TRUST AND FINANCIAL ACCESS AMONG LOWER INCOME RESIDENTS IN MASSACHUSETTS

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Trust and Financial Access Among Lower Income Residents in Massachusetts

Research & Analysis

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If you have questions, comments, or suggestions related to this report, please contact our Director of Research and Membership Engagement, Jason Andrade, at jandrade@financialequity.org.

Report Roadmap

This report is organized as follows: first, we introduce this survey, its importance, and the methodology. We then detail our findings, first on who is unbanked and why, then on the drivers of trust and how it can be built, and finally keying in on the usage of alternative financial services and ripe market opportunities for banks. Each of these sections includes recommended action steps for banks and community organizations. We conclude this report with a summary and musings on future work, and we invite all readers to help shape our next steps.

Use of the Term "Latine" in This Report

This report seeks to employ inclusive language while recognizing that identity terms are neither universal nor static. Throughout the report, the term *Latine* is used in place of Hispanic, Latino, or Latinx. We acknowledge that linguistic conventions continue to evolve and that some individuals may not identify with this terminology.

Executive Summary

In 2025, the Partnership for Financial Equity created and funded the first ever survey of trust in banking in Massachusetts. The results from this survey give bankers, community organizations, policymakers, and researchers new information on the accessibility and usage of the mainstream financial system in Massachusetts and break ground nationally.

Key Findings:

- **Eight percent of low-income people in Massachusetts are unbanked, and demographic disparities in the unbanked rate suggest that improving targeted advertising and focusing on "niche" product offerings could increase financial inclusion.** Among low-income people, those with extremely low incomes, people with lower levels of educational attainment, women, and Gateway City residents have higher unbanked rates. But there is market opportunity within this segment, with **nearly half of the unbanked population reporting an interest in opening a bank account in the future**.

- **Negative experience with banks, prohibitively high fees, and a lack of trust in banks underlie the unbanked rate.** To effectively reduce the unbanked rate, banks can offer fee-free accounts and collaborate with community partners to develop better products for currently unbanked people.

- **Most low-income people (85%) in Massachusetts trust banks but there remains substantial room for improvement.** Only a quarter have "strong" trust in banks and there is a large gap in rates of trust between banked and unbanked respondents.

- **Trust in banks is closely related to one's perception of the clarity and honesty of the information that banks provide, suggesting a need to develop, offer, and advertise low-cost products in partnership with trusted community organizations to gain market share.** To build trust and relationships with consumers, banks can work to simplify information, conduct targeted marketing, and partner with community organizations that have longstanding relationships with consumers that may be wary of banks.

- **More than half of low-income people in Massachusetts use alternative financial services, suggesting that product innovation and branch investment could help banks more fully meet customer needs, especially among the low-income population.** Banks can partner with community organizations to better understand the needs of consumers that currently turn to costly alternative services. Our results also suggest that opening branches in low-income communities can make banking more convenient and reduce reliance on alternative providers.

Overall, our survey results suggest that **offering affordable products, opening physical locations, hiring culturally sensitive and representative staff, and providing reliable services** could go a long way towards building trust, reducing the unbanked rate, and ultimately increasing financial opportunity in Massachusetts.

1. Introduction: Why This Survey Matters

Prior surveys and research have investigated which consumers are most likely to lack access to the financial mainstream and why. In 2009, the Federal Deposit Insurance Corporation (FDIC) undertook its first ever National Survey of Unbanked and Underbanked Households to fill a data gap.[1] While the FDIC has a statutory mandate to monitor how banks are working to serve the unbanked, prior to 2009, there was limited information on who unbanked and underbanked consumers were and what drove them out from the regulated financial system. Since 2009, the FDIC has continued to conduct their survey every two years, with the most recent survey results being from 2023.

Although the FDIC's results show a marked decline in the share of unbanked households, from 7.6% in 2009 to 4.2% in 2023, they also show that the demographic makeup of unbanked households has been consistent.[2] In particular, low-income households and Black, Latine, and Indigenous households are disproportionately likely to be unbanked.

Importantly, the FDIC asks unbanked respondents for the main reasons that they lack a bank account. Over time, one of the leading reasons has been "don't trust banks." As of 2023, this was the second most reported reason for lacking a bank account, with nearly 16% of unbanked households stating it as a main reason they forgo account ownership.

Other work has measured financial trust, too. The Chicago Booth/Kellogg School's latest Financial Trust Index revealed that just about 40 percent of people trust banks[3]; RAND's California Survey of Household Finance found that about 18 percent of unbanked and underbanked households in California do not trust banks[4] [5]; UnidosUS' survey of Latine people found that a lack of trust was a key reason that many avoided opening a bank account.[6]

And yet, **while the importance of trust to financial access and use is well-documented, there remains a gap in our understanding of what trust means and how it can be most effectively pursued and sustained.** Moreover, there has been very little work done to understand trust among the *banked* population. We tend to think of think of trust as a reason for being unbanked, but there is little empirical data to suggest that people with bank accounts place

[1] Federal Deposit Insurance Corporation. FDIC National Survey of Unbanked and Underbanked Households. Federal Deposit Insurance Corporation, 2009. Link.
[2] Federal Deposit Insurance Corporation. 2023 FDIC National Survey of Unbanked and Underbanked Households. Federal Deposit Insurance Corporation, 2024. Link.
[3] Sapienza, Paola, and Luigi Zingales. "Chicago Booth/Kellogg School Financial Trust Index Reveals Highest Level of Anger about the Economy since 2013." Chicago Booth | Kellogg School Financial Trust Index, February 9, 2021. Link.
[4] Welburn, Jonathan W., Robert Bozick, Maya Buenaventura, et al. Banking the Unbanked: CalAccount Market Study and Feasibility Assessment. RAND Corporation, 2024. Link.
[5] It is worth noting how these surveys differ from our own. Their scopes are different—Financial Trust Index is national while the RAND survey focuses on California, and neither focus only on low-income consumers. Additionally, there is no universal method of measuring trust in banks. The Financial Trust Index asks respondents "how much" they trust banks, with answer choices of "don't trust," "neutral," and "trust." RAND's California Survey of Household Finance asks respondents to agree or disagree with the statement "I trust banks in the United States" on a 4-point Likert scale. PFE's survey uses a 5-point Likert scale to measure agreement with statements related to trust.
[6] UnidosUS. New Survey Shows Latinos Are Struggling with High-Debt Burdens, Low Savings Rates, and a Lack of Access to Affordable Bank Products. UnidosUS, 2022. Link.

greater trust in banks—or whether they simply value the services that banks provide.

