

# Unbanked

The term unbanked references an individual who does not hold any accounts at a bank or financial institution. Unbanked individuals do not have access to a savings or checking account and they cannot receive direct deposits or build credit history. In the United States, there are around 63 million unbanked individuals.

**Pros of being unbanked include:**

- Can use other sources of financial help, such as check cashing, payday loans and money orders
- A private way to save money
- Do not have to pay bank fees, such as overdraft fees

**Cons of being unbanked include:**

- Lack of access to credit
  - many unbanked individuals use prepaid cards to complete transactions which does not allow for a credit score to be built and maintained
  - without credit, these individuals can not receive loans
  - not having credit can stop an individual from receiving a job since some employers check credit scores
- Emergency fund
  - options for saving money can be costly
  - money can go on a prepaid card but with this comes with fees
  - cash can be left at home which leaves an individual's savings prone to theft
- Financial technology
  - no access to tools to aid with financial management, such as automatic transfer, mobile check deposit, direct deposit and online bill payer