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Are Banks' Entry-Level Checking Accounts Safe and Affordable?

Comparing a Stratified Random Sample of Banks to Safety and Affordability Guidelines

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Overview

Many low-to-moderate-income (LMI) consumers say that their main reasons for not having a bank or transaction account are because they do not have enough money or they cannot afford the high and unpredictable fees. These reports from LMI consumers provide the context for recent efforts to overhaul existing banking standards. These efforts begin with guidelines such as the FDIC's (2012b) Model Safe Accounts and CFE Fund's (2017) Bank On National Account Standards and seek to find ways to improve such guidelines to make bank or transaction accounts safer and more affordable for LMI consumers. Currently, these guidelines recommend an opening deposit of $25 or less, a monthly maintenance fee between $3 and $10, and no overdraft or insufficient funds fees; however, many questions remain about whether banks adopt these guidelines and how far the guidelines go to protect LMI consumers.

In this report, we compare how the features of banks' basic, entry-level checking or transaction account compare to (and contrast with) the guidelines set forth in the 2017-2018 Bank On National Account Standards. This analysis is based on data that were gathered between March and December 2016 from a survey of a stratified random sample of 1,625 banks, which was identified from the FDIC's list of 6,186 active banks. These data represent the information that a consumer might be presented with when walking into a bank and talking to a bank representative about opening an entry-level account.

Based on these data, our research reveals that few banks actually meet the full set of guidelines from the 2017-2018 Bank On National Account Standards. Notably, bank tellers and managers often reported the use of discretionary practices when it comes to charging overdraft fees to their consumers.

Key Findings

- Most banks do not have a basic, entry-level checking or transaction account that meets the *full set* of safe and affordable features outlined by the 2017-2018 Bank On National Account Standards. Though, banks' entry-level accounts perform better when separately evaluating individual features of the 2017-2018 guidelines.
    - Nine percent of the banks have accounts that meet the full set of core features. That is, their entry-level account has point-of-sale (POS) capability, a minimum opening deposit of $25 or less, *and* maintenance fees within the recommended range of $3 to $10 a month.
    - Only 3% of banks have an account that does not have check-writing privileges, a feature that would make it impossible to overdraft.
    - Nineteen percent of banks' basic, entry-level checking or transaction accounts have a minimum opening deposit of $25 or less. Fifty-four percent of banks' entry-level accounts do not have a maintenance fee.

- Representatives such as tellers and branch managers struggle to describe their banks' overdraft policies, reporting that they often use discretion when deciding to charge these fees.
    - Fifty-six percent of bank representatives report that their bank uses discretion in its policy on covering account holders' overdraft fees on their entry-level account.
    - Anecdotally, bank representatives often qualified their responses to survey questions about their banks' policies on charging overdraft fees by saying, "I'm not sure," "I think it works this way," or "It depends."

Introduction

Bank accounts are necessary for full participation in the 21st century economy.[1] It is nearly impossible in today's society to buy groceries, pay the phone bill, rent a car, or apply for a job or college without using a basic financial product such as a bank or transaction account. These activities pervade our everyday lives and they are increasingly difficult to navigate without basic financial products or services.

Unfortunately and for numerous reasons, many consumers—especially those from lower-income backgrounds—must do just that. For example, 26% of consumers from households earning less than $15,000 annually do not own any bank or transaction account (FDIC, 2016). Despite owning a bank account, between 20% and 24% of lower-and-moderate-income (LMI) consumers also borrow from high-cost alternative financial services like payday loans and check cashing (FDIC, 2016). With no or limited access to financial products and services, LMI consumers must perform complicated routines just to navigate daily activities that might otherwise be considered mundane.

> *With no access to or limited use of financial products and services, consumers must perform complicated routines to navigate daily activities that might otherwise be considered mundane.*

In many cases, LMI consumers cannot afford the basic financial products and services that they need, even if they want to use them. These consumers cannot meet minimum opening or regular balance amount requirements nor can they pay the unpredictable fees that often accompany basic financial products and services (FDIC, 2016). Over one third of consumers (38%) say their main reason[2] for not having a bank or transaction account is because they do not have enough money. Other common responses include not trusting banks (11%) and expecting account fees that are too high (9%) or unpredictable (2%). From LMI consumers' perspectives, basic financial products and services like entry-level bank or transaction accounts are not affordable and the money in their accounts may not be safe if it can be eroded by unexpected, costly fees.

