

## Fact Sheet

# Financial Access Challenges for Older Adults

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### Introduction

In 2017, an estimated 8.4 million households in the United States, representing about 14 million adults, had no checking or savings account at a bank or credit union.<sup>1</sup> This figure includes roughly 3.5 million households headed by someone age 50 or older.<sup>2</sup> When combining this population—often called the unbanked—with households that have accounts but still use some alternative services such as check cashers or payday lenders, these numbers rise to nearly 33 million households,<sup>3</sup> a figure that includes 14.7 million households 50 and older. These major gaps in financial access demonstrate disparities that have become particularly troublesome during the COVID-19 pandemic. Those without bank accounts face added costs, risks, and obstacles in an environment where electronic payments take precedence over cash. Meanwhile, alternative sources of credit run the risk of trapping vulnerable borrowers deeper in debt.

On some financial access metrics, older adults fare relatively well: for example, the 50+ are more likely to own bank accounts and less likely to use high-cost credit. But such statistics mask significant disparities within the 50+ population by income, race and ethnicity, and geography. And while older adults increasingly rely on smartphones and other technology to manage their accounts, they also continue to use bank branches at higher rates—meaning that today's trend of branch closures creates new challenges and opportunities alike.

This *fact sheet* examines findings from the Federal Deposit Insurance Corporation's (FDIC's) 2017 Survey of Unbanked and Underbanked Households<sup>4</sup> regarding account ownership, account access methods, and credit usage for older adults. The survey, conducted biannually,<sup>5</sup> collects data about households' use of financial services and other related behaviors, with a particular focus on the unbanked and underbanked—that is, those households without bank accounts, or that have bank accounts yet still rely on products offered by nonbanks outside the financial mainstream.

Nevertheless, many survey questions remain relevant for the basic financial activities of all households. Although the 2017 findings

Nearly 15 million households 50 and older face gaps in financial access that increase both their costs and risk. Moreover, significant disparities—by income level, race and ethnicity, and geography—remain in the financial products that older adults use for their day-to-day financial needs.

reflect a pre-COVID-19 environment, the potential challenges they illustrate remain relevant—and even more so—to the financial security of older adults during and after the pandemic. For example, economic impact payments arrived more quickly through direct deposit for those with their own accounts on file with the IRS.<sup>6</sup> An appendix to this fact sheet also provides two tables with state-level data from this survey pertaining to the 50+ population: a table with unbanked and underbanked counts and rates by state, and a table with state-level indicators for major credit cards and high-cost loans.

### Access to Checking and Savings Accounts

Bank accounts are a basic—but critical—financial product. Without an account, consumers may ultimately end up paying twice for the most basic of tasks: first to convert paper checks to cash and again to purchase money orders or pay bills in person.<sup>7</sup> The fees charged for these services could add up to hundreds or even thousands of dollars a year, not to mention the demands on users' time and travel.<sup>8</sup>

Nearly 15 million households headed by someone over age 50 are disconnected from the mainstream financial system in some way. For approximately 3.5 million households headed by someone age 50 or older, no one in the household had a checking or savings account—roughly 5 percent of the 50+ population, compared with 8 percent of households headed by someone age 25 to 49 (**figure 1**). This includes 6.1 percent of households headed by someone age 50 to 64, and 3.9 percent of households headed by someone age 65 or older. An additional 11.2 million older households are *underbanked*, meaning that while they have bank accounts, they also use some alternative financial services such as check cashers, pawn shops, or payday lenders. In total, about one in four households in the 50–64 age bracket, and one in six households age 65+, are

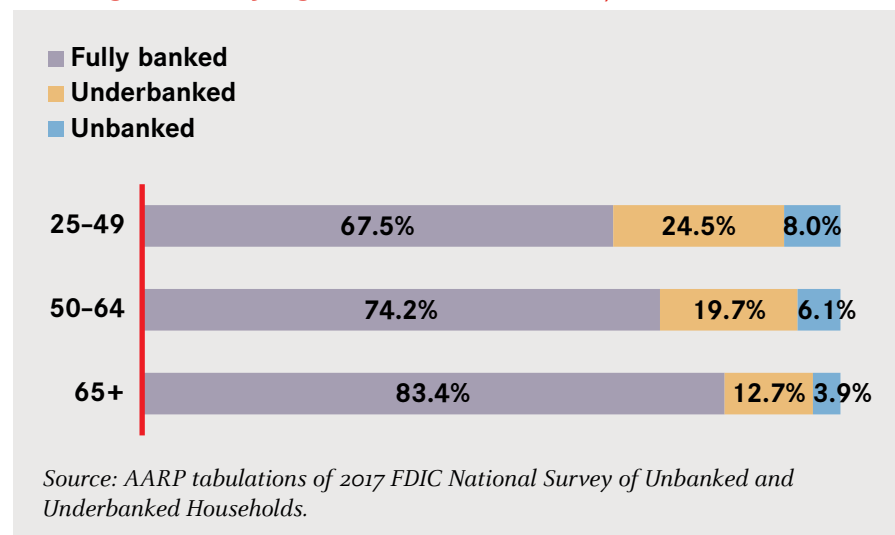
either unbanked or underbanked. In the District of Columbia, Georgia, Mississippi, and New Mexico, more than 30 percent of the 50+ population is unbanked or underbanked (**appendix table 1**).

Not surprisingly, there is also a sharp distinction by income, although more so concerning the unbanked than the underbanked. While only 1 percent of the 50+ population with household income above \$40,000 per year are unbanked, nearly 11 percent with incomes below \$40,000 per year are unbanked. Yet, being underbanked affects the population above the \$40,000 level at greater levels, coming closer to levels for the population with lower incomes: 15.4 percent of those with incomes above \$40,000 are underbanked, compared to a slightly higher 17.8 percent of 50+ households with incomes below \$40,000.

Overall, among households with incomes less than \$40,000 annually, two out of every five headed by someone age 50 to 64, and one out of every five headed by someone age 65 or older, are unbanked or underbanked.

The unbanked population varies significantly by race and ethnicity. Among households headed by someone age 50 to 64, 3 percent of White non-Hispanic households had no bank accounts, while African American/Black non-Hispanic households had unbanked rates more than five and a half times

**FIGURE 1**  
**Banking Status by Age of Household Head, 2017**



as high, and Hispanic/Latino households more than four times as high (figure 2).

The data also show two exceptions to the trend of older households being somewhat more likely to have accounts than younger ones. Among Asian households, 5.5 percent of those 65+ had no account compared with 1.8 percent of those age 50 to 64 and 2.1 percent of those age 25 to 49. This is consistent with other research showing greater financial insecurity among older Asian households relative to younger ones.<sup>9</sup> And for Hispanic/Latino households, 65+ households were slightly more likely to lack accounts than those age 50 to 64.

