NEW YORK CITY COMPTROLLER
BRAD LANDER

Spotlight

Access to Banking & Credit in New York City

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Introduction

Bank access is a cornerstone of households' financial and economic well-being. A bank account enables families to securely and efficiently store and retrieve funds, build savings, and tap into affordable credit options. Yet many New Yorkers still lack access to these benefits.

In our August Spotlight, we examined New Yorkers' use of mainstream consumer financial products such as auto loans and credit cards. In this Spotlight, we shift our focus to those families with limited or no ability to use such products—the "underbanked" and the "unbanked." We analyze their demographic characteristics, the factors limiting their bank access, the use of high-cost non-bank financial services, and relevant regulatory and technological developments over the past decade.

Our report draws upon the FDIC's National Survey of Unbanked and Underbanked Households, along with insights from academic research, government agencies, industry reports, and other secondary sources. The FDIC survey, conducted biennially as a supplement to the Census Bureau's Current Population Survey (CPS), was most recently completed in June 2023.[1]

The findings present a mixed picture of banking access in New York City. While the share of unbanked and underbanked households has steadily declined since at least 2009, it remains higher than in other cities and nationwide. Even when controlling for income, Black and Hispanic households are disproportionately unbanked. Evidence suggests these disparities stem, at least in part, from language barriers, account fees and requirements, and a legacy of institutional racism in the consumer financial sector.

Meanwhile, the use of certain high-cost alternative financial services—payday loans, pawn shop loans, auto title loans, rent-to-own stores, and check cashing services—has steadily decreased, both in New York City and nationwide. A combination of regulatory action at the federal and state levels, along with advancements in consumer financial technology, has likely contributed to this trend.

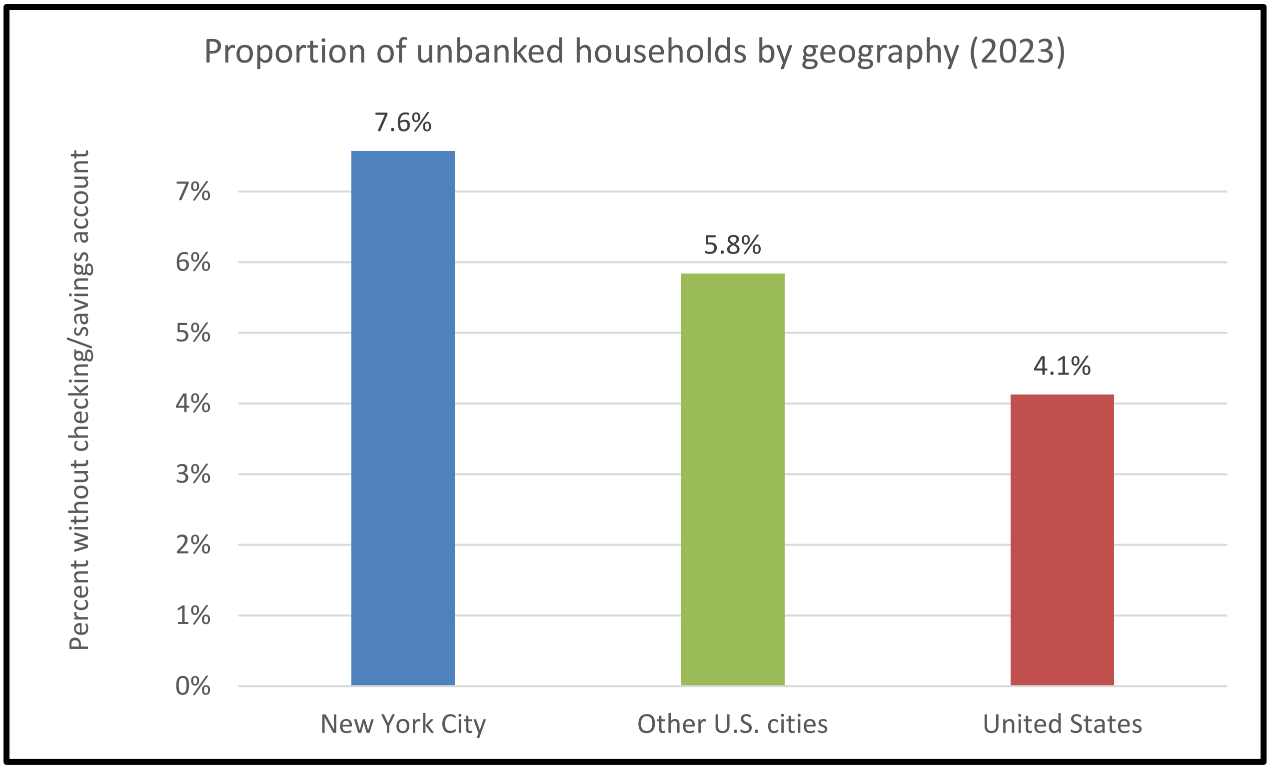
Unbanked New Yorkers

A household is considered unbanked if no one in it currently has a checking or savings account, either at a bank or a credit union. Bank access is important for several reasons. Without it, consumers are forced to rely on nonbank loan services that can carry high interest rates and fees (e.g. payday loans or auto title loans), especially for households that fall behind on repayment. Bank accounts also provide access to free services such as direct deposits and check cashing. These services are more costly when offered through nonbank providers. In addition, credit history, including having bank accounts, is generally needed for bank loans such as a mortgage to purchase a home, a small business loan, or a student loan.

