



## Economic Review

# Who Are the Unbanked? Characteristics Beyond Income

by: Fumiko Hayashi and Sabrina Minhas

June 20, 2018

Low-income households without internet access are much more likely to be unbanked than those with internet access.

---

As the U.S. economy recovered from the Great Recession, more households entered the banking system. Still, 9 million households were unbanked in 2015. Understanding the characteristics of these households is critical in designing effective policies for financial inclusion. Policymakers often consider low income to be the defining characteristic of the unbanked. However, this broad characterization may mask large differences in banking status within low-income groups.

Fumiko Hayashi and Sabrina Minhas examine which household characteristics beyond income are associated with households' probability of being unbanked. They find that even after accounting for income, multiple socioeconomic and technological factors contribute to households' probability of being unbanked. In particular, they find that low-income households without internet access have a much higher probability of being unbanked than those with internet access.

Publication information: 2nd Quarter 2018

DOI: 10.18651/ER/2q18HayashiMinhas

---

## Author



### Fumiko Hayashi

#### Vice President

Fumiko Hayashi is a Vice President specializing in payments in the Economic Research Department at the Federal Reserve Bank of Kansas City. Since joining the Federal Reserve in 2001, Ms. Hayashi published studies on the ATM and debit card industry, regulatory developments around interchange fees and card network rules, consumer payment choice, various types of payment methods (including credit, debit, and prepaid cards, mobile and QR code-based payments, instant payments, and central bank digital currency), payment fraud and security, nonbanks and fintechs in the payment system. She is currently conducting research on undeserved consumers in payments, fraud and scams involving instant payments, role of intermediaries in the payment system modernization, among others.

---