**Why Consumers Go without Bank Accounts**

Survey respondents also gave a variety of reasons for why they chose not to have bank accounts (figure 3). The most common reason cited across age groups is that people feel they do not have enough money to keep in their accounts, with more than half of all respondents mentioning this as one of the factors behind their unbanked status. The next two most frequent responses, with roughly 3 in 10 citing each, was that they do not trust banks and that avoiding a bank gives them more privacy.

In general, respondents who are age 50+ were more likely than 25- to 49-year-old respondents to report that banks do not offer the products and services they need, and that bank hours are inconvenient. Not having enough money to keep in an account was mentioned slightly more frequently for the 50–64 age group than for other age groups. Respondents ages 65+ without accounts were more likely to state that bank locations were inconvenient as a factor, but were less likely to cite as barriers concerns about fees, trust, privacy, or identification.

In recent years, prepaid cards have increasingly emerged as a bank account alternative with many of the same features available as a bank or credit union account.<sup>10</sup> The FDIC survey revealed that in 2017, among the age 50+, roughly 7 percent of White and Hispanic/Latino households had used a prepaid card in the past year, compared with 9 percent of Asian and 11 percent of African American households.<sup>11</sup>

**Branch and Electronic Account Access**

Several questions in the survey explore how people accessed and managed their accounts over the past 12 months. The vast majority of households across all age groups accessed their accounts through a

**FIGURE 2**  
**Percent of Households in Which No One Has a Checking or Savings Account, by Age of Household Head and Race/Ethnicity, 2017**

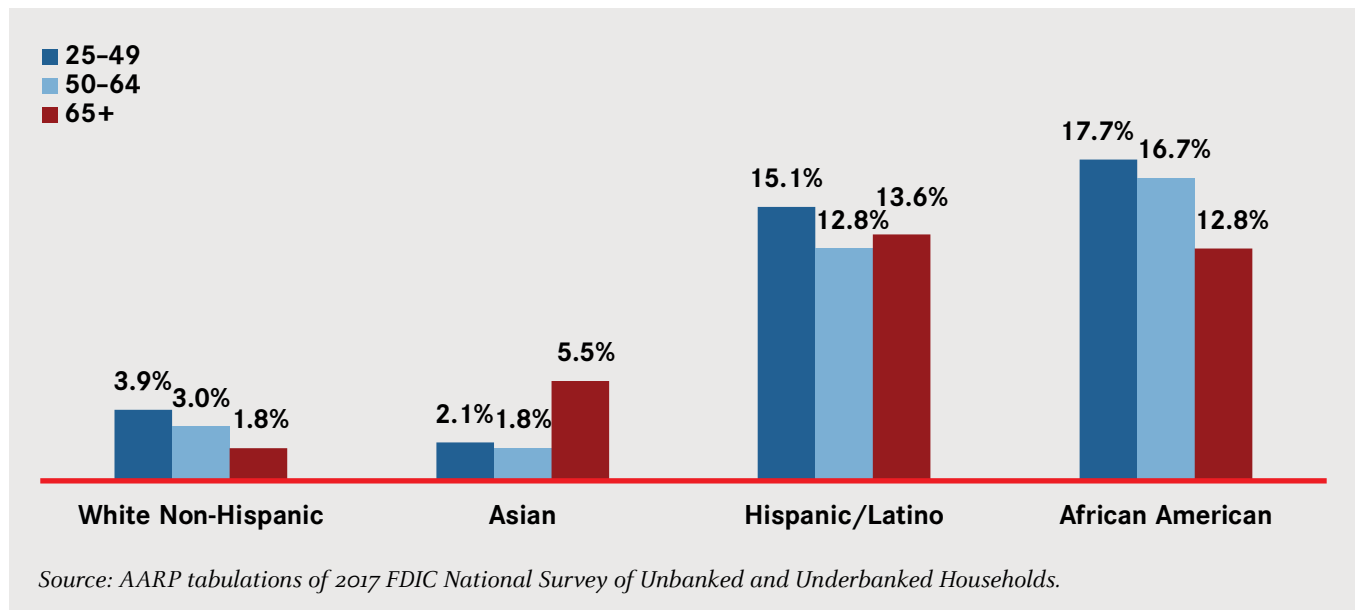
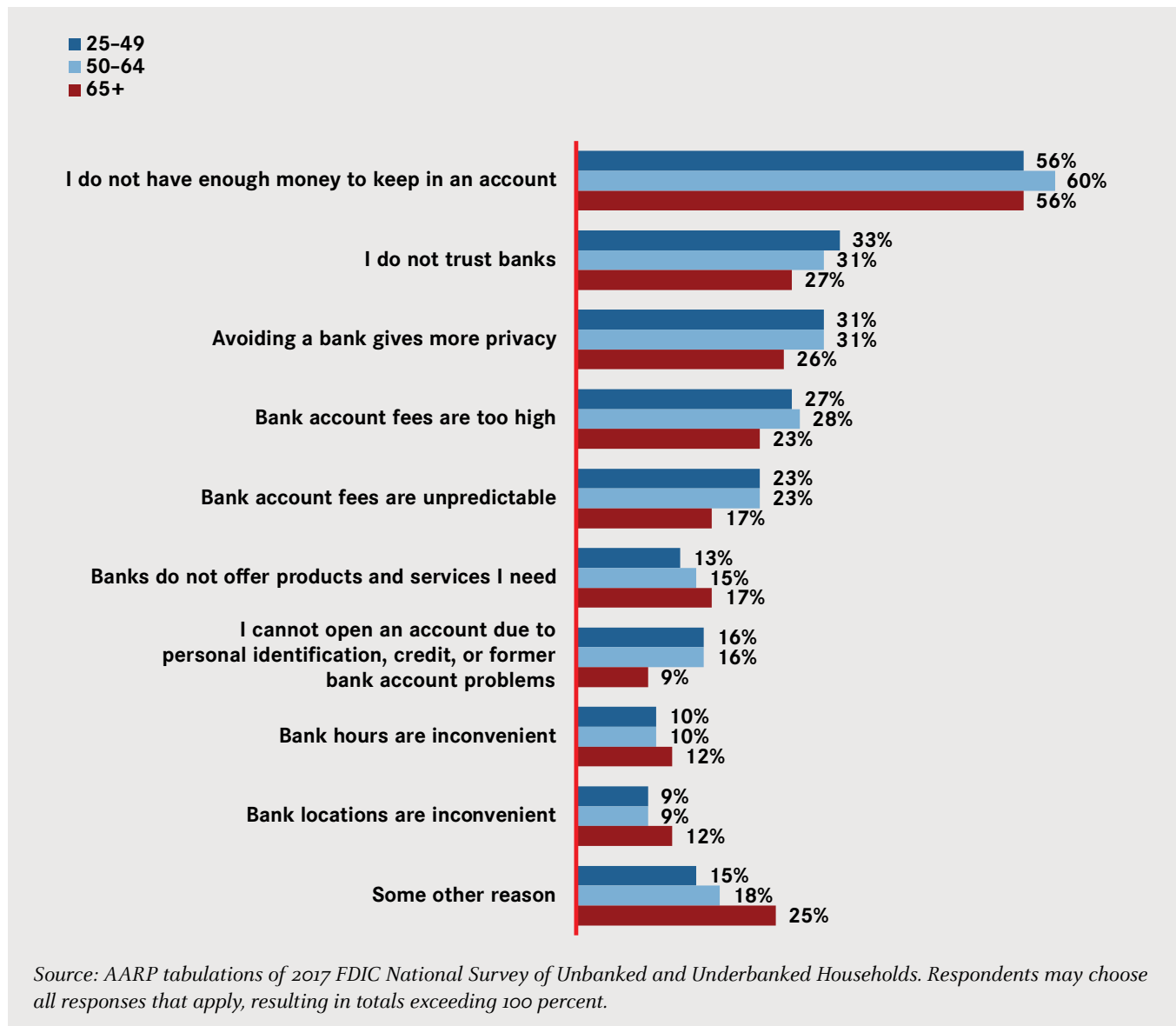


