



Written Testimony Submitted to the U.S. House Committee on Financial Services, House Subcommittee on Consumer Protection and Financial Institutions. Hearing on "Banking the Unbanked: Exploring Private and Public Efforts to Expand Access to the Financial System."

Wednesday July 21, 2021

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Mr. Chairman Perlmutter, Ranking Member Luetkemeyer, and members of the Subcommittee on Consumer Protection and Financial Institutions –

My name is David Rothstein, a senior principal with the Cities for Financial Empowerment Fund (CFE Fund) where I lead the national Bank On initiative. The CFE Fund's mission is to work with municipal and other partners to provide financial empowerment programs and services on a large scale, and our work spans across more than 100 city, county, and even state governments. Our Bank On program harmonizes financial institutions of all sizes and types, local government, nonprofit partners, and consumer advocates together through a national product certification program with the goal of bringing un- and under-banked households into safe, affordable, and fully transactional bank and credit union accounts. On behalf of the more than 100 financial institutions with certified Bank On accounts and our 90 plus coalitions around the country, I am honored to testify before you with how Bank On is here to meet the moment you are so admirably prioritizing here today.

Bank On is a success on a number of measurable levels. Eight years ago, we established the first ever National Account Standards (NAS) with close consultation of regulators like the Federal Deposit Insurance Corporation, advocates, financial institutions, local elected officials, and community organizations. These Standards directly address principal concerns of those who are unbanked: monthly costs, predictability of fees, and the absence of penalties like overdraft and insufficient fund fees. We started with the 4 largest banks in the country having certified products, but have quickly grown to 110 banks and credit unions. In fact, certified accounts can now be found in 40% of all the branches in the United States. Banks offering a Bank On certified account represent more than 51% of the deposit market share, according to the FDIC. And almost two dozen of these accounts can be opened online by new customers, further expanding access to rural and urban neighborhoods that don't have branches in their communities.

The market for Bank On accounts is thriving. Led by our partners at the Federal Reserve Bank of St. Louis, the Bank On National Data Hub finds that these accounts are extremely popular and the market is robust. In 2019, nearly 2 million Bank On certified accounts were opened that year alone. We also know that more than 85% of the new account openings were completely new clients to the financial institution, a strong proxy for banking access success. We know that Bank On is helping the unbanked in the hardest to reach markets. The FDIC finds that households of color are 5 times more likely than white households to have a bank account. A recent analysis by the Bank Policy Institute found that more than 60% of Bank On accounts opened were in neighborhoods with more than 50% minority population.

The widespread availability of Bank On certified accounts is of course only part of the banking access equation. It's *connecting* people to these accounts that makes the difference. The Bank On equation looks for ways to integrate banking access into large-scale funding streams. And our 90 Bank On coalition partners help make that happen in their communities. Almost 2 dozen cities, for example, integrate account opening into their summer youth employment programs ... and the ability to rely upon national Bank On certification assures those government leaders that these are the right accounts. The State of Maryland is now facilitating Bank On account opening for unemployment benefits



recipients. And now the Treasury Department and the IRS has been facilitating Bank On account opening, in partnership with the robust efforts of the FDIC, with facilitating account opening as a way to get both EIP and now Child Tax Credit payments.

All this is to say here today that, while we are thrilled that policymakers and agencies are interested in wide-spread banking access, Bank On is demonstrating – today – both that you can get institutions to offer the right accounts and that people will open them, by the millions each year. Why create a separate-but-equal system that will be incredibly complex and years in the making? Why ignore that very tangible solution, rather than amplify it?

Thank you for your time this morning and I am happy to answer any questions that the Committee has.

Attachments to this testimony:

Bank On National Account Standards 2021-2022.

Updated as of July 19, 2021, a list of Bank On Certified accounts.

[The 2020 Bank On Data Hub Report by the Federal Reserve Bank of St. Louis.](#)

[Bank Policy Report on Bank On, branch locations, and the Community Reinvestment Act.](#)

BANK ON NATIONAL ACCOUNT STANDARDS (2021 - 2022)

TERMS

STANDARDS

Core Features

Transaction Account at Insured Depository Institution	Checking account (including checkless checking) or bank- or credit union-offered prepaid
Debit Card	Debit card network (e.g., Visa, Mastercard, Discover) for point of sale and bill payment; free
Minimum Opening Deposit	\$25 or less
Monthly Maintenance Fee	If not waivable: \$5 or less If waivable: \$10 or less; offer at least two options to waive fee entirely with a single transaction (e.g. direct deposit with no minimum deposit, online bill pay, or debit card purchase)
Overdraft or Non-Sufficient Funds (NSF) Fees	None
Account Activation, Closure, Dormancy, Inactivity, and Low Balance Fees	None

Customer Service

Branch Access	For financial institutions with branches: free and unrestricted For financial institutions without branches: access to free ATM network and free remote deposits
Telephone Banking (Including Live Support)	Free and unrestricted
ATM Access	Free and unrestricted in network \$2.50 or less out-of-network fee; or up to \$3.00 if also provide free access to a partner ATM network

Functionality

Deposit Capability	Free cash and checks in branch and at ATM (when available), and direct deposit
Bill Pay	Free by financial institution if available, otherwise at least four free money orders and/or cashier checks per month
Check Cashing for Checks Issued by that Institution	Free
Online Banking, Mobile Banking, Banking Alerts	Free (if offered)
Monthly Statements	Free electronic; \$2 or less for mailed paper (if offered)
Insured Account Deposits	Insured by FDIC or NCUSIF

Strongly Recommended Features

Account Screening (e.g. ChexSystems, Early Warning Services)	Only deny new customers for past incidences of actual fraud
Alternative IDs (Municipal, Consular, etc.)	Accept alternative IDs
Online Account Opening and Deposits	Free at financial institutions with branches
Linked Savings Accounts	Free savings accounts and account transfers
Funds Availability	Immediate availability for known customers cashing government, payroll, or checks from that financial institution
Money Orders	\$1.70 or less (based on U.S. Postal Service rate)
Remittances (International Wire)	Competitively priced by country (\$5.00 - \$20.00)
Credit-Building Product Offerings	Secured credit card or secured personal loan, e.g.

Bank On Certified Accounts

				Certification
Financial Institution	Bank On Account Name	FDIC Cert #	Branches	Start Date
1st Choice Credit Union	Freedom Checking		2	2/1/2019
AllNations Bank	Simply Safe Checking	4051	2	1/16/2020
BancFirst	E-Connect Account	27476	104	6/3/2020
BancorpSouth	Budget Smart Checking	11813	357	9/21/2020
Bank Five Nine	Achieve Checking	12517	21	1/17/2020
Bank of America	Advantage SafeBalance Banking	3510	4385	10/1/2015
Bank OZK	Freedom Advantage Checking	110	263	12/23/2020
Berkshire Bank	MyFreedom Checking	23621	125	4/7/2021
BMO Harris Bank	BMO Harris Smart Money Account	16571	529	6/14/2021
BOM Bank	EZ Checking	1373	16	5/14/2021
Cadence Bank	eChecking	4999	66	1/16/2019
Carrollton Bank	Basic Banking Account	12383	9	12/20/2017
CASE Credit Union	Load N Go Account		6	10/3/2019
Cathay Bank	Community Checking	18503	66	4/4/2019
Centennial Bank	Simply 100 Checking	11241	180	2/24/2020
CIBC Bank USA	EasyPath Access Account	33306	24	9/19/2018
Citi	Access Account	7213	697	10/1/2015
Columbia Bank	Foundation Account	33826	151	5/19/2020
Credit Union of Atlanta	EZAccess Account		1	7/3/2019
Denver Community Credit Union	Clear Card		5	5/4/2021
Diamond Lakes FCU	Breakfree Checking		3	8/23/2018
Discover Bank	Cashback Debit	5649	0	1/4/2021
Dollar Bank	No Overdraft Checking	32245	71	6/1/2018
Equitable Bank	EZ Checking	31485	6	3/30/2021
Financial Partners Credit Union	EZ Card Checking Account		19	5/22/2020
First Bank	Thrive Checking Account	12229	93	3/1/2020
First Bank Richmond	Easy Fit	28533	9	5/5/2021
First Commonwealth Bank	SmartPay Card	74688	139	5/19/2017
First Commonwealth Federal Credit Union	Fresh Start Checking		11	6/21/2021
First Fed	Compass Checking	29058	13	7/2/2021
First Federal Bank of Wisconsin	Fresh Start Checking	30422	4	2/10/2021
First Financial Bank, N.A.	First Access Checking	4382	78	3/15/2021
First Harrison Bank	Easy Checking	31223	18	5/18/2021
First Home Bank	NuStart Checking	34997	6	5/25/2021
First Horizon Bank	Access Checking Account	4977	471	8/21/2019
First Independence Bank	First Choice Checking	20179	3	4/20/2020