What is "Safe" and "Affordable"?

In light of consumers' perspectives, there is interest in making bank or transaction accounts safer and more affordable; though, there is debate about what these terms mean with respect to account features. Here, safety refers to protection against risk, and this can translate into putting money into an account where it is protected against theft, fraud, and/or impulsive spending. In other words, safety means that a consumer's money will still be there when they return to make a withdrawal. Safety also means that consumers can make transactions without fear of hidden fees, suggesting that transparency about

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[1] This report makes the assumption that bank accounts in the existing financial system are necessary for fully participating in and navigating daily life in the 21st century. And, that consumers want to use bank accounts. These assumptions are debatable, and there are other ways outside of the existing financial system that consumers can use to navigate daily life. The intent of this report is not to debate these varying approaches; instead, banks within the financial system are considered "necessary intermediaries" (Morgan State University, 2017, p. 14).

[2] These numbers represent the main reasons that consumers report for not having a bank or transaction account; however, the FDIC (2016) also asked consumers to select all the reasons that applied: 57% said they do not have enough money, 28% said they do not trust banks, 28% said account fees are too high, and 24% said that account fees are unpredictable.

pricing is paramount. The term affordable refers to the reasonable pricing of bank or transaction accounts' features; however, affordable or reasonable pricing is subjective and depends on the standards to which prices are compared. In other words, affordable may mean that a consumer does not need to forgo other necessary expenses in order to open and maintain their bank account or it could mean that they do not pay exorbitant fees for overdrafting their accounts.

> *Banks need guidance for defining the features of safe and affordable bank or transaction accounts.*

Existing guidelines provide a starting place for defining the safety and affordability of basic, entry-level checking or transaction accounts. For example, the FDIC's (2012b) Model Safe Accounts recommends core features that include an opening deposit of $10 to $25, a monthly maintenance fee up to $3, no overdraft or insufficient funds fees, and free online and mobile banking. More recently, the CFE Fund's (2017) Bank On National Account Standards recommends an opening deposit of $25 or less, a monthly maintenance fee up to $10, no overdraft or insufficient funds fees, and free online and mobile banking.

> *Safety and affordability are about cultivating consumers' trust.*

In large part, providing bank or transaction accounts with safe and affordable features is about cultivating trust, particularly with LMI consumers. High costs and unexpected fees are more consequential for LMI consumers and discourage their use of bank or transaction accounts (FDIC, 2016). Therefore, safety and affordability guidelines are meant in part to help banks identify the product features that best serve LMI consumers and develop and maintain their trust. Though, this is difficult. A qualitative investigation with bank representatives from 11 banks revealed that, despite their efforts to serve LMI consumers and price their features affordably, they believed many LMI consumers lack trust and are uncomfortable in banks (Rengert & Rhine, 2016).

What are the Features of Entry-Level Accounts?

Banks still have work to do to align their entry-level accounts with guidelines for safety and affordability. In 2011, the FDIC surveyed 567 banks to ask about their efforts to serve consumers who had no or limited access to bank or transaction accounts. They discovered that nearly half of the banks surveyed—42%—required a minimum opening balance of $100 (FDIC, 2012a), which is much higher than the recommended amount of $10 to $25 (CFE Fund, 2017). Of the 35% that charged monthly maintenance or insufficient funds fees, nearly one quarter (22%) charged fees that were greater than the recommended amount of $3; though, these fees were often waived if consumers met minimum monthly balances (FDIC, 2012a). Only 21% offered a 'second chance' or 'stepping stone' account to serve consumers who did not otherwise qualify for an entry-level account.

While safety and affordability guidelines recommend no overdraft fees or that overdraft services not be offered on basic accounts, banks frequently charge overdraft fees to account holders when they do not have enough money in their accounts to cover an ATM withdrawal or debit card purchase at a median amount of $28 per transaction (FDIC, 2012a). The median amount of debit card transactions that *trigger* overdraft is $24 (Consumer Financial Protection Bureau [CFPB], 2014), meaning that a $28 fee is more than a 100% interest rate. Thus, in practice, overdraft fees operate much like the high-cost, short-term loans offered through alternative financial services like payday lenders (California Reinvestment Coalition, [CRC], 2014; Urban & Plunkett, 2014). The cost of these fees can be disproportionate to the transaction amount that caused a consumer to overdraft their account in the first place. Despite their potential financial harm to consumers, these fees are a profitable source of revenue for banks. In 2016, banks generated nearly $33 billion from overdraft fees (Andriotis & Rudegeair, 2017).

