



# “Bank On” Transaction Accounts and Financial Inclusion: New Data Shows Continuing Success

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In today's digital era, with the rising prevalence of online transactions and financial services, households lacking access to traditional banking facilities are forced to rely on alternative —often more expensive and less convenient — options provided by nonbank financial service providers. These underserved households, commonly referred to as “unbanked,” predominantly consist of individuals with limited financial resources. Their lack of access to traditional bank services has been a barrier to their integration into the broader American economy. Nevertheless, the rapid advancement of technology and the widespread availability of online banking solutions have played a pivotal role in addressing this issue. Over the past decade, concerted efforts have been made to mitigate the prevalence of unbanked households, promoting financial inclusion by leveraging online platforms and digital tools. This progress has not only reduced the number of unbanked households but also empowered them with improved access to financial services, fostering their economic participation and narrowing the gap with their banked counterparts.

In the face of the COVID-19 pandemic, financial inclusion has emerged as a vital priority globally. In a previous blog post titled [“Bank On Transaction Accounts Helped Support Financial Inclusion During the Pandemic,”](#) we explored the transformative role of “Bank On” transaction accounts in fostering financial inclusion. We found high relative take-up rates for Bank On accounts during 2020 in areas with predominantly low- or moderate-income (LMI) populations and in neighborhoods with predominantly minority populations.<sup>1</sup> Building upon that foundation, this extended blog post uses updated data to provide a comprehensive analysis of the influence of transaction accounts on financial inclusion in the post-pandemic era.

## Data Sources

The CFE fund and Federal Reserve Bank of St. Louis in 2018 initiated an annual, standardized data collection to establish and maintain a “National Data Hub”. This initiative aims to support the analysis of Bank On’s growth, performance and customer utilization.<sup>2</sup> As of 2021, 28 institutions are contributors to the Data Hub sample, including the five largest U.S. banks (JPMorgan Chase, Bank of America, Citigroup, Wells Fargo, and U.S. Bancorp.)

These data, fully disaggregated to the ZIP code level, are publicly available (subject to the exclusion of ZIP codes for which fewer than three of the participating banks are reporting data) and constitute the core sample for our

<sup>1</sup> See [““Bank On” Transaction Accounts Helped Support Financial Inclusion During the Pandemic.”](#)

<sup>2</sup> A list of the 23 account activity metrics included in the annual data collection was included in a previous BPI research note on Bank On. There are three categories of metrics: account opening and closing; account usage and consistency; and online or digital access. These are collected from each institution at the ZIP code level.

analysis.<sup>3</sup> Some summary information about the sample, along with corresponding information about the full (non-public) sample published by the Federal Reserve Bank of St. Louis, are shown in Table 1.<sup>4</sup>

## Expanding Reach: A Closer Look at BankOn Accounts

The National Data Hub's 2021 sample data provides valuable insights into the expansion of transaction accounts. As shown in Table 1, the number of accounts ever opened increased to 11,483,000 in the public dataset and 14,111,000 in the full dataset. These numbers illustrate the growing popularity of transaction accounts as individuals sought to establish banking relationships and access financial services during uncertain times. Moreover, the number of open accounts as of year-end reached 4,498,000 in the public dataset and 5,857,000 in the full dataset, indicating a significant increase in active usage of transaction accounts. This growth reflects the increasing recognition of the benefits of transaction accounts in promoting financial inclusion and empowering individuals to manage their finances effectively.

**Table 1: Summary information from the National Data Hub 2021 sample**

	Public Dataset	Full (Non-Public) Dataset
Number of ZIP codes represented	23,781	35,568
Number (1,000's) of accounts ever opened	11,483	14,111
Number (1,000's) of open accounts as of year-end	4,498	5,857
Number (1,000's) of (new) accounts opened during the year	2,692	3,422
Percent of new accounts opened by customers new to the institution	77	80

Sources: National Data Hub [public data](#) and Federal Reserve Bank of St. Louis [2021 report](#).

As of year-end 2021, more than 5.8 million Bank On certified accounts were open and active at the banks contributing to the Data Hub. These banks' customer populations span more than 35,000 ZIP codes, or 85% of all U.S. ZIP codes.

**Determining Neighborhood Characteristics.** The Data Hub sample is then merged with information on the demographic and income composition of each ZIP code. Neighborhood demographic information is obtained by census tract, from the 2010 Decennial Census dataset and allocated to ZIP codes using the tract-to-ZIP mapping available from the U.S. Department of Housing and Urban Development (HUD).<sup>5</sup> The share of a ZIP code's population that is low- or moderate-income (LMI) is obtained by census tract, from the 2011-2015 American Community Survey and again allocated to ZIP codes using the HUD mapping.<sup>6</sup> In addition, branch data is merged from the 2020 Summary of Deposits.