In 2022, the Office of the Comptroller of the Currency (OCC) released its strategic plan for fiscal years 2023–2027.[7] Among them, the agency proposed designing and implementing an annual survey of trust in banking and bank supervision. In 2023, the OCC put out a request for information and comment on the topic.[8] However, in the years since, there has been little movement on this priority and in fact, the 2023–2027 strategic plan is no longer available for download on the OCC's website.

Although the OCC's priorities may be changing, the gap in our understanding of trust in banking remains. By conducting the first-ever survey of trust in banking among lower-income people in Massachusetts, PFE aims to begin filling this gap.

Importantly, our survey provides not just novel information but *actionable insights* for banks, community organizations, and policymakers. In the following chapters, we detail key results from the survey and propose solutions and steps that actors could take to build trust and remedy longstanding barriers to financial inclusion.

2. About the Survey

Our survey, conducted by MassINC Polling Group from September 2–19, 2025, surveyed 642 lower-income Massachusetts residents with household incomes below $80,000 (roughly 80% of AMI in the state according to the latest ACS data). The margin of error for survey results is +/- 4.9 percentage points for the entire sample inclusive of the design effect. We included an oversample to reach a total of 200 Latine respondents. Data were weighted by race, age, gender, education, household income, and county to known and estimated population parameters for Massachusetts residents with household incomes less than $80,000.

The Partnership for Financial Equity sought to better understand the reasons why some low-income people are banked and others remain un- and under-banked. Nationally and locally, we have made progress towards financial inclusion as the unbanked rate has declined. According to the latest results from the FDIC's National Survey of Unbanked and Underbanked Households, the unbanked rates in Massachusetts and nationally are relatively low (2.3% and 4.2%, respectively, in 2023). Since 2011, the national unbanked rate has fallen by nearly half, but survey data consistently shows that low-income households are more likely to be unbanked compared with higher-income counterparts. Our survey focused on the lower-income population in Massachusetts with the goal of capturing a sizable enough unbanked and underbanked population to allow us to investigate the reasons why people might not access traditional banking products and platforms.

We oversampled Latine respondents to explore ethno-racial differences in banked rates and banking factors. Like with income, the FDIC's survey data reveals a far higher unbanked rate for households of color, especially Latine and Black households, than for white households. These

[7] OCC.gov. "OCC Releases Strategic Plan for Fiscal Years 2023-2027," September 6, 2022. Link.
[8] Office of the Comptroller of the Currency. "Request for Information on Annual Consumer Trust in Banking Survey." Federal Register, June 9, 2023. Link.

racial disparities in unbanked rates persist across the income distribution. For this first iteration of our survey, we chose to focus on Latine residents because they represent the largest non-white demographic subgroup in Massachusetts at 12.9% of the population, much higher than the percentage of Asian and Black residents at 7.0% and 6.5% respectively.[9] Latine people in Massachusetts live throughout the state, but the population is highly concentrated in several communities. Lawrence, Chelsea, and Holyoke are majority-Latine cities and an additional fifteen communities have Latine shares of the population higher than the statewide share. Those communities are in each corner of the state including western and central Massachusetts, North Shore, Merrimack Valley and South Coast. Our research on home buying patterns show growth in Latine shares in communities on the Cape and in the Berkshires.[10]

In designing our survey, we also drew on prior research. For example, we spoke with colleagues from UnidosUS, who surveyed Latine people in Arizona, California, and Texas about banking and financial health in 2022 and 2024.[11] Their findings suggested that unique factors may underlie trust in financial services among the Latine population, including familiarity with people working at banks and the erosion of trust following unexpected fees or overdrafts.

3. Who Is Unbanked in Massachusetts?

A household is considered unbanked if no one in the household has a checking or savings account at a bank or credit union. An estimated 4.2% of U.S. households, approximately 5.9 million individuals, are unbanked according to the FDIC's most recent survey of unbanked and underbanked households.[12] Our survey found that about 8% of low-income people in Massachusetts are unbanked. While this 8% is higher than the overall unbanked rate in Massachusetts of 2.3% per the FDIC's national survey, it reflects that lower-income households, the focus of our survey, are far more likely be unbanked.

Our survey found that about 8% of low-income people in Massachusetts are unbanked. While this 8% is higher than the overall unbanked rate in Massachusetts of 2.3% per the FDIC's national survey, it reflects that lower-income households, the focus of our survey, are far more likely be unbanked.

We also find demographic differences in the unbanked rate of low-income people across the state. The unbanked rate of low-income women (10%) was nearly double that of low-income men (6%) in the state. Among the low-income population, the unbanked rate declines with educational attainment; those without a bachelor's degree are more than twice as likely to be unbanked than those with a college degree. And even among the low-income population, the lowest income people are the most likely to be unbanked. Among those with household incomes below $20,000, 22% are unbanked compared with just 2%

[9] Population demographics according to the 2018–2023 American Community Survey estimates. Link.
[10] Craig, Carrie, Jacob Galvin, Serrater Chapman, and Thomas Callahan. Massachusetts Mortgage Lending Matters: 2023 Data Edition. Partnership for Financial Equity, 2025. Link.
[11] UnidosUS. "Second Edition of Our Latino Banking and Financial Health Survey." UnidosUS, June 11, 2024. Link.
[12] Federal Deposit Insurance Corporation. 2023 FDIC National Survey of Unbanked and Underbanked Households. Federal Deposit Insurance Corporation, 2024. Link.