How do Banks' Basic, Entry-Level Checking Account Features Compare to Safe and Affordable Guidelines?

This brief report seeks to understand how features of entry-level checking or transaction accounts actually compare to the 2017-2018 Bank On National Account Standards. Data on entry-level accounts was collected via phone surveys of banks across the United States. These surveys were conducted between March and December 2016 from a stratified random sample of 1,625 banks, which was identified from the FDIC's list of 6,186 active banks. The survey information was collected mostly over the phone from bank representatives such as tellers and sales associates. More information about data collection is described in the technical appendix.

> *The consumer's perspective is important because the consumer ultimately decides whether the features of entry-level accounts are safe and affordable.*

The surveys were designed to understand features of entry-level checking accounts from the perspective of the consumer. In other words, the survey responses do not necessarily represent banks' official policies. Instead, they represent information that a consumer might receive when walking into the bank and talking with a representative about the bank's entry-level account. The consumer's perspective is particularly important because the consumer ultimately decides whether the features of an entry-level checking or transaction account are safe and affordable.

> *Only 9% of banks have an entry-level checking or transaction account whose core features meet Bank On National Account Standards.*

Based on these survey data, few banks offer entry-level accounts that actually meet the full set of guidelines from the 2017-2018 Bank On National Account Standards. More specifically, only nine percent of banks (150 out of 1,625) have an entry-level checking or transaction account whose core features meet Bank On National Account Standards. That is, their entry-level account has point-of-sale (POS) capability, a minimum opening deposit of $25 or less, *and* maintenance fees that are within recommended amounts.[3] Since there are so few banks that meet all three of these standards, the report also breaks down how banks performed on each individual feature of the 2017-2018 guidelines. The results of this analysis are summarized in the table on the following page.

[3] Given the survey design, the complexities of banks' overdraft policies, and the small percentage of banks (3%) whose entry-level account does not have check writing privileges, overdraft policies are excluded here for identifying the nine percent of banks that have an account that meets Bank On National Account Standards.

2017-2018 Bank On National Account Standards and Definitions	Features of Entry-Level Checking or Transaction Accounts	Percent / Average Amount (Range)
Core Features		
Point-of-Sale (POS) Capability	Account can be linked to a debit card	99
Debit and/or prepaid card	Linked debit card has POS capability	98
Minimum Opening Deposit	$0	11
$25 or less	$25 or less, among banks with a minimum opening > $0	19
	Average minimum opening deposit amount	$85.00 ($1.00 to $2,500.00)
Maintenance Fee	No maintenance fee	54
If not waivable: $5 or less; If waivable: $10 or less	Fee is waivable	40
	Average amount if fee is waivable	$6.52 ($2.00 to $25.00)
	Fee is not waivable	5
	Average amount if fee is not waivable	$4.64 ($0.50 to $10.00)
Overdraft or Non-Sufficient Funds (NSF) Fees	Account with no check-writing privileges	3
None, structurally not possible	Policy on covering overdrafts	
	Overdrafts not covered	24
	Overdrafts covered based on specific criteria	21
	Overdrafts covered based on discretion	56
	Policy on charging overdraft fees	
	Charge overdraft with the first negative balance	93
	Waive some overdrafts	7
	Average maximum overdraft amount in a single day	$159.00 ($15.00 to $700.00)
Customer Service		
Branch Access	Extended hours during evenings and weekends	61
Free and unrestricted	ATMs in retail establishments	38
	Non-traditional locations (e.g., supermarkets, community centers)	15
Use of In-Network ATM	Free and unrestricted use of in-network ATMS	99
Free and unrestricted		
Use of Out-of-Network ATM	Fee to use out-of-network ATMs	53
$2.50 or less (not including local ATM fee)	Average out-of-network ATM fee amount	$1.78 ($0.25 to $5.00)

