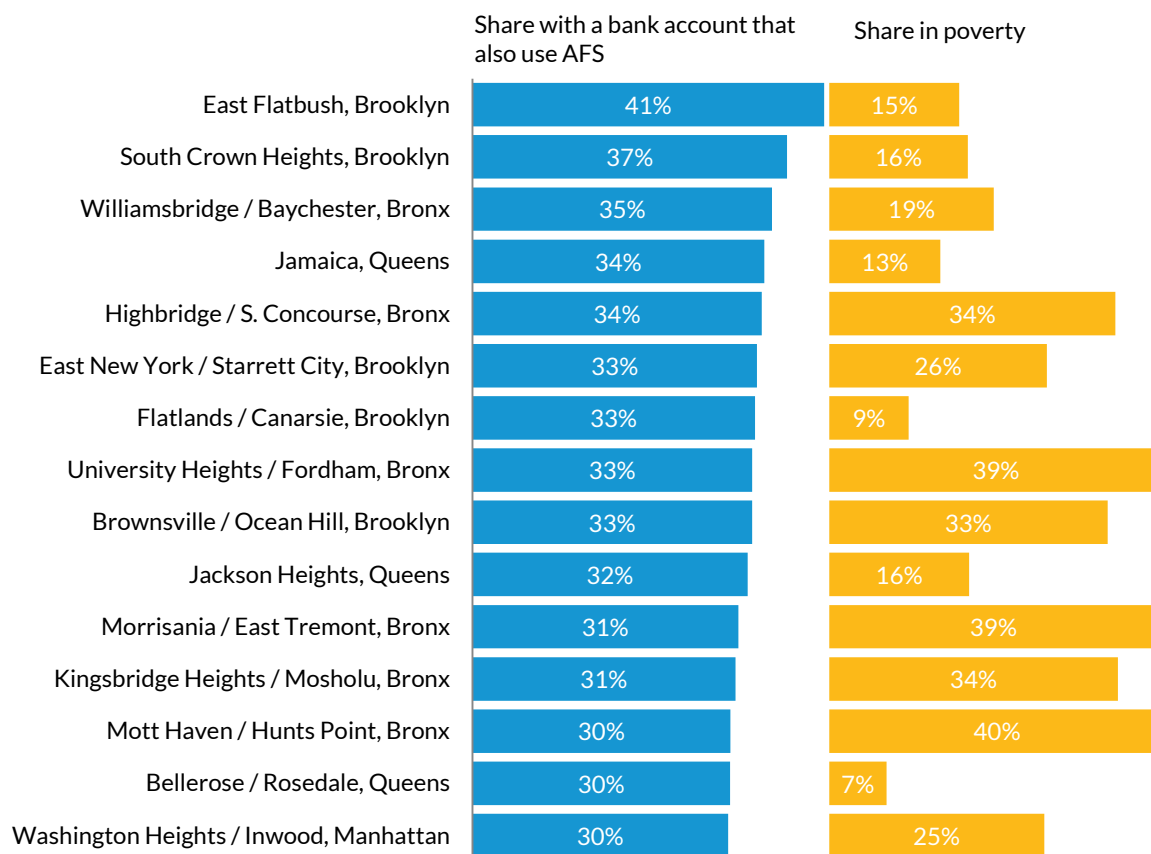
At the neighborhood level, at least 25 percent of households are underbanked in 28 neighborhoods (appendix table A.1). Among the 15 most underbanked neighborhoods, the shares range from 41.4 percent to 30.1 percent (figure 5). These neighborhoods are in the Bronx (6 neighborhoods), Brooklyn (5 neighborhoods), Queens (3 neighborhoods), and Manhattan (2 neighborhoods). Brooklyn's East Flatbush neighborhood has the highest share of underbanked households. Of New York City's 55 neighborhoods, Staten Island's South Shore has the lowest share at 16.0 percent. Generally, underbanked neighborhoods are more likely to have a high unemployment rate but not necessarily a high poverty rate.[12] For example, two neighborhoods with underbanked rates of at least 30 percent have poverty rates of less than 10 percent (well below the city average).

FIGURE 5

**Neighborhoods with the Highest Shares of Households with a Bank Account That Also Use AFS and Corresponding Share in Poverty, 2013**

| Neighborhood | Share with a bank account that also use AFS | Share in poverty |
|---|---|---|
| East Flatbush, Brooklyn | 41% | 15% |
| South Crown Heights, Brooklyn | 37% | 16% |
| Williamsbridge / Baychester, Bronx | 35% | 19% |
| Jamaica, Queens | 34% | 13% |
| Highbridge / S. Concourse, Bronx | 34% | 34% |
| East New York / Starrett City, Brooklyn | 33% | 26% |
| Flatlands / Canarsie, Brooklyn | 33% | 9% |
| University Heights / Fordham, Bronx | 33% | 39% |
| Brownsville / Ocean Hill, Brooklyn | 33% | 33% |
| Jackson Heights, Queens | 32% | 16% |
| Morrisania / East Tremont, Bronx | 31% | 39% |
| Kingsbridge Heights / Mosholu, Bronx | 31% | 34% |
| Mott Haven / Hunts Point, Bronx | 30% | 40% |
| Bellerose / Rosedale, Queens | 30% | 7% |
| Washington Heights / Inwood, Manhattan | 30% | 25% |

**Sources:** Share unbanked from authors' estimates based on the *2013 FDIC National Survey of Unbanked and Underbanked Households* and the 2013 American Community Survey. Share in poverty from the 2013 American Community Survey.
**Note:** Alternative financial services (AFS) include check-cashing services, nonbank money orders or money transfers, payday loans, pawnshops, rent-to-own agreements, and refund anticipation loans.