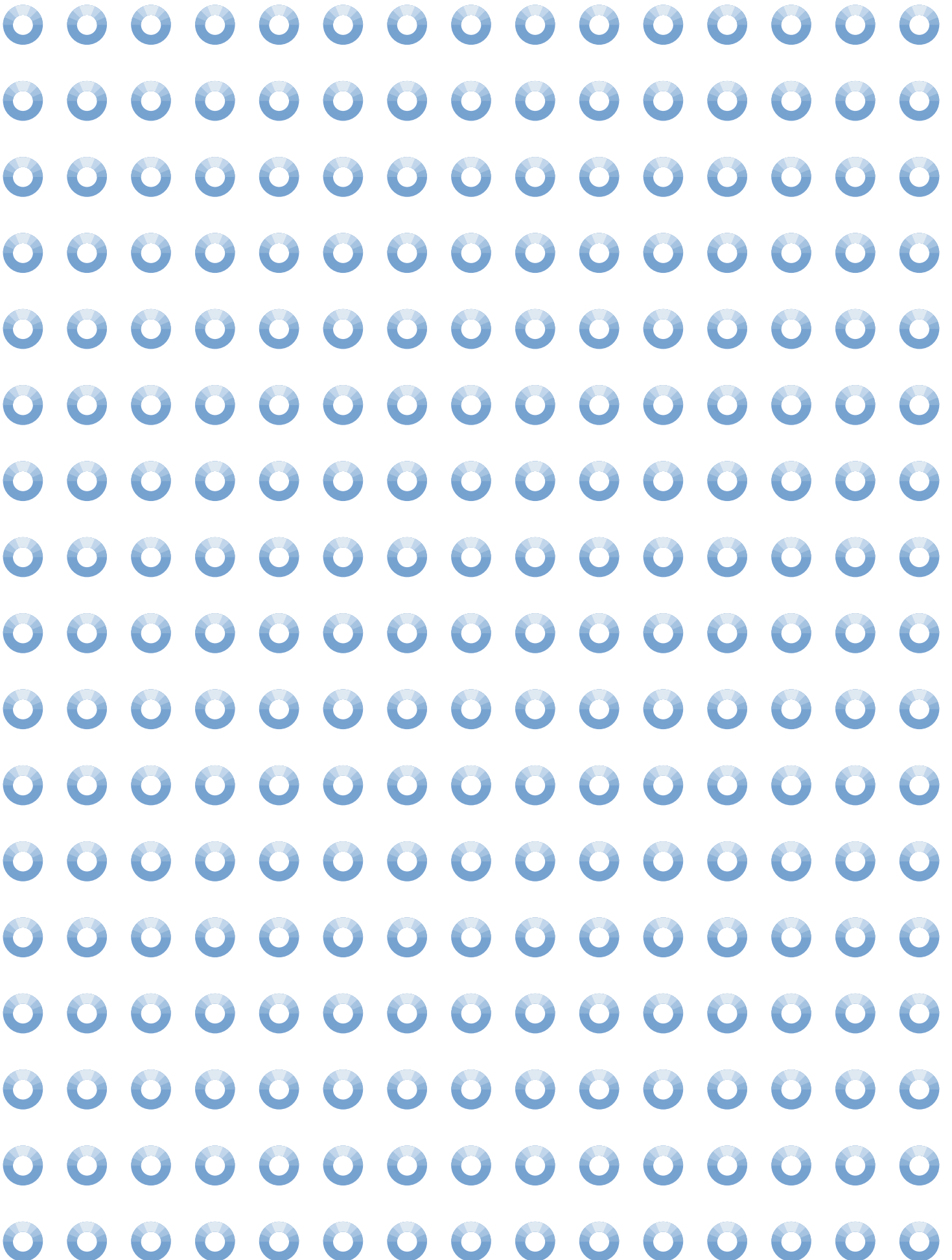
First Midwest Bank	Foundation Checking	3709	115	4/29/2021
First National Bank of Omaha	Access Debit Account	5452	105	5/19/2017
First National Bank of Pandora	Easy Banking Account	6671	5	4/23/2021
First National Bank of Pulaski	On Us	15572	12	6/11/2021
First National Bank Texas	eAccount	3285	338	2/19/2021
First Security Bank	First Steps Checking	5633	77	8/1/2019
First State Bank of Anadarko	eChoice Account	12757	2	1/2/2020
Flagstar Bank	SimplyOne	32541	160	1/17/2018
Fulton Bank	Xpress Account	15966	205	3/1/2021
Georgia's Own Credit Union	Bank On Account		20	6/14/2019
Great Lakes Credit Union	Fresh Checking		12	2/21/2020
Guaranty Bank	Second Chance Checking	28670	17	4/9/2021
Hope Credit Union	Choice Card		29	3/10/2020
Horizon Bank	Fresh Start	14327	74	4/9/2021
IBERIABANK	Ability Banking	4977	233	2/21/2018
Independent Bank	IntroChecking	3076	71	3/22/2018
JP Morgan Chase Bank N.A.	Chase Secure Banking	628	4967	2/25/2019
Kearny Bank	Simple Checking	28765	48	7/16/2021
Keybank National Association	Hassle Free Checking	17534	1111	5/15/2017
LifeStore Bank	Progress Account	31217	4	4/1/2021
M&T Bank	MyWay Checking Account	588	690	4/23/2021
Mechanics Bank	Bank On - Personal Checking	1768	45	2/13/2019
Metro Credit Union	Safeguard Checking		14	3/18/2021
Middletown Valley Bank	Simple Spend	14017	8	6/1/2021
Mid-Southern Savings Bank, FSB	Worry Free Checking	30133	3	10/1/2020
MidWest Bank Centre	Life Happens Checking	3711	17	6/17/2020
Montgomery Bank	New Start Checking	8255	10	2/1/2021
Movement Bank	Anywhere Checking	9502	2	7/2/2021
Mutual Federal	Easy Fit		5	5/5/2021
New Haven Bank	Bank On	58952	1	11/24/2020
Newtown Savings Bank	New Start Checking	18199	15	3/25/2021
North Shore Trust and Savings	Fresh Start Checking	27683	3	3/26/2021
Northwest Bank	Compass Digital Account	32647	18	1/15/2019
Nusenda Credit Union	Breeze Account		18	5/17/2021
Old National Bank	EZ Access Account	3832	173	3/20/2017
Orrstown Bank	Growth Checking	713	26	5/5/2021
PCSB Bank	PCSB Total Checking Account	15995	15	3/25/2021
Peninsula Credit Union	Vista Renew Account		5	10/11/2019
PNC Bank	Foundations Checking	6384	2296	3/22/2021
PNC Bank	Smart Access	6384	2242	12/23/2020
Portage Community Bank	Financial Empowerment Checking	34760	3	4/1/2020
Providence Bank & Trust	Neighborhood Connect	57754	16	1/16/2020
Provident Bank	eVantage	90141	13	11/30/2020
QNB Bank	Opportunity Account	7714	12	4/29/2021
Reading Cooperative Bank	Honest Checking	26620	6	11/11/2020

Red River Bank	New Opportunity Checking	34980	26	1/12/2021
Rio Grande Credit Union	Fresh Start Checking		6	6/7/2021
River City Federal Credit Union	Fresh Start Checking		3	7/12/2019
S&T Bank	Easy Banking	11124	58	10/29/2018
SCE Federal Credit Union	Checkless Checking		9	1/17/2018
Self-Help Federal Credit Union	Access Checking Account		27	6/12/2018
Simmons Bank	Affordable Advantage Checking	3890	187	3/15/2019
Southern Bancorp Bank	Opportunity Card	1528	44	3/12/2018
Spring Bank	Green Checking	58668	2	4/13/2018
Stearns Bank, N.A.	BankONStearns Account	10988	8	4/6/2021
Summit Credit Union	Balance Account		45	3/16/2021
The Citizens Bank	Spark Banking	17211	20	11/2/2018
The First, a National Banking Association	First AID Checking	34217	72	5/9/2018
The Westchester Bank	Banking Made Personal	58652	8	12/21/2020
Thomaston Savings Bank	Uncommon Account	18258	14	2/4/2021
Tri Counties Bank	Money Smart Checking	21943	71	6/1/2021
Tri-Valley Service FCU	Essential Checking		1	2/1/2021
Truist	Money Account	9846	2922	2/6/2020
Trustmark National Bank	Advantage Checking	4988	183	3/26/2021
U.S. Bank	Safe Debit Account	6548	2775	8/22/2016
UP Federal Credit Union	Level Up Checking		2	9/21/2020
US Eagle FCU	Flex Checking		9	5/27/2021
USALLIANCE Financial	Dora Everyday Checking		15	3/1/2021
Valley National Bank	Valley Journal Checking	9396	227	1/27/2021
Wells Fargo Bank	Clear Access Banking	3511	5399	9/7/2020
Wintrust Community Banks	Money Smart Checking	33935	80	6/28/2021

The Bank On National Data Hub: Findings from 2019



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The views expressed here are those of the authors and do not necessarily reflect the views of the St. Louis Fed or the Federal Reserve System.