Functionality		
Check Cashing for Checks Issued by that Bank *Free*	Free check cashing	97
Bill Pay by Customer *Free*	Electronic bill pay service	92
	Free electronic bill pay service	91
	Average fee amount for electronic bill pay service	$5.13 ($0.50 to $15.00)
Online and Mobile Banking *Free*	Online banking	98
	Mobile banking	77
	Costs associated with online and/or mobile banking	
	No free online or mobile banking	2
	Free online banking only	20
	Free mobile banking only	< 1
	Free online and mobile banking	78
Strongly Recommended Features		
New Account Screening *Only deny new customers for past incidences of actual fraud*	Use screening agencies	95
	Use credit bureau reports	15
Alternative IDs *Accept alternative IDs*	Driver's license	93
	Social security card	62
	State ID	93
	US passport	87
	Non-US passport	36
	Tax ID (ITIN)	36
	Consular or embassy ID	34
	Combination of the above	62
	Other	12
Other Features		
Language Services	Offers services in non-English languages	29
	Types of non-English language services offered	
	Bilingual in-person staff	81
	Bilingual customer call service	91
	Website in other languages	21
	Online banking in other languages	16

Banks Adopt Some Features of the National Guidelines for their Entry-Level Accounts

When the features from the Bank On standards are examined independently, the analysis reveals that some banks incorporate minimum opening deposit and maintenance fees into their entry-level accounts. According to bank representatives, 19% of banks have an entry-level account with a minimum opening deposit of $25 or less. In fact, 11% of these banks do not require any minimum opening deposit. At the same time, for banks whose account does require a minimum opening deposit, the average amount is $85—nearly the same amount as the average household's monthly electric bill (US Energy Information Administration, 2016) or phone bill (Smith, 2015). This average of $85 is nearly than four times the maximum recommended amount (i.e., $25) based on Bank On National Account Standards (CFE Fund, 2017) and the FDIC's (2012b) Model Safe Accounts.

> *Only 19% of banks offer the recommended minimum opening deposit of $25 or less on an entry-level checking account.*

While the minimum opening deposit may deter some consumers from initially opening an entry-level account, this deposit is a one-time expense. Once opened, other recurring costs such as monthly maintenance fees may make it difficult for consumers to continue to afford their accounts. Fortunately, many banks have an account whose maintenance fee meets the safe and affordable standards—no maintenance fee or recommended amounts that are based on whether the fee can be waived. Slightly over half (54%) of banks' entry-level accounts have no monthly maintenance fee. Moreover, the average fee amount of $6.52 can be waived at 40% of banks whose account does charge this fee, such as by signing up for direct deposit or maintaining a certain monthly balance.

Bank Representatives Use Discretion When Deciding to Charge Overdraft Fees

In contrast to maintenance fees and minimum account balances, it is difficult to quantify how well banks conform to national standards for entry-level accounts when it comes to overdraft fees. To understand the information consumers might receive from banks about overdraft fees, we asked bank representatives about their bank's general policy for handling overdrafts on basic, entry-level consumer checking accounts. Bank representatives were prompted to assume that the customer did not have an overdraft line of credit or linked account transfer option to cover overdrafts. When consumers did not opt in to overdraft projection, a majority of bank representatives (56%) reported that their bank uses discretion in charging overdraft fees. In other words, bank representatives decide whether to charge overdraft fees on a case-by-case basis and consumers could still be charged these fees even if they did not opt in to overdraft protection.

Banks' current discretionary practices regarding overdraft fees do not align with the Electronic Fund Transfer Act, which was passed in 2009 and revised in 2010. This act protects consumers by requiring that banks not only be transparent about their overdraft fees but also that they obtain account holders' permission to charge overdraft fees. For example, if a consumer has not opted in to overdraft protection, their bank will decline a purchase that causes their account balance to drop below $0. In other words, not opting in to overdraft protection is a way to avoid these fees. Once consumers have opted in, banks' policies to charge these fees may include the use of discretion. The finding that 56% of bank representatives report using discretion in charging overdraft fees to consumers who have not opted in suggests they are not correctly adhering to the Electronic Fund Transfer Act, do not understand their banks' policies about covering overdraft fees, and or did not understand the question.