The state of bank access

In 2023, 7.6 percent of New Yorkers reported being unbanked, compared to 4.1 percent in the rest of the United States. Other U.S. cities have an average unbanked rate of 5.8 percent.[2]

Chart S1

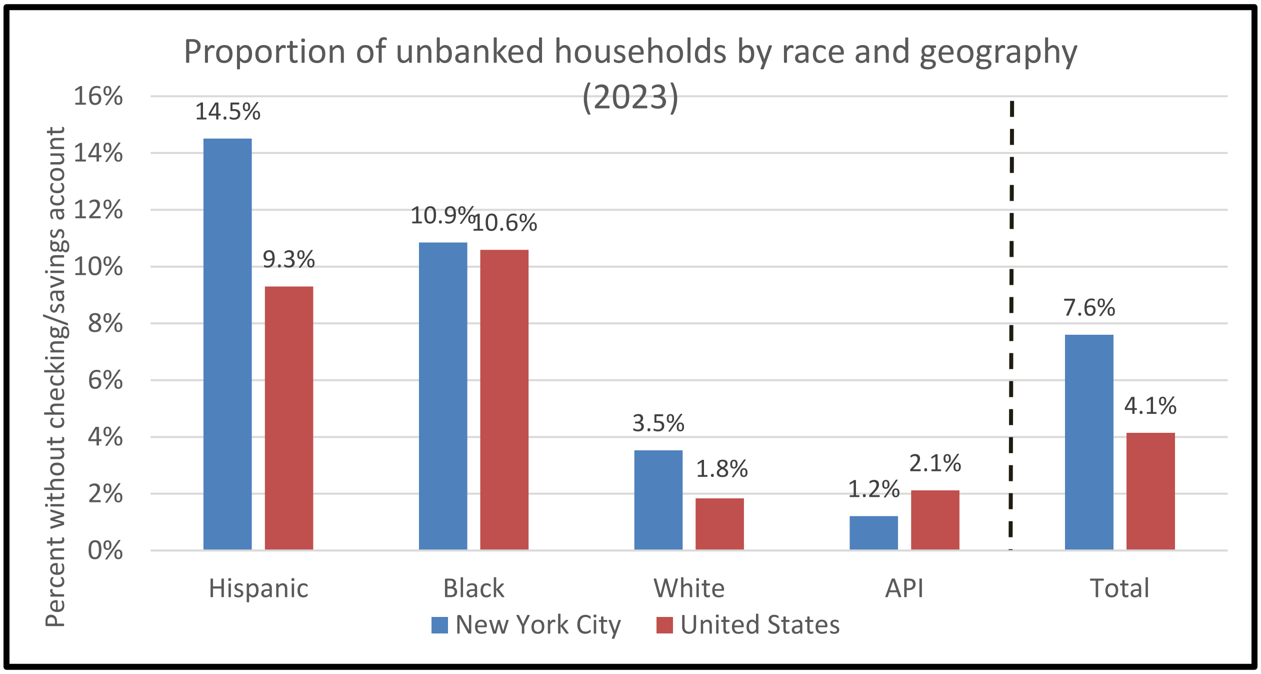


SOURCE: FDIC National Survey of Unbanked and Underbanked Households

Unbanked households are disproportionately low income: 24.3 percent of New York City households with annual income below $30,000 are unbanked, while only 0.4 percent of households with income above $75,000 are unbanked.

Chart S2 depicts how the share of households without a bank account differs by race in New York City and nationwide. In New York City, 10.9 percent of Black and 14.5 percent of Hispanic households are unbanked, compared to 3.5 percent of white and 1.2 percent of Asian and Pacific Islander (API) households. These figures generally mirror national unbanked rates, except for Hispanic households, which are significantly more likely to be unbanked in New York City than outside of it.[3]

Chart S2



SOURCE: FDIC National Survey of Unbanked and Underbanked Households

Table S1 further breaks down racial disparities in New York City bank access by income level.[4] Black households are least likely to have a bank account at income levels below $30,000, while Hispanic households are least likely to have a bank account at higher income levels. This pattern also holds nationwide.

Table S1. Proportion of banked households by race and income, NYC

Annual Income	**Black**	**Hispanic**	**White**	**Total**
Less than $30,000	63%	72%	79%	*76%*
$30,000 to $74,999	97%	93%	100%	*96%*
At least $75,000	100%	97%	100%	*100%*
Total	**89%**	**85%**	**96%**	***92%***

SOURCE: FDIC National Survey of Unbanked and Underbanked Households

Unemployed people are more likely to be unbanked. Only 2.8 percent of employed New York City respondents were unbanked in 2023, compared to 26.4 percent of unemployed respondents and 14.0 percent of those out of the labor force.[5] The U.S. has a similar employed unbanked rate, but lower rates for unemployed workers (12.4 percent) and people out of the labor force (5.9 percent). Other U.S. cities fall closer to U.S. rates than to New York City: 3.9 percent of their employed workers are unbanked, as are 15.3 percent of unemployed workers and 9.2 percent of people not in the labor force.