FIGURE 3

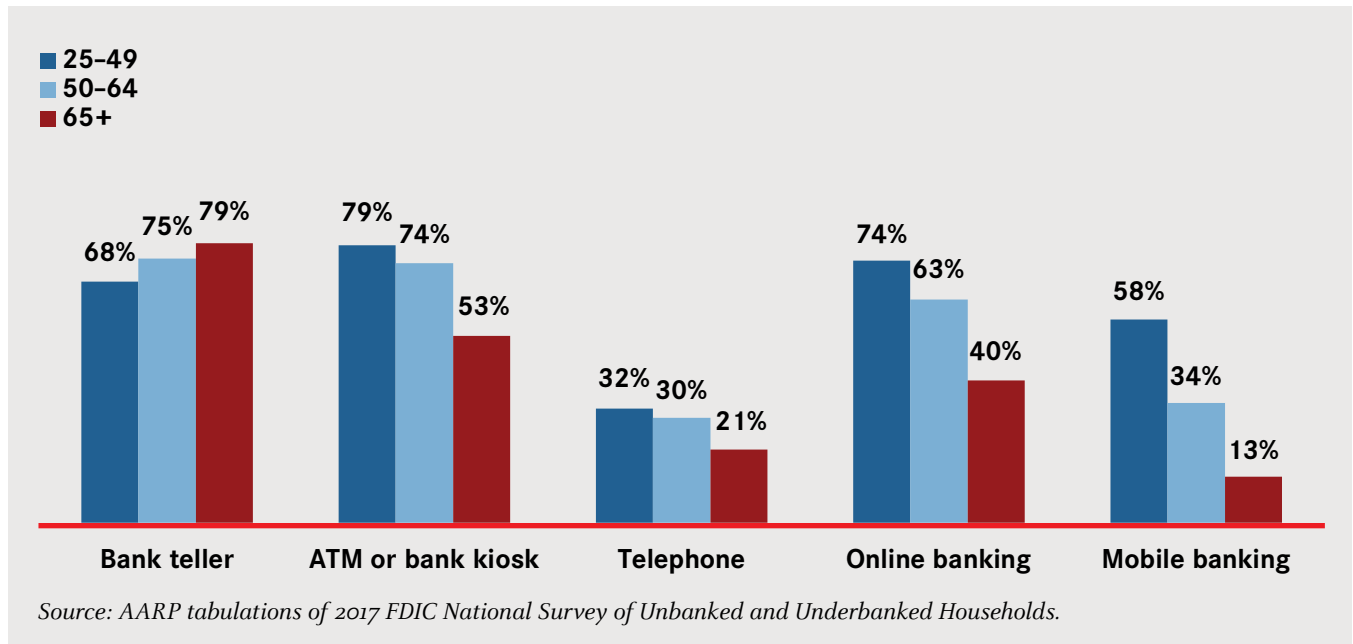
## Reasons for Not Having a Bank Account, by Age of Household Head, 2017



teller, ATM, or bank kiosk at some point during this time period (**figure 4**). A large share also used online banking—defined as the use of a computer or tablet—including 74 percent of household heads age 25 to 49, 63 percent of those age 50 to 64, and 40 percent of those age 65 or older. Less than a third, across all age groups, relied on telephone banking: using phone calls (including automated voice and touch-tone services) to check the balance or otherwise access an account, as opposed to a mobile phone’s web browser or app—defined here as mobile banking.

Meanwhile, the use of mobile banking showed the greatest age disparity, with 58 percent of households headed by someone age 25 to 49 using this method, compared with 34 percent of those age 50 to 64 and only 13 percent of those age 65 and older. Older adults have increasingly embraced mobile tools in general even though fewer have used smartphones—defined in this survey as phones with features to access the Internet, send emails, and download apps—for banking purposes. In 2019, more than three-quarters of people over age 50 owned a smartphone, up from 48 percent in 2014.<sup>12</sup> Notably, smartphone adoption

