



**MASSACHUSETTS COMMUNITY
& BANKING COUNCIL**
Basic Banking Surveys

Basic Banking for Massachusetts

- ❖ Launched by the Massachusetts Community & Banking Council in 1994
- ❖ Objective: to provide low-cost checking and savings accounts for customers with limited banking needs
- ❖ Guidelines established by representatives of financial institutions and community organizations
- ❖ Unique, voluntary program; cited as national model
- ❖ Promoted by the Massachusetts Bankers Association, the Massachusetts Credit Union League and the Massachusetts Division of Banks
- ❖ 2012: 128 participating financial institutions

How Was the Information Gathered?

Online Surveys

M|C|B|C MASSACHUSETTS COMMUNITY & BANKING COUNCIL

MCBC Basic Banking for Massachusetts Survey (Savings and Checking) 2012

Basic Banking Checking Account Features

Basic Banking Guidelines:

- Requires no more than \$25.00 to open the account
- Charges a monthly fee of no more than \$3.00
- Provides at least 15 free withdrawals, including at least eight (8) checks, per month
- Charges no more than \$1.00 for each withdrawal over the allowable number of free withdrawals

1. What is the name of the account (if any)?

☐ No, the account is unnamed.

☐ Yes, the account has a name.

If yes, please specify the name of the account:

2. What is the monthly maintenance fee?

☐ Free, no monthly maintenance fee.

☐ Monthly maintenance fee waived with direct deposit.

☐ Yes, there is a monthly maintenance fee.

If yes, there is a monthly maintenance fee of:

3. How many free withdrawals are allowed per month?

☐ Unlimited withdrawals per month.

☒ Limited withdrawals per month.

If limited, please indicate number of free withdrawals per month:

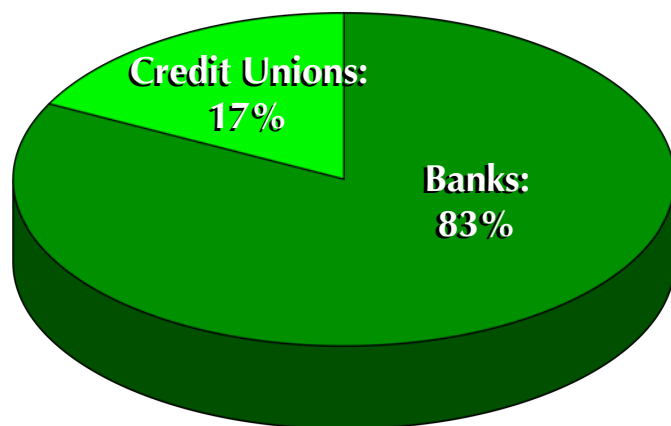
**Program
Participants:
41**

- ❖ Bankers were invited to respond to survey
- ❖ Banker survey focused on Basic Banking

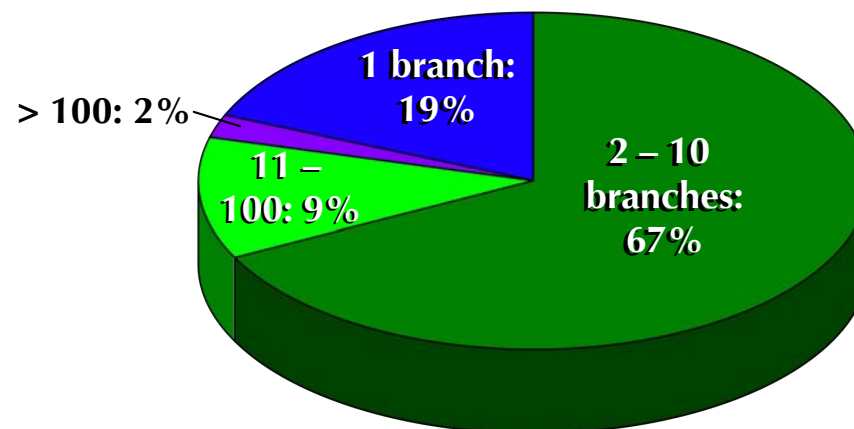
**Consumers:
193**

- ❖ Survey promoted through community organization websites
- ❖ Respondents were well distributed across the state, diverse locations

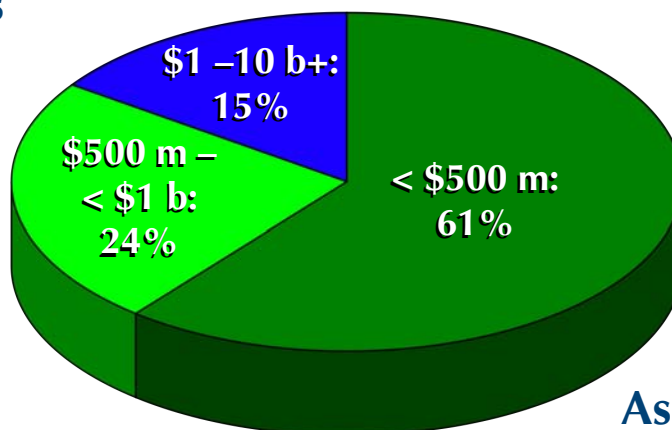
Profile of Bank Respondents



Banks vs. Credit Unions



of Branches



Asset Category

Key Findings — Banks' Experience

- ❖ Majority are content with current guidelines
- ❖ Participating banks and credit unions find Basic Banking to be a positive experience