<sup>3</sup> The data can be downloaded from the National Data Hub [webpage](#) maintained by the Federal Reserve Bank of St. Louis.

<sup>4</sup> The published report is available [here](#).

<sup>5</sup> The 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.)

<sup>6</sup> See the previous research note, ["Bank on Transaction Accounts and Financial Inclusion"](#) for further details.

## Enhancing Inclusion: The Neighborhood Perspective

Examining the account take-up activity by neighborhood categories sheds light on the effect of Bank On transaction accounts on different communities. Table 2 presents a comparison of the neighborhood share of ever-opened accounts, currently open accounts, and accounts opened in the past year across various neighborhood categories. Notably, neighborhoods with over 50% minority representation, which make up 13 percent of all neighborhoods, accounted for 32% of ever-opened accounts, underscoring the positive effect of Bank On transaction accounts on minority communities. These accounts have played a vital role in providing access to essential financial services and empowering individuals from diverse backgrounds.

Similarly, neighborhoods with over 50% low- to moderate-income (LMI) households, which make up 20 percent of all neighborhoods, represented 40% of ever-opened accounts. This finding highlights the instrumental role of Bank On transaction accounts in bridging the financial gap for economically disadvantaged individuals. By offering safe and convenient banking options, Bank On transaction accounts have enabled LMI households to access banking services, build financial resilience and improve their overall economic well-being.

**Table 2: Account take-up activity as of year-end 2021 by neighborhood category, relative to benchmarks<sup>7</sup>**

	Neighborhood (ZIP Code) Categories			
	> 50% Minority	< 15% Minority	> 50% LMI	< 25% LMI
	(Percent)			
Neighborhood share of ever-opened accounts	31.93	17.64	40.07	10.42
Neighborhood share of currently open accounts	28.83	17.28	36.47	13.41
Neighborhood share of accounts opened in past year	27.84	19.48	35.33	12.66
Neighborhood share of in-sample ZIP codes	12.59	53.02	19.95	12.77
Neighborhood shares of in-sample ZIP codes' total population	16.76	36.60	23.62	15.63
Neighborhood share of branch locations of the 25 banks	13.83	31.91	20.93	21.35
Neighborhood share of branch locations of the 25 banks, weighting by neighborhood population	18.13	29.88	25.15	17.53
Share of new accounts opened by new customers of the bank	22.52	14.75	28.94	9.01

Source: National Data Hub 2021 [public data](#) and 2010 Decennial Census.

<sup>7</sup> For these calculations, 287 ZIP codes associated with 184,377 open accounts are dropped from the sample due to missing demographic information. Only 25 of the 28 reporting institutions are represented due to missing Summary of Deposit data for CASE credit Union, River City Federal Credit Union, and U.S. Eagle Federal Credit Union.

## Statewide Impact: Promoting Financial Inclusion across Regions

The Bank On program as a conduit for financial inclusion can be further assessed by quantifying account take-up activity in relation to the percent unbanked. An intuitive measure of account take-up activity is the *rate of account openings net of closings*, calculated as number of accounts opened minus the number closed during a year, divided by the beginning-of-year number of open accounts. Net take-up rate in 2021, again, exceeded 20 percent in every state.

Chart 1 presents a scatter plot of states, where the vertical axis quantifies the net rate of Bank On account openings in 2021 and the horizontal axis measures the unbanked percentage of the population in a state. All states experienced substantial growth in Bank On accounts during 2021, with wide variation in account opening activity across states. Net rates of account opening are very strong, consistently above 20 percent and mostly above 40 percent. The plot shows no material correlation between the two measures across states, suggesting that the program is serving the role of both advancing and sustaining financial inclusion nationwide.<sup>8</sup>