It is very likely that bank representatives do not understand their banks' overdraft policy. Moreover, consumers may also remain confused if bank representatives are unable to accurately communicate their banks' policy. For example, bank representatives have been unable to explain to potential account holders that declining to opt in to overdraft is a way to avoid fees (CRC, 2014), which is exactly the intent of the Electronic Fund Transfer Act. Based on previous research, most account holders do not remember opting in to overdraft and would rather have the transaction declined than be charged the fee (Urban & Plunkett, 2014).

> *Fifty-six percent of bank representatives report that their bank uses discretion in its policy to charge overdraft fees on consumers' entry-level accounts.*

Bank representatives struggled to answer the questions about overdraft during data collection. Bank representatives were asked questions about overdraft fees at the end of the survey, and this is often the point where surveyors were put on hold, transferred, or disconnected. When they did respond to questions about overdraft, bank representatives often qualified their responses with, "I'm not sure," "I think it works this way," or "It depends." This experience during data collection, while not explicitly captured by responses to questions regarding the features of entry-level accounts, is consistent with the CRC's (2014) findings on overdrafts and with the FDIC's (2016, p. 7) findings on consumers' perspectives on overdraft fees. According to the FDIC (2016) study, one respondent stated "…and there was a misunderstanding over overdraft fees, for example, and just one misunderstanding like that. And the banks say they explain these things when you open an account, but they don't. I've talked to clients directly about exactly what the teller says, and it might be this tiny fine print that they don't understand how the overdraft fee works."

Many Banks Offer Online and Mobile Banking, Yet These Services are Sometimes at a Cost to Consumers

The extent to which banks offer online and mobile services with their entry-level account is gaining traction given the rise in consumers' use of these services to make transactions (Board of Governors of the Federal Reserve, 2016). For instance, among US adults who both own or have access to a mobile device and own a bank account, 43% used their mobile device for banking in 2015 compared to 22% in 2011 (Board of Governors of the Federal Reserve, 2016).

> *Seventy eight percent of banks offer free online or mobile banking; however, customers can expect to pay for these services at the remaining 22% of banks.*

Indeed, nearly all banks (98%) offer online banking with their entry-level checking or transaction account and slightly fewer—77%—offer mobile banking. These services are free at the 78% of banks that offer both online and mobile banking; however, consumers can expect to pay for at least one of these services at the remaining 22% of banks.

Extended Hours and Non-Traditional Locations Offer More Convenience

Banks' extended hours and their non-traditional locations at places like supermarkets and convenience stores are important for many LMI consumers whose work schedules do not conform to a 9am to 5pm Monday-through-Friday workweek, who cannot leave their worksite to run an errand, or whose primary payments are in the form of cash. At least 17% of employees have irregular or rotating schedules that do not conform to a 9am to 5pm schedule (Golden, 2015). Moreover, employees whose income comes in the form of cash only are unable to make use of mobile devices to make cash deposits into their accounts (Matheny, O'Brien, & Wang, 2016). These employees would be even more inconvenienced if their shift ended on a weekend night and they had to wait until the bank's regular business hours on Monday to deposit their earnings.

> *Just over half—61%—of bank representatives say that their bank is open on evenings and weekends.*

Banks are not always available to the many consumers who still rely on cash and whose day-to-day lives do not conform to the once-typical workweek. Based on our survey, just 61% of banks offer extended hours on evenings and weekends. At the same time, only 15% of banks have locations in supermarkets, convenience stores, community centers, or other locations that may make access to their services more convenient for LMI consumers. Large percentages of banks, according to their representatives, would not be open into the evening on a Friday or on a Saturday morning when many consumers would need to make transactions, nor in locations that might be most convenient. Coupled with the fees that some banks charge for online and mobile banking services, the lack of extended hours and locations could be real barriers for consumers. Both banks and consumers may benefit from improved access and convenience when branches offer extended hours and other non-traditional services.

Banks Accept Alternative IDs, But Usually with Other Government-Issued IDs

Banks' acceptance of alternative forms of identification (ID) is crucial for consumers who might not otherwise be able to open an entry-level account. For example, consumers' abilities to open entry-level accounts at banks was one of the major benefits of New York City's municipal ID campaign which was spearheaded by Mayor de Blasio and had the support from the City Council's Immigration Committee (NYC Office of the Mayor, 2015). Residents of New York City—including recent immigrants or others who might not have government-issued identification—can now use the municipal ID to open entry-level accounts at banks and credit unions throughout the city.