Current Guidelines — Checking

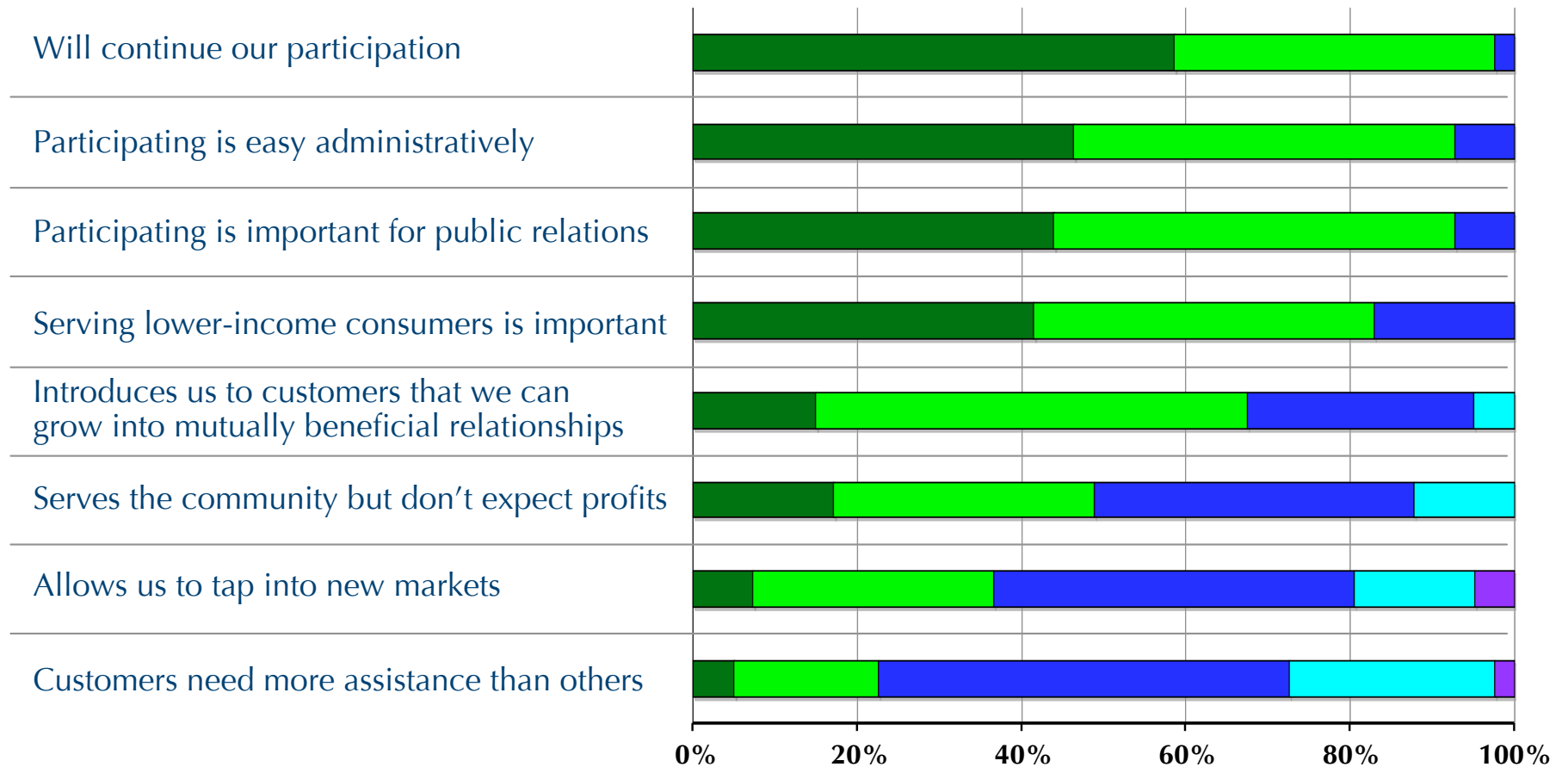
Guideline	Current Practice	Majority Response
Maximum \$25 to open account	66% = \$10	Keep As Is
Maximum monthly fee of \$3	80% = \$0, 2nd is \$3	Keep As Is
Minimum 15 free withdrawals monthly	89% = unlimited, 2nd is 15	Keep As Is

Current Guidelines — Savings

Guideline	Current Practice	Majority Response
Maximum \$10 to open account	88% = \$10, 2nd is \$1	Keep As Is
Maximum monthly fee of \$1	86% = \$0, 2nd is \$1	Keep As Is

How Do Bankers View Basic Banking?

■ Strongly Agree
 ■ Agree
 ■ Neutral
 ■ Disagree
 ■ Strongly Disagree



How Do Banks Promote Basic Banking?

❖ Just under half actively promote Basic Banking Accounts

- Top Tools Used:
 - Website Ads
 - Door Decals
 - Brochures
 - Listing on BasicBanking.org
 - Outreach to Community-based Organizations
- Seen as Most Effective: Financial Literacy Classes

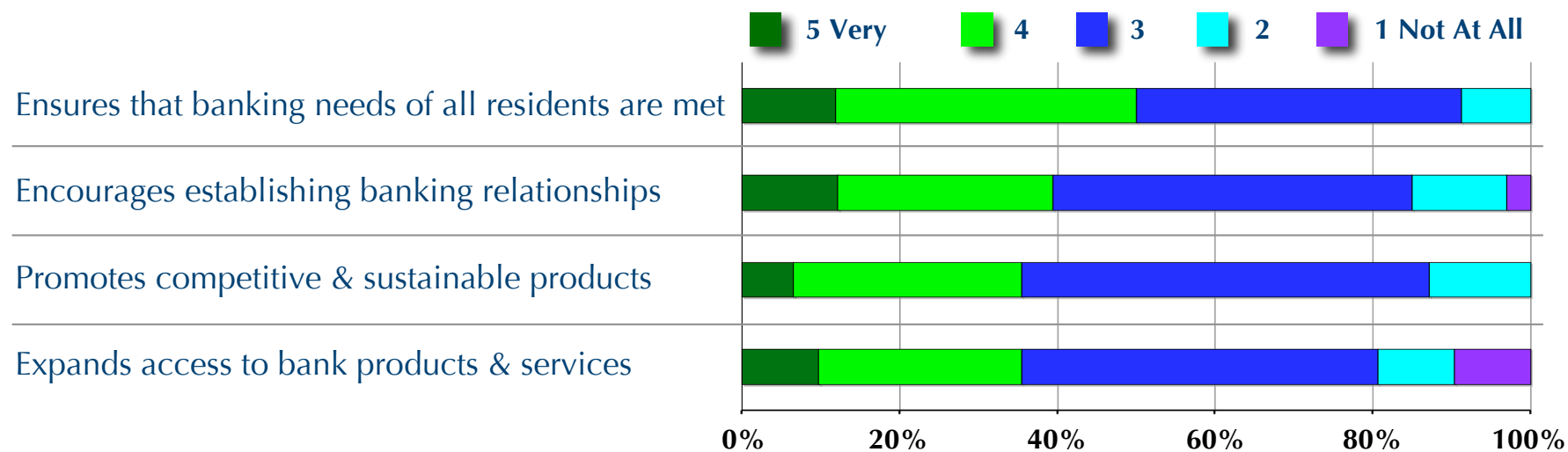
Effectiveness of Basic Banking

Are the goals established in 1994 still relevant?