**Chart 1: Net rate of account openings in relation to unbanked share of the population in 2021**

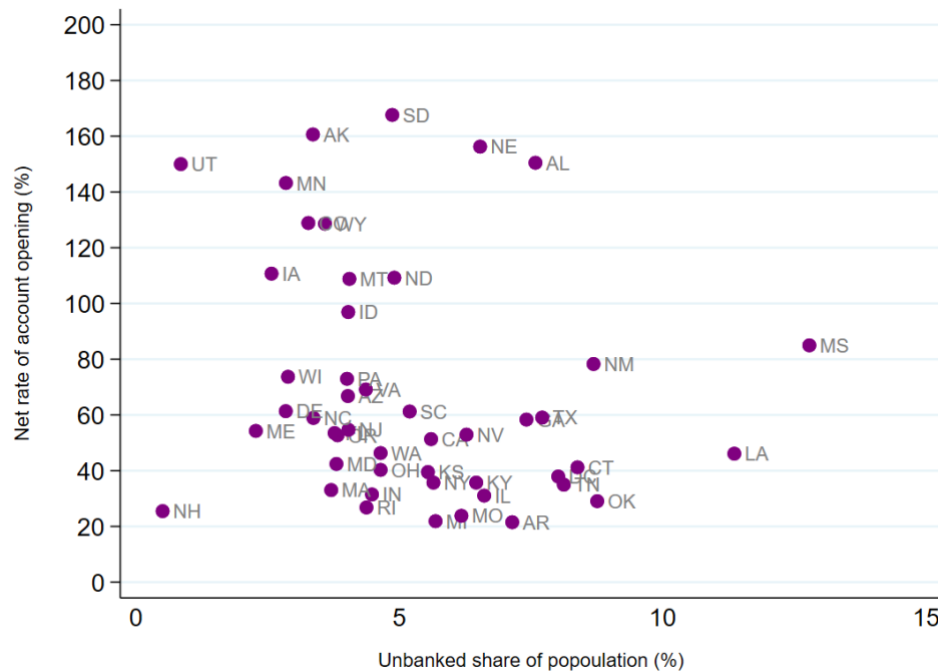
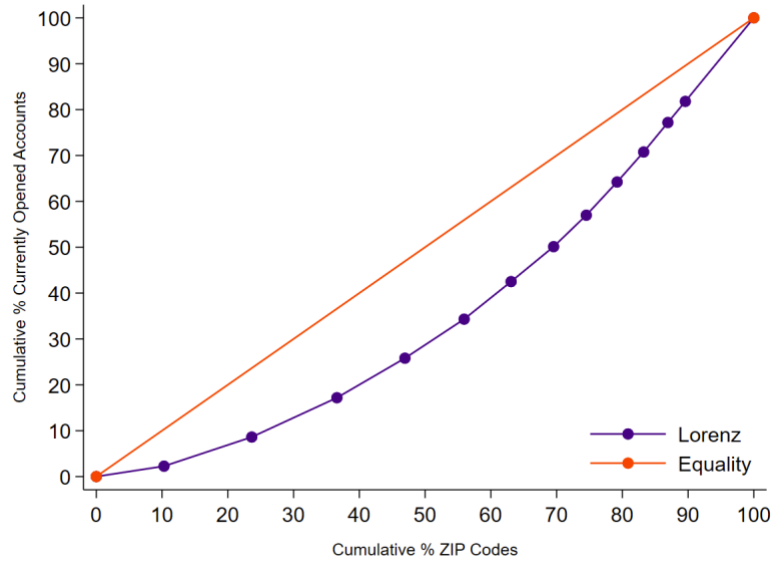


Chart 2 presents a Lorenz curve that plots the percentage of currently open Bank On accounts in relation to percentiles of the distribution of U.S. ZIP codes ordered by increasing percent minority (as of 2021). Thus, for example, the bottom 30 percent of U.S. ZIP codes ordered by percent minority (areas that have the lowest concentration of minorities) contain fewer than 15 percent of currently open Bank On accounts. In contrast, the top 30 percent of U.S. ZIP codes ordered by percent minority (those with the highest minority concentration) have

<sup>8</sup> The relationship is negative—correlation coefficient equal to -0.0385, but not statistically significant.

about half of the open Bank On accounts.<sup>9</sup> Thus, Chart 2 demonstrates that Bank On accounts as of 2021 are disproportionately associated with predominantly minority areas.

**Chart 2: Lorenz Curve for Bank On accounts relative to ZIP Codes ordered by minority %**



## Conclusion

The data presented in this blog post reasserts the vital role of Bank On transaction accounts and banks’ participation in fostering financial inclusion in our post-pandemic era. The significant increase in the number of accounts opened and the expanding reach of transaction accounts signals a growing awareness and utilization of inclusive financial services. Bank On accounts have demonstrated their effectiveness in addressing the financial needs of minority communities and low- to moderate-income households, acting as a powerful tool to bridge the financial divide.

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<sup>9</sup> Chart 2 has a Gini of 0.29.