**FIGURE 4**  
**All Methods Used to Access an Account in the Past 12 Months, by Age of Household Head, 2017**

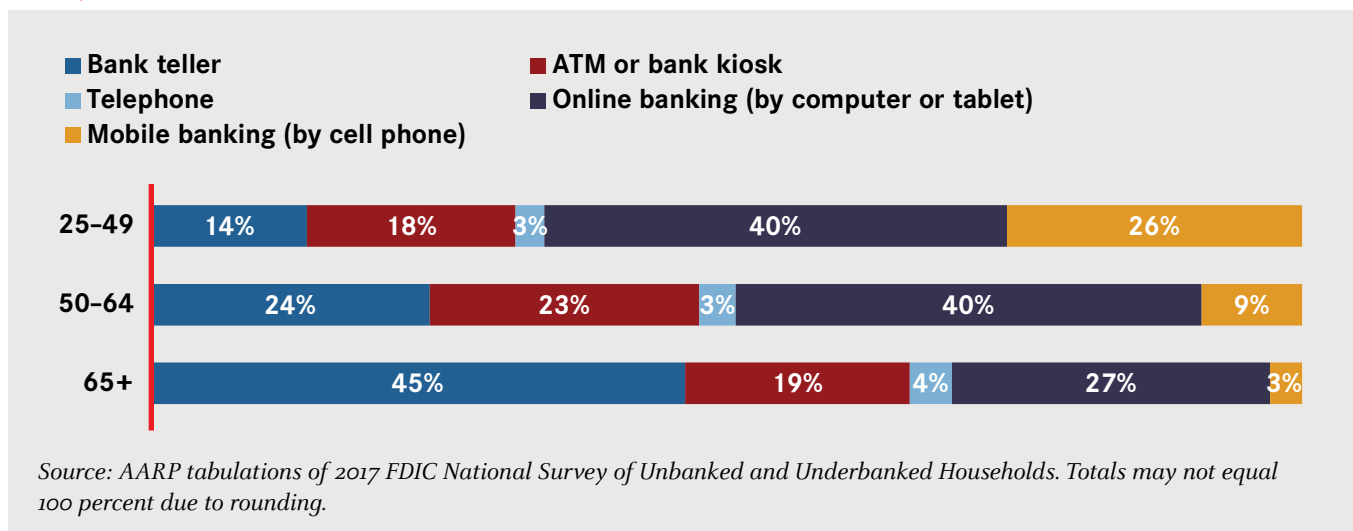


rates are somewhat lower—62 percent—for those age 70 and older relative to those of younger age groups, which may contribute to gaps in usage.<sup>13</sup>

When looking at the *most common* account access methods used over the past 12 months, differences are even more distinct (figure 5). Bank tellers were the most frequently used access method for households age 65 and older, at 45 percent—more than three

times the rate for 25- to 49-year-olds. Online banking had the most overlap as the most frequently used method for about 40 percent of households under age 65 and 27 percent of those over age 65. Mobile banking was the second-most common account access method for households age 25 to 49, at 26 percent, but its share declined significantly with age. Only 9 percent of households age 50 to 64, and 3 percent

**FIGURE 5**  
**Most Common Methods Used to Access an Account in the Past 12 Months, by Age of Household Head, 2017**



of those age 65 and older, accessed their account most frequently on a mobile device. Roughly one in five households relied most frequently on ATMs or bank kiosks, while an even smaller share—less than 5 percent—relied primarily on telephone banking. Based on these findings, bank branches’ role is clear in providing financial access to everyone, especially older adults.<sup>14</sup> Yet, the number of branches across the United States declined by 7 percent between 2012 and 2017, with some communities—both urban and rural—experiencing far deeper declines.<sup>15</sup> As COVID-19 began spreading, some branches closed temporarily, while others only offered services by appointment or through a drive-up window.<sup>16</sup> Even as electronic access grows, branches continue to remain vital as resources for customers who may still rely largely on cash or use services that are unavailable remotely.

**Credit Cards and High-Cost Credit Usage**

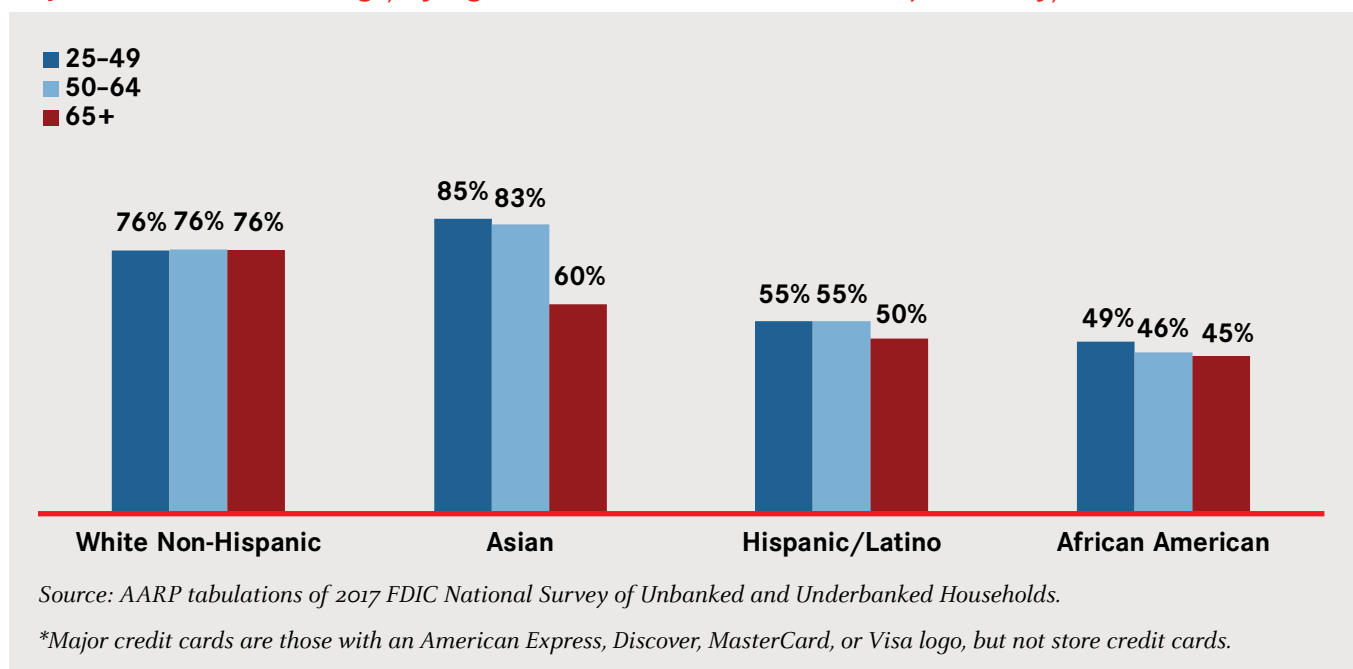
Disparities also exist in credit markets. While credit makes it possible for households to pay for goods and services upfront and can smoothen expenses over time, the price and quantity of credit can vary tremendously. Although a typical credit card will

have an annual interest rate of 15 to 25 percent,<sup>17</sup> alternative credit products such as payday loans, car title loans, and high-cost installment loans may have annual interest rates that exceed 300 percent, 20 or more times as high.<sup>18</sup> The legality of offering these alternative credit products, including at what rates, varies based on state law, licensing requirements, and enforcement practices.<sup>19</sup>

Credit card balances have grown among older adults in recent years, but credit use may depend on customer needs and preferences as well as credit profiles.<sup>20</sup> Between 2012 and 2017, the number of people age 50 or older with a credit report increased by 14 percent, but total credit card debt for the 50+ increased by 23 percent.<sup>21</sup> About 7 out of every 10 households headed by someone age 50 or older has at least one major credit card.<sup>22</sup> Generally, patterns of credit card ownership remain relatively constant across ages, except for significantly lower levels of ownership by those age 65 and older in Asian households, and a more modest drop for Hispanic/Latino households, compared with other age groups (figure 6).

Again, racial and ethnic disparities exist with regard to credit cards. Roughly three-quarters of White and

**FIGURE 6**  
Major Credit Card Holding\*, by Age of Household Head and Race/Ethnicity, 2017



Asian 50+ households have credit cards, but only 46 percent of African American/Black households, and 53 percent of Hispanic/Latino households, headed by someone age 50 or older have them.

