

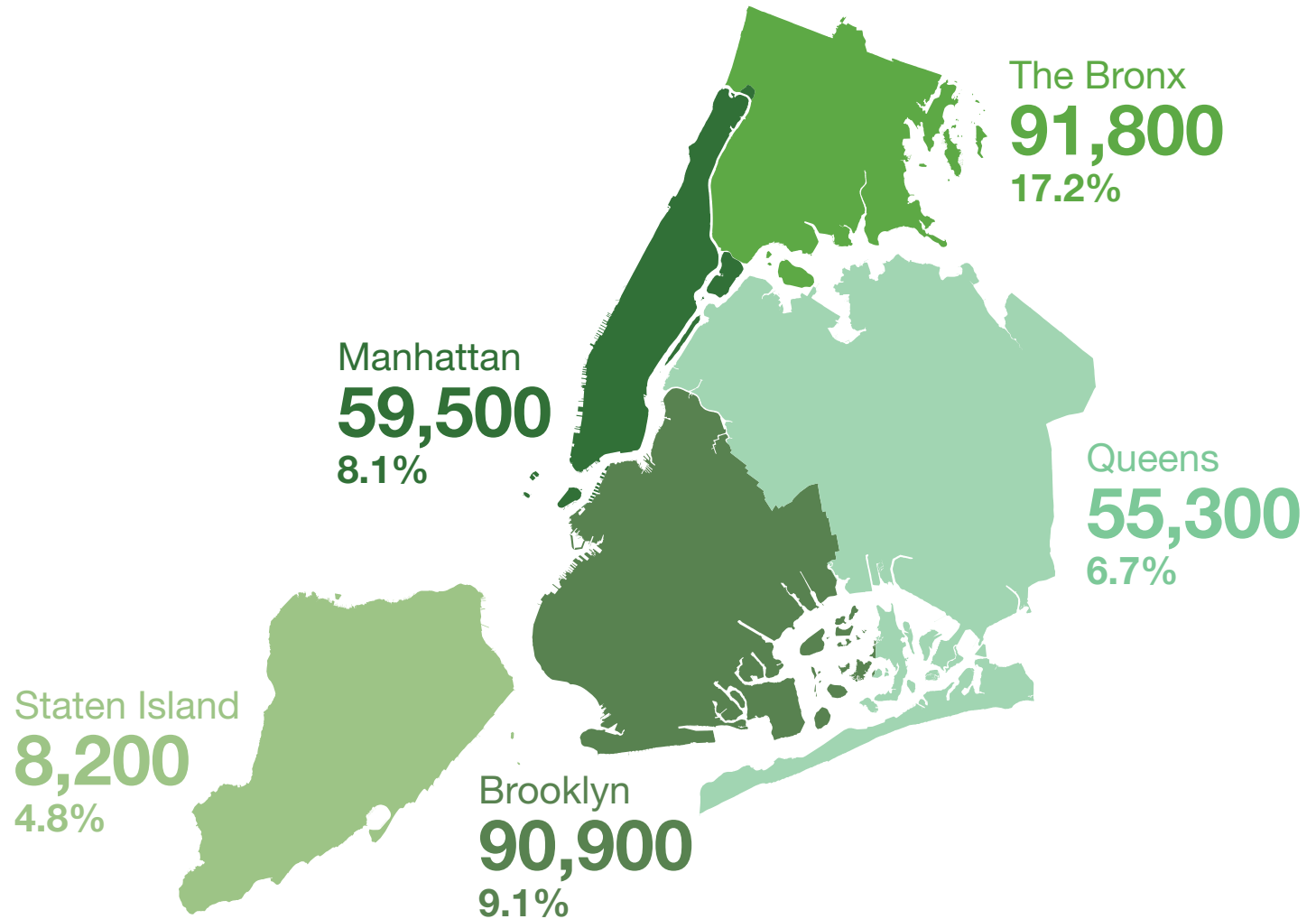
# Where Are the Unbanked in NYC?

Updated Findings (2021 Data)

**305,700**

**NYC Households  
are Unbanked**

Every two years, the Department of Consumer and Worker Protection (DCWP) estimates the number of unbanked in NYC. This brief includes updated findings for 2021.<sup>1</sup>



<sup>1</sup> In keeping with the FDIC Survey of Household Use of Banking and Financial Services, DCWP will no longer report estimates of underbanked NYC households. Due to updated methodology, DCWP revised the 2017 estimate of unbanked NYC households.

