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Summary of Findings

The Consumer Financial Protection Bureau (CFPB) collects data from banks with assets of more than $10 billion regarding consumer complaints on several aspects of service. The CFPB publicly released the data this spring on its website and regularly updates the data. This analysis focuses on complaints concerning bank accounts. While complaint data by itself cannot definitively measure the consumer experience with bank accounts, policy makers should be concerned if complaints are disproportionately coming from traditionally underserved communities. Poor service could deter consumers from seeking banking relationships and/or could be indicative of a reluctance on the part of some banks to offer bank accounts to traditionally underserved communities.

This analysis reveals that predominantly minority communities are more likely to submit complaints about poor service related to bank accounts than predominantly white communities. At the same time, upper income communities are more likely to submit complaints than lower income communities. Affluent citizens are usually more adept at using the political and regulatory process and submitting formal complaints than their less affluent counterparts. Yet, minority communities, regardless of income level, are also more likely to submit complaints. The good news is that residents in minority communities are more likely to also receive monetary relief as compensation for their complaints. However, the CFPB database does not indicate whether this resolution was satisfactory to the consumer or whether the consumer continued a relationship with the bank. In addition, minority communities are also more likely than predominantly white communities to have their complaints unaddressed by banks.

1 The CFPB makes available a policy statement on its website that indicates which complaints are included in the publicly available database. The consumer has to have an authentic relationship with the bank and the bank is provided a 15 day time period to acknowledge the legitimacy of the complaint. See http://files.consumerfinance.gov/f/201303_cfpb_Final-Policy-Statement-Disclosure-of-Consumer-Complaint-Data.pdf

2 NCRC downloaded data on bank account complaints on June 20, 2013. The CFPB regularly updates the database so the number of complaints in NCRC’s report will not coincide with numbers generated by downloads after or before June 20th.
Recommendations

- **CFPB Database** – Improve the reach and level of information in the CFPB database. Currently, banks with assets of $10 billion or more report the data because these are the banks that are directly supervised by the CFPB. The CFPB, the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (FRB), and the National Credit Union Administration should develop a joint database covering all banks and credit unions so that the public has a more comprehensive view of the number of complaints issued from customers of large and small institutions. The CFPB database should also have more detail about the nature of the complaint, and include a short narrative description of the complaint, so that the public knows more about whether the issue concerned price, quality of service, or other issues. In cases in which the consumer received monetary compensation or the complaint was resolved in some other manner, the database should capture whether the resolution was satisfactory for the consumer.

- **Use the Complaints in CRA exams** – The FDIC, OCC, and FRB should use consumer complaint databases as a component of CRA exams to assess whether banks are truly meeting community needs for accessible, affordable, and reliable loans and bank accounts.

- **Fair Lending Enforcement** – Federal regulatory agencies should further investigate complaint data for individual institutions to determine instances in which violations of consumer protection or anti-discrimination law occur.
Complaints Concerning Bank Accounts

- As shown in Figure 1, predominantly white zip codes (less than 10 percent African-American) contained 68.4 percent of the households and generated 61.7 percent of the bank account complaints recorded in the CFPB consumer complaint database.

- In contrast, predominantly African-American zip codes (more than 50 percent African-American) accounted for 9.1 percent of the complaints but were just 5.9 percent of the households. The disparity ratio was 1.5, meaning that the percentage of complaints was 1.5 times greater than the percentage of households. Moderately integrated zip codes (10 to 20 percent African-American) had a disparity ratio of 1.1. Substantially integrated zip codes (20 to 50 percent African-American) had a similar disparity ratio of 1.2.

- As Figure 2 reveals, predominantly Hispanic zip codes (more than 50 percent Hispanic) registered 4.6 percent of the complaints and contained 5.7 percent of the households. The disparity ratio was 0.8, meaning the percentage of complaints was less than the percentage of households. It is possible that language barriers and/or immigration status may contribute to lower rates of complaints from predominantly Hispanic zip codes than predominantly African-American zip codes.