## Access to AFS Providers

Some geographic areas have low rates of underbanked households but a substantial number of alternative financial service (AFS) providers (e.g., Midtown and Lower Manhattan; see figure 6).[13] The

most eastern part of Queens has a high underbanked rate but a modest number of AFS providers. New Yorkers could be using AFS providers near work as well as near home or outside the city. Another potential explanation is that some neighborhoods are so diverse that one part of the neighborhood uses AFS and another part does not.[14]

FIGURE 6

**Share of Households with a Bank Account That Also Use AFS and Location of AFS Providers**
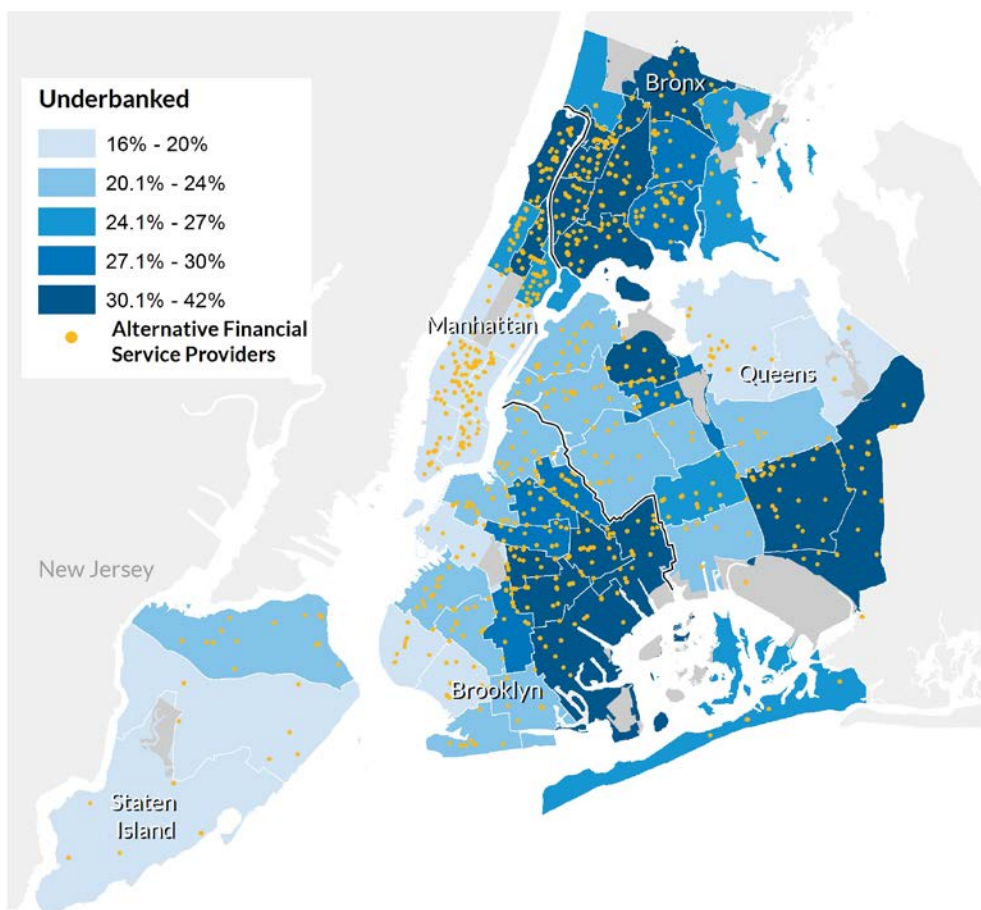


**Sources:** Authors' estimates based on the *2013 FDIC National Survey of Unbanked and Underbanked Households* and the 2013 American Community Survey. Alternative financial service location data from InfoUSA, December 2013. **Notes:** Areas within the city limits that are shaded in gray include airports and parks over 0.75 square miles. Alternative financial services (AFS) include check-cashing services, nonbank money orders or money transfers, payday loans, pawnshops, rent-to-own agreements, and refund anticipation loans.

# Use of Prepaid Cards

Though prepaid cards are not new, they have evolved and become more prevalent over time (Federal Reserve System 2014; Wilshusen et al. 2012). Nationally, 12.7 percent of households reported ever

using a prepaid card in 2013, up from 10.1 percent in 2011 (FDIC 2014). When focusing on more recent prepaid card use, the prevalence of use is lower. In 2013, 7.9 percent of households reported using a prepaid card in the past 12 months (FDIC 2014).[15]

Predictably, prepaid card use is higher among unbanked and underbanked households than fully banked households. Though 22.3 percent of unbanked households and 13.1 percent of underbanked households used a prepaid card in the past 12 months, only 5.3 percent of fully banked households did so (FDIC 2014). Use of prepaid cards by both unbanked and banked households suggests that prepaid cards can substitute for and complement a bank account.

Our analyses suggest that 12.1 percent of New York City households have used a prepaid card—slightly lower than the national average of 12.7 percent. We might expect greater use of prepaid cards in New York City since the city has above-average unbanked and underbanked rates (compared with the nation as a whole).

Prepaid card use is relatively similar across the five boroughs. This similarity differs from the wide variation in boroughs' unbanked and underbanked status. The Bronx, the borough with the highest unbanked and underbanked rates, has the largest share of households that have used a prepaid card—13.9 percent (figure 7).

FIGURE 7

**Share of Households Ever Use Prepaid Cards, 2013**
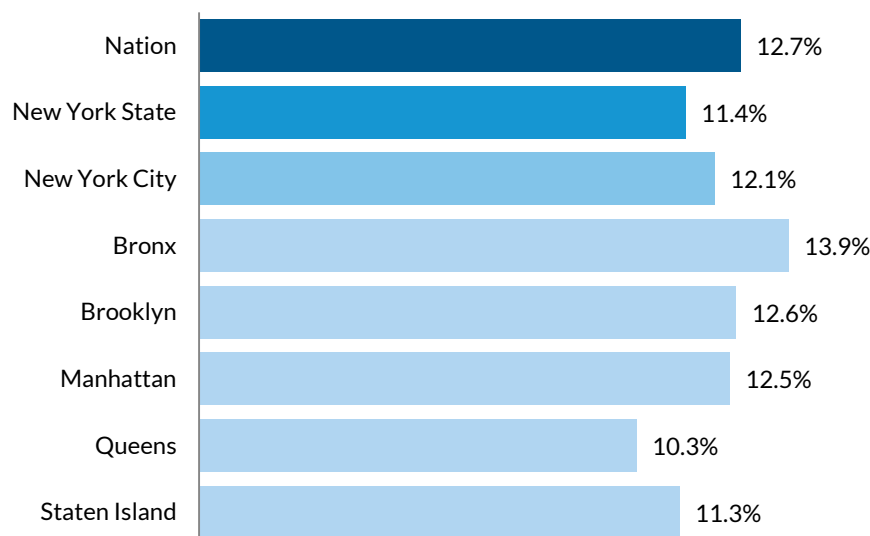


**Sources:** National and state numbers are from authors' calculations of FDIC-published tables based on *2013 FDIC National Survey of Unbanked and Underbanked Households* (FDIC 2013). All other numbers are authors' estimates based on data from the *2013 FDIC National Survey of Unbanked and Underbanked Households* and the 2013 American Community Survey.

