



Economic Review

Who Are the Unbanked? Characteristics Beyond Income

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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.

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