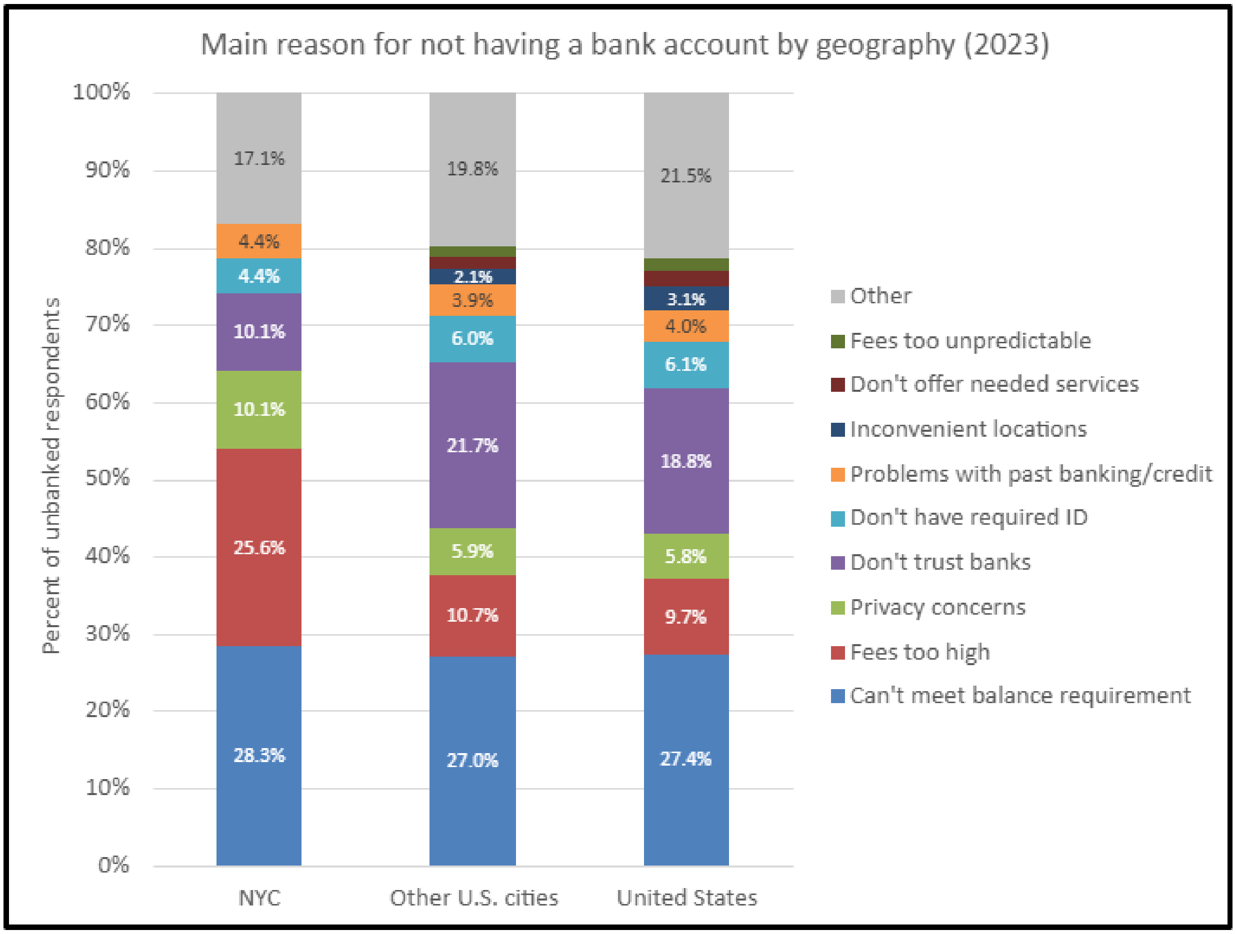
The FDIC survey defines a person as having a disability if they previously reported having one, and if it continues to prevent them from doing work for the next six months. Therefore, by definition, anyone with a disability is out of the labor force. Disabled New Yorkers are disproportionately unbanked: 24.0 percent are unbanked, compared to 7.1 percent of non-disabled New Yorkers. Other U.S. cities have similar rates, but the U.S. as a whole is lower, with an unbanked rate of 14.8 percent for disabled households.

Banking status also varies based on citizenship: 9.9 percent of non-citizen New Yorkers are unbanked, compared to 5.8 percent of citizens. Other U.S. cities have a similar rate for non-citizens, while the U.S. is slightly lower at 8.2 percent. It is worth noting that undocumented migrants can open bank accounts at some institutions with an Individual Taxpayer Identification Number (ITIN), passport, or similar form of identification.

Barriers to bank access

Chart S3 shows the main reasons unbanked households in New York City, other U.S. cities, and nationwide do not have a checking or savings account. In each geography, respondents most often select a reason which has to do with the cost of banking—that is, with fees or minimum balance requirements. This is especially true in New York City, where over half of respondents selected one of these two options.