Executive Summary

About 5.4% of U.S. households are unbanked, according to the Federal Deposit Insurance Corp. (FDIC), meaning they do not have checking or savings accounts. While this figure represents the lowest rate of unbanked individuals since the FDIC began compiling this type of data in 2009, it means that 7.1 million U.S. households and businesses are still operating on the sidelines of the financial mainstream because they feel:

- They don't have enough money for an account
- They don't trust banks
- Avoiding banks affords more privacy
- Bank fees are too high or unpredictable¹

The purpose of the **Bank On movement** is to improve the financial stability of unbanked and underbanked individuals and families by making safe, low-cost transaction accounts available and accessible to all. A way in which the movement reaches its target markets is by professionalizing, or building a formal structure, for banking access efforts for financial institutions and their customers. Paramount to the professionalization of such efforts are high-quality data showing the take-up, or engagement with and usage of, Bank On-certified accounts.

The St. Louis Fed's Bank On National Data (BOND) Hub serves as a national reporting platform for all financial institutions offering certified Bank On accounts. For this report, 10 financial institutions submitted data to the BOND Hub. The institutions were asked to submit their 2019 account data on 25 metrics related to account openings, usage and consistency, and online access.

These data allow stakeholders to better understand the market nationally, regionally and locally. The BOND Hub also allows financial institutions to benchmark the performance of Bank On-certified products and use this information for regulator examinations of their community services. It helps Bank On coalition partners illustrate their progress in promoting local banking access without requiring multiple data requests. The ability to quantify the national impact of Bank On—and how consumers are opening and using safe, affordable transaction accounts—is an important asset for banking access efforts and demonstrates the market for Bank On-certified accounts.

¹ See the [FDIC National Survey of Unbanked and Underbanked Households](#).

KEY TAKEAWAYS

- The demand and use of Bank On accounts is strong and continues to grow. To date, more than 5.8 million Bank On-certified accounts have been opened across the 10 reporting institutions. Of those, 2.6 million accounts were open and active in 2019. Bank On accounts have been opened in more than 31,000 ZIP codes, or 75% of all U.S. ZIP codes.
- Bank On account take-up and opening activity look different for banks of varying sizes. Certified accounts at large financial institutions appeal more to new customers, whereas those at community financial institutions are more likely to be opened by existing customers. In addition, the highest number of certified accounts were opened in August 2019 at large financial institutions; for community financial institutions, the most account opening occurred in April 2019.
- Account holders actively use many of the services provided by certified Bank On accounts. Nearly \$23 billion were deposited into Bank On-certified accounts in 2019 and 26% of account holders used direct deposit. The average monthly balance was \$345 per account and 75% of account holders were digitally active.

Part One — The BOND Hub

OVERVIEW

Each year, the St. Louis Fed invites all financial institutions with accounts certified as meeting the [Bank On National Account Standards](#) to report data to its BOND Hub. The metrics collected have been determined in consultation with the CFE Fund and its Bank On National Advisory Board. Data are aggregated and released annually. The following financial institutions were part of the 2019 data submission effort:

- Bank of America
- Carrollton Bank
- First Commonwealth Bank
- IBERIABANK
- JPMorgan Chase
- Old National Bank
- Southern Bancorp
- The First, A National Banking Association
- U.S. Bank
- Wells Fargo

BACKGROUND

Approximately 7.1 million households across the United States are unbanked.² Without a bank account, households face challenges in saving reliably or automatically, or establishing a banking relationship that can lead to accessing affordable credit. Consequently, being unbanked makes it harder to achieve other important financial goals. The national Bank On movement works to expand professional banking access efforts by supporting local Bank On coalitions. The movement also seeks to increase the availability of safe and affordable banking products that meet [Bank On national account standards](#), while connecting unbanked and underbanked people to these products.

The CFE Fund provides a public certification seal for transactional consumer accounts offered by financial institutions that meet Bank On national account standards. Local coalitions can rely on these certifications when choosing to highlight accounts available to local residents and when choosing

partners for banking access programs. Additionally, financial institutions market their product-specific national certification seal to highlight that their accounts meet these standards. The CFE Fund also promotes Bank On-certified accounts by including them in Bank On marketing materials and in communications with local Bank On coalitions, as well as in its own program investments.

Bank On-certified accounts help financial institutions reach unbanked and underbanked customers by bringing them into the financial mainstream and starting a new banking relationship. This benefits consumers who need accounts with low- or minimum-required balances, including those who have left the mainstream banking system because of overdraft issues, those looking for accounts with flexible account screening or those who were turned off by high or unpredictable fees. Bank On-certified accounts seek to provide a safe, affordable and functional banking experience that allows consumers to build or rebuild a relationship with a mainstream financial institution. Financial institutions offering Bank On-certified accounts are also poised to attract people entering the banking world for the first time, including young people and students, as they tend to build new, long-term banking relationships.

In addition, products certified as meeting the Bank On national account standards (see Appendix A) support Community Reinvestment Act (CRA) service test examinations. Recent [guidance for CRA questions and answers](#) highlights the availability of low-cost deposit accounts, the extent to which they reduce costs and the degree to which services are tailored to meet the needs of Low to Moderate Income (LMI) individuals.

² [FDIC, 2020](#).

The Bank On national account standards offer guidance for financial institutions to prioritize account offerings that highlight their commitment to:

- Meeting consumers’ needs
- Connecting with banking access opportunities or programs
- Expanding their customer base
- Meeting regulatory requirements for community reinvestment

DATA COLLECTION DESIGN

The goal of this data collection is to understand the demand for and use of Bank On-certified accounts. Results from analyses with a descriptive cross-sectional study design allow us to examine national activity for three categories of metrics: account opening, account usage and consistency, and online access. Further, the design enables the St. Louis Fed to provide detail on take-up and usage rates based on geographic location, proximity to a Bank On coalition, and unbanked and underbanked rates by developing an [interactive data tool](#).

Since the St. Louis Fed used a non-experimental design, and did not study the outcomes of Bank On accounts for account holders, this report presents no causal relationship with Bank On account ownership and the effectiveness of the Bank On initiative. We hope the report’s findings will inform financial institutions’ decisions to implement certified Bank On account programs and submit their annual data to the St. Louis Fed through its secure online portal.

Data for this study were collected using a purely quantitative method. The 10 participating financial institutions in the 2019 data submission were asked to enter into a data sharing agreement with the St. Louis Fed. Upon full execution of the data sharing agreement, each institution was invited to securely submit their data to the St. Louis Fed. Once the St. Louis Fed received the data from all participating institutions, the data were compiled, cleaned, aggregated by ZIP code (with three or more reporting institutions) and combined into a national data set.

Participating financial institutions provided data for 289 fields, with 24 metrics reported in monthly increments and one metric (“total number of certified accounts opened”) reported as annual.

Monthly figures were used for most of the metrics to ensure seasonal and cyclical trends were apparent. To simplify the data reporting process, this is completed once a year. Understanding that all institutions may not have data to report for all fields, the St. Louis Fed asked participating institutions to provide the data they could for each of the metrics.

TABLE 1. Bank On Metrics for 2019 Data

Account Opening	Total number of certified accounts opened
	Number of accounts currently open (2019)
	Number of accounts newly opened (2019)
	Number of account-opening customers new to institution (2019)
	Number of accounts newly closed (2019)
Account Usage and Consistency	Number of account holders using direct deposit
	Number of account holders making debit transactions
	Frequency of debit transactions
	Total value of debit transactions
	Number of account holders making withdrawals
	Frequency of withdrawals
	Total value of withdrawals
	Number of account holders making deposits
	Frequency of deposits
	Total value of deposits
	Average monthly balance
Online Access	Total number of account holders using bill pay
	Frequency of online bill pay
	Total value of online bill pay
	Number of accounts using peer-to-peer (P2P) transactions
	Number of P2P transactions
	Value of P2P transactions
	Number of accounts that are digitally active

Part Two — Data Collection Findings

Through data submission to its BOND Hub, the St. Louis Fed tracked activity and usage of banking accounts certified as meeting the Bank On national account standards across the data metrics stated in Table 1. Full descriptions of each metric can be found in Appendix B, and Appendix C contains a data dictionary to assist in interpreting the data file.

Across the 10 institutions participating in the 2019 data submission, the sample of Bank On accounts studied for each metric represents 31,496 ZIP codes throughout the United States and its territories. The St. Louis Fed also aggregated the data by ZIP code with three or more reporting institutions, representing accounts in 15,652 ZIP codes. The data for each metric discussed in this section were calculated based on the combined total of Bank On-certified accounts during the 2019 data submission. All data presented were rounded to the nearest whole dollar or percent and were calculated using the monthly data.³

The aggregated data are publicly available at the ZIP code level on the [St. Louis Fed website](#) for areas where three or more participating financial institutions are reporting. The ZIP code identifier is essential to local Bank On coalitions for identifying where markets and coalition activity are strong. The combined data at the national level are reflected in the interactive data tool produced by the St. Louis Fed at the state and metropolitan statistical area (MSA) levels.

The data from 2019 show the robustness of the market for Bank On-certified accounts. Across the 10 financial institutions participating in the 2019 data submission, more than 5.8 million Bank On-certified accounts were opened. Of those, over 2.6 million accounts were open and active in 2019, and they represented approximately 75% of ZIP codes nationwide.