- In contrast, substantially integrated zip codes (20 to 50 percent Hispanic) had a disparity ratio of 1.2 and moderately integrated zip codes (10 to 20 percent Hispanic) had a disparity ratio of 1.2.

- When considering all minorities, the moderately integrated, substantially integrated, and predominantly minority zip codes exhibit disparity ratios of approximately 1 while predominantly white zip codes have a disparity ratio of 0.7, as revealed in Figure 3.

- As shown by Figure 4, the complaints by income level of zip code reveal a disproportionate amount of complaints submitted by residents of upper-income zip codes. The income categories correspond to CRA definitions: low-income is up to 50 percent of national median income, moderate-income is 51 to 80 percent of median income, middle-income is 80 to 120 percent of national median income, and upper income is more than 120 percent of national median income.

- Upper-income zip codes generated 50.5 percent of the bank account complaints but were just 40.5 percent of the households in the sample for a disparity ratio of 1.2. In contrast, middle-income, moderate-income, and low-income zip codes had disparity ratios below 1, meaning that their percentage of complaints was lower than their percentage of households in the sample.
Figure 1: Bank Accounts and Service Complaints by Zipcodes - Percent of African American Households

- <10%: 61.7%
- >=10% and <20%: 68.4%
- >=20% and <50%: 14.6%
- >=50%: 14.5%

Disparity Ratio: 1.1

Figure 2: Bank Accounts and Service Complaints by Zipcodes - Percent of Hispanic Households

- <10%: 64.0%
- >=10% and <20%: 68.2%
- >=20% and <50%: 17.3%
- >=50%: 14.1%

Disparity Ratio: 1.2

Total Bank Account Complaints: 17,168  Total No. of Zipcodes: 32,505
Figure 3: Bank Accounts and Service Complaints by Zipcodes  
- Percent of Minority Households

Figure 4: Bank Accounts and Service Complaints by Income Category of Zipcodes

Total Bank Account Complaints: 17,168  Total No. of Zipcodes: 32,505
Monetary Relief for Bank Account Complaints by ZIP Code

- Figures 5 through 8 show the incidence of consumers receiving monetary relief in response to complaints. The disparity ratios for consumers receiving monetary relief are similar to disparity ratios for complaints. For example, predominantly African-American zip codes had a disparity ratio of 1.4 in Figure 5, meaning that residents of these zip codes were more likely to receive monetary relief as well as being more likely to submit complaints. In contrast, the disparity ratio for predominantly Hispanic zip codes for receiving monetary relief was below one (0.7), indicating that the percentage of monetary rewards was less than the percentage of households. The disparity ratio regarding complaints issued by predominantly Hispanic zip codes was 0.8 (see Figure 2 above), almost the same as the disparity ratio regarding monetary relief.

Figure 5: Bank Accounts and Service Complaints by Zipcodes - Percent of African American Households
Company response=Closed with monetary relief

Accounts Closed with Monetary Relief: 3,801  Total No. of Zipcodes: 32,505
NCRC Analysis of Bank Account Complaints by Zip Code

Summary of Findings

Figure 6: Bank Accounts and Service Complaints by Zipcodes - Percent of Hispanic Households
Company response=Closed with monetary relief

- Accounts Closed with Monetary Relief: 3,801
- Total No. of Zipcodes: 32,505

Figure 7: Bank Accounts and Service Complaints by Zipcodes - Percent of Minority Households
Company response=Closed with monetary relief

- Accounts Closed with Monetary Relief: 3,801
- Total No. of Zipcodes: 32,505
NCRC Analysis of Bank Account Complaints by Zip Code

Summary of Findings

Figure 8: Bank Accounts and Service Complaints by Income Category of Zipcodes

Company response=Closed with monetary relief

Accounts Closed with Monetary Relief: 3,801
Total No. of Zipcodes: 32,505
Non-Monetary Relief for Bank Account Complaints by ZIP Code

• The pattern for non-monetary relief is similar to the pattern for monetary relief and complaints. The zip code categories more likely to submit complaints were also those more likely to receive non-monetary and monetary relief.