Chart S3

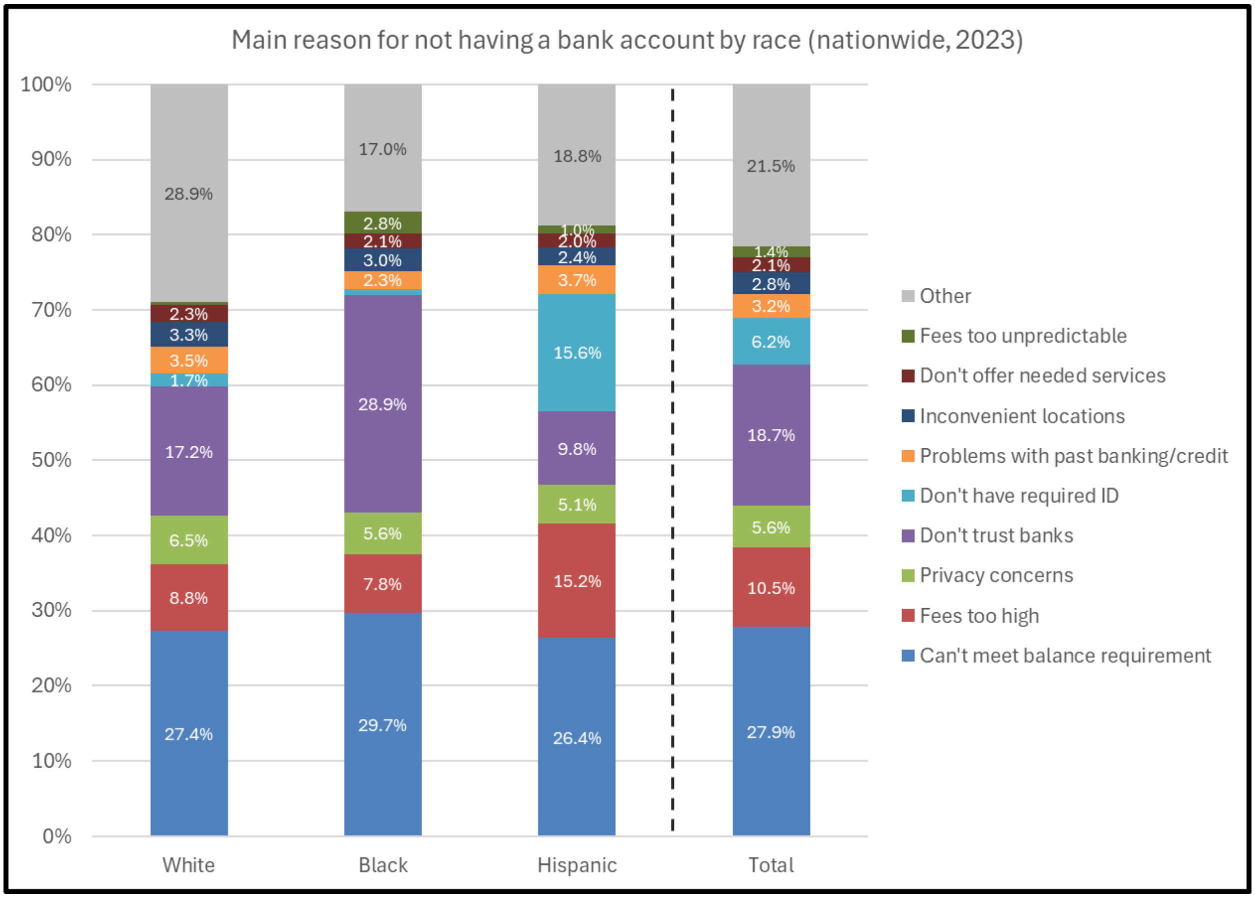


SOURCE: FDIC National Survey of Unbanked and Underbanked Households

The 'Policy and technological developments' section below examines the financial burden that various bank fees can place on families, as well as actions taken by the federal government and New York State in recent years to reduce their prevalence.

Reasons for being unbanked can vary widely across demographic groups. Chart S4 compares the main reason households do not have a bank account by race using nationwide data.[6,7]

Chart S4



SOURCE: FDIC National Survey of Unbanked and Underbanked Households

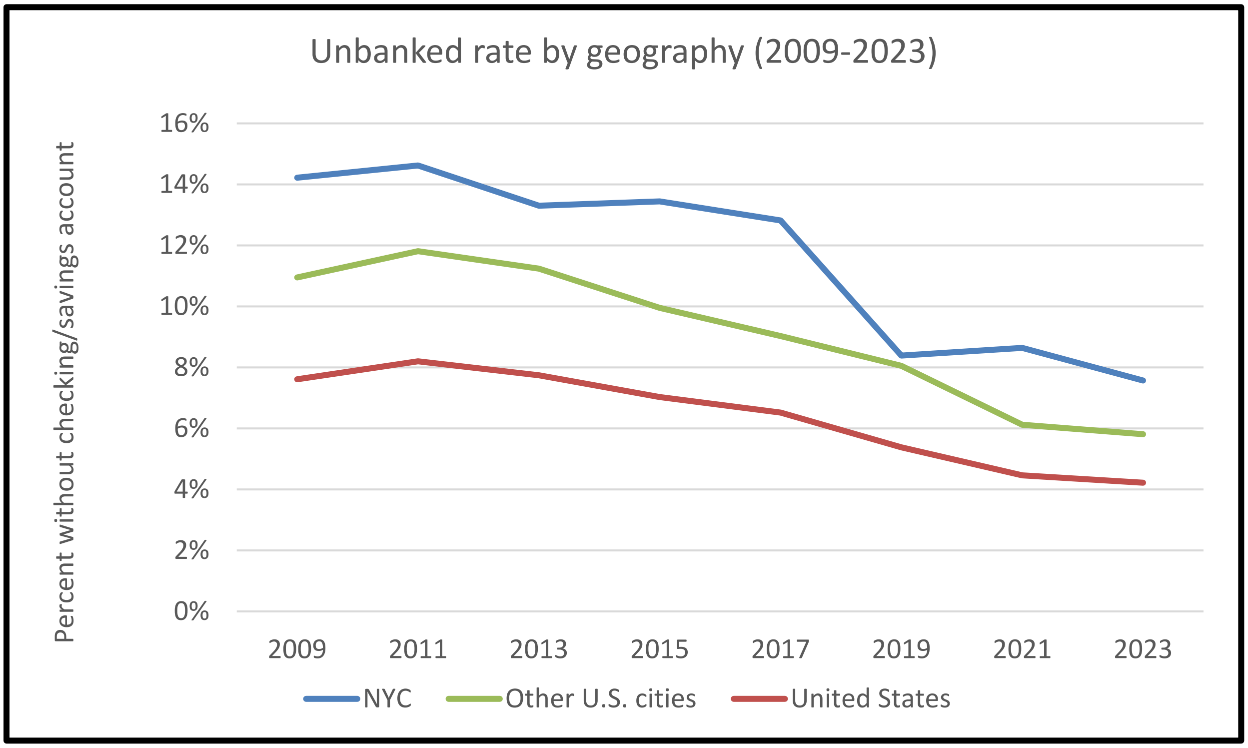
For Hispanic households, documentation and language access tend to pose more substantial barriers to bank access.[8] The FDIC data show that 15.6 percent of Hispanic households cite "Don't have the personal identification required to open an account" as their main reason for being unbanked—far above the 1.7 percent and 0.8 percent rates for white and Black households, respectively. While the FDIC's survey does not ask about language barriers specifically, other research suggests that language barriers are a critical component of the Hispanic-white gap in bank account ownership.

For Black households, distrust of banking institutions plays a more prominent role in being unbanked. Nationwide, 28.9 percent of unbanked Black households cite "Don't trust banks" as their primary reason for not having an account, far more than their white and Hispanic counterparts. This distrust is likely based on the long history of racism in the consumer financial industry, from exclusion and redlining, to "predatory inclusion" in the form of subprime mortgages, payday loans, and other risky and high-cost forms of credit, to ongoing lending discrimination.