Brooklyn and Manhattan share the second spot with roughly 12.5 percent of households having used a prepaid card. We might expect greater use of prepaid cards in Brooklyn (versus Manhattan), as the share of unbanked and underbanked households is higher in Brooklyn. Queens—a borough with a relatively low unbanked rate but an underbanked rate that matches the city average—has the lowest share of households (10.3 percent) that have used a prepaid card.

Following the national trend, the share of households that used a prepaid card increased in New York City and in each of the five boroughs between 2011 and 2013 (table 4). Across the city, 10.5 percent of households had used a prepaid card by 2011, while 12.1 percent had done so by 2013—an increase of 1.6 percentage points. Increases in prepaid card use in the boroughs between 2011 and 2013 are in roughly the 1 to 2 percentage point range.

TABLE 4

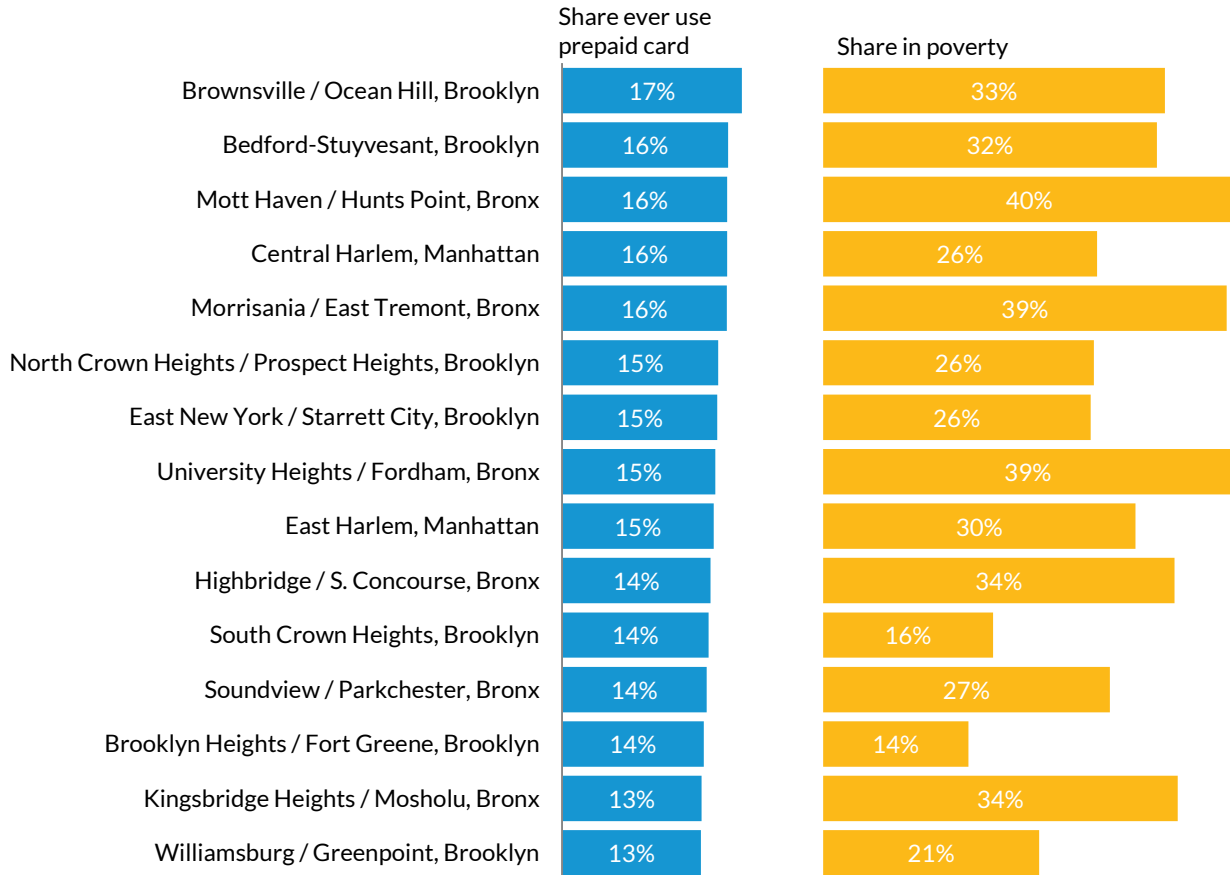**Share of Households Ever Use Prepaid Cards, 2011 and 2013**

|  | **2011** | **2013** |
|---|---|---|
| **New York City** | 10.5% | 12.1% |
| **Bronx** | 12.0% | 13.9% |
| **Brooklyn** | 10.9% | 12.6% |
| **Manhattan** | 10.2% | 12.5% |
| **Queens** | 9.5% | 10.3% |
| **Staten Island** | 9.6% | 11.3% |

**Sources:** Authors' estimates based on the *2011* and *2013 FDIC National Survey of Unbanked and Underbanked Households* and the 2011 and 2013 American Community Survey.

