

Helping Consumers Get Banked in the 2025 Tax Season

Wednesday, December 4
2:00 PM – 3:00 PM ET

Housekeeping

- ✓ Webinar is being recorded
- ✓ Slides and recording will be emailed.
- ✓ Ask questions in the Q&A pod.
- ✓ We'll get to questions at the end!

Our Mission

We're **on a mission** to inspire, equip, and empower banks of all sizes to:



FDIC Survey of VITA Providers

Survey Findings

American Bankers Association: Help Consumers Get Banked in the 2025 Tax Season

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Consumer Research

December 4, 2024

A Survey of VITA Sites to Explore Opportunities for Economic Inclusion

Volunteer Income Tax Assistance (VITA) Sites

- Provide low-income households with free tax preparation services
- Administered by Internal Revenue Service

Opportunities for Economic Inclusion at VITA Sites

- Tax-time at VITA sites
 - Receipt of tax refunds and credits may influence unbanked to open bank accounts
 - In 2018, VITA sites processed about 1.3 million income tax returns totaling \$1.85 billion in refunds (*Prosperity Now, VITA One-Pager 2019*)
 - Serving populations that are lower-income, typically have higher unbanked rates
 - According to IRS: Direct deposit safest, fastest, and cheapest refund delivery method

Survey Instrument Content

- Site-specific survey questions
- Different survey questions asked of sites partnered with banks or credit unions and of nonpartnered sites
 - Partnered – *How do VITA sites help clients open accounts for deposit of refunds?*
 - Nonpartnered – *What are barriers that prevent VITA sites from helping clients open accounts?*

Survey Implementation

Collection Period: May 15 to June 30, 2023

No comprehensive central database of VITA sites

- Therefore, survey cannot be nationally representative
- Survey pool instead constructed from multiple sources for sites operating in 2023 tax season
- Survey sample (486 Sites) drawn from sites more likely to serve unbanked populations

Survey Response

- ***351 sites of 486 sampled (72 percent response rate)***
- Sites in 49 of 50 states
- Respondent Characteristics
 - 28 percent partnered with bank or credit union
 - 21 percent in majority Hispanic census tract
 - 19 percent in majority Black census tract
 - 25 percent in Non-MSA county

Partnered Respondent Sites Plan to Increase or Maintain Provision of Banking Services

Planned Efforts for Following Tax Season	Percent
Likely to <i>increase</i> efforts	65.3
Likely to keep efforts the same	28.6
Likely to decrease efforts	0.0
Do not know	6.1
No response	0.0
Total	100.0

Universe: Respondent Sites With Banking Partnerships That Will Be Open in 2024 (N = 98)

→ Demand for Banking Services Drives Increased Effort

- Of partnered respondent sites that planned to increase their efforts, 78 percent cited greater demand for banking services as reason for increase

Demand for Banking Services Exists at Nonpartnered Respondent Sites

Most did not identify “lack of demand” as reason for not partnering

- Only 38 percent cited lack of demand as reason for not partnering
- Instead, sites identified knowledge, comfort, or resource barriers for not partnering

Many did not provide alternative options for unbanked to direct deposit

- 41 percent did not offer unbanked any options to direct deposit their refunds other than paper check
- Less than 12 percent offered prepaid debit cards
- Others offered direct deposit into savings bonds, information on banks or credit unions, links to government or other trusted websites

Knowledge, Comfort, and Resources Barriers Prevent Nonpartnered Respondent Sites From Forming Partnerships

Of nonpartnered sites, 75 percent identified at least one knowledge, comfort, or resource barrier reason for not partnering:

Knowledge Gap (33 percent)

- Not aware of banking partnerships as a possibility
- Do not know how to execute a banking partnership
- Do not know how to find a banking partnership

Comfort Gap (34 percent)

- Volunteers or staff feel uncomfortable providing assistance with banking
- Worry about client privacy
- Do not know how to remain “neutral” regarding banking services
- Worry about high fees