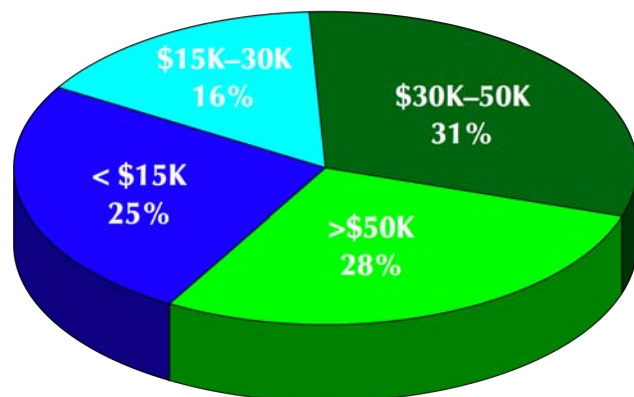


**76% say
YES!**

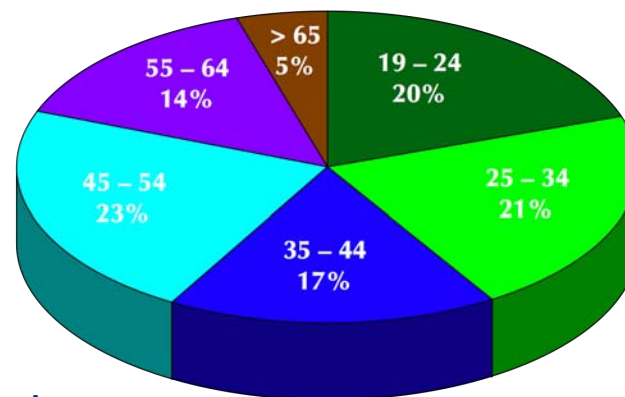
Basic Banking has been effective in meeting the objectives



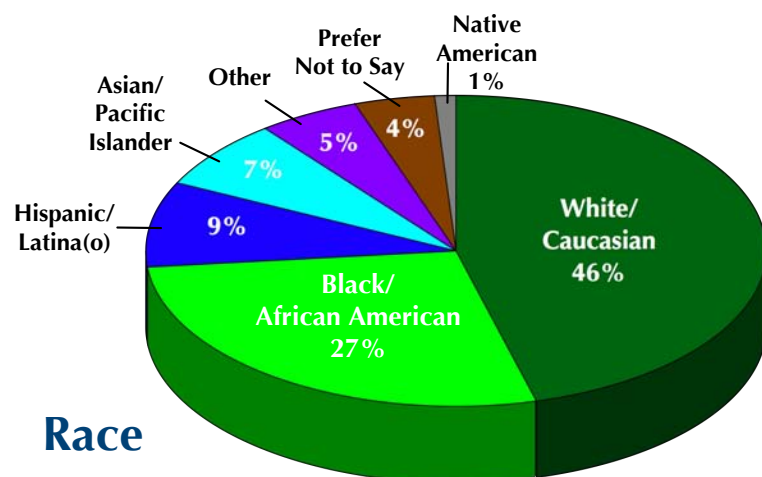
Profile of Consumer Respondents



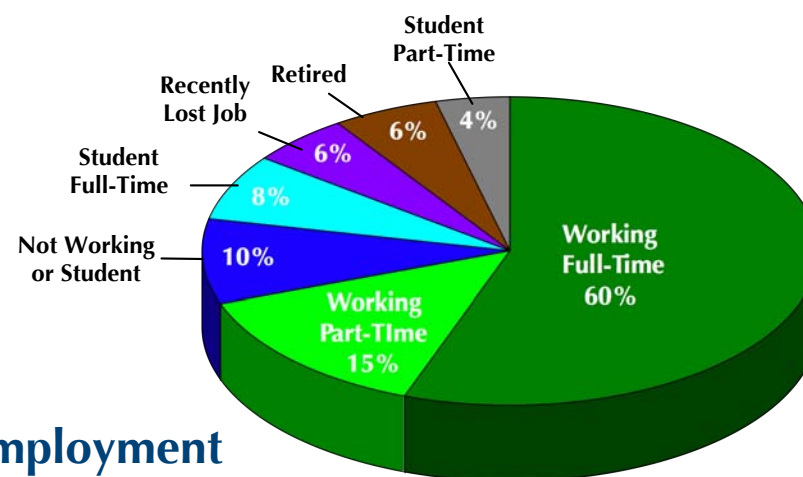
Income



Age

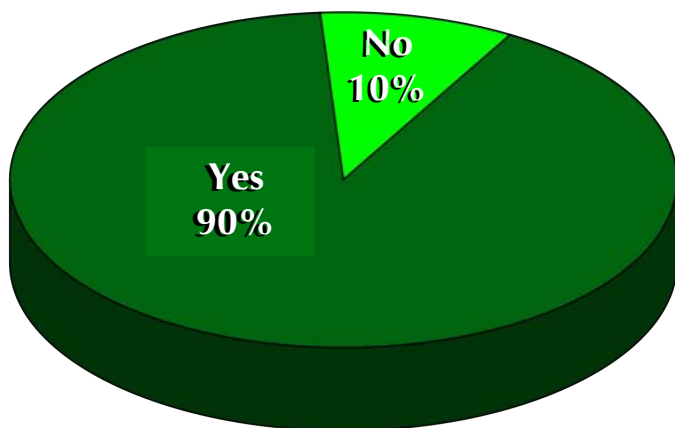


Race

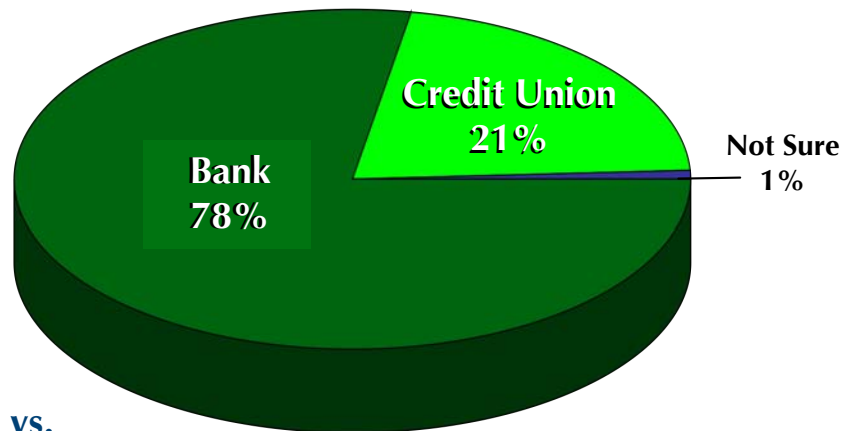


Employment

Do Consumer Respondents Have Checking?