Neighborhoods with the highest prepaid card use are in the Bronx and Brooklyn. Among the 15 neighborhoods with the highest share of households that have ever used a prepaid card, 13 are in the Bronx or Brooklyn (figures 8 and 9). The other two neighborhoods are in Manhattan. Only three neighborhoods—all located in Queens—have fewer than 9 percent of households that have ever used a prepaid card (appendix table A.1). By and large, neighborhoods with high prepaid card usage rates are neighborhoods with high unbanked rates. Use of prepaid cards also tends to be greater in poorer neighborhoods but the link is not equally strong in all neighborhoods.[16]

FIGURE 8

**Neighborhoods with the Highest Shares of Households Ever Use Prepaid Cards and Corresponding Share in Poverty, 2013**

| Neighborhood | Share ever use prepaid card | Share in poverty |
|---|---|---|
| Brownsville / Ocean Hill, Brooklyn | 17% | 33% |
| Bedford-Stuyvesant, Brooklyn | 16% | 32% |
| Mott Haven / Hunts Point, Bronx | 16% | 40% |
| Central Harlem, Manhattan | 16% | 26% |
| Morrisania / East Tremont, Bronx | 16% | 39% |
| North Crown Heights / Prospect Heights, Brooklyn | 15% | 26% |
| East New York / Starrett City, Brooklyn | 15% | 26% |
| University Heights / Fordham, Bronx | 15% | 39% |
| East Harlem, Manhattan | 15% | 30% |
| Highbridge / S. Concourse, Bronx | 14% | 34% |
| South Crown Heights, Brooklyn | 14% | 16% |
| Soundview / Parkchester, Bronx | 14% | 27% |
| Brooklyn Heights / Fort Greene, Brooklyn | 14% | 14% |
| Kingsbridge Heights / Mosholu, Bronx | 13% | 34% |
| Williamsburg / Greenpoint, Brooklyn | 13% | 21% |

**Sources:** Share prepaid card use from authors' estimates based on the *2013 FDIC National Survey of Unbanked and Underbanked Households* and the 2013 American Community Survey. Share in poverty from the 2013 American Community Survey.

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*"[Prepaid card providers] charge so much," but "I can't have a bank card right now, so that's the next best thing."*

*Morris Heights, Bronx, resident (RTI International 2014)*

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In interviews with low-income New York City residents, some respondents reported preferring a prepaid card over a bank account because they were concerned about money being withdrawn from their bank account because of back taxes or child support. Other respondents view prepaid cards as expensive and inferior to bank accounts (RTI International 2014).
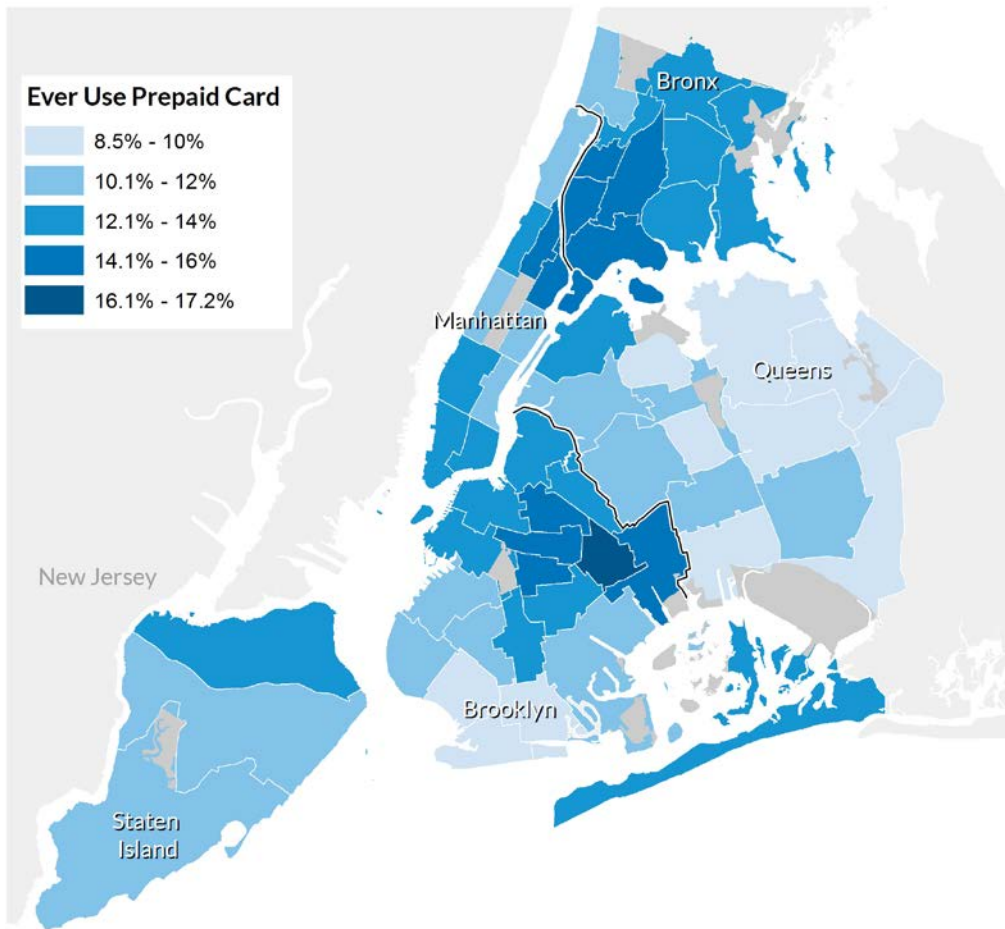
**Share of Households Ever Use Prepaid Cards**



**Sources:** Authors' estimates based on the *2013 FDIC National Survey of Unbanked and Underbanked Households* and the 2013 American Community Survey.
**Note:** Areas within the city limits that are shaded in gray include airports and parks over 0.75 square miles.

# Summary

Roughly one in nine New York City households is unbanked, one in four is underbanked, and one in three is either unbanked or underbanked. These findings suggest that the formal financial sector is not fully meeting the needs of one in three New Yorkers. These unbanked and underbanked households are more likely to turn to prepaid cards for their financial needs. In total, 13 percent of New Yorkers have used a prepaid card.

Where do these unbanked, underbanked, and prepaid card using households live in New York City? The highest shares are in the Bronx followed by Brooklyn, the boroughs with the highest poverty and unemployment rates. Staten Island has the lowest share of households that are unbanked and underbanked.

There is substantial variation across the neighborhoods within these boroughs. The brief and an accompanying interactive map highlight neighborhoods that have the highest and lowest share of unbanked and underbanked households and, together with the associated appendix table, provide more granular data on where these households live.