Table 1: Unbanked Rates by Consumer Characteristics

Characteristic	Unbanked Rate
All	8%
Gender	
Women	10%
Men	6%
Age	
18-34	9%
35-49	16%
50-64	9%
65+	4%
Race/Ethnicity	
Latine	8%
Non-Latine White	8%
Non-Latine Other	11%
Educational Attainment	
High School or Less	12%
Some College	6%
Bachelor's Degree	4%
Advanced Degree	4%
Income	
Below $20k	22%
$20-$39k	9%
$40-$59k	3%
$60-$80k	2%
Region	
West/Central	10%
Southeast	3%
495 to 128	11%
Suffolk/Inside 128	8%
All Gateway Cities	12%
Language Spoken at	
English	8%
Spanish	13%
Other Language	2%

earning at between $60,000 and $80,000. Unbanked people in Massachusetts are more likely than their banked counterparts to be credit invisible or to have credit scores below 580.

There were also geographic disparities in the use of banking services. The unbanked rate in the Gateway cities (12%) is higher than the rate elsewhere in the state (7%). Western and central Massachusetts residents report higher unbanked rates (10%). We also found a sharp disparity in the unbanked rate between low-income homeowners and renters; just 1% of homeowners were unbanked compared with 13% of renters.

As we have previously discussed, national data consistently show that households of color, especially Latine and Black households, are more likely to be unbanked than white households. We find, however, that in Massachusetts, low-income Latine people are just as likely as low-income white people to be unbanked. But there may still be subgroups of Latine households that face barriers to banking. Low-income people who speak Spanish at home are more likely to be unbanked than those that speak English at home, pointing to language proficiency playing a role in banking access.

Expanding banking access can help low-income households in Massachusetts build credit and wealth. And as banks look to gain market share, there are also real opportunities to expand the consumer and deposit-base among the unbanked.

Unbanked Gateway City residents were far more likely to report interest in a future bank account. Relative to white people, unbanked Latine people had greater interest in opening a bank account in the future.

More than two-thirds (69%) of the unbanked population previously had a bank account, and nearly half of the unbanked population reported an interest in having a bank account in the future. Our survey gives insight into populations where market opportunity may be particularly strong. Unbanked Gateway City residents were far more likely to report interest in a future bank account. Relative to white people, unbanked Latine people had greater interest in opening a bank account in the future. Across the age distribution, unbanked individuals ages 35–49 were the most likely to be interested in opening an account in the future. Unbanked men also reported greater interest in opening a bank account than unbanked women.

What can financial service providers and community organizations do to increase access to banking services?

Results from our survey suggest a number of changes or additions financial institutions could implement to help increase banking access. Survey respondents indicated what offerings would make them interested in opening a bank account, including mobile banking access and low-cost accounts. To effectively reach the unbanked population, banks could:

- **Create products geared towards extremely low-income people** to help them build financial stability and banking relationships.
  - **Specifically, banks could offer a Bank On[13] and/or Basic Banking[14] certified account.** These are foundational transaction accounts with minimal to no fees and no overdraft charges. These accounts are ideal for people new to the banking system but also for youth, people reentering the traditional financial system, and those worried about fees.
- Ensure that information is available in **multiple languages** and that branches are staffed with **bilingual workers**.
- **Open branches** or otherwise establish a presence in the **Gateway Cities** by working with trusted community organizations.
- Reach out to customers that have closed accounts to understand why and **prevent additional transitions from banked to unbanked status**. Provide all consumers with a clearer understanding of ChexSystems and how it works as a lack of knowledge about the platform and the process of remedying delinquencies with banks may drive consumers to seek out costly or predatory alternatives.[15]

4. What Drives the Unbanked Rate in Massachusetts and How Can It Be Reduced?

We asked people without bank accounts for their top reasons for not having bank account, related to both the services that banks provide and the ways in which banks operate.

[13] The latest Bank On account standards are available here.
[14] Basic Banking standards are available here.
[15] Oubre, Maya, Jessica Lindquist, Molly Cohen, and Jacob Dumez. Blacklisted: How ChexSystems Contributes to Systemic Financial Exclusion. San Francisco Office of Financial Empowerment, 2021. Link.

Table 2: Top Reasons Unbanked Individuals Cite for Not Having Bank Account

Reasons	Share Cited
Negative experience with banks (myself, a friend or family)	35%
Account fees are too high	34%
I don't trust banks	25%
Need quick access to my cash	24%
Banks do not feel welcoming or comfortable to me	18%
There are no convenient branch locations near me	17%
Cannot open an account due to problems with past banking or credit history	17%
I'm worried about my private information being shared	17%
Other financial service providers offer a better fit for my needs	16%
Account rules and fees are confusing	16%

The most commonly reported reason for not having a bank account was a negative experience with banks (oneself, a friend or family). This is consistent with the fact that many unbanked people in our survey had a bank account previously, which underscores the importance of providing quality services and acknowledging and repairing harms done in the past to keep existing customers and reach new ones.

This response was more common among white respondents than Latine ones, potentially reflecting that white people are more likely to have had prior interactions with the financial system. Nonetheless, given prior work suggesting the importance of direct and person-to-person referrals in the Latine community, a poor interaction experienced by one household member could impact the perception or usage of financial institutions across an entire household or even community.[16] This reinforces the importance of cultural competency, community representation at branches, and language access.

The most commonly reported reason for not having a bank account was a negative experience with banks (oneself, a friend or family).

The second most common reason for not having a bank account was that account fees were too high. Fees were an especially strong barrier to banking among Latine households, with 46% of unbanked Latine people reporting that this was a key reason for their unbanked status compared to 28% of unbanked white people.

Bank account fees are a persistent and fundamental barrier to financial inclusion, and this finding is consistent with other surveys, like the FDIC's National Survey of Unbanked and Underbanked Households. These costs disproportionately absorb the disposable income of low and moderate-income (LMI) families, whose budgets are already strained, especially during periods of high inflationary pressure.

[16] Torres, Alicia, Luz Guerra, Selma Caal, and Weilin Li. Reaching and Engaging with Hispanic Communities: A Research-Informed Communication Guide for Nonprofits, Policymakers, and Funders. Child Trends, 2016. Link.