Resource Gap (42 percent)

- Lack of funding, in-kind support, or availability of local banks or credit unions

Partnered Respondent Sites Met Their Banking Partner Through Networking or Bank Initiative



Universe: Respondent Sites With Banking Partnerships (N = 99)

Partnered Respondent Sites Identified “Very Useful” Practices for Increasing Use of Direct Deposit

On-site Account Opening

- 41 percent used tools to open accounts that did not require physical on-site presence of bank employees
 - 71 percent that used these tools found them very useful

Off-site Account Opening

- 86 percent that used “warm handoff” off-site referrals found them very useful
 - “Warm handoffs,” personalized referrals to banking partners, including introductory emails, appointment scheduling, and confirmation of partner readiness to receive clients

Alternatives to Banking Partner

- 85 percent that provided links to government or other trusted websites for account opening assistance found them very useful
- 81 percent that offered prepaid debit cards for direct deposit found them very useful

Opportunities to Increase Economic Inclusion Exist at Partnered Respondent Sites

On-site Account Opening Assistance

- 41 percent did not provide on-site account opening assistance despite offering on-site tax preparation assistance
 - Half of these sites identify “lack of availability of partner employees” as the reason

Off-site Referrals to Banking Partners

- While 86 percent of sites that use “warm hand-offs” say they are “very useful”, only 20 percent of sites who send clients “off-site” use them

Virtual Tax-preparation Services

- Of sites that offered virtual tax-preparation services, 25 percent did not mention availability of banking services in virtual delivery

Safe and Affordable Accounts

- Only 41 percent could confirm accounts met Bank On National Account Standards

Respondent Sites Are Willing to Connect to Safe and Affordable Bank Accounts

Both partnered and nonpartnered sites receptive to sharing information with clients about safe and affordable accounts and partnering with institutions that provide such accounts:

Partnered Respondent Sites

- 58 percent willing to provide Bank On website link
- 65 percent willing to provide list of local Bank On institutions
- 40 percent willing to partner with Bank On institutions

Nonpartnered Respondent Sites

- 61 percent willing to provide Bank On website link
- 66 percent willing to provide list of local Bank On institutions
- 51 percent willing to partner with Bank On institutions

Implication 1

VITA sites open to partnership would benefit from efforts to connect sites with potential partners—especially, partners that provide safe and affordable banking products

- Networking events can promote partnerships between banks and VITA organizations
- Banks can be informed of role of VITA sites and consider the benefits of initiating partnerships
- VITA sites can confirm that current or potential partner institutions provide safe and affordable accounts

Implication 2

VITA sites would benefit from technical assistance in forming and executing partnerships and information that address specific knowledge, comfort, and resource gaps

Materials that share knowledge

- Practices that partnered sites consider useful
- What banking partnerships are and how to form and implement them

Materials that address common concerns

- Ways in which volunteers and staff providing banking services is appropriate
- Approaches to maintaining client privacy

Materials that address resource gaps

- Tools that allow VITA sites to easily identify local branches of institutions that offer Bank On accounts

Implication 3

Opportunities exist to increase economic inclusion, even at partnered sites

- Implementing more personal referral methods for off-site account-opening practices
- Providing account-opening assistance on-site, when clients are already present for tax-preparation services
- Communicating to clients account-opening assistance availability, including when sites deliver services virtually