A bank account can be a starting point to building wealth and economic security, but this analysis shows that a quarter of New York City residents have a bank account and the mainstream financial sector is not meeting the financial needs for many New Yorkers (i.e., they are using alternative financial services). The end goal should be better financial services for all New Yorkers, whether through a bank account or other products that serve their needs well.

## Data and Methods

This brief examines three outcomes:

- *Unbanked*: No member of the household has a checking or savings account.
- *Underbanked:* A household member has a bank account but someone in the household has used one of the following alternative financial services in the past year: check-cashing service, nonbank money order or money transfer, payday loan, pawnshop, rent-to-own agreement, or refund anticipation loan.
- *Prepaid card use*: A household member has ever used a prepaid debit card.

Our estimates of these outcomes come from model-based predictions. We first use household-level regression models to estimate the relationship between each outcome (banked status, underbanked status, prepaid card use) and household characteristics (e.g., age, race/ethnicity, educational attainment, income, etc.) using the FDIC National Survey of Unbanked and Underbanked Households. Next, we use the regression model results and New York City data from the American Community Survey (ACS) to predict each outcome (i.e., share unbanked, share underbanked, share use prepaid cards). We use the 2013 FDIC and ACS data for the 2013 local-level estimates and the 2011 FDIC and ACS data for the 2011 estimates. We generated model-based predictions because no single data source includes information on the unbanked, underbanked, and prepaid card populations in specific enough geographic information to produce local level results for New York City.

The outcomes are predicted for New York City, the five boroughs, and each Public Use Microdata Area (PUMA) in the city. A PUMA is an area designated by the US Census Bureau that contains 100,000 or more people. Each PUMA corresponds closely to a New York City–defined community district, except four PUMAs that represent two community districts each. These community districts, which we refer to in the text as neighborhoods, are used for city planning and government purposes.

The unbanked and underbanked outcomes were estimated on a sample of New York City households using a weighted multinomial logit regression model. This model controls for educational attainment of the household head, whether the household is headed by a single mother, citizenship status of the household head, race/ethnicity of the household head, household income, whether household head is over age 65, household employment, and homeownership. The prepaid card outcome was estimated using a weighted logit regression model on a sample of households living in US metropolitan areas with populations over 500,000 people. This model controls for educational attainment of the household head, whether the household is headed by a single mother, citizenship status of the household head, race/ethnicity of the household head, household income, age of the household head, and homeownership.

**Characteristics of New York City Boroughs and Neighborhoods**

| | Share Unbanked | | Share Underbanked | | Share Use Prepaid Card | |
|---|---|---|---|---|---|---|
| | 2011 | 2013 | 2011 | 2013 | 2011 | 2013 |
| **New York City** | **14.3** | **11.7** | **22.4** | **25.1** | **10.5** | **12.1** |
| **Bronx** | **28.5** | **21.8** | **26.8** | **30.5** | **12.0** | **13.9** |
| Highbridge / S. Concourse (CD 4) | 36.8 | 26.3 | 26.7 | 34.0 | 12.2 | 14.2 |
| Kingsbridge Heights / Mosholu (CD 7) | 32.2 | 24.3 | 25.6 | 30.9 | 12.3 | 13.3 |
| Morrisania / East Tremont (CD 3&6) | 41.7 | 28.1 | 25.4 | 31.3 | 13.3 | 15.8 |
| Mott Haven / Hunts Point (CD 1&2) | 43.1 | 31.3 | 25.1 | 30.4 | 13.1 | 15.8 |
| Pelham Parkway (CD 11) | 20.7 | 15.3 | 24.2 | 28.1 | 11.3 | 12.5 |
| Riverdale / Kingsbridge (CD 8) | 13.6 | 11.1 | 22.3 | 26.1 | 10.4 | 11.6 |
| Soundview / Parkchester (CD 9) | 26.4 | 22.0 | 29.7 | 29.1 | 12.1 | 13.9 |
| Throgs Neck / Co-op City (CD 10) | 11.2 | 10.3 | 25.4 | 26.7 | 10.4 | 12.9 |
| University Heights / Fordham (CD 5) | 35.4 | 29.7 | 30.2 | 32.9 | 12.3 | 14.7 |
| Williamsbridge / Baychester (CD 12) | 20.0 | 15.7 | 32.2 | 35.3 | 12.5 | 13.0 |
| **Brooklyn** | **15.2** | **12.7** | **22.7** | **26.6** | **10.9** | **12.6** |
| Bay Ridge (CD 10) | 6.4 | 6.5 | 15.7 | 19.3 | 9.1 | 11.1 |
| Bedford-Stuyvesant (CD 3) | 26.1 | 20.8 | 28.3 | 28.9 | 13.6 | 15.9 |
| Bensonhurst (CD 11) | 7.2 | 6.0 | 19.0 | 19.9 | 8.3 | 10.0 |
| Borough Park (CD 12) | 9.5 | 8.2 | 15.1 | 21.0 | 9.2 | 11.8 |
| Brooklyn Heights/ Fort Greene (CD 2) | 12.7 | 9.1 | 18.2 | 22.8 | 11.4 | 13.6 |
| Brownsville / Ocean Hill (CD 16) | 34.1 | 28.3 | 28.6 | 32.9 | 14.6 | 17.2 |
| Bushwick (CD 4) | 28.6 | 19.6 | 26.7 | 29.0 | 12.1 | 13.1 |
| Coney Island (CD 13) | 9.9 | 9.7 | 14.6 | 23.6 | 8.2 | 9.5 |
| East Flatbush (CD 17) | 16.5 | 16.3 | 35.7 | 41.4 | 11.4 | 12.6 |
| East New York / Starrett City (CD 5) | 27.5 | 21.5 | 27.1 | 33.5 | 12.9 | 14.9 |
| Flatbush (CD 14) | 12.8 | 12.4 | 23.6 | 28.2 | 10.4 | 12.1 |
| Flatlands / Canarsie (CD 18) | 9.6 | 8.9 | 30.2 | 33.3 | 10.8 | 11.4 |
| North Crown Heights / Prospect Heights (CD 8) | 21.9 | 18.7 | 26.3 | 29.1 | 12.6 | 15.0 |
| Park Slope / Carroll Gardens (CD 6) | 6.0 | 6.9 | 16.3 | 18.9 | 10.3 | 12.8 |
| Sheepshead Bay / Gravesend (CD 15) | 6.0 | 5.6 | 14.0 | 20.3 | 8.5 | 9.4 |
| South Crown Heights (CD 9) | 19.5 | 16.2 | 31.7 | 37.0 | 12.1 | 14.0 |
| Sunset Park (CD 7) | 17.1 | 12.2 | 24.5 | 23.0 | 10.1 | 11.4 |
| Williamsburg / Greenpoint (CD 1) | 12.1 | 9.9 | 15.1 | 21.5 | 11.0 | 13.3 |
| **Manhattan** | **10.8** | **8.8** | **17.4** | **21.1** | **10.2** | **12.5** |
| Central Harlem (CD 10) | 23.0 | 20.3 | 27.5 | 30.0 | 13.3 | 15.8 |
| Chelsea / Clinton / Midtown (CD 4 & 5) | 7.4 | 5.1 | 15.0 | 19.5 | 10.1 | 12.7 |
| East Harlem (CD 11) | 28.5 | 19.0 | 24.3 | 26.8 | 12.4 | 14.5 |
| Greenwich Village / Financial District (CD 1&2) | 2.0 | 3.3 | 12.3 | 17.2 | 9.5 | 12.5 |
| Lower East Side / Chinatown (CD 3) | 15.1 | 10.1 | 17.6 | 19.1 | 10.4 | 12.5 |
| Morningside Heights / Hamilton Heights (CD 9) | 18.7 | 15.3 | 24.8 | 26.2 | 11.5 | 12.9 |
| Stuyvesant Town / Turtle Bay (CD 6) | 3.8 | 3.1 | 13.0 | 16.2 | 9.5 | 11.5 |
| Upper East Side (CD 8) | 2.2 | 3.7 | 11.9 | 17.5 | 8.9 | 11.5 |
| Upper West Side (CD 7) | 6.2 | 5.2 | 14.2 | 18.7 | 9.3 | 11.6 |
| Washington Heights / Inwood (CD 12) | 21.6 | 17.8 | 26.2 | 30.1 | 10.3 | 11.7 |