At the opposite end of the credit spectrum, approximately 1.8 million households headed by someone age 50 or older reported taking out a payday loan, auto title loan, or similar loan<sup>23</sup> in the previous year, including 1.2 million households age 50 to 64. Among those age 50 to 64, African American/Black, Hispanic/Latino, and Asian households were all more likely to take out these loans relative to White households (**figure 7**). African American and Hispanic/Latino households age 65 and older also took out these loans at higher rates than did White households. Although the usage of these products generally declines with age—2.7 percent of 50+ households took out these loans, compared with 4.3 percent of households headed by someone age 25–49—the consequences can be particularly severe for older adults with fixed incomes and fewer options to pay off the debt.<sup>24</sup>

Additionally, while these data only look at a point in time, some state administrative data also reflect a surge in borrowing activity among older adults in the 2010s.<sup>25</sup>

Credit card ownership rates also vary from state to state (**appendix table 2**). In four states, major credit cards were held by more than 80 percent of the age 50+ group: New Jersey (81.2%), Minnesota (80.7%), Montana (80.3%), and Utah (80.2%). In seven states, less than 60 percent of 50+ households had a major credit card, with Mississippi having the lowest percentage of credit card holders (45.8%). High-cost credit usage rates for older adults in Alaska, New Mexico, Oklahoma, and Tennessee were more than double the national average.

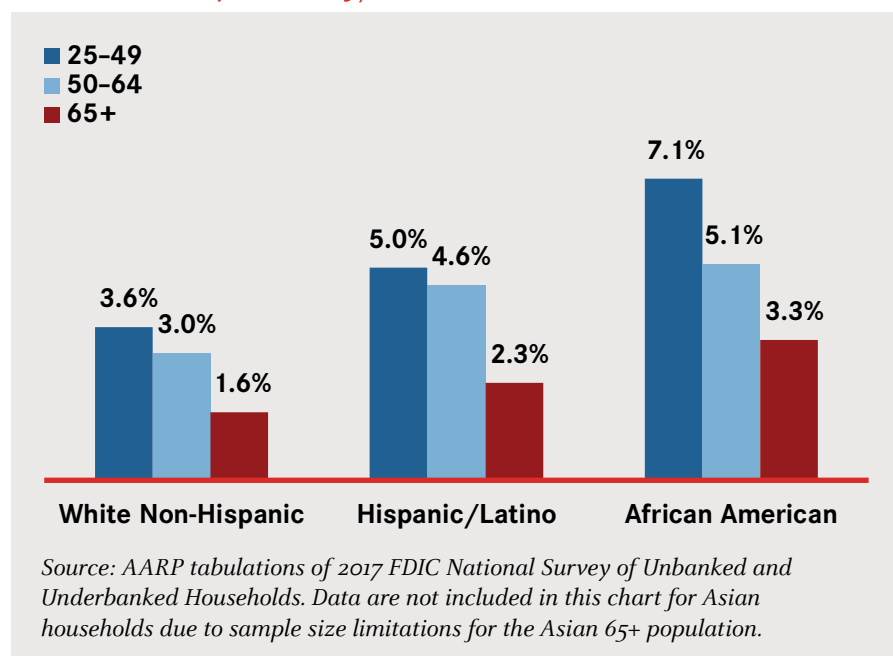
## Conclusion

The financial security of older adults varies tremendously from those who have access to bank or credit union accounts, mobile banking, and credit cards to those who may lack bank accounts entirely. As a result, some families end up paying higher fees, and facing greater risks, than others. In the wake of COVID-19, these financial access gaps will strain household finances even more as banking practices and available services change. In order to fully address these gaps, policy makers and financial institutions should take steps to ensure that basic financial products are widely available, affordably priced, and demonstrably safe for all consumers.

## Acknowledgments

The author wishes to thank Carlos Figueiredo, senior methods advisor at AARP, for analysis of the Current Population Survey's June 2017 supplement data.

**FIGURE 7**  
Percent of Households that Took Out a Payday Loan, Auto Title Loan, or Related Loan in the Past Year, by Age of Household Head and Race/Ethnicity, 2017