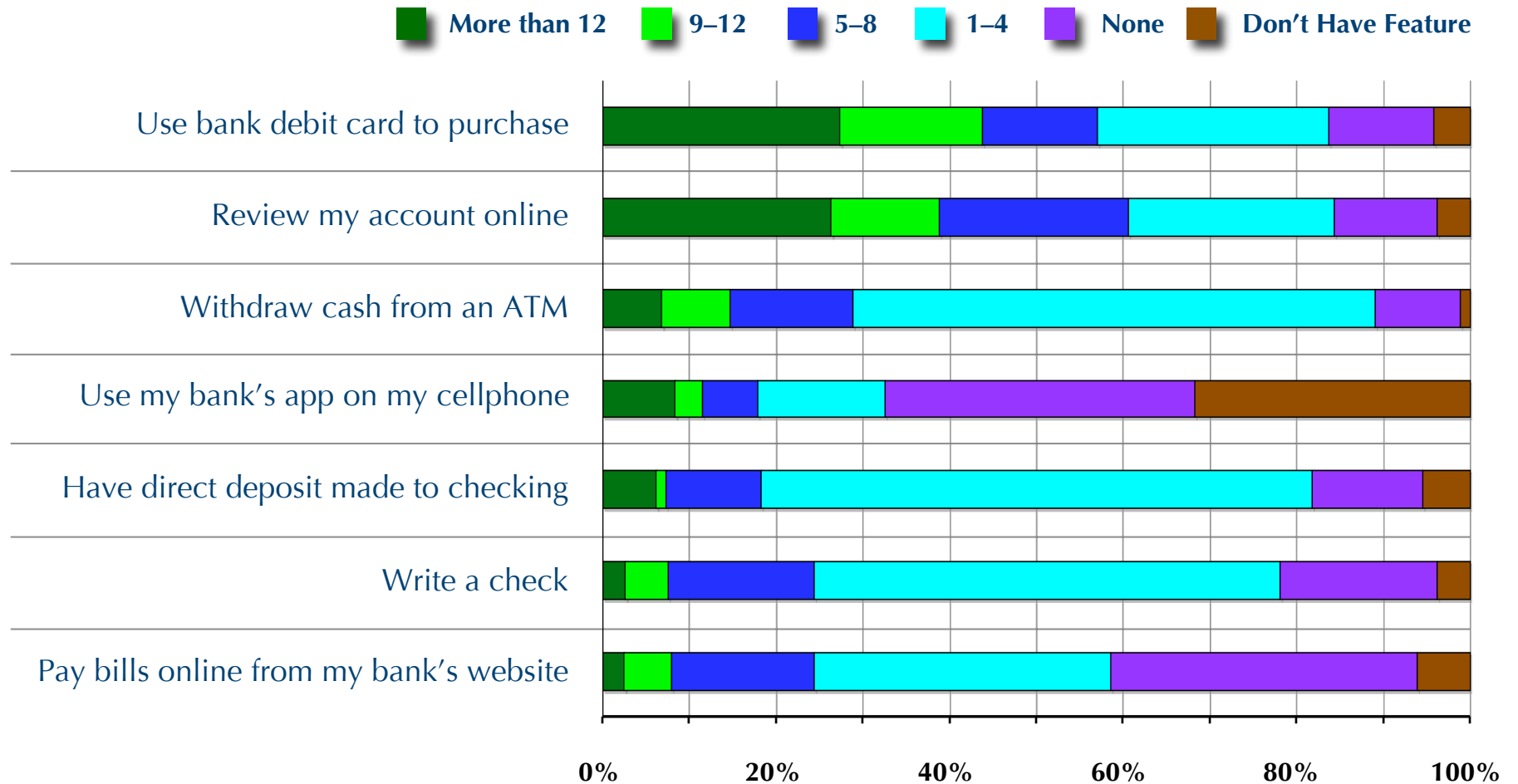
Checking
Account Holders



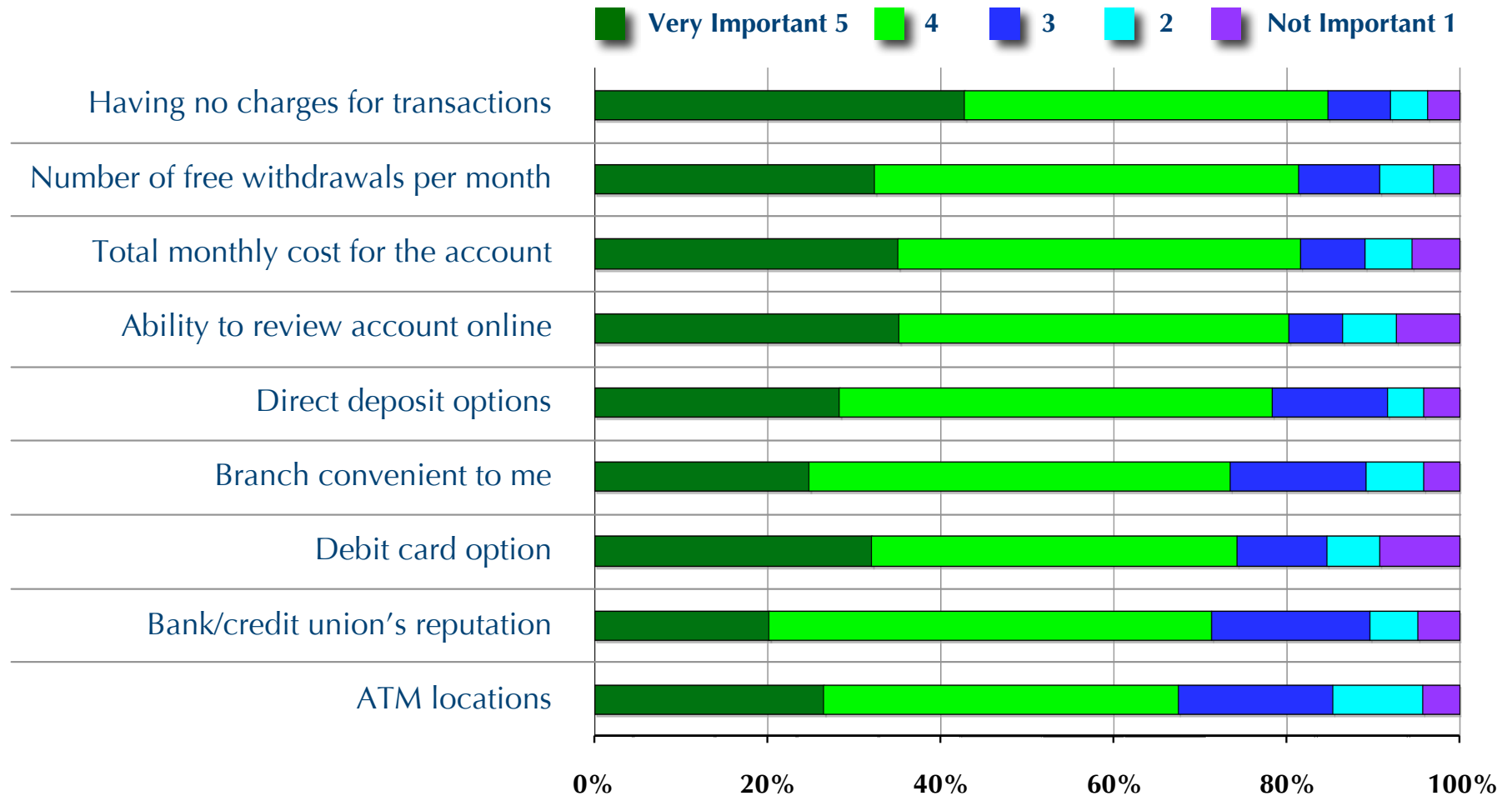
Banks vs.
Credit Unions

[Click here for more details](#)