| | Share Unbanked | | Share Underbanked | | Share Use Prepaid Card | |
|---|---|---|---|---|---|---|
| | 2011 | 2013 | 2011 | 2013 | 2011 | 2013 |
| **Queens** | **9.3** | **8.0** | **25.2** | **25.1** | **9.5** | **10.3** |
| Astoria (CD 1) | 12.2 | 10.0 | 19.1 | 23.3 | 10.0 | 12.7 |
| Bayside / Little Neck (CD 11) | 2.1 | 2.6 | 19.2 | 16.5 | 8.1 | 8.5 |
| Bellerose / Rosedale (CD 13) | 4.8 | 6.2 | 32.6 | 30.3 | 9.9 | 9.9 |
| Elmhurst / Corona (CD 4) | 14.0 | 11.7 | 30.8 | 28.2 | 9.3 | 10.3 |
| Flushing / Whitestone (CD 7) | 5.5 | 4.9 | 21.8 | 19.2 | 8.1 | 9.0 |
| Forest Hills / Rego Park (CD 6) | 3.6 | 4.0 | 17.5 | 22.2 | 8.4 | 8.8 |
| Hillcrest / Fresh Meadows (CD 8) | 7.7 | 5.0 | 23.0 | 23.0 | 9.2 | 9.1 |
| Howard Beach / S. Ozone Park (CD 10) | 6.3 | 5.6 | 27.0 | 23.9 | 9.2 | 8.9 |
| Jackson Heights (CD 3) | 14.5 | 13.7 | 32.4 | 32.4 | 9.0 | 9.7 |
| Jamaica (CD 12) | 13.3 | 11.2 | 36.7 | 34.3 | 11.4 | 11.7 |
| Kew Gardens / Woodhaven (CD 9) | 11.0 | 6.9 | 27.3 | 24.9 | 10.0 | 10.0 |
| Middle Village / Ridgewood (CD 5) | 11.8 | 8.7 | 18.5 | 23.0 | 9.7 | 11.0 |
| Sunnyside / Woodside (CD 2) | 8.6 | 6.6 | 23.3 | 23.1 | 9.1 | 10.6 |
| Rockaways (CD14) | 15.8 | 14.3 | 23.5 | 26.5 | 10.9 | 12.7 |
| **Staten Island** | **7.0** | **7.2** | **17.4** | **18.8** | **9.6** | **11.3** |
| Mid-Island (CD 2) | 4.9 | 6.5 | 14.8 | 17.3 | 8.9 | 10.9 |
| North Shore (CD 1) | 13.3 | 11.1 | 23.6 | 22.6 | 10.8 | 12.5 |
| South Shore (CD 3) | 2.8 | 3.6 | 13.6 | 16.0 | 9.0 | 10.3 |

**Sources:** Unbanked, underbanked, and prepaid rates from authors' calculations based on *2011* and *2013 FDIC Survey of Unbanked and Underbanked Households* and 2011 and 2013 American Community Survey data.