Bank access over time

Unbanked rates have steadily fallen in New York City, other U.S. cities, and the U.S. overall since 2011. The share of New York City households without a bank account has fallen from 13.3 percent in 2013 to 7.6 percent in 2023, lessening its distance from the U.S., where the unbanked share dropped from 7.6 to 4.1 percent in the same period. Other U.S. cities once again lie between the two, falling from 11.3 percent in 2013 to 5.8 percent in 2023.

Chart S5



SOURCE: FDIC National Survey of Unbanked and Underbanked Households

The decline has been primarily driven by Black and Hispanic households both nationally and in New York; the unbanked rate for white households in New York City has dropped from 5.5 percent in 2013 to 3.5 percent in 2023, while the Black unbanked rate has dropped from 22.3 percent to 10.8 percent, and the Hispanic rate has dropped from 23.4 percent to 14.5 percent. The U.S. as a whole has experienced a similar drop for each racial group.

Nationally, young people (between 18 and 39) have been more likely to be unbanked, but their unbanked rate has decreased significantly from 12.3 percent in 2013 to 5.3 percent in 2023. The unbanked rate has dropped from 7.1 to 4.3 percent for people in their 40s and 50s and from 3.9 to 3.1 percent for people 60+. The age distribution of unbanked households in New York City has not followed the same pattern: the unbanked rate has dropped from 15.7 to 4.7 percent for young people and from 16.1 to 7.0 percent for people in their 40s and 50s. However, the unbanked rate for those aged 60 and above has actually increased from 7.7 to 11.0 percent. This trend is not seen in other U.S. cities, where the share of unbanked households among all age groups fell between 2013 and 2023.

The use of high-cost, nonbank financial services

In addition to unbanked households, the FDIC's biannual survey tracks the "underbanked." These are households who have a bank account but have also used at least one of the following non-bank financial services in the last 12 months: payday loans, pawn shop loans, auto title loans, tax refund anticipation loans, rent-to-own stores, check cashers, non-bank money orders, and non-bank international remittances.

These services "historically have been used disproportionately by unbanked households to meet their transaction or credit needs."[9] Note that three of the products (check cashing, money orders, and international remittance) are transaction services, while the rest serve as alternatives to mainstream credit.

Industry data, however, suggest that two of these services—money orders and international remittances—tend to be *more* expensive at banks than at non-bank providers like Western Union, MoneyGram, or the U.S. Postal Service. For this reason, we exclude money orders and remittances from our analysis and focus only on the following six high-cost, non-bank financial services:

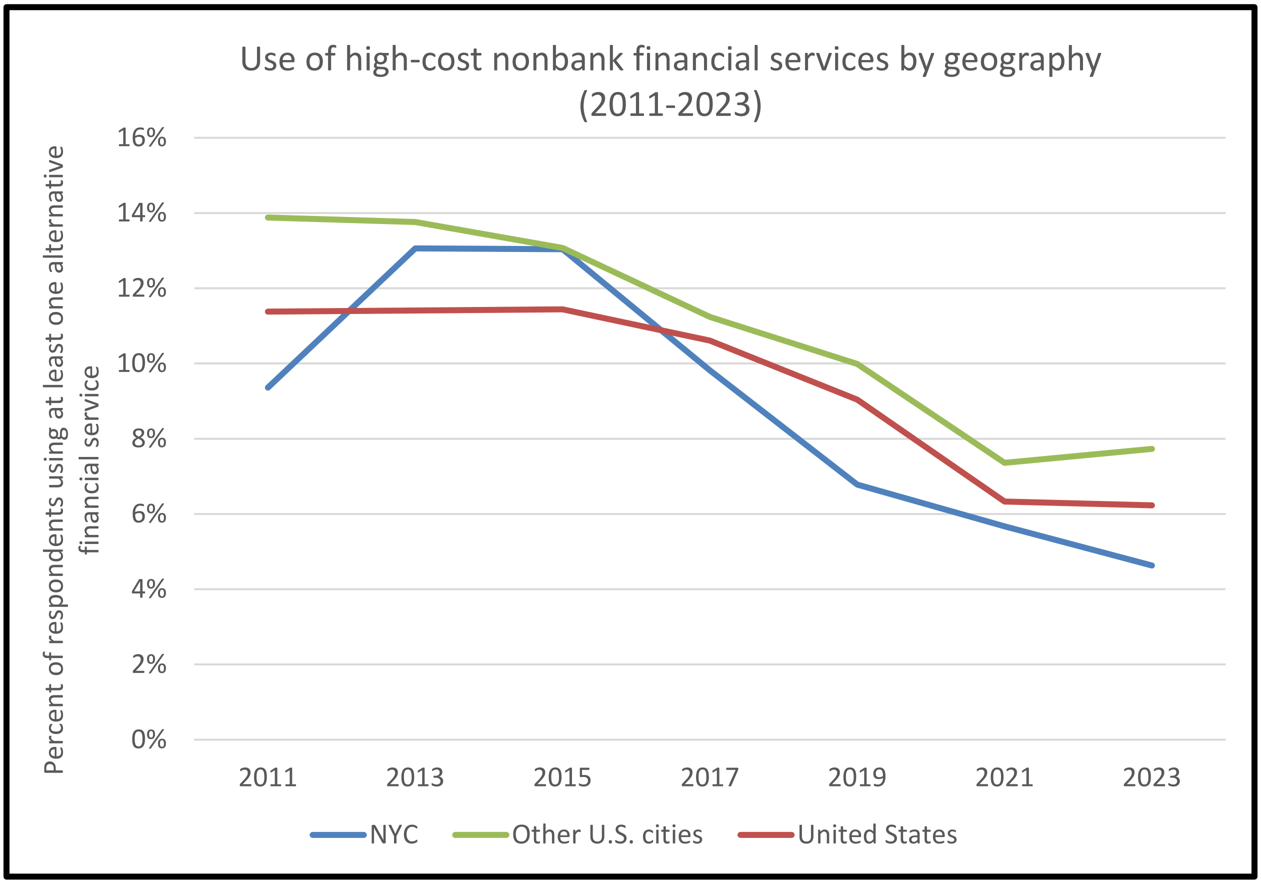
- **Payday loans**: very short-term loans (typically 2–4-week terms) with little approval criteria and effective APRs often above 300 percent;
- **Pawn shop loans**: short-term loans collateralized by a "pawned" item of value (e.g., jewelry, electronics);
- **Auto title loans**: loans collateralized by the title to the borrower's car (*not* loans used to purchase a car);
- **Tax refund anticipation loans**: short-term loans (2–3-week terms) offered by a third-party against a consumer's expected tax refund;
- **Rent-to-own**: stores which allow customers to rent large items such as furniture or appliances, with an option to purchase the item at the end of the term (*not* an installment plan or layaway plan); and
- **Check cashers**: non-bank institutions which charge a fee to cash government, business, or personal checks.