Following the data submission, the St. Louis Fed team hosted the BOND Hub Advisory Committee to discuss the results. Common themes were identified among the institutions and are included in this section for additional context.

TABLE 2. ZIP Codes Reporting

	2018	2019
Total Number of Reported ZIP Codes with Bank On Accounts	27,305 (65% of U.S. ZIP codes)	31,496 (75% of U.S. ZIP codes)
Total Number of Reported ZIP Codes with 3 or More Reporting Institutions	11,321 (27% of U.S. ZIP codes)	15,652 (37% of U.S. ZIP Codes)

ACCOUNT OPENING

Account opening is a key measurement used by financial institutions and Bank On coalitions to understand the growth and popularity of an account, as well as account attrition. To provide insight into account opening trends across the country, included in the key metrics are the number of:

- Total certified accounts ever opened
- Accounts currently open
- Accounts opened during reporting year
- Accounts opened by customers new to the institution
- Accounts newly closed

These data look at account opening in a few ways that offer different measures of demand for products certified as meeting Bank On national account standards. The running total of accounts opened over time and number of accounts newly opened during the reporting period offer a perspective on growth and momentum, which has allowed and will continue to allow for annual comparisons that show the growth of the marketplace.

³ For instance, the calculation for the number of accounts using the debit functionality was (acct_debit_jan/curr_open_jan)+(acct_debit_feb/curr_open_feb)+, then repeating for each month and dividing the total by 12.

TABLE 3. Bank On Account Opening at Participating Institutions (Combined)

	2018	2019
Total Number of Accounts Ever Opened	3,440,379	5,849,583
Total Number of Accounts Currently Open	1,345,252	2,634,502
Total Number of Accounts Opened during Reporting Year	792,389	1,921,651
Customers New to Financial Institution	75%	85%
Accounts Closed during Reporting Year	31%	30%

The 2019 data reflect an increase of 2,409,204 accounts ever opened, 70% higher than the previous reporting year. The total number of accounts currently open—over 2.5 million—represents the combined total of all participating institutions as of Dec. 31, 2019, or 51% higher than the previous reporting year. The percentage of customers new to the participating financial institutions—85%—was in line with financial institutions’ expectations that they have seen higher demand from new customers for these accounts than during the previous year, when 75% of customers were new. The percentage of accounts closed—30%—is consistent with the expectation of financial institution and data findings from the previous year.

TABLE 4. Bank On Account Opening at Large Financial Institutions 2017-2019 (Combined)

	2017	2018	2019
Total Number of Accounts Ever Opened	2,647,990 ⁴	3,436,948	5,844,536
Total Number of Accounts Currently Open	1,386,362 ⁵	1,341,898	2,630,509
Total Number of Accounts Opened during Reporting Year	595,286	789,400	1,917,540
Customers New to Financial Institution	72%	75%	85%
Accounts Closed during Reporting Year	25%	31%	30%

Per the 2019 data, the month with the highest number of account openings for the large institutions was August, when 190,922 accounts were opened. The month with the lowest number of account openings was February, with 124,011 accounts. The median for monthly account openings was 159,237, and the average for monthly account openings was 159,795.

TABLE 5. Bank On Account Opening at Community Financial Institutions (Combined)

	2018	2019
Total Number of Accounts Ever Opened	3,431	5,047
Total Number of Accounts Currently Open	2,802	3,993
Total Number of Accounts Opened during Reporting Year	2,989	4,111
Customers New to Financial Institution	24%	24%
Accounts Closed during Reporting Year	30%	51%

There is a notable contrast in the data for account openings at large institutions and community financial institutions. At large institutions, 85% of customers were new to the institution compared to 24% at community institutions. For community institutions, April was the month with the most accounts opened in 2019—with 397 account openings—compared to larger financial institutions, which saw the most account openings in August. The month for community institutions with the lowest number of account openings overall was January, at 265. The median for account openings was 346 per month, with the average per month being 343 account openings. The number of accounts closed at community institutions increased by 21% in 2019. As data are collected for future years, we will examine whether this increase is part of a trend or a feature of that particular year.

4 Number of total accounts ever opened updated from 2018 report to because of metric interpretation discrepancy.

5 Number of accounts currently open differed from pilot year, because 2017 data were based on an annual figure representing total accounts open in the reporting year. Figure for 2018 data was based on accounts open as of Dec. 31, 2018.

ACCOUNT USAGE AND CONSISTENCY

Beyond account openings, it's critical to understand how account holders are using Bank On-certified accounts for everyday transactions to determine the functionality of the accounts and ability to meet consumers' transactional needs. These metrics also help inform the Bank On national account standards by providing quantitative data that demonstrate the usage and the importance of specific account characteristics. The St. Louis Fed assessed overall account activity for debit, deposit and withdrawal transactions, as well as the average monthly balance of the accounts.

TABLE 6. Bank On Account Holders' Debit Transactions at Participating Institutions (Combined)

	2018	2019
Account Holders Making Debit Transactions	76%	74%
Average Number of Debits per Account per Month	24.5	25.5
Average Debit Amount	\$33	\$32
Total Debit Transactions	251,756,747	466,612,619
Total Value of All Debit Transactions	\$8,192,010,530	\$15,016,793,322

Tracking debit transactions is a key way to show how account holders are using Bank On products. The 10 participating financial institutions processed nearly 38 million debit transactions on average per month for their account holders, creating an average of over \$1.25 billion in debit transaction value per month. Overall, the majority of Bank On account holders use debit functionality, with 74% making debit transactions. These data indicate that account holders value, use and largely rely on this mainstream feature for regular financial transactions.

Direct deposit is a telling indicator of consistent usage by account holders, as well as an indication that account holders are using different features of the account (e.g., paychecks, tax refunds and public benefits). While just over a quarter of Bank On

TABLE 7. Bank On Account Holders' Deposits and Withdrawals at Participating Institutions (Combined)

	2018	2019
Account Holders Using Direct Deposit	24%	26%
Account Holders Making Deposits	71%	72%
Average Number of Deposits per Month	3,567,387	7,477,667
Average Number of Deposits per Month per Account	4.4	4.96
Average Value of Deposits	\$269	\$258
Total Value of all Deposits	\$11,502,744,381	22,969,251,972
Account Holders making Withdrawals	83%	80%
Average Number of Withdrawals per Month	23,880,706	45,436,123
Average Number of Withdrawals per Month per Account	26	28
Average Withdrawal Amount	\$57	\$57
Total Value of All Withdrawals	\$16,331,234,017	\$31,164,061,614
Average monthly balance per account	\$234	\$345

account holders use direct deposit, these rates tend to be lower among LMI workers.

Customers are accessing their money using account withdrawal and deposit capabilities, both of which are indicators of safe banking and money management. Among the 10 reporting financial institutions, 72% of all account holders were making non-automatic clearing house (ACH) deposits with an average value of \$258.

The average number of withdrawals increased from the previous year—from 26 to 28 times per month. Account holders making withdrawals

represented 80% of the 2019 data, averaging \$57 per transaction. This demonstrates a majority of account holders were actively using their accounts.

The average monthly balance of all accounts is approximately \$718.5 million, which averages to a monthly balance of \$345 per account.

ONLINE ACCESS

Online banking capabilities, such as bill pay and online access, serve as trusted and convenient options for paying bills or transferring funds between accounts or to other people, all while keeping funds and customers’ accounts safe.

TABLE 8. Bank On Account Holders’ Online Usage at Participating Institutions

	2018	2019
Account Holders Digitally Active	70%	75%
Average Number of Digitally Active Accounts	787,703	1,546,226
Account Holders Using Bill Pay	2%	2%
Average Number of Bill Pays per Month per Account	3	2.4
Average Bill Pay Amount	\$192	\$214
Account Holders Using P2P	17%	22%
Average Number of P2P Transactions per Month	989,213	2,536,730
Average Amount of P2P Transaction	\$164	\$158

Three-quarters of account holders were digitally active (up from 70% in the previous year), which speaks to the appeal and importance of the online banking capabilities that Bank On accounts offer. P2P payments were used by 22% of account holders, also an increase from the previous year. The average number of P2P transactions per month increased, while the value of transactions decreased slightly. With only 2% of account holders using bill pay,

participating financial institutions noted that it is more common for account holders to pay their bills through debit transactions and withdrawals.

CONCLUSION

Overall, the 2019 Bank On data continued to demonstrate the growing demand for and widespread use of Bank On-certified accounts by 10 financial institutions. The geographic coverage of accounts has expanded to 75% of all U.S. ZIP codes. The growth of open accounts from approximately 1.3 million at the end of 2018 to approximately 2.6 million at the end of 2019 shows the increased demand for Bank On-certified accounts over the reporting period.

This data collection also signifies that take-up and opening activity for Bank On-certified accounts looks different for banks of varying sizes. Accounts at large financial institutions continued to appeal more to new customers, whereas those at community financial institutions were more likely to be opened by existing customers. In addition, the highest number of certified accounts were opened in August 2019 at large financial institutions; for community financial institutions, the most account openings occurred in April 2019.