**Note:** CD refers to community district numbers, which are in parentheses.

**Supplemental Characteristics of New York City Boroughs and Neighborhoods**

| | Median Income | | Share of Population Unemployed | | Share of Families in Poverty | | Share of Population Foreign Born | |
|---|---|---|---|---|---|---|---|---|
| | 2011 | 2013 | 2011 | 2013 | 2011 | 2013 | 2011 | 2013 |
| **New York City** | **49,461** | **58,012** | **9.1** | **8.7** | **18.0** | **17.5** | **37.2** | **37.0** |
| **Bronx** | **32,058** | **33,009** | **12.4** | **11.8** | **28.1** | **27.6** | **33.8** | **33.7** |
| Highbridge / S. Concourse | 22,849 | 26,387 | 19.2 | 14.9 | 39.8 | 33.7 | 38.5 | 40.7 |
| Kingsbridge Heights /Mosholu | 30,646 | 29,069 | 16.7 | 17.8 | 32.8 | 34.0 | 40.1 | 42.6 |
| Morrisania / East Tremont | 22,370 | 24,259 | 21.0 | 17.8 | 40.7 | 38.6 | 31.3 | 32.3 |
| Mott Haven / Hunts Point | 21,146 | 23,083 | 20.0 | 12.3 | 38.8 | 39.5 | 27.7 | 26.5 |
| Pelham Parkway | 40,745 | 43,075 | 14.7 | 13.2 | 18.9 | 17.2 | 33.9 | 34.5 |
| Riverdale / Kingsbridge | 55,119 | 60,614 | 12.3 | 11.9 | 15.1 | 11.7 | 31.4 | 29.5 |
| Soundview / Parkchester | 35,833 | 32,363 | 11.5 | 17.0 | 24.8 | 27.5 | 35.0 | 28.8 |
| Throgs Neck / Co-op City | 53,436 | 56,059 | 12.2 | 8.9 | 10.2 | 7.9 | 18.5 | 21.9 |
| University Heights / Fordham | 25,951 | 24,261 | 20.2 | 15.7 | 37.1 | 39.2 | 42.0 | 44.0 |
| Williamsbridge / Baychester | 43,236 | 45,633 | 16.0 | 14.5 | 17.3 | 19.4 | 39.5 | 38.9 |
| **Brooklyn** | **42,752** | **47,520** | **9.8** | **9.4** | **20.4** | **19.5** | **37.4** | **37.2** |
| Bay Ridge | 56,541 | 58,621 | 9.8 | 9.5 | 11.6 | 13.2 | 37.4 | 39.4 |
| Bedford-Stuyvesant | 32,334 | 37,195 | 18.5 | 15.5 | 28.2 | 32.0 | 19.0 | 19.8 |
| Bensonhurst | 44,464 | 47,272 | 10.3 | 9.4 | 15.3 | 14.2 | 54.2 | 55.2 |
| Borough Park | 34,374 | 40,571 | 7.7 | 7.2 | 27.8 | 28.4 | 30.8 | 30.0 |
| Brooklyn Heights/Fort Greene | 62,045 | 76,040 | 11.8 | 9.0 | 13.5 | 13.9 | 19.6 | 19.3 |
| Brownsville / Ocean Hill | 25,766 | 27,933 | 18.8 | 15.7 | 37.0 | 32.7 | 28.0 | 31.3 |
| Bushwick | 34,142 | 43,354 | 14.7 | 15.2 | 29.6 | 23.0 | 35.1 | 37.5 |
| Coney Island | 28,106 | 30,850 | 12.8 | 12.7 | 18.3 | 18.9 | 55.5 | 54.1 |
| East Flatbush | 44,629 | 42,666 | 13.4 | 11.3 | 13.9 | 15.3 | 51.7 | 52.2 |
| East New York / Starrett City | 29,857 | 36,943 | 13.1 | 12.7 | 32.1 | 25.6 | 33.9 | 35.3 |
| Flatbush | 40,470 | 42,312 | 11.2 | 10.1 | 18.2 | 20.6 | 44.9 | 42.9 |
| Flatlands / Canarsie | 59,616 | 66,283 | 12.3 | 9.4 | 11.1 | 9.3 | 42.3 | 38.2 |
| North Crown Heights /Prospect Heights | 40,511 | 39,034 | 14.4 | 8.9 | 29.0 | 25.9 | 32.5 | 29.6 |
| Park Slope / Carroll Gardens | 87,293 | 101,789 | 8.5 | 4.7 | 7.7 | 8.8 | 18.5 | 17.0 |
| Sheepshead Bay / Gravesend | 47,610 | 51,064 | 9.0 | 8.3 | 12.0 | 12.1 | 46.0 | 46.1 |
| South Crown Heights | 37,446 | 46,294 | 17.4 | 14.2 | 18.0 | 16.3 | 45.4 | 43.0 |
| Sunset Park | 42,544 | 45,075 | 8.5 | 10.6 | 21.2 | 27.7 | 44.1 | 49.0 |
| Williamsburg / Greenpoint | 47,003 | 52,419 | 8.7 | 6.5 | 30.2 | 20.7 | 24.3 | 25.0 |
| **Manhattan** | **66,299** | **72,190** | **7.5** | **7.2** | **14.9** | **14.8** | **28.8** | **28.4** |
| Central Harlem | 35,350 | 36,917 | 15.4 | 10.7 | 23.4 | 26.2 | 24.6 | 23.1 |
| Chelsea / Clinton / Midtown | 83,030 | 100,635 | 8.2 | 6.4 | 7.0 | 7.5 | 25.9 | 26.4 |
| East Harlem | 30,900 | 26,941 | 13.5 | 13.4 | 23.1 | 29.9 | 27.2 | 23.8 |
| Greenwich Village / Financial District | 119,866 | 125,311 | 4.8 | 4.2 | 4.9 | 4.2 | 22.1 | 24.4 |
| Lower East Side / Chinatown | 39,162 | 40,133 | 6.7 | 10.8 | 26.7 | 29.4 | 37.5 | 33.7 |
| Morningside Heights / Hamilton Heights | 39,486 | 45,600 | 10.6 | 7.8 | 24.1 | 17.3 | 35.1 | 32.5 |
| Stuyvesant Town / Turtle Bay | 101,548 | 108,077 | 6.9 | 3.1 | 5.2 | 4.7* | 21.1 | 20.4 |
| Upper East Side | 105,217 | 107,690 | 5.8 | 3.5 | 3.3 | 3.3 | 21.1 | 21.8 |
| Upper West Side | 92,160 | 99,273 | 6.4 | 6.6 | 7.7 | 6.2 | 21.7 | 24.9 |
| Washington Heights / Inwood | 37,581 | 37,462 | 16.1 | 13.6 | 24.2 | 25.3 | 47.5 | 47.3 |