After accounting for rollovers and fees, the interest alone on these products can far exceed the initial credit that was extended to the borrower.

As of June 2023, 6.8 percent of New Yorkers have used at least one high-cost nonbank financial service in the past 12 months. In other cities and nationwide, the rates are 9.4 percent and 8.1 percent, respectively. In each region, the use of the products is two to three times higher for unbanked households than for banked households. However, since banked households far outnumber unbanked households, they make up the majority of non-bank financial service consumers.

Chart S6 compares the use of high-cost nonbank financial services across all households (both banked and unbanked) in New York City, other U.S. cities, and nationwide from 2011 through 2023. When tracking the use of these products across years, we exclude tax refund anticipation loans, as wording changes to the FDIC survey make the figure non-comparable across years.[10] The 2023 rates shown in the chart are therefore smaller than those provided in the text above.

Chart S6



SOURCE: FDIC National Survey of Unbanked and Underbanked Households, Office of the New York City Comptroller

NOTE: This chart covers the use payday loans, pawn shop loans, auto title loans, rent-to-own stores, and check cashing service in the 12 months prior to the survey date.

The chart reveals a notable decline in the use of high-cost nonbank financial services over the past decade. Nationwide, their use fell from 11.4 percent of households in 2013 to 6.2 percent in 2023. New York City and other U.S. cities followed a similar trend.[11]

Across the country, the market for several high-cost nonbank financial products, especially payday loans and auto title loans, grew rapidly through the 1990s and 2000s. But since the mid-2010s, the market has seen a notable shift. Many payday lenders and auto title loan storefronts have closed. Some shifted their lending activity online, but much of the reduction in use is attributable to increased federal and state regulatory action to protect consumers from predatory lending services, as we will discuss in the next section. The use of check-cashing outlets has also diminished since 2013 in both New York City (from 8.7 percent to 2.4 percent) and nationwide (6.8 percent to 2.7 percent).

New York State regulates the use of high-cost, nonbank financial services more than most states. Payday lending and auto title lending are effectively illegal due to state usury protections, which limit interest on most lending to 25 percent.[12] New York State also imposes stringent limits on the maximum fee that check cashers may collect.

However, gaps in these laws can still leave New Yorkers vulnerable to predatory lending. While the state doesn't have "auto title" lenders per se, there are many "car pawn" businesses which function similarly, using the consumer's car as collateral against a short-term, very-high-interest loan. Some payday lenders reach borrowers illegally, especially online.[13] And while rent-to-own stores are more heavily regulated than in most states, the cap on interest is a full 2.25 times the initial credit that was extended to the borrower, meaning a consumer may end up paying 325 percent of the sticker price for a particular item.