## Appendix: State-Level Data on Financial Access Challenges for the Age 50+ Group

TABLE 1

## State-Level Estimates of Unbanked and Underbanked 50+ Households, 2017

| State                | 50+ Underbanked Households |         | 50+ Unbanked Households |         | Unbanked and Underbanked Households |         |
|----------------------|----------------------------|---------|-------------------------|---------|-------------------------------------|---------|
|                      | Number                     | Percent | Number                  | Percent | Number                              | Percent |
| Alabama              | 174,600                    | 15.9%   | 50,500                  | 4.6%    | 225,100                             | 20.5%   |
| Alaska               | 29,400                     | 22.3%   | 3,700                   | 2.8%    | 33,100                              | 25.1%   |
| Arizona              | 279,600                    | 19.3%   | 61,300                  | 4.2%    | 340,900                             | 23.5%   |
| Arkansas             | 107,000                    | 17.1%   | 27,000                  | 4.3%    | 134,000                             | 21.4%   |
| California           | 1,221,400                  | 16.4%   | 462,800                 | 6.2%    | 1,684,200                           | 22.6%   |
| Colorado             | 176,500                    | 15.4%   | 42,200                  | 3.7%    | 218,700                             | 19.1%   |
| Connecticut          | 110,100                    | 13.2%   | 34,100                  | 4.1%    | 144,200                             | 17.3%   |
| Delaware             | 24,900                     | 11.1%   | 8,100                   | 3.6%    | 33,000                              | 14.7%   |
| District of Columbia | 32,500                     | 25.6%   | 11,300                  | 8.8%    | 43,800                              | 34.4%   |
| Florida              | 723,000                    | 14.8%   | 226,700                 | 4.6%    | 949,700                             | 19.4%   |
| Georgia              | 460,700                    | 22.5%   | 156,400                 | 7.6%    | 617,100                             | 30.1%   |
| Hawaii               | 49,000                     | 16.0%   | 15,700                  | 5.1%    | 64,700                              | 21.1%   |
| Idaho                | 62,200                     | 18.1%   | 6,800                   | 2.0%    | 69,000                              | 20.1%   |
| Illinois             | 391,700                    | 14.5%   | 144,200                 | 5.3%    | 535,900                             | 19.8%   |
| Indiana              | 200,200                    | 14.3%   | 33,100                  | 2.4%    | 233,300                             | 16.7%   |
| Iowa                 | 101,900                    | 13.9%   | 11,700                  | 1.6%    | 113,600                             | 15.5%   |
| Kansas               | 88,200                     | 14.0%   | 33,000                  | 5.2%    | 121,200                             | 19.2%   |
| Kentucky             | 162,300                    | 16.3%   | 64,600                  | 6.5%    | 226,900                             | 22.8%   |
| Louisiana            | 194,100                    | 18.7%   | 88,500                  | 8.5%    | 282,600                             | 27.2%   |
| Maine                | 54,600                     | 15.4%   | 10,900                  | 3.1%    | 65,500                              | 18.5%   |
| Maryland             | 269,100                    | 19.5%   | 26,300                  | 1.9%    | 295,400                             | 21.4%   |
| Massachusetts        | 310,500                    | 20.4%   | 47,900                  | 3.1%    | 358,400                             | 23.5%   |
| Michigan             | 289,800                    | 12.8%   | 102,100                 | 4.5%    | 391,900                             | 17.3%   |
| Minnesota            | 123,400                    | 10.3%   | 19,300                  | 1.6%    | 142,700                             | 11.9%   |
| Mississippi          | 149,800                    | 22.2%   | 58,500                  | 8.7%    | 208,300                             | 30.9%   |
| Missouri             | 193,800                    | 14.3%   | 88,700                  | 6.6%    | 282,500                             | 20.9%   |
| Montana              | 41,700                     | 16.6%   | 4,600                   | 1.8%    | 46,300                              | 18.4%   |
| Nebraska             | 71,200                     | 17.1%   | 12,800                  | 3.1%    | 84,000                              | 20.2%   |
| Nevada               | 132,400                    | 20.8%   | 40,600                  | 6.4%    | 173,000                             | 27.2%   |
| New Hampshire        | 43,200                     | 12.8%   | 7,200                   | 2.1%    | 50,400                              | 14.9%   |
| New Jersey           | 295,000                    | 15.3%   | 94,900                  | 4.9%    | 389,900                             | 20.2%   |
| New Mexico           | 111,200                    | 23.0%   | 39,700                  | 8.2%    | 150,900                             | 31.2%   |
| New York             | 719,600                    | 16.7%   | 337,900                 | 7.8%    | 1,057,500                           | 24.5%   |
| North Carolina       | 364,000                    | 16.1%   | 94,900                  | 4.2%    | 458,900                             | 20.3%   |
| North Dakota         | 22,100                     | 14.7%   | 4,300                   | 2.9%    | 26,400                              | 17.6%   |
| Ohio                 | 390,300                    | 15.2%   | 114,500                 | 4.4%    | 504,800                             | 19.6%   |
| Oklahoma             | 135,700                    | 16.7%   | 40,300                  | 4.9%    | 176,000                             | 21.6%   |
| Oregon               | 161,700                    | 17.7%   | 32,900                  | 3.6%    | 194,600                             | 21.3%   |



| State                     | 50+ Underbanked Households |              | 50+ Unbanked Households |             | Unbanked and Underbanked Households |              |
|---------------------------|----------------------------|--------------|-------------------------|-------------|-------------------------------------|--------------|
|                           | Number                     | Percent      | Number                  | Percent     | Number                              | Percent      |
| Pennsylvania              | 441,800                    | 15.2%        | 101,500                 | 3.5%        | 543,300                             | 18.7%        |
| Rhode Island              | 28,300                     | 10.5%        | 17,200                  | 6.4%        | 45,500                              | 16.9%        |
| South Carolina            | 197,900                    | 17.5%        | 73,600                  | 6.5%        | 271,500                             | 24.0%        |
| South Dakota              | 18,400                     | 9.6%         | 11,800                  | 6.2%        | 30,200                              | 15.8%        |
| Tennessee                 | 234,100                    | 16.8%        | 81,900                  | 5.9%        | 316,000                             | 22.7%        |
| Texas                     | 981,300                    | 19.8%        | 386,100                 | 7.8%        | 1,367,400                           | 27.6%        |
| Utah                      | 65,900                     | 14.4%        | 8,800                   | 1.9%        | 74,700                              | 16.3%        |
| Vermont                   | 16,100                     | 9.9%         | 2,300                   | 1.4%        | 18,400                              | 11.3%        |
| Virginia                  | 368,000                    | 20.6%        | 42,000                  | 2.4%        | 410,000                             | 23.0%        |
| Washington                | 199,100                    | 13.1%        | 37,800                  | 2.5%        | 236,900                             | 15.6%        |
| West Virginia             | 76,500                     | 16.6%        | 18,900                  | 4.1%        | 95,400                              | 20.7%        |
| Wisconsin                 | 110,900                    | 8.9%         | 31,000                  | 2.5%        | 141,900                             | 11.4%        |
| Wyoming                   | 25,100                     | 20.1%        | 5,300                   | 4.2%        | 30,400                              | 24.3%        |
| <b>All 50+ Households</b> | <b>11,231,800</b>          | <b>16.4%</b> | <b>3,478,200</b>        | <b>5.1%</b> | <b>14,710,000</b>                   | <b>21.5%</b> |
| <b>All 25+ Households</b> | <b>24,347,400</b>          | <b>19.9%</b> | <b>7,772,400</b>        | <b>6.4%</b> | <b>32,119,800</b>                   | <b>26.3%</b> |

Source: AARP tabulations of 2017 FDIC National Survey of Unbanked and Underbanked Households.

TABLE 2  
State-Level Estimates of Major Credit Cardholding and High-Cost Credit Usage<sup>26</sup> by 50+ Households, 2017

| State                | 50+ Major Credit Cardholding Rates |                       | 50+ High-Cost Credit Usage Rates |                       |
|----------------------|------------------------------------|-----------------------|----------------------------------|-----------------------|
|                      | Number of Households               | Percent of Households | Number of Households             | Percent of Households |
| Alabama              | 633,800                            | 63.8%                 | 41,400                           | 4.0%                  |
| Alaska               | 97,500                             | 79.0%                 | 7,500                            | 5.9%                  |
| Arizona              | 920,400                            | 70.3%                 | 58,300                           | 4.2%                  |
| Arkansas             | 337,500                            | 57.4%                 | 12,700                           | 2.1%                  |
| California           | 4,790,600                          | 72.7%                 | 188,200                          | 2.8%                  |
| Colorado             | 824,500                            | 79.9%                 | 46,200                           | 4.3%                  |
| Connecticut          | 567,900                            | 76.9%                 | 10,000                           | 1.3%                  |
| Delaware             | 156,800                            | 79.7%                 | 1,600                            | 0.8%                  |
| District of Columbia | 70,800                             | 64.6%                 | 2,500                            | 2.1%                  |
| Florida              | 3,045,600                          | 71.2%                 | 92,100                           | 2.0%                  |
| Georgia              | 1,096,900                          | 58.7%                 | 21,600                           | 1.1%                  |
| Hawaii               | 203,200                            | 76.0%                 | 5,300                            | 1.9%                  |
| Idaho                | 221,450                            | 69.4%                 | 9,800                            | 3.0%                  |
| Illinois             | 1,848,200                          | 74.3%                 | 72,100                           | 2.8%                  |
| Indiana              | 968,300                            | 72.4%                 | 64,000                           | 4.8%                  |
| Iowa                 | 467,900                            | 74.6%                 | 23,800                           | 3.6%                  |