Consider the standard maintenance fee for a basic checking account: over the last decade, the minimum balance required to waive the monthly fee for non-interest checking accounts has increased by over 100% nationally, making the waiver increasingly inaccessible.[17] For a family of four earning under $50,000, average account balances range from $300 to $2,550 dollars.[18] This makes maintaining the typical daily minimum balance requirement (often ranging from $500 to $1,500) extremely difficult when facing major monthly outlays like rent, insurance, or car payments.

Consequently, these families frequently incur low-balance or monthly maintenance fees, consuming funds that could otherwise be directed toward building a critical savings buffer. In fact, Latine households spend a greater share of their household income on fees and interest than white households.[19]

Research shows that LMI families with savings of just $2,000 to $4,999 are more financially resilient than middle-income families without savings.[20] Furthermore, families with as little as $250 to $749 in liquid savings are significantly less likely to face consequences such as eviction, missed housing or utility payments, or the need to resort to public benefits following a job loss or major health event. Thus, high fees do not just deter account ownership; they actively undermine the foundational financial resilience of vulnerable households.

A quarter of unbanked low-income people surveyed said that they do not have a bank account because they do not trust banks.

High maintenance fees represent only one component of the excessive costs consumers may face; additional financial burdens arise from other common services like cashing a check as a non-member, which can cost a flat fee of approximately $8–$10.[21] Furthermore, secure payment alternatives such as money orders typically incur a flat fee of around $5[22], and services like foreign currency exchange can carry a transaction fee of one to three percent of the transaction amount and are often unavailable without a scheduled appointment.[23] These cumulative costs, often unavoidable for those without traditional accounts, push un- and under-banked populations toward digital alternatives that promise lower or no fees for routine transactions, but may also be unregulated or unsafe.

Screening for past delinquencies using products like ChexSystems also contribute to the unbanked population. Functioning effectively as a credit bureau for banking history, ChexSystems collects data on involuntary account closures—often resulting from overdrafts or unpaid fees—and provides these reports to financial institutions to vet potential customers. For LMI populations, a negative record in this database can be devastating, often resulting in automatic denial of new account services for up to five years; indeed, 17% of unbanked consumers in our survey cited problems with past banking or credit history as a primary reason for their unbanked status. This exclusion is exacerbated

[17] Self Financial, Inc. "History of Banking Fees and Charges in the U.S." Link.
[18] Bennett, Karen. "The Average Savings Account Balance In The U.S." Bankrate, September 4, 2025. Link.
[19] Greene, Meghan, Wanjira Chege, MK Falgout, and Necati Celik. FinHealth Spend Report 2023: U.S. Housing Spending on Financial Services Amid Historic Inflation and an Uncertain Economy. Financial Health Network, 2023. Link.
[20] Brown, Madeline, and Rekha Balu. "Financial Security Requires Income and Wealth. Most Americans Struggle with Both." Urban Institute. Urban Wire, September 9, 2025. Link.
[21] Acevedo, Sophia. "Cashing a Check Without a Bank Account: Your Options." Business Insider, March 21, 2025. Link.
[22] Burnette, Margarette. "What Is a Money Order? How to Fill Out and How It Works." NerdWallet, October 2, 2025. Link.
[23] DeMarco, Jacqueline. "A Guide To Foreign Transaction Fees." Bankrate, April 15, 2025. Link.

by the system's opacity; consumers are frequently unaware that a ChexSystems record exists until they are denied, and the path to remedying these issues is often obstructed by a lack of clear information regarding dispute resolution or debt repayment options.

A quarter of unbanked low-income people surveyed said that they do not have a bank account because they do not trust banks. This also aligns with the FDIC's national survey of unbanked and underbanked households, which has consistently found that a lack of trust in banks is a top reason that households remain unbanked. A key motivation for this survey was to better understand what trust in banking means and how it differs between the banked and unbanked populations, which has so far been under-investigated. We dig into this in detail in the next chapter.

Some consumers reported avoiding banks because they need quick access to their cash—this is particularly salient for Latine people. Forty percent of unbanked Latines report being unbanked because they need quick access to cash compared with 15% of unbanked whites. Similarly, 40% of unbanked Latine people (compared to 15% of white people) said that they did not have a bank account because other providers, like check-cashing outlets and wire services, offered a better fit for their needs. Finally, Latine people were more likely than white people to report lacking the personal identification needed to open a bank account.

Again, this highlights the cultural differences between communities and suggests that the financial mainstream is not well aligned with the needs and desires of many in the Latine community. Previous surveys have found that Latine people prefer to use cash for everyday transactions[24], and prior research suggests that some Latines trust at-home cash management more than banking products.[25] The preference to save in cash could reflect having experienced past banking crises or issues in the United States or, if one is an immigrant, in another country.[26] Given that the Latine population is one of the fastest growing demographic groups in the country[27], it is critical that mainstream financial providers work to better understand and meet their diverse needs.

What action steps can bankers and community leaders take from these results?

- Improve customer and community awareness at the branch level regarding **ChexSystems** by providing education, workshops, and clear guidelines/procedures to remedying delinquencies through several strategies.
  - **Eliminate account screening for safe accounts:** Stop using ChexSystems or other consumer reporting agencies for customers who are eligible or would benefit from utilizing a Bank On Account.
  - **Change policies regarding overdrafts:** Create internal policies that prevent negative ChexSystems reports based solely on overdrafts or good faith mistakes.

[24] UnidosUS. Profiles on Latinos and Banking: Credit. UnidosUS, 2015. Link.
[25] Godinez-Puig, Luisa, Paige Sonoda, and Nikhita Airi. How Do Financial Attitudes and Preferences Vary among Latine Consumers? Urban Institute, 2024. Link.
[26] Stix, Helmut. "Why Do People Save in Cash? Distrust, Memories of Banking Crises, Weak Institutions and Dollarization." Journal of Banking & Finance 37, no. 11 (2013): 4087–106. Link.
[27] US Census Bureau. "Older Adults Outnumber Children in 11 States and Nearly Half of U.S. Counties." Census.gov, June 26, 2025. Link.