The use of Bank On-certified accounts is consistent with the expectations of financial institutions. Nearly \$23 billion was deposited into Bank On-certified accounts in 2019, and 26% of account holders used direct deposit. The average monthly balance was \$345 per account and 75% of account holders were digitally active.

The BOND Hub continues to allow all financial institutions with accounts that meet the national account standards to submit their data to a federal regulator, ensuring the reporting process is consistent, accurate and secure. These data are critical to sustaining the momentum of the Bank On movement, but more important, the availability of safe and affordable banking products. To illustrate the growth of the Bank On market and to support local banking access efforts, the St. Louis Fed has published these data on its website and created an [online interactive data tool](#) to display accounts at the ZIP code, MSA and state levels.

2019 Bank On Data Metrics

ACCOUNT OPENING METRICS

Accounts Opened

This metric refers to the number of Bank On-certified accounts opened since the product was available at the institution. Reporting on the running total of certified accounts opened provides the Bank On community with numbers that support and identify how the movement is scaling its impact through Bank On national account certification, as well as the general appeal of products that meet the certification standards. Beyond the national movement, this metric also provides data locally and regionally to demonstrate local successes. The number of opened Bank On-certified accounts can serve as a benchmark for local coalition efforts to help residents open accounts or move to safer, more affordable accounts. Accurate and consistent account-opening metrics can also be useful for gaining government and philanthropic support for banking access efforts and helping coalitions attract new financial institutions and social service partners.

Accounts Newly Opened

This metric refers to the number of Bank On-certified accounts opened within the reporting year. Tracking the number of these accounts provides coalitions with data to assess the impact from their year's efforts and to study how this number varies by city, region or ZIP code.

Number of New Account Customers New to the Institution

This metric is the number of Bank On-certified accounts opened by individuals who were not account holders on the day of account opening. It helps demonstrate to financial institutions how an account is attracting a new customer base, often key to the longer-term sustainability of such accounts. While this metric does not

capture whether a customer was unbanked or underbanked prior to opening a Bank On-certified account, it may serve as an indicator for previously unbanked and underbanked and/or new customers opening the accounts—data that are otherwise difficult to track. The percentage of new accounts opened is calculated by dividing the number of accounts opened by individuals who weren't deposit account holders by the total number of accounts opened in the same year.

Number of Accounts Newly Closed

This metric represents the total number of certified accounts closed for any reason during the reporting period. The account attrition rate is a key part of the equation in assessing the vitality of a product. For example, a low closure rate could help demonstrate the vitality and usage of accounts, and financial institutions' internal comparisons of the rate with that of other accounts in their portfolios may prove useful. The percentage of new accounts closed is calculated by dividing number of accounts closed in that year by the total number of accounts that were open by the end of the year.

Number of Accounts during the Reporting Year

This metric represents the total number of accounts open at any point during the reporting year and captures the entire universe of Bank On-certified accounts open during 2018. The number of individual accounts that were open and potentially active at any point during the reporting year is used as the basis for estimating the percentage of account holders using direct deposit and online banking, along with other key metrics. The number of open accounts helps show a complete picture of account usage across all accounts that were being used during the reporting year.

ACCOUNT USAGE AND CONSISTENCY METRICS

Direct Deposit

This metric represents the total number of accounts with any ACH deposits made in the reporting year. The Bank On national account standards require that account holders have free deposit capability at a branch, an ATM or through direct deposit. Understanding direct deposit usage and frequency helps demonstrate the importance of this requirement. These metrics can be used to indicate whether account holders are consistently using the account's full functionality—such as free direct deposit of paychecks—without turning to alternative financial services such as check-cashing businesses that charge high fees. Direct deposit usage can also show the continuity of the account, and often indicates that account holders will keep it, since they are using it for their main transactions. The percentage of account holders using direct deposit is calculated in the report by dividing the total number of accounts with any ACH deposit by the total number of accounts that were open by the end of that year.

Debit Transactions

- Number of account holders making a debit transaction: The number of account holders who make a debit transaction through online or point-of-sale (POS) purchases in the reporting year
- Number of debit transactions per month
- Value of debit transactions per month

These metrics demonstrate how consumers are using products for everyday transactions and how account holders are interacting with the mainstream, noncash economy. Tracking this usage also can help financial institutions further identify product sustainability and demand by helping show the amount of account usage.

These debit metrics represent a primary way that most people use bank accounts. The number of accounts making debit transactions provides information about the spending

habits of the account holders, specifically on noncash transactions and purchases. The data also help illustrate how Bank On account holders are generating interchange revenue for financial institutions.

In addition, cross-referencing the number of accounts making debit transactions and the total number of debit transactions monthly with the dollar value of these transactions can provide more detail on the frequency and value of average debit transactions. These transactions have the potential to show that for some financial institutions, these products are truly profitable and sustainable, while also meeting consumer needs. The percentage of account holders making debit transactions is calculated by dividing the number of accounts used for any debit transaction by the total number of accounts open by the end of that year. The average debit amount is calculated by dividing the total dollar value of all debit transactions by the total number of accounts used for any debit transaction.

Withdrawals

- Number of accounts making withdrawals: The number of accounts used for any form of withdrawal within the reporting year
- Number of withdrawals per month
- Value of withdrawals per month

Tracking withdrawals is crucial to understanding account usage and the ways customers access their money using their Bank On-certified accounts. Withdrawal types may include ATM usage, teller withdrawal or transfers to another account. The total number of withdrawals made, as well as their value, helps identify the amount of money that customers are regularly obtaining, how often and how they are withdrawing their money.

Withdrawal behavior is an indicator of safe banking and money management. For example, all certified Bank On accounts are required to offer free, unrestricted in-network ATM

and branch withdrawals, with no overdraft or nonsufficient fees (NSF). Thus, account holders could make smaller, regular cash withdrawals as needed, rather than concentrating them into a few large withdrawals to avoid fees. This withdrawal behavior would indicate that account holders are carrying cash in smaller amounts and using their accounts as money management tools, rather than for one-time lump-sum withdrawals. The percentage of account holders making withdrawals is calculated by dividing the number of accounts used for any withdrawal by the total number of accounts open by the end of that year.

Deposits

- Number of account holders making deposits:
The number of accounts making any non-ACH deposit by check or cash
- Number of deposits per month
- Value of deposits per month

Tracking deposits helps measure a product's effectiveness in helping account holders keep all their earnings by being able to deposit money without fees, and without using a check casher or other alternative financial service.

Similar to withdrawals, deposits are also an indicator of account usage. Additionally, the collective value of these deposits represents the size of the market of people using Bank On-certified accounts, which can help make the case for other financial institutions to offer accounts that meet Bank On national account standards. In the report, the percentage of account holders making deposits is calculated by dividing the number of accounts with any non-ACH deposit by the total number of accounts open by the end of that year. The average value of deposits is calculated by dividing the total dollar value of all non-ACH deposits by the total number of non-ACH deposits.

Average monthly balance

This metric represents the average monthly balance of all accounts currently open at each financial institution. In addition to account usage, account balances are critical indicators for financial institutions in assessing the behavior of a new account holder. The data can serve as a general indicator of account usage and activity, and also provide insight on the income level of the account's customer base. The average monthly balance per account is calculated by dividing the sum of the average month-end balance by the number of accounts open by the end of that year.

ONLINE ACCESS METRICS

Online Bill Pay

- Number of accounts using online bill pay
- Number of online bill pay transactions per month
- Value of online bill pay transactions per month

Online bill pay usage metrics not only display robust account usage but also help make the case for the importance of this functionality. For example, financial institutions with high money order usage rates and low bill pay take-up might seek to make product changes that meet customer needs and lead to cost savings through greater bill-pay capabilities.

Tracking the total number of accounts used for bill pay in the reporting year, as well as the monthly number and value of online bill payments, demonstrates how account holders are managing payments and paying bills. It shows how, and if, customers are fully leveraging the benefits and features of their banking product. The percentage of account holders using bill pay is calculated by dividing the number of accounts using bill pay by the total number of accounts open by the end of that year.

Peer-to-Peer Transactions

- Number of accounts used for P2P transactions
- Number of P2P transactions per month
- Value of P2P transactions per month

Usage of P2P capabilities—which allow customers to transfer and receive money, and pay and be paid by someone through their accounts—demonstrates how they are using the accounts for a full range of financial needs.

As financial technology advances, P2P capabilities are seen as critical functionality for consumers of all ages. Additionally, financial institutions often obtain interchange revenue from P2P transactions. Thus, tracking P2P capabilities and their usage also supports further analysis of how payments outside the checking systems work and benefit financial institutions. The percentage of account holders using P2P is calculated by dividing the number of accounts using P2P functionality by the total number of accounts open by the end of that year.

Number of Digitally Active Accounts

The reporting system also documents the total number of customers who are digitally active, as defined by the financial institution, to assess the number of account holders who have online access and use it for transactions. An often articulated concern from financial institutions is that account holders will have a high demand for in-branch customer assistance. Digitally active accounts indicate that customers can leverage online functionality, such as to check account balances or deposit checks, lessening the burden on bank branches. These data can help stakeholders understand the value of, and demand for, online access. Similarly, tracking digitally active accounts provides financial institutions with a high-level view of how customers with Bank On-certified products embrace and use non-branch features that come with their new banking relationships. This is calculated by dividing the number of customers who are digitally active, as defined by the reporting institution, by the total number of accounts open by the end of that year.

