


# Master Your Card OPORTUNIDAD

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## THE HIGH COSTS OF BEING UNDERSERVED

Financially underserved individuals pay a price for managing their money outside of the modern economy. Unbanked households do not hold any type of checking or savings account, while underbanked households have either checking or savings accounts, but still rely upon alternative financial services. While the number of unbanked households using alternative financial services has fallen since 2013, the cost of being underserved continues to be high:

**42.9%** of all Latino households are underserved.<sup>1</sup>

**14%** are unbanked and **28.9%** are underbanked. That's more than 7,144,995 Latino households that are underserved.<sup>1</sup>

More than **50%** of unbanked households and over **45%** of underbanked households use alternative financial institutions for basic everyday needs.<sup>1</sup>

**9.5%** of the average underserved household's income is spent on interest and fees for alternative financial services. **That's the same percentage that the average household spends on food each year.**<sup>2</sup>

**\$25,500** is the average underserved household income. **\$2,412** of this is spent just on interest and fees for alternative financial services.<sup>2</sup> This means:

Underserved Latino households spend an estimated **\$17.2 billion** each year on fees and interest for alternative financial services.\*

<sup>1</sup> Federal Deposit Insurance Company (FDIC). (2018). 2017 FDIC National Survey of Unbanked and Underbanked Households. <https://economicinclusion.gov/>

<sup>2</sup> U.S. Postal Service, Office of Inspector General. (2014). Providing non-bank financial services for the underserved (RARC-WP-14-007). [www.uspsig.gov/document/providing-non-bank-financial-services-underserved](http://www.uspsig.gov/document/providing-non-bank-financial-services-underserved)

\* Calculated based on average money spent by underserved households on interest and fees for alternative financial services (USPS) times the estimated number of unbanked and underbanked Hispanic households in the U.S. (FDIC) (2015) 2015 FDIC National Survey of Unbanked and Underbanked Households <https://www.fdic.gov/householdsurvey/2015/2015appendix.pdf>