- **Freeze accounts rather than closing them:** Implement a "freeze" policy for accounts flagged for negative activity. This allows time for client notification and investigation, giving the consumer a chance to resolve the issue before the account is permanently closed and reported.
- **Provide specific reasons for closure:** Give customers detailed information about exactly *why* their account was closed and include that specific information in the report sent to ChexSystems (avoiding vague categories like "account abuse").
- **Offer and publicize "Second Chance" solutions:** Provide mainstream banking options specifically for clients with negative ChexSystems records and—crucially—make these options and their requirements public to consumers and community financial coaches.
- **Partner with community financial coaches:** Work with local non-profits and financial coaches to create resolution pathways. For example, partnering with a financial coaching organization and allowing customers with "suspected fraud" records to open accounts if they provide a letter from a local financial coach.

- More than half of U.S. bank branches offer Bank On certified accounts which have low or no fees and no minimums.[28] But still, unbanked people cite high fees as a barrier to banking. **Institutions that already offer fee-free accounts can improve advertising and ensure that frontline employees know about them and offer them to consumers**.
- Banks can work with community partners to understand why Latine consumers prefer to have cash on-hand and work together to develop products that better meet their needs. **In collaboration with community groups, banks could design new programs or services** that meet the needs of currently underserved communities. This could include providing and designing cost-effective check cashing, money orders, money transfers, and international remittance services.
- Accept **Individual Taxpayer Identification Numbers** (ITINs) or other alternative forms of identification for consumers who lack Social Security Numbers (SSNs).

5. What Does 'Trust' in Banking Mean and What Can Be Done to Build Trust?

Trust is critical to the safety and functioning of the United States' financial system, and banks need to earn the trust of consumers to most effectively serve them.

But what really underlies trust in banking, and how can it be built or rebuilt? At the Partnership for Financial Equity, we have been asking this question since our founding in 1990. We were created after a campaign that shook the foundation of financial trust with the release of a leaked copy of a draft Federal Reserve Bank of Boston study that found

[28] "Banking Regulators, Financial Institutions, and Nonprofits Celebrate Over a Decade of National Banking Access Partnership." Bank On, May 28, 2025. Link.

significant racial disparities in mortgage lending in the city of Boston.[29]

Our first major programmatic accomplishment as an organization was in 1994 when we launched what remains as the only voluntary, statewide "basic banking" program designed to introduce unbanked and underbanked households to the mainstream financial system. Just a few months ago, PFE launched a statewide Bank On Massachusetts program. For over three decades, our commitment to have important and at times hard conversations between bankers and community activists have centered on building and rebuilding that trust.

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Overall, our survey finds that 85% of low-income people in Massachusetts agreed with the statement "I trust banks in general." However, only a quarter of people said that they "strongly" agreed with the statement, suggesting that even among those who are generally trustworthy, a wariness persists.

Latine people were more likely to agree with the trust statement—92% of Latines reported agreement compared with 83% of whites. Even among the low-income population, trust in banking increases with income.

Trust in banks is far greater among banked people than unbanked people. Among those with accounts, 88% trusted banks compared to 55% of those without accounts. In fact, 16% of unbanked people said that they "strongly disagreed" with the trust statement compared with just 3% of those with bank accounts. This suggests that having a positive experience with a bank can build trust, but also that banks may need to overcome a lack of trust among currently unbanked consumers to reach them.

Perhaps unsurprisingly, banked consumers trust their own banks more than banks in general. Eighty-eight percent of banked people agree with the statement "I trust banks in general." Meanwhile, 93% agree with the statement "I trust my bank." Banked people were more likely to "strongly agree" that they trust their own bank than that they trust banks in general. Just 26% of banked consumers said that they strongly agreed with the "I trust banks in general" statement compared with 53% strongly agreeing with the statement, "I trust my bank." This is consistent with measurements of institutional versus individual performance in other settings—for example, surveys consistently show that voters like their member of Congress more than they do the institution as a whole.[30]

We asked survey respondents in an open-ended manner why they did or did not trust banks, and we received some pointed commentary. "Some banks are good. Some banks are not that good. It's hard to tell if you can trust one," said one respondent. Another added, "There have been a lot of scandals about banks in the past such as the government bailing them out and people losing money. I think banks take advantage of the regular consumer and cater more to the wealthy."

[29] Munnell, Alicia H., Lynn E. Browne, James McEaney, and Geoffrey M. B. Tootell. Mortgage Lending in Boston: Interpreting HMDA Data. Working Paper Nos. 92–7. Federal Reserve Bank of Boston, 1992. Link.
[30] Pew Research Center. Americans' Dismal Views of the Nation's Politics. 2023. Link.

What drives trust?

While previous work has consistently found that unbanked people avoid banks because of trust issues, we thus far have had limited insights into what that trust means. For banks to most effectively build trust and ultimately increase access to and usage of mainstream financial services, they need to understand whether one's trust reflects one's belief in the quality and reliability of service, perception of discrimination or fair treatment, the protection of one's resources and information, or something else entirely.

In an effort to understand the drivers of trust among low-income people in Massachusetts, we asked consumers to agree or disagree with statements about the *factors* of trust. We drew on the seminal three-factor organizational trust model, developed in 1995, which states that the three elements underlying trust are ability, benevolence, and integrity.[31] To capture ability, we asked respondents if they agreed that banks deliver high-quality, reliable services. To capture benevolence, we asked if people agreed that banks care about customer needs. Finally, to capture integrity, we asked respondents if they agreed that banks give clear and honest information. We also wanted to measure some bank-specific factors of trust, so we asked respondents about their belief that banks keep personal and financial data secure, and that banks treat all customers fairly.

Our findings suggest that among low-income people in Massachusetts, one's level of trust in banks is most strongly correlated with one's belief that banks give clear and honest information. The second-most correlated factor is one's belief that banks deliver high-quality, reliable services.

Notably, the relationship between trust in banks and perception of bank integrity (clear and honest information) was stronger for unbanked consumers than for banked consumers.[32] When asked why they do not have a bank account in an open-ended manner, some unbanked consumers spoke to their distrust of the information that banks provide as it relates to fees. "They are always trying to sneak in fees," said one consumer. "There's always some type of scam, always some type of fee that they don't tell you about," said another.

