

# FINDING SOLUTIONS FOR THE UNBANKED AND UNDERBANKED

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INTERNATIONAL CONSORTIUM FOR GLOBAL LEGAL EDUCATION:  
2016 FACULTY TRAINING WORKSHOP

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*This information was compiled by Bank on Florida and is posted on its website at <https://sites.google.com/site/bankonflorida/home>.*

# CHARACTERISTICS OF UNBANKED FLORIDA

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Households more likely to be unbanked than the population as a whole are those:

- With a black, Hispanic non-black, or American Indian/Alaskan householder; or
- Where Spanish is the only language spoken at home; or
- With a householder that is a foreign-born noncitizen; or
- That are family households with an unmarried female or male family householder; or
- Earning less than \$30,000; or
- With a householder holding less than a high school degree; or
- With a householder under age 45.

(Source: <https://sites.google.com/site/bankonflorida/home/characteristics-of-unbanked>)

# CONSEQUENCES OF UNBANKED

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- \$8 billion in fees to alternative servicers (includes pay day loan fees)
- Average charge for cashing paycheck-\$40.
- \$1000-\$2000 annually for check cashing services
- Low wage worker who never utilized mainstream financial services over 40 year full time work history would spend \$40,000 on check cashing services
- If the \$40,000 had been regularly invested in savings bonds, would have \$360,000 at retirement!

(Source: <https://sites.google.com/site/bankonflorida/home/consequences-of-unbanked>)

# WHAT ARE THE CONSEQUENCES OF THESE STATISTICS TO LOW WAGE WORKERS?

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- Aren't always aware of the benefits available to them
- Are vulnerable to predatory lenders and alternative financial services:
  - The “unbanked” pay 1-10% of salary for check cashing services
  - “Pay day” loans cost workers 50 to 400% interest
  - Paid tax preparation can cost 25%+ of total refund
  - Unable to accumulate assets through savings without relationship with bank or credit union.

(Source: <https://sites.google.com/site/bankonflorida/home/consequences-of-unbanked>)

# UN AND UNDER BANKED IN FLORIDA

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- 7.0% of all households in Florida (an estimated 527,000 households) are unbanked.
- 18.2% of households with an annual income of \$30,000 or less are unbanked.
- 24.2% of Black, 8.5% of Hispanic and 6.0% of other minority households are unbanked.
- 16.8% of all households (an estimated 1,270,000 households) are underbanked. In addition, 4.8% of households (an estimated 364,000 households) may be underbanked, but their use of alternative financial services is unknown.
- 21.7% of households with an annual income of \$30,000 or less are underbanked.
- 27.1% of Black, 20.4% of Hispanic and 12.7% of other minority households are underbanked.

(Source: <https://sites.google.com/site/bankonflorida/home/un-and-under-banked-in-florida>)

# CURRENT INITIATIVES

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