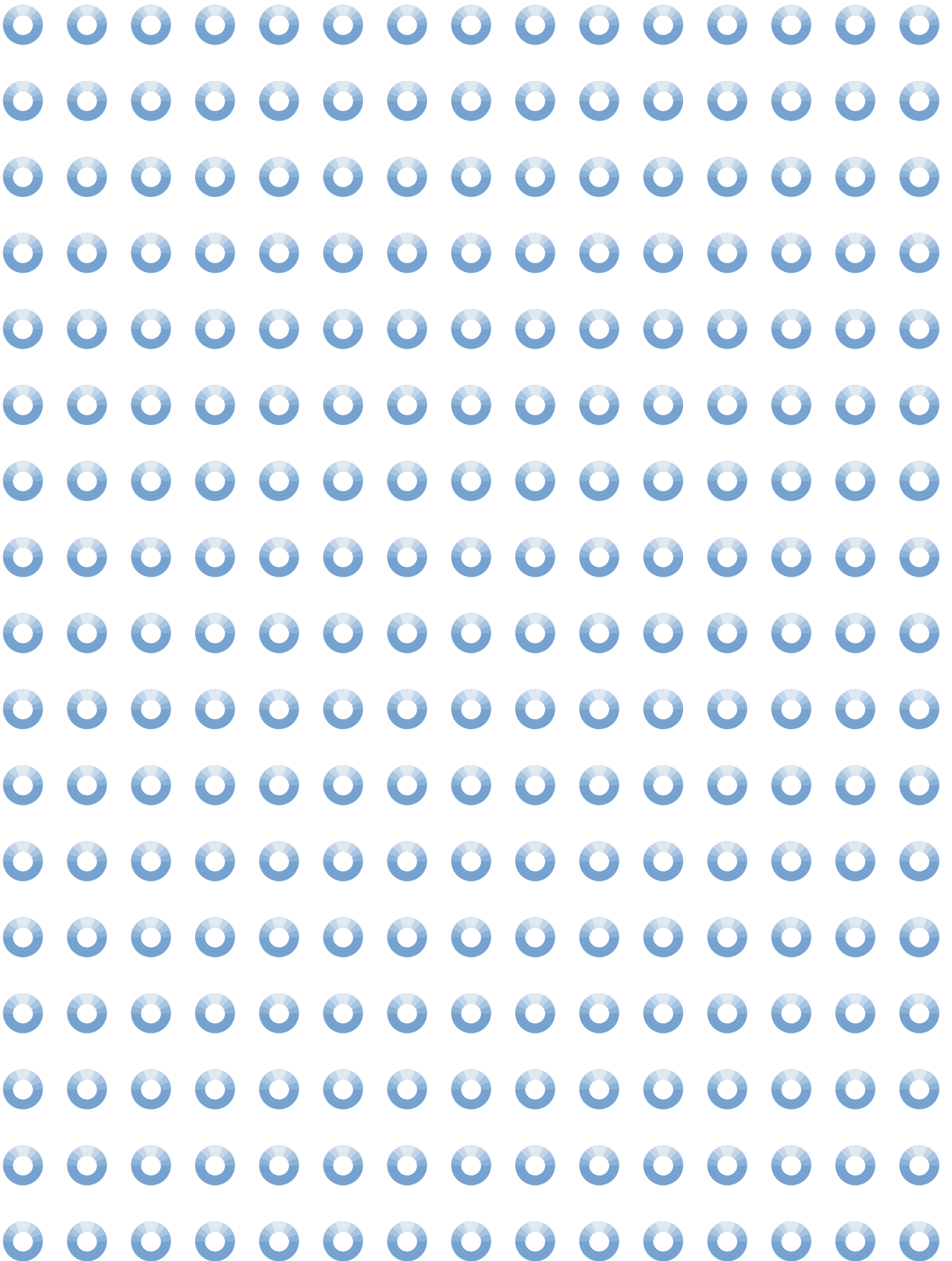
2019 Bank On Data Dictionary

Name	Description	Definition	Data Points Reported
Year	Calendar year for reported data (format: yyyy)	Indicates the calendar year reporting period	---
zip_code	ZIP code (five digits)	All data are based on the ZIP code of the account holders	---
acct_open	Total number of accounts that have ever been opened at the institution	Total number of accounts that have ever been opened at the institution (running total)	1 number annually
acct_open_mmm*	Number of accounts opened per month	Total number of accounts opened per month	1 number per month (12 annually)
new_inst_mmm*	Number of accounts opened to individuals who weren't deposit account holders per month	Total number of accounts opened to individuals who weren't deposit account holders (checking, savings or CD) the month before they opened the account (subset of the prior number – only new account openings) per month	1 number per month (12 annually)
curr_open_mmm*	Number of accounts that were open at any point during the month	Total number of accounts that were open at any point during the month	1 number per month (12 annually)
rep_clsd_mmm*	Number of accounts closed per month	Total number of accounts closed during the month for any reason	1 number per month (12 annually)
use_ach_mmm*	Number of accounts with any ACH deposit per month	Total number of accounts with any ACH deposit per month	1 number per month (12 annually)
ach_trans_mmm*	Number of ACH deposit transactions per month	Number of ACH deposit transactions per month	1 number per month (12 annually)
ach_valu_mmm*	Total dollar value of ACH deposit transactions per month	Total dollar value of all ACH deposit transactions per month	1 number per month (12 annually)
acct_debit_mmm*	Number of accounts used for any debit transaction per month	Total number of accounts used for any debit transaction (online purchases, point of sale purchases or cash back) per month	1 number per month (12 annually)
dbt_trans_mmm*	Number of debit transactions per month	Total number of account debit transactions per month	1 number per month (12 annually)
dbt_trans_valu_mmm*	Total dollar value of all debit transactions per month	Total dollar value of all account debit transactions per month	1 number per month (12 annually)
withdrl_per_acct_mmm*	Number of accounts used for any withdrawal per month	Total number of accounts used for any withdrawal (ATM, teller withdrawal or transfer to another account) per month	1 number per month (12 annually)

* mmm represents the applicable month on the submission template

	Description	Definition	Data Points Reported
<i>withdrls_tot_mmm*</i>	Number of withdrawals per month	Total number of account withdrawals per month	1 number per month (12 annually)
<i>withdrl_valu_mmm*</i>	Total dollar value of all withdrawals per month	Total dollar value of all account withdrawals per month	1 number per month (12 annually)
<i>dep_accts_mmm*</i>	Number of accounts with any non-ACH deposit per month	Total number of accounts with any non-ACH deposit (check or cash deposit) per month	1 number per month (12 annually)
<i>non_ach_mmm*</i>	Number of non-ACH deposits per month	Total number of account, non-ACH deposits per month	1 number per month (12 annually)
<i>non_ach_valu_mmm*</i>	Total dollar value of all non-ACH deposits per month	Total dollar value of all account, non-ACH deposits per month	1 number per month (12 annually)
<i>online_billpay_accts_mmm*</i>	Number of accounts using bill pay per month	Total number of accounts using bill pay per month	1 number per month (12 annually)
<i>online_billpay_mmm*</i>	Number of bills paid per month	Total number of bills paid per month for all accounts	1 number per month (12 annually)
<i>online_billpay_valu_mmm*</i>	Total dollar value of all bills paid per month	Total dollar value of all bills paid per month for all accounts	1 number per month (12 annually)
<i>p2p_accts_mmm*</i>	Number of accounts using P2P functionality	Total number of accounts using P2P functionality per month	1 number per month (12 annually)
<i>p2p_trans_mmm*</i>	Number of P2P transactions per month	Total number of P2P transactions (inflow and outflow) per month for all accounts	1 number per month (12 annually)
<i>p2p_trans_valu_mmm*</i>	Total dollar value of all P2P transactions per month	Total dollar value of all P2P transactions (inflow and outflow) per month for all accounts	1 number per month (12 annually)
<i>avg_accts_bal_mmm*</i>	Sum of average month-end balance	Sum of the average month-end balance of all accounts currently open in the financial institution	1 number per month (12 annually)
<i>dignt_actv_mmm*</i>	Number of customers who are digitally active, as defined by the reporting institution, per month	Number of account customers who are digitally active, as defined by the reporting institution, per month	1 number per month (12 annually)

* *mmm* represents the applicable month on the submission template



“Bank On” Transaction Accounts: Making Traditional Banking More Inclusive

April 13, 2021



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Introduction

“Bank On” is a national program whose goal “is to ensure that everyone has access to a safe and affordable bank or credit union account.” It comprises local partnerships of city, state, and federal government agencies, financial institutions and nonprofit organizations. These local Bank On coalitions are joined nationally under the leadership of the Cities for Financial Empowerment (CFE) Fund, with the common goal of promoting financial inclusion through expanded access to low-cost transaction accounts.

