

FOR IMMEDIATE RELEASE

Many Low-To-Moderate Income Americans Still Not 'Banked' Despite Numerous Financial Options Available

The Latest Americanos Poll® for ACCION USA Sheds Light On Attitudes And Behaviors Of Low-To-Moderate Income Individuals In The U.S.

(Miami, FL / Boston, MA, August 18, 2008) – A new study shows that nearly one-third of low-to-moderate income (LMI) Americans are either unbanked (holding no basic bank account) or underbanked (having a basic bank account and yet relying on less sophisticated methods for everyday transactions such as check-cashing). This problem is particularly acute for LMI Hispanics, 53% percent of whom are either unbanked or underbanked. Only 23% of non-Hispanics fall into this category.

The latest Americanos Poll®, a collaboration between market research firm Encuesta, Inc. and microlender ACCION USA, sheds light on the financial attitudes and behaviors of U.S. low-to-moderate income individuals, with special focus on the habits of U.S.-born and foreign-born Hispanics. Survey results are available upon request.

The survey finds that while LMI Americans say they are managing their personal debt, many struggle to use credit wisely. Many acquire personal debt for everyday living expenses such as for bills (15%) or food or housing (11%). Fifteen percent turn to credit cards for cash advances. Only 45% are “very” familiar with how to build or manage their credit. Here too, Hispanics are most in need of guidance: only 36% are “very” familiar with how to build or manage credit, compared to 46% of non-Hispanics.

Other key findings from the Americanos Poll:

- Many low-to-moderate income Americans are not taking steps to secure their financial future. Forty-three percent do not consistently save; 21% claim there simply is not enough money left after paying for living expenses and bills and 22% report they spend more than what they save. Furthermore, while LMI individuals express interest in investments, home ownership is the only asset class in which significant numbers (42%) are invested.
- Familiarity with various financial products and services among low-to-moderate income individuals is limited. Fewer than half profess awareness of educational savings accounts (32%), credit/debt counseling services (39%), or even common loan products such as equity credit lines (43%).
- LMI Hispanics rate their awareness of many financial products 10 to 30 points lower than do LMI non-Hispanics. For example, 68% of non-Hispanics rate themselves “very” or “somewhat” familiar with home loans and mortgages, vs. 43% of Hispanics. For other select products, the non-Hispanic vs. Hispanic breakdown is as follows: checking accounts, 95% - 76%; regular savings accounts, 90% - 68%; retirement savings accounts, 68% - 38%; small business loans, 33% - 19%.
- For many LMI Americans, check cashing and bill payment habits constitute a major hurdle to the use of more sophisticated banking services. Overall, 39% use cash for paying bills and 30% pay via money order. LMI Hispanics in particular favor cash for this purpose (65% vs. 34% of non-Hispanics). Hispanics are also more likely than non-Hispanics to manage their income on a cash basis, with nearly three in 10 (28%) cashing checks at the issuing bank, using check-cashing outlets or being paid in cash, compared to 12% of non-Hispanics.

“This survey data offers cause for concern about the financial habits of LMI Americans, especially those of Hispanic descent” said Elizete Groenendaal, Vice-President of Marketing at ACCION USA. “Despite access to financial information, low and moderate income people show very low awareness of basic financial concepts, such as

‘personal credit,’ as well as of financial products that often constitute the foundation of personal wealth. Not surprisingly, many need smarter money-management habits, particularly with regard to credit and debt. Providing education and access to asset-building products seem to be the logical first steps to bridge this gap.”

Survey Methodology

This study was conducted via telephone interviews which took place from June 28 - August 26, 2007. It is based upon a representative sample of 806 U.S. adults, ages 25 to 55 years old, with a reported annual household income below \$55,000 (before taxes). Five ethnic sub-groups were included: White, Black/African-American, U.S.-born Hispanic, foreign-born Hispanic and Asian. Where totals other than these specific five individual ethnic groups are reported, data are weighted to reflect the actual distribution of the respective ethnic sub-groups, based on U.S. census data. For additional information regarding this Americanos Poll, please contact Encuesta, Inc. or visit www.americanospoll.com

About Encuesta, Inc.

Encuesta, Inc. is a leading U.S. Hispanic market research and public opinion polling firm that delivers creative and reliable solutions. Serving the Hispanic community since 1989, Encuesta, Inc. helps those who are interested better understand Latinos and the best ways to reach them through customized quantitative research, objective analysis, and proven insights. Backed by exceptional technical ability and highly experienced in-house resources, Encuesta, Inc. maximizes results by implementing the best of both traditional and emerging research techniques. Additionally, the company is responsible for the Americanos Poll[®], a public opinion poll created in 2005 to help bridge the knowledge gap that exists regarding the U.S. Hispanic community.

Encuesta, Inc. is based in Miami, Florida. For more information, visit www.encuesta.com.

About ACCION USA

ACCION USA is a private, nonprofit organization that serves low- and moderate-income individuals, primarily minorities and women, who are unable to access mainstream financial services. A pioneer and recognized leader in the domestic microfinance field, ACCION USA is dedicated to providing microentrepreneurs and individuals on the economic margin with the crucial chance to access capital and develop greater financial literacy. ACCION USA is a member of the U.S. ACCION Network, the largest U.S. microlending network, with over \$210 million lent since inception in 1991. ACCION USA loans range from \$500-\$25,000 and are offered nationwide via the ACCION USA online lending platform. For more information about [small business loans](http://www.accionusa.org), visit www.accionusa.org.

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