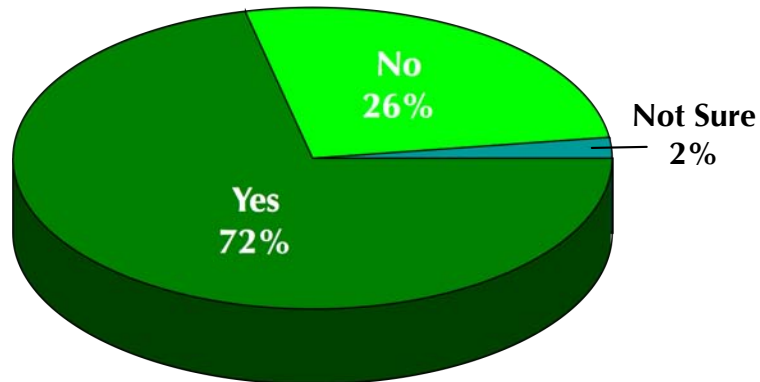
Consumers' Transaction Usage



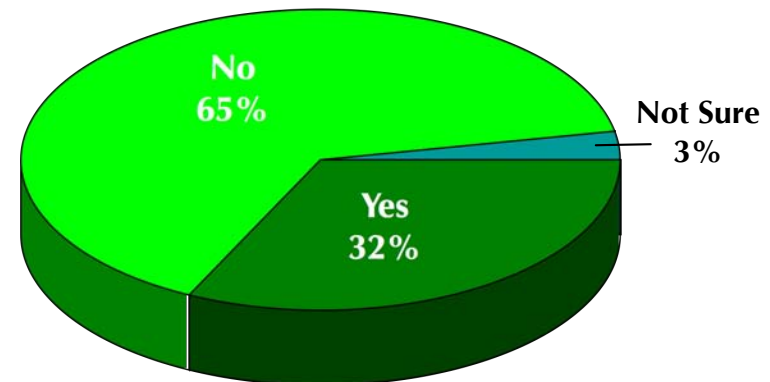
What's Important in Choosing a Checking Account?



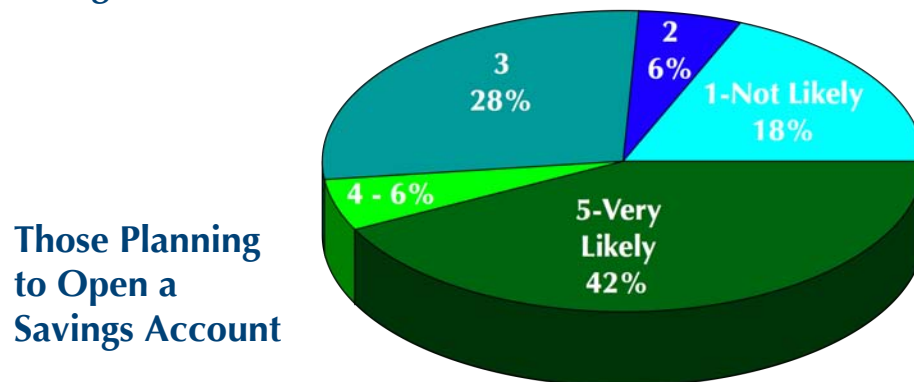
Do Consumer Respondents Have Savings Accounts?



Those with Savings Accounts



Those with Savings Accounts at Work

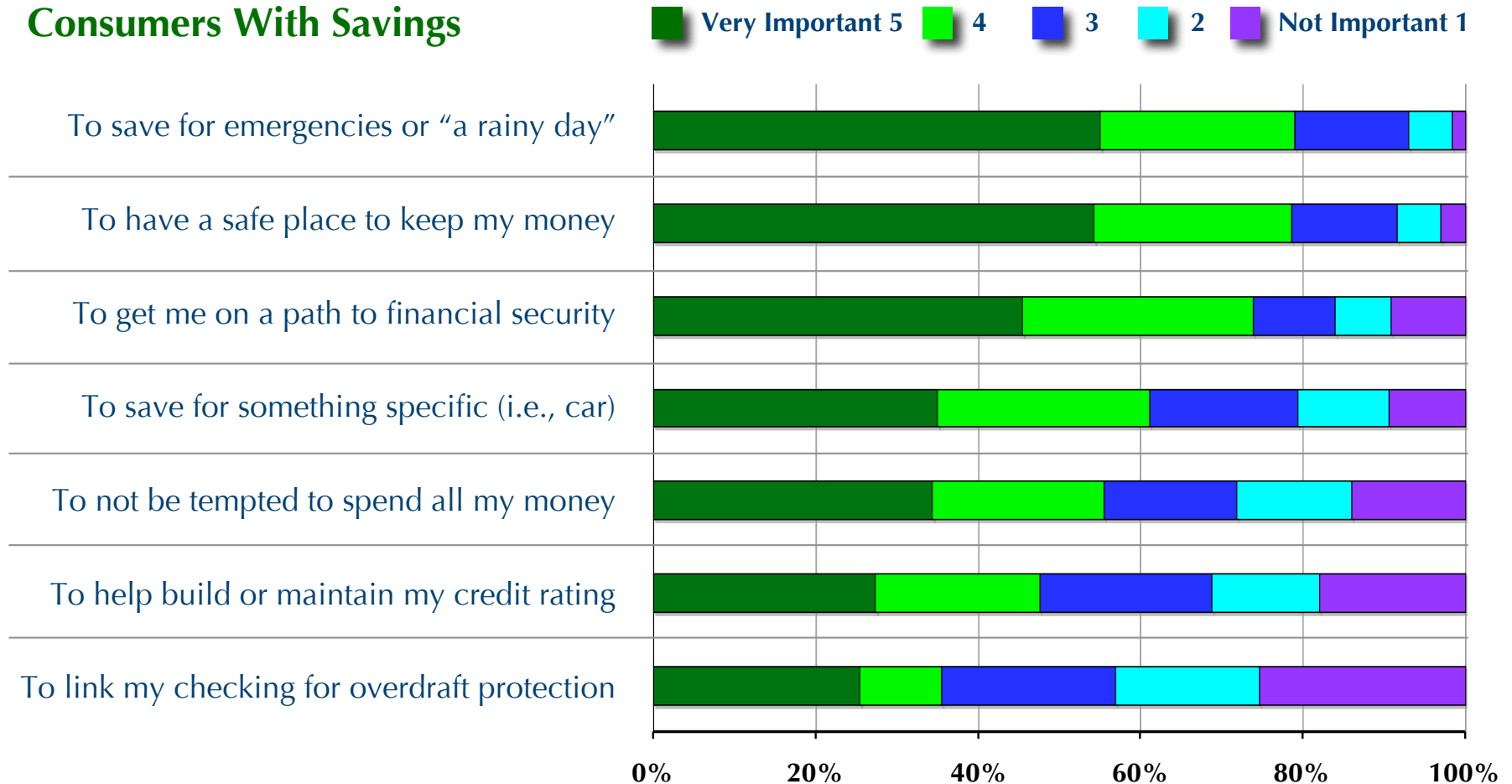


Those Planning to Open a Savings Account

There are significant, large differences between income groups.