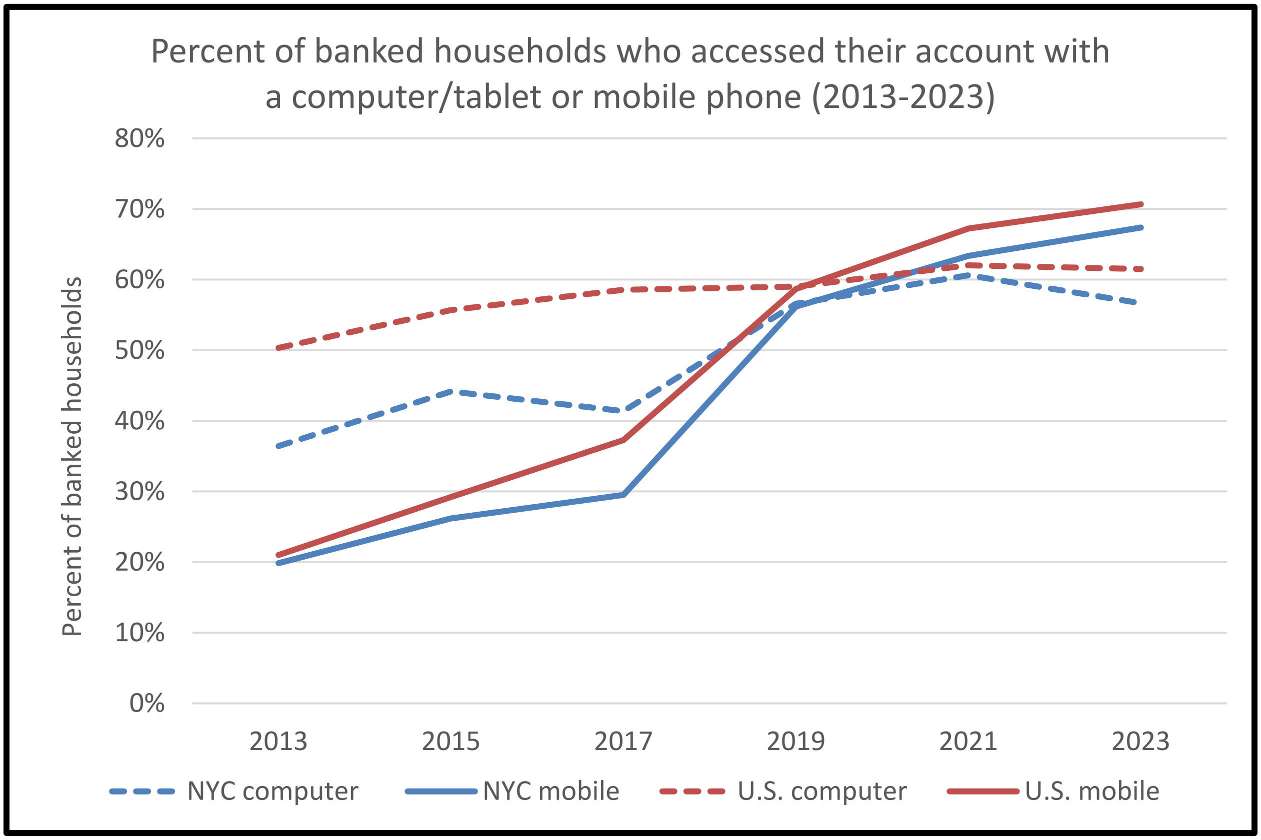
Policy and technological developments

As indicated above, the share of households without a bank account has steadily declined since at least 2011, both in New York City and nationwide. The use of high-cost nonbank financial services has fallen substantially as well. In this section, we explore technology- and regulatory-related developments during this time period which have promoted access to affordable banking services and helped consumers avoid high-cost alternatives.

Technology

Technology has changed the way households access their bank accounts. Online banking (access via a web browser on a non-mobile device) and mobile banking have become the most popular methods, while traditional methods such as bank tellers and ATMs have become less common. In 2013, 30 percent of U.S. households reported most often accessing their accounts via bank tellers, with another 30 percent using online banking and 22 percent using ATMs. Mobile banking was far less popular, with only 5 percent of households using it as their main method of access. However, in the years since, mobile banking has become the most popular option by far, with 46 percent of households in 2023 using it as their primary method of access, and 70 percent using it in conjunction with other methods. Online banking has fallen as the primary method of access, down to 19 percent nationwide in 2023, but is still used with other methods by 62 percent of households. New York City had lower rates of digital banking use than the U.S. in 2013, but adoption has been fast and now mirrors nationwide trends.

Chart S7



SOURCE: FDIC National Survey of Unbanked and Underbanked Households

The convenience of digital banking may have contributed to the decline in unbanked households both in New York City and nationally. Internet and smartphone access have become nearly universal in New York City, even more so than in the U.S. as a whole. However, households without broadband access are more likely to be low-income and non-white than the broader population, and also more likely to be unbanked. The main reasons given by unbanked households for not having accounts have not changed significantly over time: since 2013, the most common concerns for unbanked New Yorkers have involved account fees or minimum balance requirements; very few households have flagged issues involving bank locations or hours. Although digital banking may have enabled some households to open and keep bank accounts, it likely made more of a difference in less densely populated areas than New York City.

The range of services available to customers with bank accounts has also expanded. The use of traditional nonbank financial services (e.g. payday loans or pawn shops) has fallen, but new products such as “Buy now, pay later” (BNPL) are now providing lower cost alternatives for consumers who may have been unbanked or used nonbank financial services in the past.

BNPL allows consumers to split transactions into interest-free installments. BNPL services are widespread, offered in some form to the majority of US consumers in 2023. Nearly all BNPL users have bank accounts and credit scores, but BNPL usage is higher among those with lower credit scores, low income, and recent reports of failed credit applications or delinquent payments. BNPL services offer a lower-cost alternative to nonbank services historically used by unbanked or underbanked households and may serve to increase their financial stability.

Policy and regulation

Over the past 10-15 years, the Consumer Financial Protection Bureau (CFPB), other federal financial regulators, and the New York State Department of Financial Services (NYSDFS), have acted to make banking more accessible and affordable while cracking down on predatory lending. These efforts have likely helped increase bank access and reduced the use of high-cost nonbank financial services.

New York State has its own policies aimed at expanding access to low-cost banking. All banks in the state are required to offer residents basic banking or "lifeline" accounts which require a minimum balance of no more than one cent, allow for unlimited deposits and a set number of free withdrawals, and charge low maintenance fees. Since 2022, NYSDFS has also encouraged banks to offer accounts that meet the “Bank On” National Account Standards, which provide even greater affordability benefits, including the elimination of overdraft and NSF fees.

In 2020, the FDIC, Federal Reserve Board, Office of the Comptroller of the Currency (OCC), and National Credit Union Administration (NCUA) issued joint guidance encouraging responsible small-dollar lending by supervised institutions. The guidance has made it easier for financial institutions to offer installment loans and lines of credit up to $1,000 at affordable rates. According to Pew, six of the eight largest banks now offer such loans, where none did just five years ago.

Both federal and state regulators have made substantial progress curbing “junk fees” related to overdrafts and non-sufficient-funds (NSF).[14] Since the 2010s, the CFPB, FDIC, Federal Reserve Board, and NYSDFS have issued regulations and guidance to better protect consumers—requiring opt-ins for certain overdraft charges, capping daily overdraft fees, restricting fees on “Authorize Positive, Settle Negative” transactions (where a consumer’s balance is enough to cover a purchase at the point of sale, but not when the transaction is later posted), and preventing multiple NSF charges for a single purchase. In response, many banks have voluntarily reduced these fees or eliminated them altogether. According to the CFPB, overdraft and NSF fee revenue has dropped by over 50 percent since before the pandemic, saving consumers $6 billion annually. In December 2024, the CFPB issued a final rule intended to save consumers another $5 billion by subjecting overdraft loans to standard lending laws. The CFPB has also taken action against high-cost, non-bank financial services that can trap consumers in a cycle of debt, including regulation and enforcement in the payday lending, auto title lending, and check cashing industries.

