

Acting Comptroller of the Currency Michael J. Hsu
Remarks at the 2023 Bank On National Conference
“Financial Inclusion Successes on the Path to Financial Health”
May 23, 2023

Thank you for inviting me to join you today at the biennial Bank On National Conference. I’m honored to join the CFE Fund and Bank On movement partners. We have progress to mark today, and we also have much work ahead of us.

Supporting a fair and inclusive financial system is a priority for the OCC. We are committed to promoting financial inclusion starting with bank account access, as that can be critical to climbing the economic ladder.

Today, I would like to say a few words about the great strides Bank On has made, while highlighting some areas where we can do even better. I will then close by zooming out and sharing some thoughts on financial health.

Bank On and Financial Access

First, let me start by congratulating the Bank On movement and recognize the progress it has inspired. More than 350 banks and credit unions meet the Bank On standards, representing nearly half of all domestic bank branches.¹ The banks reporting to the Bank On National Data Hub indicate that over 14 million Bank On accounts have been opened through the end of 2021.

¹ Cities for Financial Empowerment Fund, [Bank On Certified Accounts](#), web page accessed May 10, 2023.

These accounts are found in nearly 85 percent of the zip codes in the country.² That is a great start. I encourage all banks offering Bank On products to share data with the National Data Hub so that we can better measure and monitor Bank On adoption and impacts.

This progress did not happen on its own. It resulted from the dedicated work of the CFE Fund and Bank On partners. Over one hundred coalitions across the country bring together governments, community groups, and service providers to connect people to accounts and critical assistance in navigating the financial world. Bank On coalitions work hard to understand the needs of their local communities and build partnerships that can effectively connect, support, and serve low-income people. The most effective coalitions think broadly and plan strategically leveraging different partners to improve financial outcomes for unbanked residents. Services can extend beyond bank account access to include assistance with income tax preparation, avoiding scams, and support for entrepreneurs, sometimes in multiple languages.

Recent progress can also be attributed to so-called “bankable moments.” A decade of effort prepared the Bank On movement to respond to the need of consumers during the pandemic. Bank On, the American Bankers Association, the Treasury Department, and the FDIC partnered to support online bank account access for the unbanked so that they could safely and easily receive Economic Impact Payments, Child Tax Credits, and other payments. This collaborative approach made a real difference for families at a critical time and helped reduce the unbanked population to 4.5 percent, the lowest level since the FDIC’s survey of the unbanked and underbanked began in 2009.³

² Matuschka Lindo Briggs, Nishesh Chalise, Violeta Gukowski, [Bank On National Data Hub: Findings from 2021, Federal Reserve Bank of St. Louis](#), December 13, 2022.

³ Federal Deposit Insurance Corporation, [2021 FDIC National Survey of Unbanked and Underbanked Households](#), November 14, 2022.

Although there's been great progress on improving account access broadly, there remains work to be done. Locking in the gains that have been made to reduce the unbanked population may present new challenges, as those who opened bank accounts to receive benefits may turn away from them when benefit payments stop. There are also 5.9 million American households who remain outside of the banking system. In addition, the distribution of progress on account access has been uneven. Higher unbanked rates persist among those with lower incomes and less education, as well as those who are young or Black and Hispanic, people with disabilities, and single-mother households.⁴

To continue to expand financial access, banks need to innovate and consider adjustments to their screening processes. These might include accepting more forms of identification, streamlining remote account opening, partnering with benefits providers and employers, and training bank frontline staff to consistently offer Bank On accounts to new customers.

For example, the OCC continues to hear from community advocates that some banks are applying Know Your Customer (KYC) processes and controls designed for higher risk accounts to Bank On accounts, thus hampering access to those lacking standard forms of identification or fixed addresses. One of the “strongly recommended” features of Bank On certified accounts is the acceptance of alternative forms of identification such as consular identification cards and municipal IDs. Bank On also “strongly recommends” that accounts only be denied for customers with past incidences of actual fraud.

As banks evolve their account opening processes, they may want to pay particular attention to how they measure and manage financial crime-related risks specifically associated

⁴ Ibid.

with Bank On accounts, so that those who lack traditional forms of identification or fixed addresses and those who cannot physically visit a branch can still open an account.

Once customers open bank accounts, it is critical that the accounts enhance financial health and do not harm customers. This is especially pertinent with regards to overdraft practices. There has been a clear trend to rethink the value to consumers and the risks to banks of overdrafts.⁵ Last month, the OCC issued guidance on overdraft protection programs.⁶ The guidance highlights certain practices that may present heightened risk of being unfair, deceptive, or unsafe and unsound. It also describes practices that are pro-consumer and may assist banks with managing these risks.

The guidance encourages banks to explore offering low-cost accounts and lower-cost alternatives for covering overdrafts, such as overdraft lines of credit and checking accounts linked to savings accounts. Other potential risk management practices include implementing de minimis exclusions from fees, grace periods, timely automated alerts, and single daily fees.⁷

Banks can do better by their customers. Many of the unbanked and underbanked *choose* to interact with non-banks, such as payday lenders, check cashers, and pawn shops, because they understand their needs. Those non-banks are physically located in their neighborhoods, speak their language, and understand their financial lives.⁸ Unfortunately, many of those service

⁵ See [Acting Comptroller of the Currency Michael J. Hsu, Remarks at the NCRC's 2023 Just Economy Conference, "Elevating Fairness," March 30, 2023.](#)

⁶ [OCC Bulletin 2023-12](#), "Overdraft Protection Programs: Risk Management Practices," April 26, 2023.

⁷ Ibid.