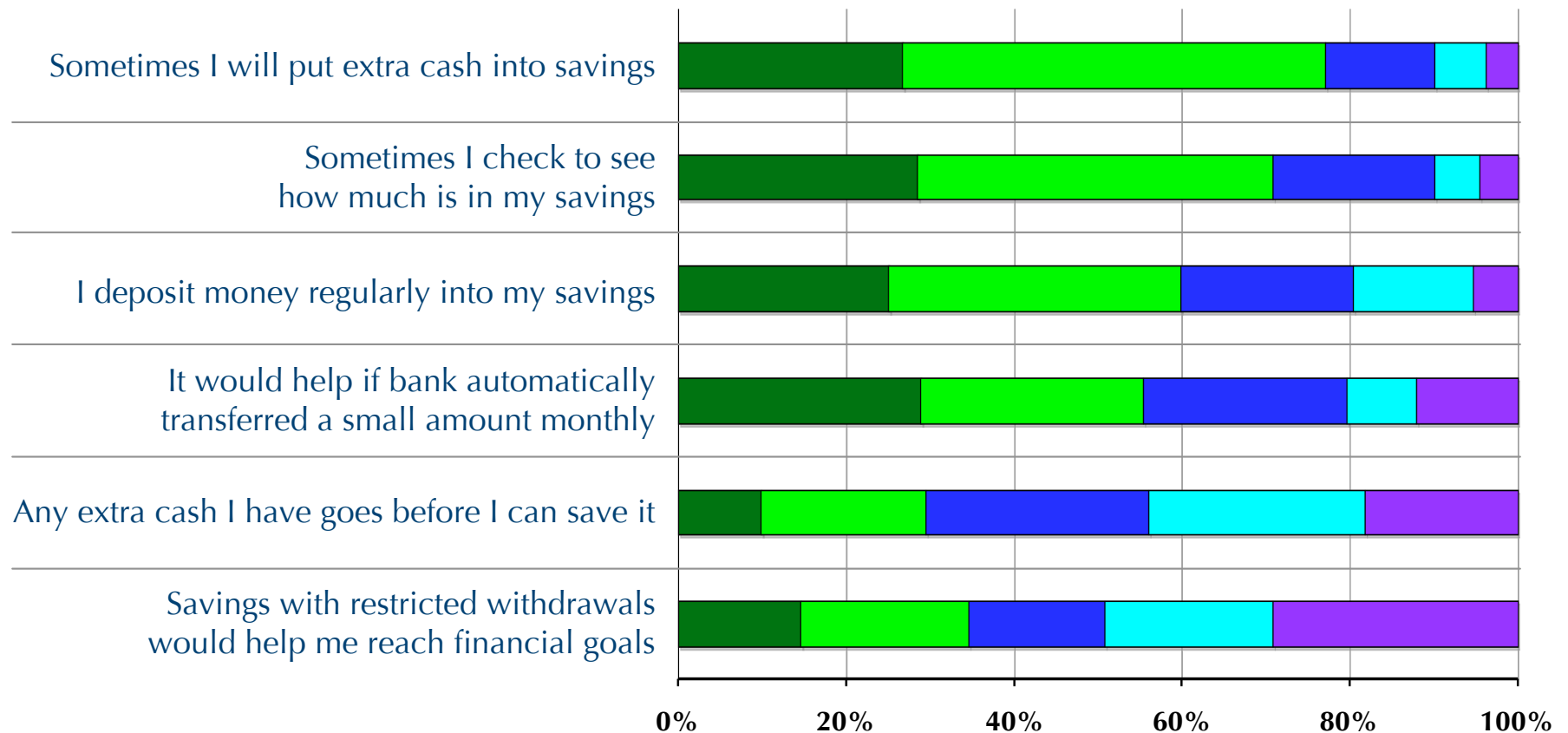
Why Do Consumer Respondents Have a Savings Account?

Consumers With Savings



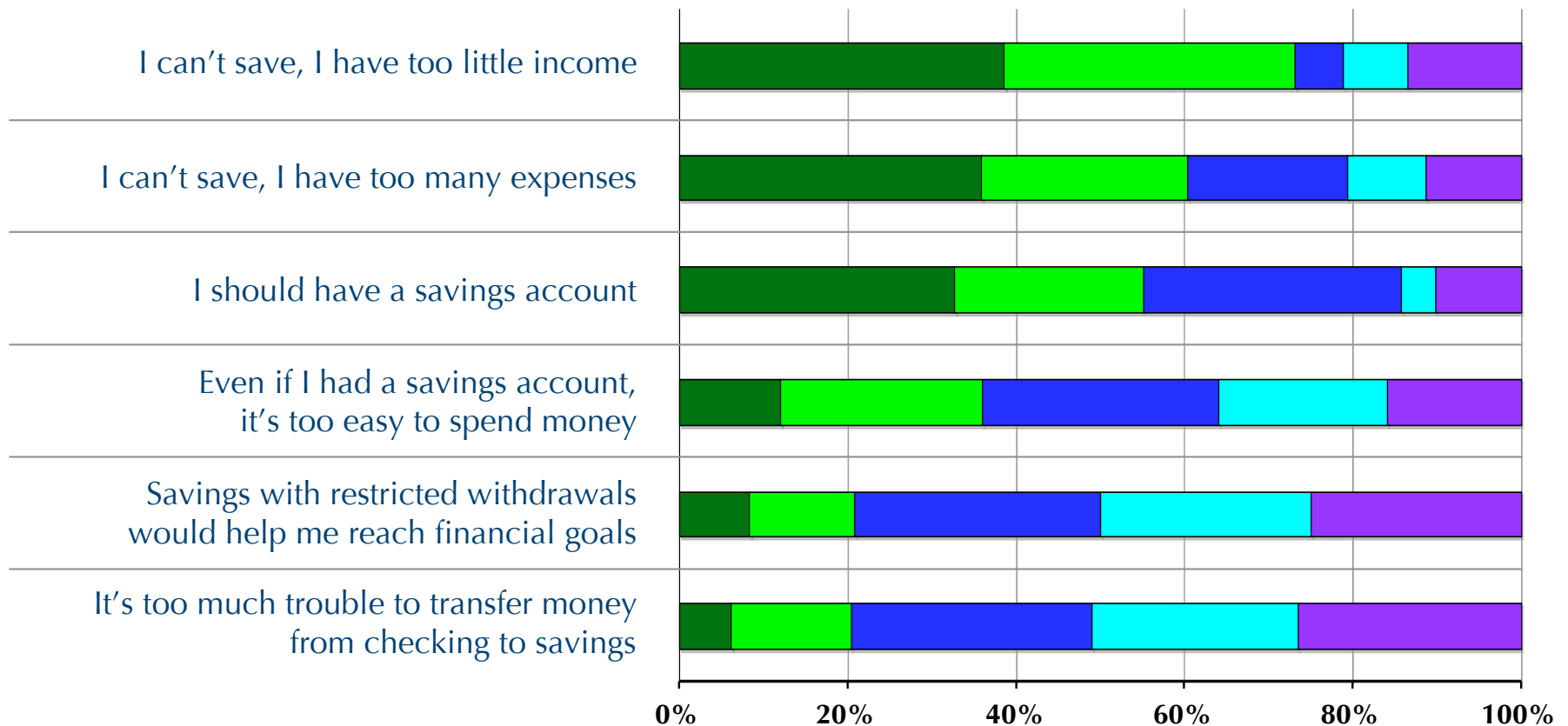
What Are Respondents' Savings Habits?