| | Median Income | | Share of Population Unemployed | | Share of Families in Poverty | | Share of Population Foreign Born | |
|---|---|---|---|---|---|---|---|---|
| | 2011 | 2013 | 2011 | 2013 | 2011 | 2013 | 2011 | 2013 |
| **Queens** | **53,572** | **56,599** | **8.2** | **7.8** | **13.1** | **12.3** | **48.5** | **48.1** |
| Astoria | 46,716 | 50,960 | 10.9 | 9.6 | 18.0 | 16.0 | 42.0 | 39.5 |
| Bayside / Little Neck | 77,028 | 72,158 | 8.5 | 6.7 | 8.4 | 5.8 | 42.3 | 42.6 |
| Bellerose / Rosedale | 75,363 | 76,885 | 9.8 | 9.6 | 7.2 | 6.7 | 41.4 | 41.3 |
| Elmhurst / Corona | 45,641 | 46,489 | 4.7 | 7.0 | 22.2 | 18.3 | 70.4 | 64.3 |
| Flushing / Whitestone | 49,630 | 50,490 | 10.2 | 6.9 | 12.2 | 13.8 | 56.7 | 57.0 |
| Forest Hills / Rego Park | 65,902 | 61,654 | 6.2 | 6.5 | 4.8 | 8.0 | 50.4 | 51.5 |
| Hillcrest / Fresh Meadows | 53,240 | 57,531 | 11.5 | 9.2 | 12.9 | 11.1 | 44.3 | 48.2 |
| Howard Beach / S. Ozone Park | 58,536 | 62,671 | 11.1 | 13.3 | 10.5 | 8.2 | 46.7 | 46.2 |
| Jackson Heights | 46,619 | 49,181 | 8.2 | 6.9 | 18.1 | 16.4 | 62.9 | 61.9 |
| Jamaica | 50,021 | 51,449 | 14.9 | 14.8 | 13.3 | 13.1 | 41.1 | 42.9 |
| Kew Gardens / Woodhaven | 54,855 | 62,532 | 11.7 | 8.8 | 15.4 | 14.8 | 48.8 | 49.1 |
| Middle Village / Ridgewood | 52,416 | 58,564 | 9.4 | 8.2 | 12.3 | 9.9 | 39.4 | 38.5 |
| Rockaways | 42,265 | 46,731 | 12.5 | 7.9 | 20.0 | 15.4 | 29.8 | 28.5 |
| Sunnyside / Woodside | 50,105 | 61,836 | 7.2 | 5.7 | 11.6 | 12.4 | 58.9 | 55.6 |
| **Staten Island** | **70,578** | **69,633** | **8.3** | **7.8** | **8.7** | **10.3** | **20.9** | **20.4** |
| Mid-Island | 71,058 | 68,661 | 6.6 | 7.2 | 5.8 | 10.7 | 26.8 | 25.4 |
| North Shore | 54,206 | 60,721 | 10.4 | 8.3 | 16.0 | 15.1 | 22.3 | 22.3 |
| South Shore | 81,322 | 85,165 | 7.5 | 6.5 | 4.4 | 5.6 | 15.2 | 14.1 |

**Sources:** Median income, share in poverty, PUMA share unemployed, and share foreign-born from authors' calculations from 2011 and 2013 American Community Survey. Borough and city share unemployed from BLS Local Area Unemployment Statistics.

* Due to sample size restrictions, this number represents a three-year average from 2011 to 2013.

# Notes

1. Other top reasons include a "lack of trust in or dislike of dealing with banks" (34.2 percent), privacy concerns (26.4 percent), and high or unpredictable account fees (30.8 percent; FDIC 2014, p. 25).

2. The Consumer Financial Protection Bureau is working on a definition of financial well-being, which includes control over day-to-day finances, capacity to absorb shocks, being on track to meet financial goals, and having the financial freedom to make choices (CFPB 2015, p. 5).

3. This survey is a supplement to the Current Population Survey (CPS).

4. An analysis of financial insecurity in American cities by CFED (2014) finds a higher share of unbanked New Yorkers: 19.1 percent. Our underlying model and predictions are based on more specific household-level data, whereas CFED's predictions are based on local-area data.

5. New York City had an estimated 3,085,000 households in 2013, according to 2013 American Community Survey one-year estimates (http://factfinder2.census.gov/); 3,085,000 x 0.117 roughly equals 360,000.

6. According to 2013 American Community Survey one-year estimates, available at http://factfinder2.census.gov/ (accessed May 2015).

7. Between 2009 and 2013, unbanked households were most prevalent in 2011. The number of unbanked American households increased from 9.1 million (7.6 percent) in 2009 to 9.9 million (8.2 percent) in 2011, before falling to 9.6 million (7.7 percent) in 2013 (FDIC 2014). The FDIC attributes the decrease in unbanked households between 2011 and 2013 to slightly higher employment and income levels, as well as the fact that households in 2013 were slightly older and better educated than in 2009 (FDIC 2014).

8. Using 2005–09 data, an earlier study commissioned by the New York City Department of Consumer Affairs' Office of Financial Empowerment, found that 13.4 percent of New York City households were unbanked (Social Compact 2009; New York City Department of Consumer Affairs 2012). While not directly comparable to our study, the comparison provides an indication that the unbanked rate followed national trends—went up in the aftermath of the Great Recession and then declined. The national unbanked rate increased from 7.6 percent in 2009 to 8.2 percent in 2011 and then fell to 7.7 percent in 2013.

9. The neighborhood-level correlation between the two percentages is 0.88, close to the maximum value of 1.

10. New York City had an estimated 3,085,000 households, according to 2013 American Community Survey one-year estimates (http://factfinder2.census.gov/). We estimate that 25.1 percent, or roughly 780,000, are unbanked.

11. The use of alternative financial sector services crept up to the middle class between 2009 and 2011 and increased further between 2011 and 2013 (Mills and Monson 2013, Mills 2015).

12. The neighborhood-level correlation between the percent of households unbanked and the unemployment rate is 0.70.

13. Data on alternative financial services providers come from InfoUSA, a company that provides verified directory, website, business filing, and other source-driven data on businesses.

14. Lack of access to providers is not a key reason households are unbanked. Only 6.8 percent of unbanked households listed "inconvenient hours or locations "as a reason for not having a bank account and only 2.6 percent listed it as the main reason (FDIC 2014, p. 25). 57.5 percent of unbanked households listed not having enough money as a reason.

15. Information on prepaid card use in the past 12 months is not available in the 2011 FDIC unbanked and underbanked survey.

16. The neighborhood-level correlation between the percent of households ever used prepaid card and the percent of households unbanked is 0.80. The correlation with the poverty rate is 0.69.

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