# Findings

## 1. In NYC, 9.4% of households have no bank account (unbanked).

- Approximately **305,700** NYC households were unbanked in 2021.
- NYC households are still considerably more likely to be unbanked than households nationally, **9.4%** versus **4.5%**,<sup>2</sup> despite the improvement in national unbanked numbers from 2019 to 2021. Reasons for the prevalence of unbanked individuals in NYC may include:
  - decreased bank/credit union density (defined as “number of bank and credit union branches per **10,000** residents”);
  - use of alternative financial service providers (for example, check cashers, money transmitters); and
  - more households without internet access.<sup>3</sup>

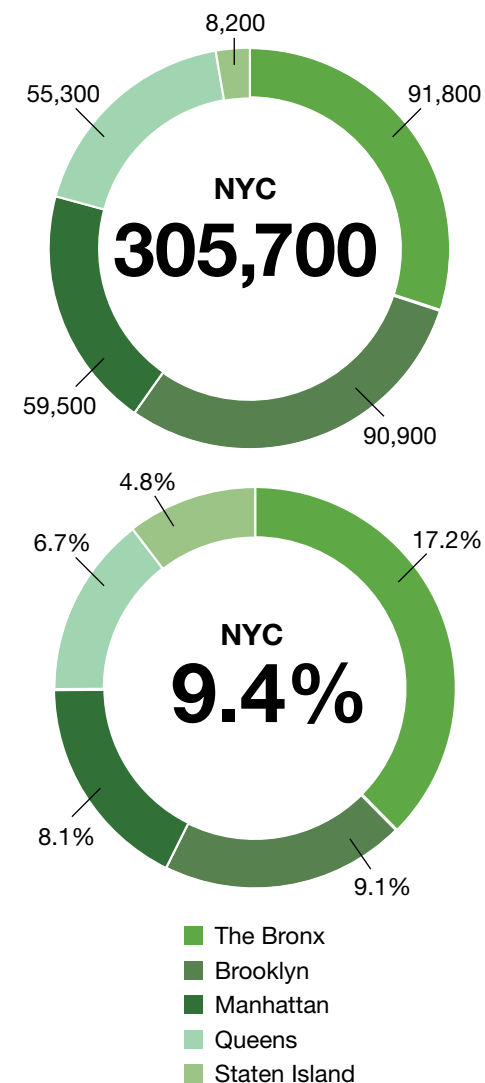
All factors were worsened by the COVID-19 pandemic.

- Bronx households have greater unbanked rates than households in all other boroughs—nearly four times greater than the national rate and nearly two times greater than the next highest borough (Brooklyn) and citywide rate.
- The share of unbanked households citywide in 2021 remained unchanged (**9.4%**) since 2019. Compared to 2019, however, the Brooklyn rate decreased by **0.4** percentage point and the Queens rate increased by **0.4** percentage point.<sup>4</sup>

Share of NYC Households Who Are Unbanked, 2015 – 2021



Estimated Unbanked Households by Borough



<sup>2</sup> National rates sourced from <https://www.fdic.gov/analysis/household-survey/2021execsum.pdf>.

<sup>3</sup> New York State Department of Financial Services. Access to Financial Services in New York. [https://www.dfs.ny.gov/system/files/documents/2023/05/nydfs\\_access\\_to\\_financial\\_services\\_nys\\_20230505.pdf](https://www.dfs.ny.gov/system/files/documents/2023/05/nydfs_access_to_financial_services_nys_20230505.pdf). May 5, 2023.

<sup>4</sup> 2019 percentages were: The Bronx (17.7%), Brooklyn (9.5%), Manhattan (7.8%), Queens (6.3%), Staten Island (4.7%).

## 2. NYC unbanked households are highly concentrated in neighborhoods that have higher rates of vulnerable residents.<sup>5</sup>

- Since 2015, **nine** neighborhoods consistently fall among those with the highest unbanked rates in NYC; the majority of these neighborhoods are in the South Bronx.
  - These neighborhoods account for **32%** of unbanked households citywide.
  - All but one are predominantly Black or Hispanic neighborhoods.<sup>6</sup>
- Since 2015, all but one of these nine neighborhoods consistently fall among those with the highest poverty rates and the lowest median household income. These neighborhoods also have high unemployment rates among working age adults.
- Residents in these nine neighborhoods are less likely to have access to the internet and have some of the lowest numbers of bank or credit union locations per **10,000** residents.