Consumers With Savings ■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly Disagree



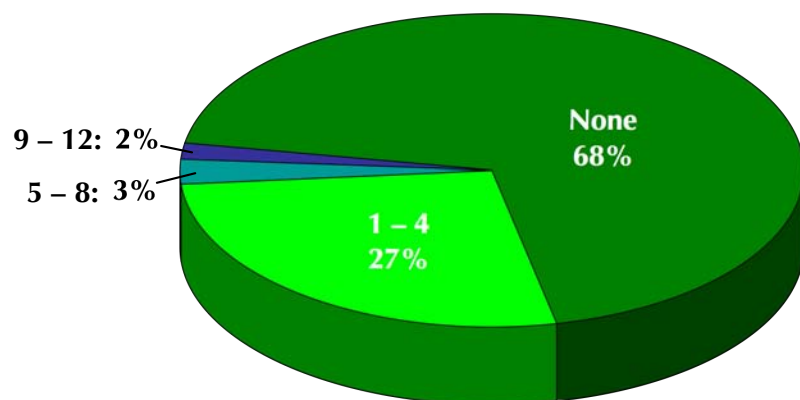
What Are Respondents' Reasons & Intentions?

Consumers Without Savings ■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly Disagree

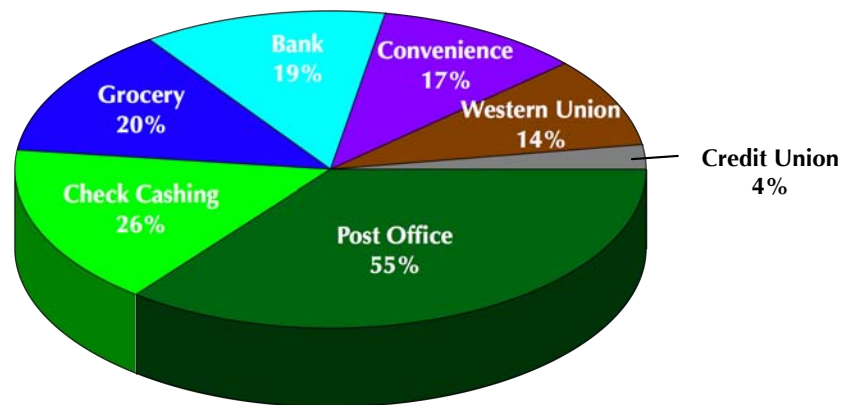


Alternatives for Respondents

Money Orders



of Money Orders Purchased



Where Purchased

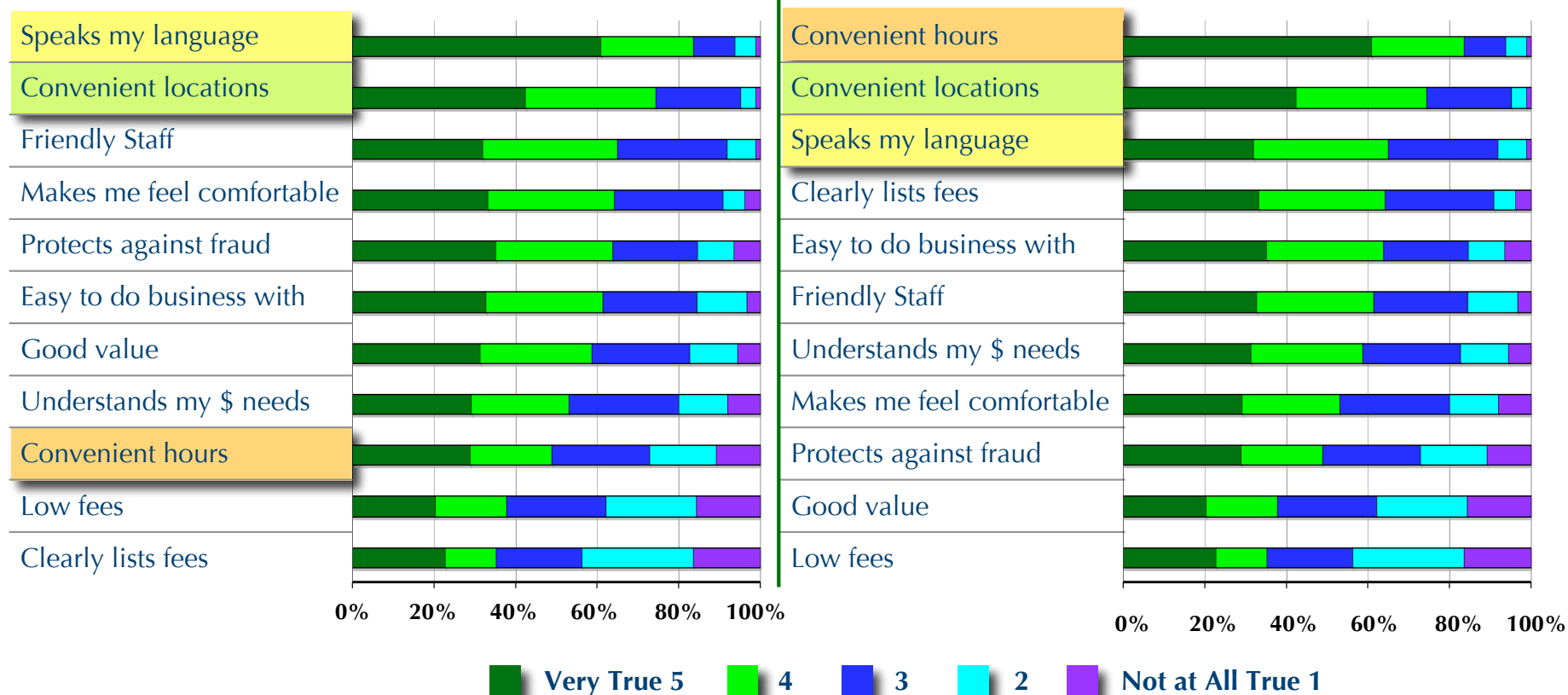
P.O. most popular, but balance is split between locations.