> *Approximately one third of bank representatives say that their bank accepts tax (ITIN), non-US passport, and consular IDs.*

Aside from US government-issued IDs such as municipal IDs, driver's licenses, and social security numbers, there are other forms of ID that banks can accept from consumers to open entry-level accounts. According to their representatives, 36% of banks accept non-US passports, 36% accept tax identification numbers (ITIN), and 34% accept consular IDs; however, bank representatives usually qualified their responses by saying that they only accept these forms of IDs when consumers present them alongside another US government-issued ID. Sixty-two percent of bank representatives indicated that they only accept these alternative forms of IDs when they are presented alongside another US government-issued ID. Notably, consumers who are using alternative forms of IDs like ITINs and consular IDs might not have US government-issued IDs, which is likely to prevent them from opening entry-level accounts. Thus, while the percentage of banks accepting alternative IDs is encouraging, it does not necessarily translate into better access for consumers without government-issued IDs.

Conclusion

The survey results presented in this brief report provide some evidence that banks—at least according to their representatives—have a long way to go until the features of their basic, entry-level checking or transaction accounts meet the full set of safe and affordable guidelines set forth by the Bank On National Account Standards. This finding suggests that LMI consumers may continue to lag behind higher income consumers in their ownership and use of bank accounts. Compared to higher income consumers, LMI consumers have less financial slack (Larrimore et al., 2015) and liquid financial assets (McKernan, Ratcliffe, & Vinopal, 2009; Pew Charitable Trusts 2015a), which—coupled with financial shocks (Pew Charitable Trusts, 2015b) and income volatility (Pew Charitable Trusts, 2017)—may make it difficult to meet opening and ongoing balance requirements and afford account fees. Key reasons for closing bank accounts include income volatility and declines, job loss, and loss of health insurance (FDIC, 2016; Rhine & Greene, 2013).

With respect to overdraft fees, banks do not discriminate on the basis of the level and/or volatility of their customers' income. Yet weekly and monthly fluctuations in income coupled with a lack of short-term savings renders LMI households particularly vulnerable to getting hit with overdraft fees. Thus, many LMI consumers are at a distinct disadvantage in this regard, which may help explain the reluctance of some LMI consumers to open and maintain bank accounts.

Because only 13% of the representatives surveyed indicated that their banks offer “second chance” accounts (these data are reported in the technical appendix), certain sub-groups of LMI consumers may find it especially hard to open and maintain bank accounts. Individuals may have flawed banking histories for many reasons: catastrophic illness, incarceration, domestic violence, divorce, serious mental illness, and struggles with addiction. A failure to offer these individuals a chance to re-enter the economic mainstream may exacerbate their challenges.

Banks are making changes to the features of their products and services all the time and the features of their checking or transaction accounts may be very different several years—or even months—from now. Even in spite of the rapidly changing financial services marketplace, this investigation helps us to further understand the features of entry-level accounts and whether or how consumers experience these features as safe and affordable. The information presented in this report can serve as a baseline against which future changes can be monitored.

Technical Appendix

Data Source

Data were gathered between March and December 2016 from a survey of a stratified random sample[4] of banks, which was identified from the FDIC's list of 6,186 active banks. The FDIC's procedures from the 2016 FDIC Small Business Lending Survey were implemented in order to select a stratified random sample of retail banks. This included stratifying by banks' asset amounts and metropolitan and non-metropolitan areas. The random sample included 1,976 banks and 1,625 banks completed the survey, which is a response rate of 82%; however, the response rates on individual survey questions are sometimes lower.

The sample of banks was distributed across size (5% of the sample represent mega/large/national banks, 19% regional, 35% community, and 41% small banks) and geography (19% central, 16% northeast, 17% southeast, 31% west, and 17% southeast). The four largest banks, based on asset size, were included in the sample. Data were collected from one branch or location per bank and, therefore, data do not include varying product features within banks across geographic regions. For example, a bank may have branches across the northeast and southeast and offer products and services with different features depending on where branches are located; however, the data only include survey responses from one of the bank's branches.