| State                     | 50+ Major Credit Cardholding Rates |                       | 50+ High-Cost Credit Usage Rates |                       |
|---------------------------|------------------------------------|-----------------------|----------------------------------|-----------------------|
|                           | Number of Households               | Percent of Households | Number of Households             | Percent of Households |
| Kansas                    | 367,300                            | 62.7%                 | 18,500                           | 3.4%                  |
| Kentucky                  | 531,800                            | 55.9%                 | 35,300                           | 3.6%                  |
| Louisiana                 | 520,400                            | 52.8%                 | 34,100                           | 3.4%                  |
| Maine                     | 239,700                            | 73.5%                 | 4,300                            | 1.3%                  |
| Maryland                  | 879,800                            | 72.5%                 | 41,500                           | 3.2%                  |
| Massachusetts             | 1,074,500                          | 78.8%                 | 25,300                           | 1.8%                  |
| Michigan                  | 1,493,400                          | 72.0%                 | 65,200                           | 3.1%                  |
| Minnesota                 | 917,200                            | 80.7%                 | 9,600                            | 0.8%                  |
| Mississippi               | 286,700                            | 45.8%                 | 31,800                           | 5.0%                  |
| Missouri                  | 882,300                            | 71.3%                 | 39,300                           | 3.0%                  |
| Montana                   | 188,700                            | 80.3%                 | 4,100                            | 1.7%                  |
| Nebraska                  | 290,800                            | 73.9%                 | 6,200                            | 1.5%                  |
| Nevada                    | 432,800                            | 78.4%                 | 23,900                           | 4.1%                  |
| New Hampshire             | 244,800                            | 78.9%                 | 5,100                            | 1.6%                  |
| New Jersey                | 1,437,800                          | 81.2%                 | 28,100                           | 1.6%                  |
| New Mexico                | 270,700                            | 60.0%                 | 27,900                           | 6.0%                  |
| New York                  | 2,631,600                          | 67.6%                 | 68,700                           | 1.7%                  |
| North Carolina            | 1,253,000                          | 60.8%                 | 63,700                           | 3.0%                  |
| North Dakota              | 103,600                            | 72.6%                 | 5,700                            | 3.9%                  |
| Ohio                      | 1,607,800                          | 67.8%                 | 102,100                          | 4.2%                  |
| Oklahoma                  | 517,000                            | 68.7%                 | 48,000                           | 6.2%                  |
| Oregon                    | 656,400                            | 79.5%                 | 19,900                           | 2.3%                  |
| Pennsylvania              | 2,015,200                          | 75.2%                 | 42,000                           | 1.5%                  |
| Rhode Island              | 180,900                            | 76.2%                 | 4,400                            | 1.8%                  |
| South Carolina            | 648,500                            | 59.8%                 | 26,200                           | 2.4%                  |
| South Dakota              | 134,100                            | 75.7%                 | 5,300                            | 2.9%                  |
| Tennessee                 | 796,900                            | 62.5%                 | 77,700                           | 5.9%                  |
| Texas                     | 2,872,000                          | 62.9%                 | 139,800                          | 3.0%                  |
| Utah                      | 334,000                            | 80.2%                 | 12,400                           | 2.9%                  |
| Vermont                   | 116,300                            | 76.3%                 | 4,300                            | 2.8%                  |
| Virginia                  | 1,254,200                          | 76.7%                 | 16,900                           | 1.0%                  |
| Washington                | 1,136,200                          | 79.9%                 | 17,400                           | 1.2%                  |
| West Virginia             | 244,100                            | 58.9%                 | 15,200                           | 3.5%                  |
| Wisconsin                 | 900,700                            | 76.2%                 | 29,000                           | 2.4%                  |
| Wyoming                   | 77,000                             | 64.5%                 | 5,700                            | 4.6%                  |
| <b>All 50+ Households</b> | <b>43,789,600</b>                  | <b>70.1%</b>          | <b>1,761,700</b>                 | <b>2.7%</b>           |
| <b>All 25+ Households</b> | <b>77,597,600</b>                  | <b>69.4%</b>          | <b>3,948,500</b>                 | <b>3.4%</b>           |

Source: AARP tabulations of 2017 FDIC National Survey of Unbanked and Underbanked Households. Note that survey questions ask about loan usage during the 12 months prior to June 2017 and do not reflect more recent state law changes governing high-cost credit in states including Colorado, Ohio, and South Dakota.