⁸ Charlotte Principato, "[In a Rapidly Evolving Industry, Banking Leaders Must Redefine 'Underbanked'](#)," Morning Consult, August 23, 2022.

providers do so at great cost to their customers, imposing high burdens disproportionately on low-income consumers and communities of color.⁹

Banks can close this gap by meeting consumers where they are—not just physically, but also online and in terms of creating products and services that address their financial needs. For example, providing expedited funds availability for government and payroll checks may meet needs that consumers might otherwise seek from early wage access products and check cashers. Banks that enable streamlined opportunities to build savings through free linked savings accounts may be better positioned to compete with many nonbanks, including digital apps, that promise ways to build wealth. Secured credit cards and “credit builder” secured loans may provide important tools for credit building that are sought by many consumers through online non-bank lenders.¹⁰

Innovations related to cash flow underwriting are especially promising. Several banks have begun piloting tools that analyze consumers’ habits in making deposits and paying bills as a means of determining their ability to manage debt for credit underwriting purposes. This creates a range of opportunities for those who lack a FICO score and are “credit invisible.” Several of these cash flow underwriting pilots have been facilitated by the OCC’s Project REACH, where we convene banks, consumer and community organizations, and others to address financial inclusion challenges.

⁹ Elaine Golden, Hannah Gdalmann, Meghan Greene, Necati Celik, [FinHealth Spend Report 2022: What U.S. Households Spent on Financial services during Covid-19](#), Financial Health Network, April 28, 2022.

¹⁰ Cities for Financial Empowerment Fund, National Bank Account Standards (2023-2024) [Bank On Financial Institutions Benefits Handout](#).

Financial Health

As we make progress on financial access, it is important to remember that financial health is a broader concept and that consumer outcomes matter. Having a bank account and being credit visible are necessary but not sufficient to climb the economic ladder.

People should be able to save easily, track spending, minimize fees and interest charges, safeguard against shocks, and plan for life events to achieve the ultimate goal: financial health.

This point bears emphasis. I am not using the term “financial health” in some vague sense as a bromide. I am using it specifically to denote the objective function of banking and finance: to help people lead healthy financial lives where they can spend, save, borrow, and plan with minimal anxiety and stress.¹¹ Financial products and services for customers are means, not ends.

To date, most measures of financial health have relied upon annual surveys, such as Financial Health Network’s “Financial Health Pulse,” the United Nations’ Financial Health Working Group’s “Measuring Financial Health” report, and the CFPB’s “Making Ends Meet” survey.¹² Other surveys, such as the FDIC’s survey of the unbanked and underbanked and the Federal Reserve’s surveys of consumer finances, cover areas that overlap and are adjacent to financial health.¹³ Having year-over-year snapshots of the financial health of the country in aggregate and for the large groups comprising it is highly informative and vitally important.

¹¹ Aaron Klein, [Can fintech improve health?](#), Brookings Institution, September 24, 2021.

¹² Andrew Dunn, et al., “[Financial Health Pulse 2022 U.S. Trends Report, Financial Health Network](#),” 2022; United Nations Secretary-General’s Special Advocate for Inclusive Finance for Development, Financial Health Working Group “[Measuring Financial Health: Concepts and Considerations](#),” September 2021; Consumer Financial Protection Bureau, “[Making Ends Meet in 2022: Insights from the CFPB Making Ends Meet survey](#),” December 2022.

¹³ FDIC, 2021 FDIC National Survey of Unbanked and Underbanked Households; Board of Governors of the Federal Reserve System, [Survey of Consumer Finances](#).

I believe we can do better, however, especially in the current age of plentiful data. More timely and granular information on the financial health of individuals and their local communities could be transformative to how financial products and services are developed, delivered, and evaluated. Imagine if we had a simple set of objective statistics, which could be used to quickly diagnose people's financial health in real time, similar to the vital signs used by nurses, doctors, and first responders to assess the physical health of patients, such as temperature, heart rate, respiration, and blood pressure.

Analysis of Bank On data through the lens of measuring, tracking, and promoting financial health could be highly valuable and reveal important insights about the financial health needs of the underbanked. A host of questions spring to mind: How many Bank On account holders stay banked over time? Are they able to manage their monthly expenses? Do they build savings? Do they pay down debt? Do their relationships with non-banks change? Can they plan for the future? Are they satisfied with their finances? Do they graduate to accounts with more sophisticated offerings and features?

Like all great projects, it will take a village to make significant leaps here. The OCC is working with diverse stakeholders to explore tools, data, and guidance that can be helpful in identifying and developing financial health vital signs. For instance, I recently hosted a podcast discussion with Leigh Phillips, CEO of the non-profit savings organization SaverLife—whom many of you may know as one of the parents of the Bank On movement—and Marietta Rodriguez of NeighborWorks America. We covered a lot of ground and kept coming back to the need for banks to offer financial services and products that meet low- and moderate-income people where they are to make it easier for them to achieve security for themselves and their families. I hope you will listen and let us know what you think.

Conclusion

The Bank On movement began more than a decade ago. Community organizations, banks, government agencies, and researchers put their heads together to tear down a significant barrier to financial inclusion. There has been great progress in building “on-ramps” through Bank On account access and reducing the unbanked population. We need to continue working together to ensure that people in harder-to-reach segments, some of whom have the greatest needs, are able to open and use bank accounts. Focus is also needed to ensure banks are meeting the needs of their customers and are providing products and services that improve their financial health. We are excited to continue with you on this journey to a fairer, more inclusive, and stronger banking system.

I look forward to your thoughts and input on how lessons from the Bank On experience can help drive toward this more comprehensive goal. Our Community Affairs teams here in Washington, D.C., and around the country stand ready to engage, receive feedback, and serve as a resource to banks and community organizations on how to expand financial access and opportunities for all.

Thank you.