Survey information was gathered using both the phone and internet for 96% of banks; only a handful of survey responses were collected entirely over the phone or internet.[5] Information on banks' websites was used to prepopulate the survey[6] regarding entry-level checking or transactional account features in order to reduce the time that respondents spent on the phone. Once started, the survey took approximately 20 to 25 minutes to complete over the phone; however, respondents often placed surveyors on hold and transferred calls to other bank representatives. For banks whose information was collected over the phone, 76% put surveyors on hold at least once and 42% transferred surveyors to at least one other bank representative. Respondents held titles[7] such as customer service representative, retail representative, branch or assistant branch manager, new accounts supervisor, and operations center analyst. On rare occasion, the president or vice president responded to the survey or the respondent declined to provide their title.

Results

Table 1: Point-of-Sale Capability

	Percent
Basic checking account can be linked to a debit card	99
Debit card capable of Point-of-Sale (POS) transactions	98

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[4] Thank you to Karyen Chu and Keith Ernst of the FDIC for their advice in implementing random sample stratification.

[5] The surveys from the 1% of banks that were collected entirely over the internet were incomplete, given that not all responses to survey questions could be located on banks' websites.

[6] Surveyors confirmed over the phone the features of the bank's basic, entry-level checking or transactional account that were located on banks' websites. In the few cases where the information from respondents differed from the information on the websites (approximately 4% of survey information gathered using both the telephone and internet), surveyors recorded the information from the websites and the discrepancy was documented in field notes.

[7] Respondents' titles that were recorded in the survey data were for the last person with whom the surveyors spoke. Typically, surveyors began by speaking with a teller or sales associate and then, if a transfer occurred, were spoke with a branch manager or more senior bank representative for answering survey questions.

Notes: Data were retrieved from surveys of 1,625 banks. There were 1,534 banks (94%) that responded to the question about whether their most basic, entry-level checking account can be linked to a debit card. If the answer was yes, banks were prompted to respond about the debit card's capability for making POS transactions. There were 1,514 banks that responded to the question about whether this debit card was capable of making POS transactions. The vast majority (98%) with a debit card capable of making POS transactions do not charge a fee for using the debit card to make these transactions.

Table 2: Minimum Opening Deposit

	Percent	Average Dollar Amount (Range)
No minimum opening deposit	11	
Minimum opening deposit of $25 or less	19	
Minimum opening deposit amount		$85.00 ($1.00 to $2,500.00)

Notes: Data were retrieved from surveys of 1,625 banks. There were 1,625 banks that responded to the question about whether their most basic, entry-level checking account had a minimum opening deposit. If the answer was yes, banks were prompted to respond about the amount of the minimum opening deposit and 1,347 banks responded to this question. One bank was excluded that reported a minimum opening deposit of $25,000.

Table 3: Monthly Maintenance Fee

	Percent	Average Dollar Amount (Range)
No fee	54	
Fee, but not waivable	5	$4.64 ($0.50 to $10.00)
Fee, but is waivable	40	$6.52 ($2.00 to $25.00)

Notes: Data were retrieved from surveys of 1,625 banks. There were 1,536 banks that responded to the question about whether their most basic, entry-level checking account had a monthly maintenance or service fee and the cost of this fee.

Table 3: Overdraft and Insufficient Funds Fees

	Percent	Average Dollar Amount (Range)
Account with no check-writing privileges	3	
Policy on covering overdrafts		
Overdrafts not covered	24	
Overdrafts covered based on specific criteria	21	
Overdrafts covered based on discretion	56	
Policy on charging overdraft fees		
Charge overdraft with the first negative balance	93	
Waive some overdrafts	7	
Maximum overdraft fee in a single day		$159.00 ($15.00 to $700.00)

Notes: Data were retrieved from surveys of 1,625 banks. There were 1,525 banks that responded to the question about whether their most basic, entry-level checking account was an account with no check-writing privileges. There were 1,497 banks that responded to the question about the policy on covering overdraft. There were 1,373 banks that responded to the question about the policy on charging overdraft fees and 415 that were prompted and responded to the maximum overdraft fee amount in a single day. One bank was excluded that reported that their average maximum overdraft fee in a single day was $99,999.99.

Table 4: Branch Access

	Percent
Extended hours during evenings and weekends	61
ATMs in retail establishments	38
Non-traditional locations (e.g., supermarkets, community centers)	15

Notes: Data were retrieved from surveys of 1,625 banks. There were 1,530 banks that responded to the question about extended hours, 1,539 that responded to the question about non-traditional locations like supermarkets and community centers, and 1,542 that responded to the question about off-premise ATMs in retain establishments or other locations.