The CFPB's consumer protection efforts have been highly affected by the national political climate. The agency was initially proposed by Elizabeth Warren in 2007 and was created by the Dodd-Frank Act, signed by President Obama in 2010, in response to the great financial crisis. Warren then established the CFPB as Assistant to the President, before she was elected to the Senate. Richard Cordray led the agency for most of Obama's tenure

During the first Trump administration, acting director Mick Mulvaney froze enforcement actions and considerably weakened the CFPB's 2017 rule regulating payday and other high-cost loans.

During the Biden Administration, the CFPB was led by Rohit Chopra. During Chopra's tenure as director, the CFPB issued a number of critical new rules to better protect consumers, including rules that limit excessive bank overdraft fees; give consumers greater access and control of their financial data so they can more easily switch banks; provide borrowers the right to dispute charges and get refunds when they take out buy now pay later loans; cap exorbitant credit card late fees; and ban medical debt from appearing on credit reports.

Chopra was fired by President Trump on February 1, 2025. Last week, acting director Russell Vought ordered the CFPB to halt "all supervision and examination activity" and said the Bureau would not draw unappropriated funding, effectively stopping all work.[15] At this time, the future of the agency is uncertain.

Conclusion

Banking access is essential for financial health and stability. It is therefore good news that the share of New York families with a checking or savings account has steadily increased over the past decade, for all races and most age groups, as a result of changes in both technology and policy.

Still, account ownership in New York lags behind the U.S. overall. While more New Yorkers are gaining access to the banking system turning away from high-cost nonbank financial services, a sizable portion remain unbanked or underbanked. There are also persistent disparities within New York City: unbanked rates remain particularly high for Black and Hispanic households, even when controlling for income, and the unbanked rate for older households has increased even as other age groups have seen significant declines. Most unbanked New Yorkers report that fees and balance requirements are major deterrents to having an account. For Black and Hispanic unbanked households, distrust, ID requirements, and language barriers also play a role.

Federal and state financial regulation over the past 15 years has contributed to lower bank fees as well as waning demand for certain high-cost nonbank financial services, such as payday loans and nonbank check cashing. New technologies, notably digital banking and lower-cost payment products, have also made banking more accessible.

With the CFPB's consumer financial protection work already under dramatic assault by the current presidential administration, city and state policymakers must continue their efforts to expand access to affordable, mainstream banking and credit options for all New Yorkers.

Acknowledgments

This report was prepared by Andre Vasilyev, Principal Economic Development Analyst and Amber Born, Economic Development Analyst. Archer Hutchinson, Creative Director, and Addison Magrath, Graphic Designer led the design, with assistance from Angela Chen, Senior Website Developer and Martina Carrington, Web Developer.

Endnotes

[1] The 2023 survey reached 29,337 households, 440 of which were in New York City. While this sample size is sufficient for a broad analysis of New York City households, statistical significance can be harder to establish when analyzing narrow sub-populations within the city. This report focuses on analyses that demonstrate statistical significance and draws upon nationwide data where needed.

[2] "Other U.S. cities" consists of households within the principal cities of 145 metro areas (excluding New York City), who comprise 26 percent of the U.S. population. Some metro areas have multiple principal cities.

[3] The overall unbanked rate in New York City (7.6 percent) is statistically different from the U.S. rate (4.1 percent), as is the difference between New York City and the U.S. for Hispanic households (14.5 percent and 9.3 percent, respectively). However, the differences between New York City and U.S. unbanked rates for Black, white, and Asian households are not.

[4] Asian and Pacific Islander (API) households not included in cross-tabulation due to small sample size.

[5] Because the CPS is administered to householders (an adult in whose name the housing unit is owned or rented) when possible, person-level characteristics (e.g. employment status, race, disability status) refer to the survey respondent. On the other hand, banking status is a household-level characteristic. A household is considered banked if anyone, not just the householder, has an account. The use of various non-bank financial services (payday loans, check cashing services, etc.) is also a household-level characteristic.

[6] The sample size of unbanked respondents in New York City is too small to draw meaningful conclusions from disaggregating reasons for being unbanked by race.

[7] As in Table S1, API households are excluded from this chart due to small sample size.

[8] In the context of the FDIC survey, we use "Hispanic households" to refer to households in which the survey respondent is Hispanic. See endnote 5 above on person-level characteristics.

[9] See the FDIC's report on its 2023 National Survey of Unbanked and Underbanked Households.

[10] From the FDIC's report: "The share of households that used tax refund anticipation loans in 2023 is not directly comparable to the shares in 2019 and 2021 because the question on tax refund anticipation loans was broadened to better match credit products available on the market." The 2023 survey question reads: "In the past 12 months, did you (or anyone in your household) pay a fee to get your tax refund faster than the IRS would provide it? This includes products like refund anticipation loans and refund advances."

[11] The difference in high-cost nonbank financial service use between New York City, other cities, and the United States is *not* statistically significant in most years.

[12] The 25 percent interest cap does not apply to most mainstream banking and credit card products, as bank lending originated out-of-state is subject to the usury laws of the home jurisdiction.

[13] A variety of resources are available to protect New York consumers from debt collection on illegal payday loans. The New Economy Project offers a Financial Justice Hotline, as well as links to file complaints with city, state, and federal regulators.

[14] Overdraft fees—which typically range from $30-$40—are charged when a consumer's balance is too low to cover a transaction and the bank extends a temporary loan to cover the cost of the item. NSF fees are similar in magnitude and occur when the bank declines to cover a transaction but still imposes a penalty on the consumer for having insufficient funds.

[15] Russell Vought takes the helm at CFPB, orders pause in agency activities : NPR

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