Meanwhile, among low-income Latine people, trust in banks was most highly correlated with one's belief that banks treat all customers fairly. This suggests that efforts to reduce and eliminate discrimination and disparate treatment within mainstream financial institutions are key to increasing financial access and inclusion.

We also asked banked consumers about factors of trust in their *own* bank. Trust in one's own bank was most highly correlated with one's belief that their bank cares about customer's needs, followed by one's belief that their bank delivers high-quality, reliable services. Clearly, to keep customer trust and build customer loyalty, building authentic relationships and offering good, reliable products and services are key.

What can banks do to build trust?

Our survey finds that lower income Massachusetts consumers want to trust and use

[31] Mayer, Roger C., James H. Davis, and F. David Schoorman. "An Integrative Model of Organizational Trust." The Academy of Management Review 20, no. 3 (1995): 709. Link.

[32] The weighted Pearson correlation coefficient between rating of agreement of the statements "I trust banks in general" and "banks give clear and honest information" was 0.73 among unbanked respondents and 0.47 for banked respondents. The correlation coefficients were statistically significant at the 5% level for both.

banks but cite high costs as a top reason for why they don't access banks. Yet, for the last thirty years many banks have offered low-cost products that would save consumers money and help them build wealth, credit and more. What is the fundamental disconnect here?

Trust is closely related to one's perception of the clarity and honesty of information coming from banks. **To effectively build trust and relationships with consumers, banks can work to simplify offerings and work with trusted community partners so that when they say a product is without fees, for example, consumers believe them.**

Targeted marketing that is clear and convinces consumers that what is being "sold" is truly the "product" is key to these marketing efforts having an impact. **Recent trends in marketing which feature community-based organizations or local business owners hold promise that targeted marketing can pay dividends in building trust.** Locally, Eastern Bank's use of community leaders in advertising, including Gladys Vega of La Colaborativa and others, is a model that other institutions could follow.

Previous research has found that even when product offerings are beneficial to consumers, **those who belong to communities that have experienced financial harm are often more hesitant to take advantage of the offerings**. For example, Urban Institute research into programs offered by the Center for Community Self-Help found that there was difficulty in getting historically underserved borrowers to sign up for a grant program because borrowers were "hesitant to trust the program or believed they may be missing fine print."[33]

Banks should ensure that customer service representatives and frontline employees treat all customers fairly and have a rich understanding of the communities that they are trying to serve.

There are a number of tools banks can use to ensure high standards in customer service including use of mystery shoppers; behavioral audits, and focus groups to better understand a bank's perception in the community. Banks should also collect statistics on service provision across demographic groups and share information with community organizations.

To keep consumer trust, it's critical for banks to find ways to show that they care about their customer's needs, perhaps through offering new products that meet their changing financial position, financial advising, or working with them through periods of hardship. It's also important for service offerings to be high-quality and reliable. At our recent Financial Equity Summit, Ryan Bailey, CEO of Cambridge Savings Bank, indicated that he now sees the bank branch as an "advice center" where consumers can come to get good financial guidance. It is likely that this concept of an advice center will continue to be important in lower income neighborhoods where customers often lack the many sources of sound financial advice available to high-income people.

Branches, advice centers, or cafés—whatever the bricks and mortar look like in the future and regardless of what we name them, clearly a physical place to connect will continue to matter to consumers. Our survey results and recent comments by our leaders from our member banks reinforce the importance of a physical presence in all communities. Dana Neshe, CEO of Middlesex

[33] Zinn, Amalie, and Michael Neal. How Self-Help Is Expanding Mortgage Credit Access and Mitigating Risk in Mortgage Reserve Accounts: A Housing Innovation Program Case Study. Urban Institute, 2023. Link.

Savings, said at our Summit that branches are important "even if they just provide a place where customers can yell at us" for something we got wrong. Indeed, in this age of increasing difficulty in finding a live customer service agent, **banks have an opportunity to remain connected to the community in ways that many companies and industries are not.**

One challenge is where banks will choose to branch. When Julie Thurlow, CEO of Reading Cooperative Bank, told the story of how her bank decided to branch into a community that is 80% Latine at our Summit, she emphasized listening. "We need to do a better job of understanding the people in our communities, their life struggles and figuring out solutions for those troubles. We need to see how hard they worked to get to our country, to get employment, to learn the language, and how hard they are working to create financial success for their family in their adopted country. Until you appreciate the immigrant story, you will be unable to crack the code for success in this market."

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>
> *– Julie Thurlow, CEO of Reading Cooperative Bank*

"When we came to the city [Lawrence] and listened, we heard stories of overdraft fees pushing folks out of the banking system. One story really resonated with me. This college student proudly told the story of her amazing immigrant mother who though struggled with English but was able to save and buy a home. And at 10 years old, she attended the closing and translated loan documents for her mom."

"That was a defining moment for me—that **we as bankers expect everyone to follow our rules, with one hand tied behind their back**. Maybe that was the moment that my heart expanded two sizes like the Grinch. And that is why we make sure as much as humanly possible that our staff in our Lawrence office is bi-lingual. We haven't entirely cracked the code. But we are learning every day from our customers."

6. Who Uses Alternative Financial Services?

Thus far we have primarily focused on differences between banked and unbanked consumers. However, having a bank account is not synonymous with using safe, regulated, and less costly financial services. In fact, there is a specific term for banked households that use nonbank products to meet their core financial needs: underbanked. According to the FDIC's Survey of Unbanked and Underbanked Households, in 2023, just 4.2 households in the United States were unbanked. Meanwhile, 14.2% of households were underbanked. Underbanked households may still be paying high fees for financial services, undermining their financial wellbeing. At worst, they could be using predatory services which may trap them in a cycle of debt. Per the FDIC's 2023 survey, households of color are more likely to be underbanked than white households, and households with less educational attainment are more likely to be underbanked than those with college degrees.

The FDIC estimates an underbanked rate of 12.9% in Massachusetts as of 2023. Estimates

Table 3: Responses to the Question: "In the Last 12 Months, Have You Used Any of the Following Alternative Financial Services?"