Table 5: Language Services

	Percent
Offers services in non-English languages	29
Types of non-English language services offered	
Bilingual in-person staff	81
Bilingual customer call service	91
Website in other languages	21
Online banking in other languages	16

Notes: Data were retrieved from surveys of 1,625 banks. There were 1,528 banks that responded to the question of whether or not the bank offered services in languages other than English. If the answer was yes, banks were prompted to respond about the types of non-English language services offered and there were 447 banks that responded to this question.

Table 6: Use of In- and Out-of-Network ATM

	Percent	Average Dollar Amount (Range)
Free and unrestricted use of in-network ATMs	99	
Fee to use out-of-network ATMs	53	
Out-of-network ATM fee amount		$1.78 ($0.25 to $5.00)

Notes: Data were retrieved from surveys of 1,625 banks. There were 1,500 banks that responded to the question of whether or not the bank provided free and unrestricted access to in-network ATMs with basic, entry-level checking accounts with debit cards. There were 1,370 banks that responded to the question of charging a fee for out-of-network ATMs and 716 that were prompted and responded to the question about the fee amount for out-of-network ATMs associated with basic, entry-level checking accounts with debit cards.

Table 7: Check Cashing

	Percent
Free check cashing	97

Notes: Data were retrieved from surveys of 1,625 banks. There were 1,484 banks that responded to the question of whether or not the bank provided free check-cashing service with their basic, entry-level checking account.

Table 8: Electronic Bill Pay

	Percent	Average Dollar Amount (Range)
Electronic bill service	92	
Free electronic bill service	91	
Fee amount for electronic bill service		$5.13 ($0.50 to $15.00)

Notes: Data were retrieved from surveys of 1,625 banks. There were 1,521 banks (94%) that responded to the question of whether or not the bank provided electronic bill pay service with their basic, entry-level checking account. There were 1,366 banks that responded to the question about the fee charged for electronic bill service and 116 that were prompted and responded to the question about the fee amount.

Table 9: Online and Mobile Banking

	Percent
Online banking	98
Mobile banking	77
Costs associated with online and/or mobile banking [a]	
No free online and mobile banking	2
Free online banking	20
Free mobile banking	<1
Free online and banking	78

Notes: Data were retrieved from surveys of 1,625 banks. There were 1,543 banks that responded to the question of offering online banking and 1,539 that responded to the question of offering mobile banking with their basic, entry-level checking account. There were 1,522 banks that responded to questions about any costs associated with online and mobile banking. [a] These percentages are mutually exclusive. In other words, 78% of banks offer both online and mobile banking, while 20% only offer free online banking.

Table 10: New Account Screening

	Percent
Use screening agencies	95
Use credit bureau reports	15

Notes: Data were retrieved from surveys of 1,625 banks. There were 1,436 banks that responded to the question of using screening agencies to determine a consumer's account-opening eligibility and 1,377 that responded to the question about using credit bureau records.

Table 11: Accepted Identification (ID) at Account Opening

	Percent
Driver's license	93
Social security card	62
State ID	93
US Passport	87
Non-US Passport †	36
Tax ID (ITIN) †	36
Consular or Embassy ID †	34
Combination of the above	62
Other ††	12

Notes: Data were retrieved from surveys of 1,625 banks. All surveyed banks provided responses to the question about the identification accepted for opening a basic, entry-level checking account. Percentages do not add up to 100 given that banks accepted multiple forms and combinations of identification. † These forms of identification were almost always accepted in combination with another form of (government-issued) identification. †† Other forms of identification include military and student IDs, birth certificate, green card, W-8, proof of address or residency, and firearm license.

Table 12: Linked and Second Chance Accounts

	Percent
Link account to debit card	99
Link account to savings account	99
Fee for transferring funds	2
Second chance or stepping stone account	13

Notes: Data were retrieved from surveys of 1,625 banks. There were 1,534 banks that responded to the question about linking the basic, entry-level checking account with a debit card. There were 1,504 banks that responded to the question about linking the basic, entry-level checking account with a savings account. There were 1,447 banks that responded to the question about the fee for transferring funds and 1,442 that responded to the question about offering a second chance or stepping stone account.

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