Panel Discussion

Panelists



Lisa Price
Wells Fargo Foundation



Laura Scherler
United Way Worldwide

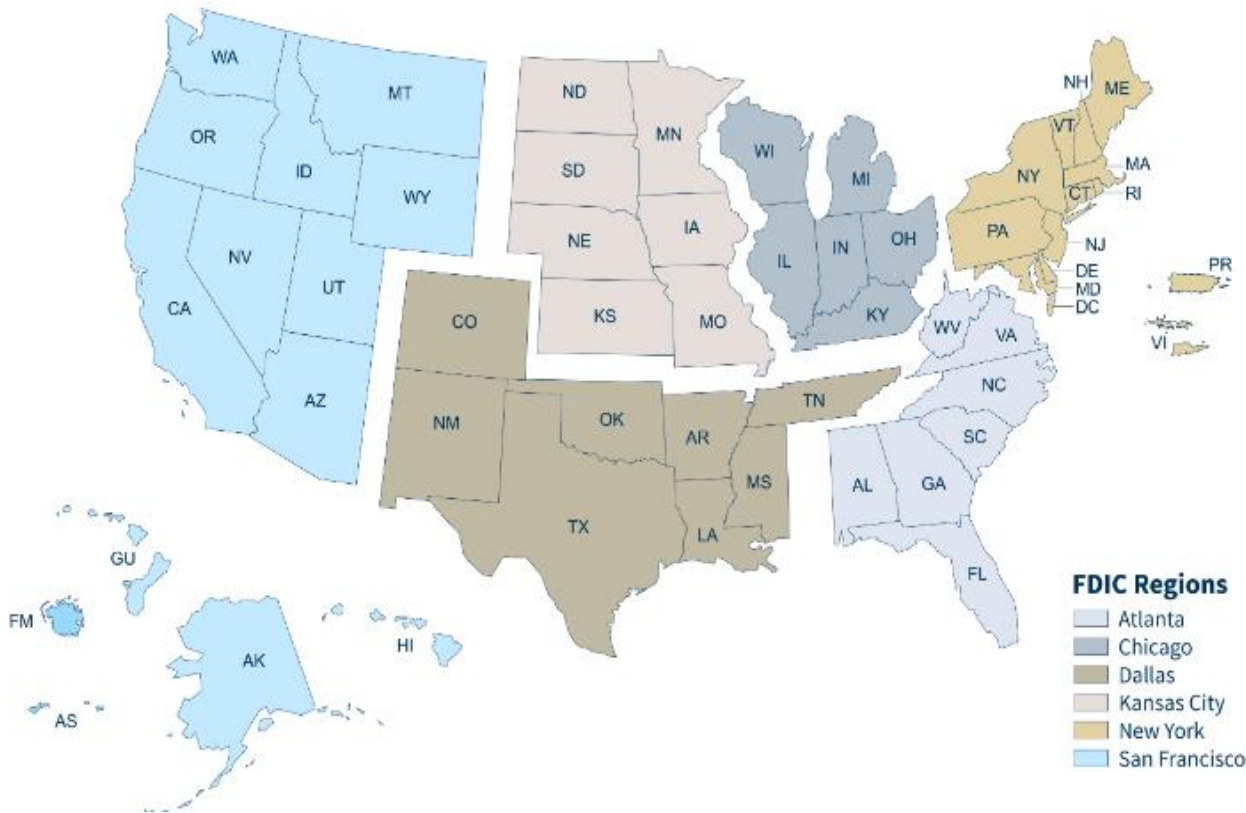
Q&A

FDIC Resources

- [Survey of VITA Providers](#)
- [Tax Time resources](#) (includes 2 items on the FDIC Banker Resource Center:)
 - [Expanding Account Access Through Affordable Accounts](#)
 - [Creating Partnerships to Reach Consumers During Tax Time](#)
- [Economic Inclusion Strategic Plan](#) (EISP)
 - [EISP Resource Guide](#) (2-page guide about the EISP and related focus areas)
- [Community Affairs events](#) (register for upcoming events)
- [Money Smart](#) (financial education program for people of all ages)
- [Money Smart News](#) and [Consumer News](#) (newsletters for consumers)
- [Money Smart Alliance](#) (join a community of Money Smart practitioners)

FDIC Contacts

FDIC REGIONS



FDIC Community Affairs can facilitate connections with networks that include banks such as the [FDIC Alliances of Economic Inclusion](#) (in 11 markets)

Questions?
TaxTimeInitiative@fdic.gov

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