Alternative Financial Services	Share Using
Buy now, pay later service	20%
Prepaid cards	19%
Check-cashing services	14%
Purchased a money order from retailer or post office	14%
Cryptocurrency (ex: Bitcoin, Ether, Ripple, Litecoin)	8%
Short-term personal loan	6%

Low-income Latine residents were more likely than their white counterparts to report using alternative financial services. More than 75% of Latine people used at least one alternative financial service in the past 12 months compared with fewer than 50% of white people.

from Bank On Boston indicate that around 20% of Boston based households are underbanked.[34] Nationally, underbanked rates are especially high among low-income households, in particular low-income households of color and women-led low-income households.

To understand who in Massachusetts is underbanked, we asked survey respondents about their use of alternative financial services in the buy now, pay later services, prepaid cards, money orders, check-cashing services, cryptocurrency, and short-term personal loans.

Fifty-four percent of low-income people in Massachusetts used alternative financial services in the past year. And those with bank accounts were slightly more likely to report using an alternative financial service usage in the past year, with 55% having used a nonbank service compared with 52% of unbanked people. This suggests that some consumers may prefer the services that nonbanks offer.

Low-income Latine residents were more likely than their white counterparts to report using alternative financial services. More than 75% of Latine people used at least one alternative financial service in the past 12 months compared with fewer than 50% of white people. The greatest disparities in alternatives used were in use of check-cashing services (32% of Latine respondents vs. 8% of white respondents) and money orders (28% of Latine respondents vs. 10% of white respondents).

Preferences for alternative services often stem from systemic financial exclusion, historical distrust, and a desire for more accessible and flexible tools for managing money and building wealth. Historically, many Latines, especially immigrants, have been excluded from banking due to high minimum balance requirements, lack of a Social Security number and language barriers. Latine households have also faced discrimination and disparate treatment when trying to access mortgage[35] or small business loans.[36]

[34] Boston.gov. "Bank On Boston," March 10, 2023. Link.
[35] Sukumaran, Pramod. "Latinos, Minorities Continue to Face Mortgage Loan Discrimination." Salud America, July 26, 2019. Link.
[36] Bradford, William D., and Michael Verchot. Interest Rate and Collateral Differences in Loans to Businesses Owned by People of Color and Women: Opportunities to Improve Profitability for Business Borrowers and Lenders. Foster Consulting and Business Development Center, University of Washington, 2024. Link.

Furthermore, as our survey reinforces, many Latine households still hold a deep-seated distrust of traditional financial institutions, sometimes preferring to rely on cash or family/friends for financial support. The combination of exclusion and distrust makes FinTech and alternative services appealing because they often offer clearer fees, greater convenience, and lower barriers to entry (like being mobile-first, bilingual, or not requiring a strong credit history), facilitating basic financial transactions, access to credit (like Klarna), and even wealth-building opportunities (like crypto investment). Additionally, a younger median age among Latines contributes to a higher adoption rate of new technologies like FinTech.

Some work has found that low-income people turn to alternative providers, even those with high fees that eat into what little they have, because it's a way to access their money quickly, whereas it takes longer for a check to clear at a bank.[39] Sixteen percent of unbanked consumers in our survey said that they do not have a bank account because other providers, like check-cashing outlets and wire services, are a better fit for them. Notably, Latine respondents were more likely to report this, with 40% of unbanked Latine people saying this was a top reason for not having a bank account.

This need for immediate liquid funds and availability of cash is often necessary in low-income households in case of unexpected shortfalls or emergencies. Previous research found that nearly one-third of people use overdrafts as short-term credit when they fall short on cash.[40] The typical overdraft is a small amount (under $24), yet the fee is high (often $35), reinforcing that families may have few or no alternatives to access small dollar loans or robust savings.

The share of banked people that reported using nonbank services declined with length of time with a bank account. This could reflect that as people use banks for longer, they move away from alternative services, or it could reflect that those who have had bank accounts for 10+ years are more likely to be white.

Alternative providers often charge high fees but they are made clear to consumers, so they don't face the "hidden fee" situation that has eroded trust in banks and the information that they provide. Alternative financial providers may be more convenient and accessible for low-income people[41] and relatedly, the people who work at alternative providers, like check-cashers, may be familiar and have longstanding relationships with their customers.[42]

To truly promote financial inclusion and reduce disparities in financial well-being, promoting bank accounts is just the first step. Clearly, low-income people with bank accounts, especially Latine people, are still turning to alternative providers. This is costing banks business—and it's costing low-income people and families, too.

What can financial service providers and community organizations do with this information?

- Financial institutions and community organizations should work together to innovate in the product development space by engaging in meaningful conversations with

[39] Servon, Lisa J. *The Unbanking of America: How the New Middle Class Survives*. First Mariner Books edition. Mariner Books, 2018.
[40] Bourke, Nick, and Andrew Scott. Millions Use Bank Overdrafts as Credit: New Small Installment Loans Could Help Many Who Need to Borrow. The Pew Charitable Trusts. March 21, 2018. Link.
[41] Quednau, Rachel. "The Plus Side of Check Cashing Businesses." Strong Towns, July 27, 2016. Link.
[42] Servon, Lisa J. "The Real Reason the Poor Go Without Bank Accounts." Bloomberg CityLab, September 11, 2013. Link.

community members to better understand their distinct needs. This collaborative approach is essential for identifying and developing relevant services. The survey highlighted several areas of potential collaboration and innovation.

- **Finding ways to accept ITINs or reduce the number of forms of ID** required to open an account.
- **Engaging or hosting community events** to share the full range of services and products offered by the institutions.
- **Exploring technological solutions** to offer convenient **money transfer or remittance services.**
- **Provide small dollar loans or early payment opportunities** for long time clients and or those receiving direct deposit clients.
- **Hosting investment and wealth-building programming** that educates on diverse financial products, including emerging instruments like **cryptocurrency.**

- Our survey finds that younger Latine respondents are more likely to pursue alternative investment opportunities than their white counterparts, providing a clear avenue and space for engagement, education, and trust building.
- Our survey suggests the importance of having branches that are convenient to those who are likely to use alternative services (low-income communities, heavily Latine communities) and hiring from the community and/or engaging with trusted partners to build relationships and increase familiarity.
- Banks can better compete with alternative providers by offering some of their services, like check-cashing services and money orders with transparent and low fees.