- 1 Federal Deposit Insurance Corporation, “2017 FDIC National Survey of Unbanked and Underbanked Households,” October 2018, <https://www.fdic.gov/householdsurvey/2017/2017report.pdf>.
- 2 AARP tabulations of 2017 FDIC National Survey of Unbanked and Underbanked Households.
- 3 Federal Deposit Insurance Corporation, “2017 FDIC National Survey of Unbanked and Underbanked Households.”
- 4 This study, required under P.L. 109-173, § 7 (2005), first took place in 2009 and is a supplement to the Census Bureau’s larger Community Population Survey.
- 5 This survey was conducted in June 2017. Findings from the next wave, conducted in June 2019, are expected to be available in late 2020. Both will capture only the pre-COVID environment; the next supplement will take place in June 2021.
- 6 Recipients of economic impact payments (also known as “stimulus checks”) without prior payment information on file needed to wait for a paper check or prepaid debit card in the mail. Internal Revenue Service, “Economic Impact Payment Information Center,” last accessed August 2020, <https://www.irs.gov/coronavirus/economic-impact-payment-information-center#receiving>.
- 7 “It’s Expensive to Be Poor,” *The Economist*, September 3, 2015, <https://www.economist.com/united-states/2015/09/03/its-expensive-to-be-poor>.
- 8 Check-cashing fees are generally capped by state law and often depend on the type of check. The overall transaction cost of being unbanked varies based on the specifics of a customer’s financial situation and habits, but could add up to hundreds or even thousands of dollars a year in fees. Matt Fellowes and Mia Mabanta, *Banking on Wealth: America’s New Retail Banking Infrastructure and Its Wealth-Building Potential* (Washington, DC: The Brookings Institution, 2008), [https://www.brookings.edu/wp-content/uploads/2016/06/01\\_banking\\_fellowes.pdf](https://www.brookings.edu/wp-content/uploads/2016/06/01_banking_fellowes.pdf); Joe Valenti and Pete Morelewicz, “Infographic: Mobile Banking by the Numbers,” Center for American Progress, Washington, DC, 2015, <https://www.americanprogress.org/issues/economy/news/2015/09/24/121817/infographic-mobile-banking-by-the-numbers/>.
- 9 AARP Research Center, *Are Asian Americans and Pacific Islanders Financially Secure? An AARP Report about the Economic Well-Being of AAPIs Age 50+* (Washington, DC: AARP, December 2014), <https://www.aarp.org/content/dam/aarp/home-and-family/caregiving/2014-11/AARP-Report-Are-Asian-Americans-and-Pacific-Islanders-Financially-Secure-Dec2014-eng.pdf>; National Coalition for Asian Pacific American Community Development, “Findings on Financial Security for AAPI Seniors & Their Families: A Landscape Assessment & Community Survey Results,” 2017, [https://www.nationalcapacd.org/wp-content/uploads/2017/08/Findings\\_on\\_Financial\\_Security\\_.pdf](https://www.nationalcapacd.org/wp-content/uploads/2017/08/Findings_on_Financial_Security_.pdf).
- 10 Joe Valenti, *The End of Cash: The Rise of Prepaid Cards, Their Potential, and Their Pitfalls* (Washington, DC: Center for American Progress, 2013), <https://www.americanprogress.org/wp-content/uploads/2013/04/EndofCashBrief-2.pdf>.
- 11 AARP tabulations of 2017 FDIC National Survey of Unbanked and Underbanked Households.
- 12 Brittne Kakulla, “2020 Tech and the 50+ Survey,” AARP Research, December 2019, [https://www.aarp.org/content/dam/aarp/research/surveys\\_statistics/technology/2019/2020-tech-trends-survey.doi.10.26419-2Fres.00329.001.pdf](https://www.aarp.org/content/dam/aarp/research/surveys_statistics/technology/2019/2020-tech-trends-survey.doi.10.26419-2Fres.00329.001.pdf).
- 13 Ibid.
- 14 The frequency of visits underscores this point: among those who used a bank teller in the previous year, 42 percent of all respondents—including 45 percent of those age 50 to 64, and 50 percent of those age 65+—visited 10 times or more.
- 15 Federal Reserve Board of Governors, “Perspectives from Main Street: Bank Branch Access in Rural Communities,” November 2019, <https://www.federalreserve.gov/publications/files/bank-branch-access-in-rural-communities.pdf>.
- 16 Laura Alix, “More Banks Shut Down Branch Access as COVID-19 Spreads,” *American Banker*, March 19, 2020, <https://www.americanbanker.com/news/more-banks-shut-down-branch-access-as-covid-19-spreads>.
- 17 Credit card rates will vary based on credit score, income, and other factors. BankRate provides one selection of current market rates in various categories, with recent rates approximating 16 percent : <https://www.bankrate.com/finance/credit-cards/current-interest-rates/> (last accessed August 2020).
- 18 Annual interest rates on a payday loan typically approach 400 percent, with typical rates on auto title loans around 300 percent. Center for Responsible Lending, “The State of Lending in America and Its Impact on U.S. Households,” June 2015, <https://www.responsiblelending.org/the-state-of-lending>.
- 19 While a combination of legislation and judicial interpretation has effectively created a national market for credit cards and other bank loans since the late 1970s by preempting state authority to set rates, that is not the case for nonbank lending. For examples of state variation in the pricing of these products, see Diane Standaert, Delvin Davis, and Charla Rios, *Payday and Car Title Lenders*

*Drain Nearly \$8 Billion in Fees Every Year* (Durham: Center for Responsible Lending, 2019), <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-statebystate-fee-drain-apr2019.pdf>; Carolyn Carter, Lauren Saunders, and Margot Saunders, *Predatory Installment Lending in the States: 2020* (Boston: National Consumer Law Center, 2020), <https://www.nclc.org/images/pdf/rpt-InstallmentLoans-feb-2020.pdf>.

- 20 Some older adults not using credit cards may simply seek to avoid going into debt. Others may have difficulty accessing cards due to a lack of recent credit history, even if they or their households had used credit extensively in the past. The number of “credit invisibles” generally increases after age 60. See Consumer Financial Protection Bureau, “Data Point: Credit Invisibles,” May 2015, [https://files.consumerfinance.gov/f/201505\\_cfpb\\_data-point-credit-invisibles.pdf](https://files.consumerfinance.gov/f/201505_cfpb_data-point-credit-invisibles.pdf).
- 21 AARP tabulations of the Federal Reserve Bank of New York’s Consumer Credit Panel, “Household Debt Statistics by Age (2004–17),” last accessed August 2020, [https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/xls/report\\_by\\_age.xls](https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/xls/report_by_age.xls).
- 22 This is defined as a card with an American Express, Discover, MasterCard, or Visa logo. It does not include store credit cards that may only be used within a particular establishment or set of establishments.
- 23 This count includes any household in which someone took out “a payday loan or payday advance from some place other than a bank,” or an auto title loan, or “any other types of loans or lines of credit from a payday lender, auto title lender, pawn shop, or check casher.” (Pawn loans specifically were the subject of another question not included in this estimate. Including pawn loans, an estimated 2.3 million households age 50+ took out at least one of these types of loans.)
- 24 For example, older adults with limited resources may be less able to cut back on essential expenses or work longer hours in order to address high-cost debt. For a general discussion of the challenges these loans pose to borrowers, see Susanna Montezemolo, “Payday Lending Abuses and Predatory Practices,” *The State of Lending in America & Its Impact on U.S. Households* (Durham: Center for Responsible Lending, September 2013), <https://www.responsiblelending.org/sites/default/files/uploads/10-payday-loans.pdf>, and “Car-Title Lending,” *The State of Lending in America & Its Impact on U.S. Households* (Durham: Center for Responsible Lending, September 2013), <https://www.responsiblelending.org/sites/default/files/uploads/7-car-title-loans.pdf>. As one example of older customer experiences and financial consequences, see Texas Faith for Fair Lending, “The Case for Payday and Auto Title Loan Reform,” 2011, <https://www.texasappleseed.org/sites/default/files/95-PDL-CaseforPaydayandTitleLoanReform2011.pdf>.
- 25 Alessandra Malito, “Lax Payday Loan Regulations Could Hit Older Americans Especially Hard,” *MarketWatch*, February 9, 2019, <https://www.marketwatch.com/story/lax-payday-loan-regulations-could-hit-older-americans-especially-hard-2019-02-08>.
- 26 Major credit cards are those with an American Express, Discover, MasterCard, or Visa logo, but not cards limited to a particular store or set of stores. High-cost credit includes “a payday loan or payday advance from some place other than a bank,” an auto title loan, or “any other types of loans or lines of credit from a payday lender, auto title lender, pawn shop, or check casher.” (Traditional pawn loans are not included in this estimate.)

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