### Characteristics of the 9 Neighborhoods<sup>7</sup>

Borough	PUMA <sup>8</sup>	Community District	Neighborhood	Highest Share of Unbanked Households	Highest Share of Families in Poverty	Highest Share of Working Age Adults Unemployed	Highest Share of Black/Hispanic Residents	Highest Share of Households Without Internet Access	Lowest Number of Banks/Credit Unions per 10k Adult Residents	Lowest Median Household Income
The Bronx	3710	1 & 2	Hunts Point, Longwood & Melrose	■	■	■	■	■		■
The Bronx	3707	5	Morris Heights, Fordham South & Mount Hope	■	■	■	■		■	■
The Bronx	3705	3 & 6	Belmont, Croton Park East & East Tremont	■	■	■	■	■	■	■
The Bronx	3708	4	Concourse, Highbridge & Mount Eden	■	■	■	■	■	■	■
Brooklyn	4007	16	Brownsville & Ocean Hill	■	■		■	■	■	■
The Bronx	3706	7	Bedford Park, Fordham North & Norwood	■	■	■	■			■
Manhattan	3804	11	East Harlem	■	■	■		■		■
The Bronx	3709	9	Castle Hill, Clason Point & Parkchester	■	■		■			■
Manhattan	3803	10	Central Harlem	■			■			

<sup>5</sup> In general, residents are categorized as vulnerable if, due to their demographics, they are more likely to be taken advantage of and/or experience adverse effects to their financial health; for example, residents with low incomes, high levels of debt distress, unemployment, etc. Also, certain racial and ethnic groups are vulnerable because of systemic patterns of oppression and racism that greatly harm financial health.

<sup>6</sup> Defined as neighborhoods where at least 50% of residents are of a particular race or ethnicity.

<sup>7</sup> Characteristics are based on Neighborhood Financial Health indicators of vulnerability. <https://www.nyc.gov/assets/dca/NFHI/NFHI/index.html>

<sup>8</sup> PUMA is U.S. Census Public Use Microdata Area.

### 3. Rent Burden is a driver of being unbanked.

- Households that pay more than **30%** of income on rent face instabilities in housing and banking.
  - Rent burdened households experience higher eviction rates which may lead to an inability to keep a permanent address.<sup>9</sup>
  - Rent burdened households also experience increased financial stress<sup>9</sup> which may lead to an inability to meet the minimum balance required to open or maintain a bank account—a major reason cited for being unbanked.<sup>10</sup>

Together, these instabilities contribute to an inability to build wealth. Research shows that, since the Great Recession (December 2007 – June 2009), fewer young, Black, and lower-income households have been able to transition from renting to homeownership.<sup>9,11</sup>