7. Market Opportunities and Consumer Preferences

Based on our survey, eight percent of low-income people in Massachusetts are unbanked, but many are interested in opening an account in the future. What can banks do to reach unbanked consumers? We asked directly.

- 40% unbanked consumers (50% of Latines) said that an account with no fees or penalties of any kind would convince them to open a bank account.
- 38% (50% of Latines) said that they would open an account if there was no minimum balance needed to open or maintain the account.
- 22% said that they would open an account if there was an app or online portal for them to access their account, while 18% said that they would open an account if there was a physical office where they could get in-person service.
  - Latine people were more likely to say that they would open an account if it could be accessed online/via a mobile app, potentially reflecting that the Latine population skews younger. However, Latine people were also more likely to say that a physical branch would convince them to open an account, perhaps reflecting that they are more likely to treat the branch as an "advice center" as discussed above.

- 18% said that they would open account if it let them cash checks easily. This reason was particularly salient for Latine people, with 46% saying that this would convince them to open an account.
- 15% said that they would open an account if their friends, family, or others that they trust used the same kind of account.
- 46% of Latine people said that they would open an account that would let them cash checks easily, compared with 19% of white people. And 19% of Latine people said they would open an account that would let them send money to friends and family in other countries.

We also asked all our survey respondents who they rely on for financial advice. These responses can help banks determine where to advertise and how to build trusting relationships.

- 49% of low-income people said that they turn to friends or family for advice.
    - 60% of unbanked consumers said this. This indicates how building a relationship with a single consumer could have ripple effects across their family and community.
- 35% said that they consult a bank or credit union, signaling the importance of offering advising service and building relationships with consumers.
- 26% said that they turn to a financial advisor or planner, 20% get advice from investment platforms or brokerages, and 17% get advice from financial websites or blogs.
    - Latine people were more likely than white people to report relying on online financial information or blogs and social media.
- 11% of Latine people said that they rely on community leaders for financial advice compared with 2% of white people. This suggests that working with community organizations that have deep ties to the various segments of the Latine community in Massachusetts could more effective when trying to reach historically underserved populations.

Affordable products, targeted marketing, physical locations, culturally sensitive staff make up the "secret sauce" of gaining market share in lower-income communities in Massachusetts. Many of our suburban communities are overbanked[43] but our more diverse, emerging markets remain a huge opportunity for banks. Massachusetts benefits from a robust nonprofit community development sector that has supported increased economic opportunity in historically underserved neighborhoods. Banks can benefit from that work and investment when entering markets that have long been ignored.

[43] Himmelsbach, Vawn. "Banks Are Opening Dozens of New Branches in This 1 Part of America—in the Age of Apps, Online Banking. Here's the State and Why." Moneywise, July 2025. Link.

Table 4: Responses to the Question: "If a Bank Offered the Following, Would It Convince You to Open a Bank Account?"

Features	Overall Rate	Latine Rate
An account with no fees or penalties of any kind	40%	50%
No minimum amounts required to open or keep an account	38%	50%
The account does not require a government-issued ID	3%	15%
You can deposit income from any sources with no questions asked	7%	21%
The bank has a physical office with in-person service	18%	46%
The bank has an app or online portal to access your accounts and get service	22%	70%
The account lets me cash checks easily	18%	46%
The accounts let me send money to friends and family in other countries	10%	19%
My friends, family, or others I trust use the same kind of account	15%	0%

8. Conclusion and Future Directions

PFE has had a long-term interest in understanding how to reduce the unbanked and underbanked rates and introduce lower income consumers to the mainstream banking system. We are proud to present this groundbreaking research and fill a void in the local and national conversation on banking access and the drivers of trust.

Recommended Action Steps for Banks & Community Organizations to Increase Financial Inclusion & Trust:

A. Product Creation

- Offer low fee or fee-free accounts certified by Bank On and/or Basic Banking for Massachusetts.
- Work with community partners to understand why Latine consumers prefer to have cash-on-hand and develop products to better meet their needs.
- Collaborate with community groups to design cost-effective check-cashing, money orders, money transfers, and international remittance services to more fully serve and capture the financial activities of low-income consumers turning to alternative providers.
- Provide mainstream banking options for clients with negative ChexSystems records.
- Accept Individual Taxpayer Identification Numbers (ITINs) or alternative forms of identification wherever possible.

B. Customer Service & Advertising

- Staff branches with bilingual workers and ensure advertising and information is available in multiple languages.
- Provide education, workshops, and clear guidelines for avoiding and remedying delinquencies.

- Advertise certified fee-free accounts and accounts for those with negative ChexSystems records widely and ensure that frontline employees are knowledgeable about these offerings.
- Use mystery shoppers or behavioral audits to ensure that customer service representatives and frontline employees treat all customers fairly and understand all of the communities they serve.
- Reach out to customers that have closed accounts to understand reasons and prevent additional transitions away from banked status.

C. Build Trust

- Simplify offerings and work with trusted community partners to spread the word about products and services so that consumers have confidence in the clarity and honesty of the information that banks provide.
- Connect regularly with consumers, especially those most likely to transition between banked and unbanked status, to assess the quality and reliability of services.
- Share statistics on service provision and use across demographic groups with community organizations and collaboratively organize focus groups or one-on-one conversations with community members to better understand bank perception, consumer needs, and build relationships.
- Open branches or otherwise establish a physical presence in heavily Latine and low-income areas, where community members are especially likely to turn towards alternative services.
- Hire frontline employees from the community to build relationships and increase familiarity.

Future research:

- Subject to funding availability, PFE would like to conduct "trust in banking" research in future years to stay on top of trends and understand changes in trust levels and consumer behavior.
- Similar to our oversampling of Latine consumers, future research could focus in on different populations who face unique challenges in the financial marketplace: Black consumers, immigrants, and others. We invite banks and community organizations to share what populations and/or insights would be most helpful to your work.
- In addition to statewide survey work, we are interested in the potential for collaboration with community organizations to conduct focus group research to get reactions, insights, and guide future efforts.