A focal point of the Bank On effort is to have banks and credit unions offer deposit accounts that meet the National Account Standards developed for the program by the CFE Fund, its Advisory Board and other stakeholders. Financial institutions with appropriately low-cost accounts that meet these standards, which include having low minimum balances and no overdraft fees, can apply for national Bank On certification by the CFE fund.

This research note offers a brief introduction to the Bank On program, and examines data on number, use and geographic distribution of Bank On certified accounts, collected for a study launched in 2017 by the CFE Fund and the Federal Reserve Bank of St. Louis and later made available to the public.

These data show that the take-up rate for Bank On accounts is greatest in areas with high concentrations of lower-income and minority households, as indicated by the ZIP codes associated with the accounts. For instance, close to 60 percent of Bank On certified accounts opened in 2017 were for customers residing in areas with more than 50 percent minority population, whereas only 30 percent of the branches of the banks participating in the study were located in such areas. Similarly, about 46 percent of accounts opened in 2017 were in ZIP codes with more than 50 percent LMI population, more than double the share of participating institutions’ branches within this neighborhood category. Thus, Bank On appears to be achieving significant success in reaching the population it has targeted.

Background on Bank On

Since its inception in 2006 as an effort to expand banking access in the cities of New York and San Francisco, Bank On has transformed into a national effort joining together more than 75 local Bank On coalitions.¹ The local coalitions work to increase public awareness about the importance of banking access; negotiate account terms that meet the program’s National Account Standards; and engage in outreach efforts to build awareness of Bank On products.

¹ As of October 2018. The discussion in this section draws on material in [bankon_data.pdf \(stlouisfed.org\)](https://www.bankon.org/data.pdf)

The CFE Fund provides national leadership for the local initiatives by providing technical assistance, grant funding and a central infrastructure that connects nationally with banking, regulatory and nonprofit organization partners to facilitate the local efforts. Information about best practices is shared with local Bank On coalitions in the form of the CFE Fund’s [Bank On Coalition Playbook](#), which covers a range of topics including guidelines for launching a Bank On Coalition and recommendations on effective communication with unbanked individuals. The CFE Fund also ensures that the program’s National Account Standards are maintained by implementing the Bank On account validation and certification process.

The National Account Standards define core features of a convenient and affordable transaction account for households that may have difficulty meeting minimum balance requirements or paying monthly maintenance or other fees associated with traditional accounts. The current, full set of Standards is presented in Appendix 1.

The Standards include a minimum opening deposit of \$25 or less, and no or low (\$5 or less) monthly maintenance fee. They disallow surprise or penalty fees for overdrafts, non-sufficient funds, low balances or account dormancy. Accounts may allow for negative balances, but customers cannot be charged fees if this occurs.²

The Standards also call for much of the same functionality as the typical bank transaction account, including direct deposit; free and unrestricted in-network ATM access; debit card issuance; and online bill pay and mobile banking (for institutions with these online banking capabilities). The Standards strongly encourage lifting common barriers to consumers opening accounts. For example, consumers should not be excluded from opening a bank account by screening for prior incidence of bounced checks; they should be denied only for past incidences of actual fraud, and they should be able to utilize alternative forms of identification, such as municipal or consular IDs.

Banks and credit unions with accounts that meet the Standards may apply for certification from the CFE Fund through an [online portal](#). The “public certification seal” granted by the CFE Fund facilitates marketing efforts. Also, the CFE Fund promotes Bank On certified accounts through inclusion in Bank On marketing materials and in communications with local Bank On coalitions.

Bank On certified accounts help financial institutions reach currently unbanked and underbanked customers with the potential to build a long-term banking relationship. These may be consumers who have volatile incomes needing accounts with low minimum required balances and low, predictable fees, or individuals entering the banking world for the first time, including young people, students and recent immigrants.

The number of financial institutions offering Bank On certified accounts tripled from 2018 to January 2021 to 60 firms, with 76 institutions currently offering the accounts. The accounts are offered at banks and credit unions that hold nearly half of the national deposit market share (45 percent as of January 2021) with branches located in every state and in 99 of the largest 100 metro markets.³ The program continues to grow its footprint.

Bank On Pilot Study and National Data Hub

The Federal Reserve Bank of St. Louis and the CFE Fund launched a data collection and pilot study in 2017 to examine take-up and use of Bank On accounts, with participation of four financial institutions: Bank of America,

² There are no grace period, warning, or fee reversal exceptions to this requirement. Transactions may be denied when an account balance is insufficient, and the bank may cancel a customer’s account after repeated overdraft attempts. Bank On participating institutions are encouraged to minimize the possibility of overdraft by offering checkless transaction accounts; low balance alerts; and smartphone apps or other money management tools.

³ See [About – BankOn \(joinbankon.org\)](#)

JPMorgan Chase, U.S. Bank and Wells Fargo. Each of the institutions volunteered to work with the CFE Fund on building out the data reporting pilot, including agreeing to submit their account data to the Reserve Bank.

The primary goal of the data pilot study was to design and test a centralized data collection process in anticipation of establishing a national reporting platform for institutions offering Bank On certified accounts. Another aim was to develop an understanding of the take-up and use of these accounts. In particular, the pilot study aimed to identify practical and informative metrics for gauging account take-up and use:

“In formulating and finalizing which data points would be reported, the priorities were to establish a list that not only accurately represented how customers were using these certified products, but that also balanced the feasibility of reporting components critical to representing Bank On progress.”⁴

The pilot study demonstrated how data on Bank On certified accounts could be collected in a consistent and centralized manner across institutions. Following the conclusion of the pilot study, the Federal Reserve Bank of St. Louis made available to the public a version of the study dataset that aggregates the metrics by ZIP code (available [here](#).)

Building on the experience of the pilot study, the CFE fund and St. Louis Fed afterwards initiated an annual, standardized data collection. The stated goal is to establish and maintain a “National Data Hub” to support analytics that advances understanding of the market for these accounts.⁵

A list of the 23 account activity metrics included in the annual data collection is presented in Appendix 2. There are three categories of metrics: account opening and closing; account usage and consistency; and online or digital access.⁶ These are collected from each institution at the ZIP code level. This geographic granularity enables financial institutions to use this information for Community Reinvestment Act reporting purposes.

The first post-pilot year of data collection was 2018, with 10 institutions participating. The Federal Reserve Bank of St. Louis recently published a [report](#) presenting various aggregated statistics based on these data. The report indicated that about 1.35 million Bank On certified accounts were currently open, with nearly 800,000 opened at the ten reporting banks in 2018. Three-fourths of the newly opened accounts were associated with customers new to the institution. Only a quarter of the open accounts had direct (ACH) deposit activity, but three-fourths had electronic debits. Most (70 percent) customers used online banking (were digitally active) during the year.

Unlike the sample for the pilot study, the data collected for the National Data Hub are not available to the public at the ZIP code or any such granular level. However, the Federal Reserve Bank of St. Louis makes available a data query tool (accessible [here](#)) that enables stakeholders and other interested parties to examine local metrics.⁷

Analysis of Data from the Pilot Study Sample

As noted previously, following the conclusion of the pilot study the Federal Reserve Bank of St. Louis provided a public version of the dataset that aggregates the data by ZIP code. The St. Louis Fed also published a [report](#)

⁴ See [bankon_data.pdf \(stlouisfed.org\)](#), page 8.

⁵ Informed by the pilot experience, minor changes were made to the collection procedures and set of metrics. See [2019_bankon_report_final.pdf \(stlouisfed.org\)](#), page 6.

⁶ For identification of seasonal and cyclical trends, the usage and consistency metrics and most of the online access metrics are broken out by month.

⁷ The “Bank On Coalition Playbook” includes a [chapter](#) detailing how to use the local data query tool.

describing and presenting summary statistics for the metrics included in the study. This section revisits the public dataset from the pilot study, merging in neighborhood income and demographic variables to analyze account take-up and usage patterns by neighborhood category.

The public dataset limits the sample to ZIP codes with data from at least three of the four reporting institutions, resulting in exclusion of more than half of the ZIP codes in the original sample: whereas the latter has 26,761 ZIP codes according to the St. Louis Fed report, the public version has 10,935. However, the public version of the dataset has only 10 percent fewer currently open accounts: 1,249,741 are in the public dataset, compared to 1,386,362 in the full sample. Therefore, and as confirmed below, excluding the ZIP codes with only one or two reporting institutions does not materially affect the findings of the analysis.

Neighborhood demographic information by Census tract is obtained from the 2010 Decennial Census dataset. Demographic measures utilized are share of the population that identifies as non-white (Black or African American, Hispanic, Asian-American, or Native American or Native Hawaiian); and share of the working-age population (age 21 or older) that is under 35. These tract-level variables are allocated to ZIP codes using the tract-to-ZIP mapping available from the U.S. Department of Housing and Urban Development (HUD).⁸

The share of the ZIP code's population that is low- or moderate-income (LMI) is based on low- or moderate-income population share by Census tract, which is derived from 2011-2015 American Community Survey (ACS) data, based on Census 2010 geography, and [obtained from HUD](#). These tract-level LMI shares are then allocated to ZIP codes by again using the HUD mapping.