Alternatives for Respondents

Banks

vs.

Check Cashing Stores



Key Findings

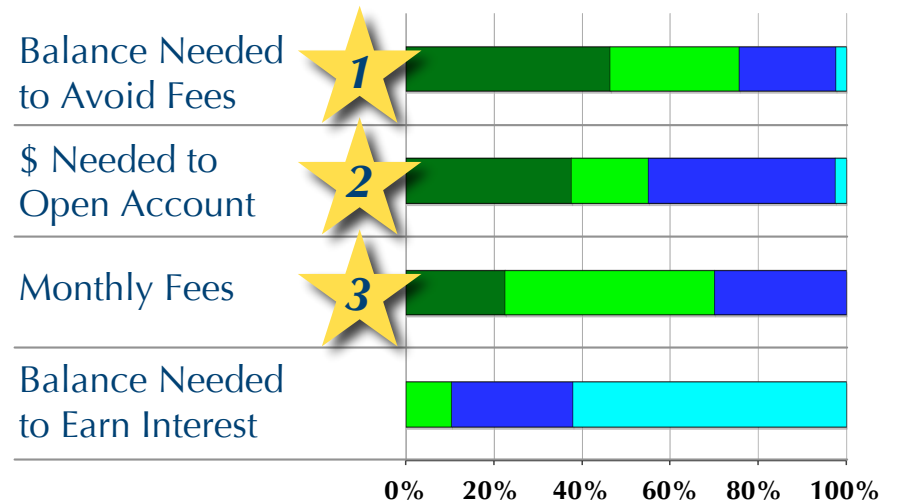
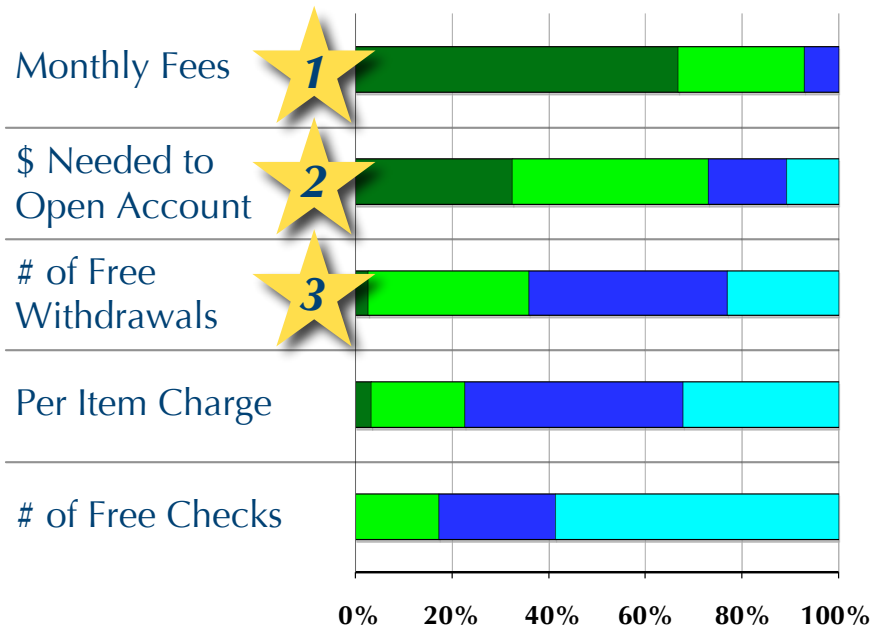
- ❖ Bankers and Consumers agree when evaluating important features in a checking account
 - Both focus on total cost of account
 - Number of allowable withdrawals is more critical than number of checks
 - Online banking is very important to consumers, although mobile banking is not yet

What Do Bankers Feel Are Most Important to Consumers?

Checking

Savings

■ Rated #1
 ■ Rated #2
 ■ Rated #3
 ■ Not Top 3



More Than 50% Say That Cost Is a Key Factor

- ❖ No charge for up to 8 checks & no charge for all ATMs
- ❖ No minimum balance required to maintain the account
- ❖ No cost to order checks
- ❖ No monthly fee for a checking account
- ❖ No charge to have monthly statements available online

Bankers and Consumers Weigh In on Additional Features for Basic Banking

Feature	Bankers	Consumers (with Checking)	Consumers (without Checking)	Current Bank Practice
Online Banking	72%	35%	44%	93% offer, almost all free
Mobile Banking	41%	10%	19%	22% offer, all free
Free Initial Checks	73%	14%	60%	50% offer free initial order
No Fee for Non-Network ATM Withdrawals	30%	20%	71%	33% no fee, typical fee is \$1 or \$1.50
Link to Savings Account for Overdraft Protection	73%	N/A	25%	24% link no fee, 42% with fees, typical charge is \$5
Waiver of Fees for Direct Deposit	75%	28%	50%	N/A

Online Banking vs. Mobile Banking

Online

- ❖ 3 in 4 respondents use
- ❖ When used, done frequently, most often to check balances
- ❖ Those that don't use cite:
 - Privacy
 - Safety
 - Don't like computers
 - Don't know how

Mobile

- ❖ 1 in 3 respondents use
- ❖ Those that don't use cite:
 - Don't have a smart phone
 - Privacy
 - Safety
 - Don't like using cell phone
 - Don't know if banks offers it
 - Don't know how

Next Steps

- ❖ **Results of surveys:** No changes in Basic Banking guidelines this year
- ❖ **November–December:** sign-up for 2013 Basic Banking program
- ❖ **January 2013:** Qualified financial institutions invited to be included in BasicBanking.org

You're Invited to Take Part in Basic Banking

If you are a financial institution:

- ❖ Sign up for Basic Banking for Massachusetts (form on MCBC website)
- ❖ Promote Basic Banking and BasicBanking.org

If you are a community organization:

- ❖ Recognize local financial institutions that participate
- ❖ Download flyers promoting BasicBanking.org
 - Distribute at financial education classes
 - Post on bulletin boards