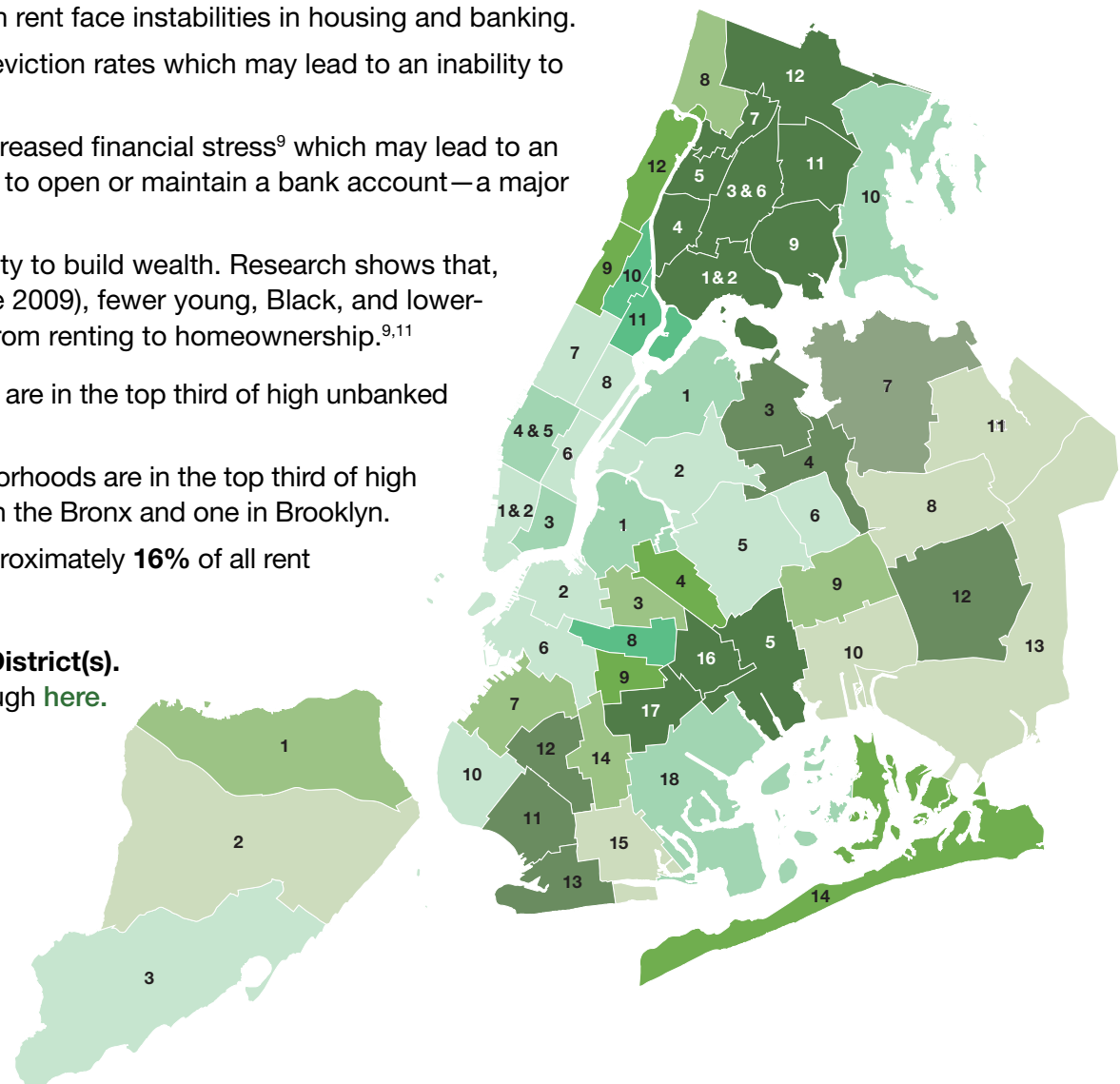
- In NYC, all except two neighborhoods in the Bronx are in the top third of high unbanked and rent burdened rates.
- Six of the nine consistently vulnerable NYC neighborhoods are in the top third of high unbanked and rent burdened rates, including five in the Bronx and one in Brooklyn.
- Together, these six neighborhoods account for approximately **16%** of all rent burdened households in NYC.

**Map labeled with corresponding 59 Community District(s).**

See a detailed map of Community Districts by Borough [here](#).



Share of Households Who Are Unbanked and Rent Burdened



<sup>9</sup> The Pew Charitable Trusts. American Families Face a Growing Rent Burden. <https://www.pewtrusts.org/en/research-and-analysis/reports/2018/04/american-families-face-a-growing-rent-burden>. April 19, 2018.

<sup>10</sup> Federal Deposit Insurance Corporation. 2021 FDIC National Survey of Unbanked and Underbanked Households. <https://www.fdic.gov/analysis/household-survey/2021report.pdf>. July 24, 2023.

<sup>11</sup> Pew Research Center. In a Recovering Market, Homeownership Rates Are Down Sharply for Blacks, Young Adults. <https://www.pewresearch.org/social-trends/2016/12/15/in-a-recovering-market-homeownership-rates-are-down-sharply-for-blacks-young-adults/>. December 15, 2016.

# Data Sources

- In 2015, DCWP commissioned the brief, **Where Are the Unbanked and Underbanked in New York City**. The 2015 brief used data from the 2013 FDIC National Survey of Unbanked and Underbanked Households. Unbanked rates for 2017 were estimates generated from a prediction model developed by Urban Institute. Unbanked rates for 2019 and 2021 are estimates generated from a prediction model similar to the model developed by the Urban Institute. See **data set**.
- Neighborhood socioeconomic demographics are population-weighted estimates using PUMA-level data from the **U.S. Census Bureau 2017 – 2021 American Community Survey 5-Year Estimates**.
- Bank data is from Federal Deposit Insurance Corporation (FDIC) Suite: **API for Data Miners & Developers** as of September 11, 2023.
- Credit Union data is from **NCUA Federally Insured Credit Unions Q2 2023** as of September 11, 2023.
- Bank locations derived from a combination of geocoded locations and ZIP code cross walking.



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