Take-up by neighborhood classification. Table 1 presents findings on account take-up by neighborhood classification. Two take-up metrics are considered alongside two comparison benchmarks. The take-up metrics are number of accounts currently open and number of new accounts opened in 2017 within each ZIP code category, as a percentage of all currently open and newly opened accounts, respectively.⁹ The first comparison benchmark is based on the pilot study sample's ZIP code distribution: the percent of sample ZIP codes within each category. The second comparison benchmark is based on the overall branch location distribution of the four institutions that participated in the pilot study: the percent of these institutions' branches within each ZIP code category (including branches with ZIP codes that are not in the analysis sample).¹⁰

Clearly, from Table 1, Bank On certified accounts disproportionately associate with areas that are predominantly minority-populated. Close to 60 percent of accounts opened in 2017 were in ZIP codes that are more than 50 percent minority, more than double the share of participating institutions' branches within this neighborhood category. Conversely, only 7 percent of accounts opened in 2017 were in areas with less than 15 percent minority population, whereas 19 percent of the participating institutions' branches are in these areas.

Likewise, Bank On certified accounts are disproportionately in areas that are predominantly low- or moderate-income. About 46 percent of accounts opened in 2017 were in ZIP codes with more than 50 percent LMI population, more than double the share of participating institutions' branches within this neighborhood category.

⁸ For each ZIP code, the weighted average of each measure is calculated using the weights provided by the HUD mapping. This mapping, which weights each Census tract fully or partially contained within a given ZIP code by the tract's share of the total residential population in that ZIP code, is available [here](#).

⁹ Accounts currently open is defined in the pilot study as accounts open at any point during the calendar year.

¹⁰ This is calculated using branch location data from the FDIC's 2017 Summary of Deposits. Branches are excluded from the denominator if they are located in ZIP codes for which the relevant demographic data are missing.

Conversely, only 7 percent of accounts opened in 2017 were in areas with less than 15 percent LMI population, about one third the share of participating institutions' branches within this neighborhood category. In addition, Table 1 indicates a relatively high concentration of Bank On certified accounts in neighborhoods with a relatively large share of younger, working-age population (the 21-35 age grouping).

Other findings on account take-up and usage. Table 2 presents several additional statistics on account take-up, usage and online access, by neighborhood category. See Appendix 3 for specific metric definitions. The distinction by age of neighborhood residents does not exhibit any notable differences from the overall sample and is excluded from the table for the sake of brevity.

Rates of account opening substantially exceed rates of account closing, indicating robust growth of the Bank On customer population. For the most part, similar values for the metrics are observed across ZIP code categories. A notable exception is that the percent of recently opened accounts that are associated with individuals new to the institution is greater in areas with higher concentrations of minority and LMI residents. Also, a lower rate of account opening is observed in areas where less than 25 percent of the population is LMI. Finally, note that the full sample and public dataset exhibit similar values for these statistics, consistent with the previous observation that exclusion of ZIP codes from the public dataset does not have a material effect.

Conclusion

Bank On, coordinated by the CFE Fund, seeks to connect traditional banks with unbanked and underbanked individuals and families—those that currently lack a bank account or still use high-cost, nonbank financial service providers for some payment services. This research note has highlighted that the program is succeeding in focusing on minority and low-income populations and has successfully scaled up to become a national program. These results argue for policymakers taking further actions to publicize and encourage even broader customer usage of Bank On accounts, and for more banks to offer them.

Table 1: Share of Account Openings by Neighborhood Category, Relative to Benchmarks

	Neighborhood (ZIP Code) Categories				
	> 50% Minority	< 15% Minority	> 50% LMI	< 25% LMI	> 30% age 21-35
% of accounts currently open	59.5%	6.4%	45.9%	7.8%	37.2%
% of accounts opened in past year	59.2%	7.0%	46.3%	7.3%	37.1%
% of in-sample ZIP codes	25.6%	26.2%	22.2%	14.4%	19.6%
% of all branch locations of the 4 institutions	27.0%	19.3%	21.0%	20.9%	25.6%

Table 2: Other Take-up and Usage Statistics by Neighborhood Category

	Full Sample	Public Dataset	Neighborhood (ZIP Code) Categories			
			> 50% Minority	< 15% Minority	> 50% LMI	< 25% LMI
Rate of Account Opening	52.3%	51.4%	52.7%	53.3%	54.5%	42.8%
Rate of Account Closing	30.5%	30.9%	31.3%	31.0%	28.3%	26.9%
% New to Institution	72.0%	72.1%	74.7%	67.5%	75.9%	60.6%
% Using Debit	85.0%	85.6%	86.7%	82.4%	86.9%	81.4%
% Digitally Active	NA	73.8%	73.1%	72.3%	71.4%	79.2%

Note: Statistics for the full sample are as [reported](#) by the St. Louis Fed.

Appendix 1: The National Account Standards for Bank On



BANK ON NATIONAL ACCOUNT STANDARDS (2021 - 2022)

TERMS	STANDARDS
Core Features	
Transaction Account at Insured Depository Institution	Checking account (including checkless checking) or bank- or credit union-offered prepaid
Debit Card	Debit card network (e.g., Visa, Mastercard, Discover) for point of sale and bill payment; free
Minimum Opening Deposit	\$25 or less
Monthly Maintenance Fee	If not waivable: \$5 or less If waivable: \$10 or less; offer at least two options to waive fee entirely with a single transaction (e.g. direct deposit with no minimum deposit, online bill pay, or debit card purchase)
Overdraft or Non-Sufficient Funds (NSF) Fees	None
Account Activation, Closure, Dormancy, Inactivity, and Low Balance Fees	None
Customer Service	
Branch Access	For financial institutions with branches: free and unrestricted For financial institutions without branches: access to free ATM network and free remote deposits
Telephone Banking (Including Live Support)	Free and unrestricted
ATM Access	Free and unrestricted in network \$2.50 or less out-of-network fee; or up to \$3.00 if also provide free access to a partner ATM network
Functionality	
Deposit Capability	Free cash and checks in branch and at ATM (when available), and direct deposit
Bill Pay	Free by financial institution if available, otherwise at least four free money orders and/or cashier checks per month
Check Cashing for Checks Issued by that Institution	Free
Online Banking, Mobile Banking, Banking Alerts	Free (if offered)
Monthly Statements	Free electronic; \$2 or less for mailed paper (if offered)
Insured Account Deposits	Insured by FDIC or NCUSIF
Strongly Recommended Features	
Account Screening (e.g. ChexSystems, Early Warning Services)	Only deny new customers for past incidences of actual fraud
Alternative IDs (Municipal, Consular, etc.)	Accept alternative IDs
Online Account Opening and Deposits	Free at financial institutions with branches
Linked Savings Accounts	Free savings accounts and account transfers
Funds Availability	Immediate availability for known customers cashing government, payroll, or checks from that financial institution
Money Orders	\$1.70 or less (based on U.S. Postal Service rate)
Remittances (International Wire)	Competitively priced by country (\$5.00 - \$20.00)
Credit-Building Product Offerings	Secured credit card or secured personal loan, e.g.

Source: [Bank On National Account Standards 2020.2021 \(netdna-ssl.com\)](https://www.netdna-ssl.com/bank-on-national-account-standards-2020-2021)

Appendix 2: Metrics Collected for the Bank on Data Hub

Account Opening	Total number of certified accounts opened
	Number of accounts currently open
	Number of accounts newly opened
	Number of account-opening customers new to institution
	Number of accounts newly closed
Account Usage and Consistency	Number of account holders utilizing direct deposit
	Number of account holders making debit transactions
	Frequency of debit transactions
	Total value of debit transactions
	Number of account holders making withdrawals
	Frequency of withdrawals
	Total value of withdrawals
	Number of account holders making deposits
	Frequency of deposits
	Total value of deposits
	Average monthly balance
Online Access	Total number of account holders using bill pay
	Frequency of online bill pay
	Total value of online bill pay
	Number of accounts using peer-to-peer (P2P) transactions
	Number of P2P transactions
	Value of P2P transactions
	Number of accounts that are digitally active

Source: https://www.stlouisfed.org/~media/files/pdfs/community-development/bank-on/2019_bankon_report_final.pdf?la=en

Appendix 3: Metrics Included in Table 2

1. Rate of account opening (respectively, closing), calculated as Bank On certified accounts opened (closed) during 2017 as a percent of accounts open at the start of the year. (Accounts currently open is defined in the pilot study as accounts open at any point during the year. Therefore, number of accounts open at the start of the year is calculated as number of accounts currently open plus number of accounts closed minus number of accounts open during the year.)
2. Percent of accounts new to the institution, defined as the share of new accounts that were opened by individuals who were not account holders on the day of account opening.
3. Percent of accounts using debit, defined as the percent of currently open accounts with debit transaction through online or point-of-sale purchases in the reporting year.
4. Percent of accounts that are reported to be “digitally active” by the institution, such that the customer conducts online transactions.