Figure 9: Bank Accounts and Service Complaints by Zipcodes - Percent of African American Households

Company response=Closed with non-monetary relief

Accounts Closed with Non-Monetary Relief: 894    Total No. of Zipcodes: 32,505
Figure 10: Bank Accounts and Service Complaints by Zipcodes - Percent of Hispanic Households
Company response=Closed with non-monetary relief

Accounts Closed with Non-Monetary Relief: 894  Total No. of Zipcodes: 32,505

Figure 11: Bank Accounts and Service Complaints by Zipcodes - Percent of Minority Households
Company response=Closed with non-monetary relief

Accounts Closed with Non-Monetary Relief: 894  Total No. of Zipcodes: 32,505
Summary of Findings

Figure 12: Bank Accounts and Service Complaints by Income Category of Zipcodes

Company response=Closed with non-monetary relief

<table>
<thead>
<tr>
<th>Income Category</th>
<th>Bank Complaints Closed With Non-Monetary Relief</th>
<th>Households</th>
<th>Disparity Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>1.6%</td>
<td>12.4%</td>
<td>41.5%</td>
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<tr>
<td>Moderate</td>
<td>2.1%</td>
<td>15.9%</td>
<td>33.7%</td>
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<tr>
<td>Middle</td>
<td>12.4%</td>
<td>33.7%</td>
<td>12.4%</td>
</tr>
<tr>
<td>Upper</td>
<td>40.5%</td>
<td>52.3%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

Accounts Closed with Non-Monetary Relief: 894  Total No. of Zipcodes: 32,505
Without Relief for Bank Account Complaints by ZIP Code

- The pattern for not receiving relief is similar to the pattern for complaints. The zip codes more likely to submit complaints were also those more likely to not receive relief. Predominantly African-American zip codes were more likely to submit complaints and also more likely to have their complaints unaddressed.

**Figure 13:** Bank Accounts and Service Complaints by Zipcodes - Percent of African American Households

- Company response=Closed without relief

<table>
<thead>
<tr>
<th>Disparity Ratio</th>
<th>&lt;10%</th>
<th>&gt;=10% and &lt;20%</th>
<th>&gt;=20% and &lt;50%</th>
<th>&gt;=50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Households</td>
<td>62.0%</td>
<td>13.2%</td>
<td>14.2%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Bank Complaints Closed Without Relief</td>
<td>68.4%</td>
<td>13.4%</td>
<td>12.3%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Total No. of Zipcodes</td>
<td>32,505</td>
<td>1,902</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Complaints Closed without Relief: 1,902  
Total No. of Zipcodes: 32,505
NCRC Analysis of Bank Account Complaints by Zip Code

Summary of Findings

Figure 14: Bank Accounts and Service Complaints by Zipcodes - Percent of Hispanic Households

Company response=Closed without relief

Complaints Closed without Relief: 1,902  Total No. of Zipcodes: 32,505

Figure 15: Bank Accounts and Service Complaints by Zipcodes - Percent of Minority Households

Company response=Closed without relief

Complaints Closed without Relief: 1,902  Total No. of Zipcodes: 32,505
NCRC Analysis of Bank Account Complaints by Zip Code

Summary of Findings

Figure 16: Bank Accounts and Service Complaints by Income Category of Zipcodes
Company response=Closed without relief

- Low: 2.2%
- Moderate: 13.2%
- Middle: 34.9%
- Upper: 49.7%

Complaints Closed without Relief: 1,902
Total No. of Zipcodes: 32,505
Methodology

NCRC downloaded complaints regarding bank accounts on June 20, 2013. Bank complaint data can be accessed via https://data.consumerfinance.gov/dataset/Bank-accounts-and-services-complaints/kcnn-vg62. The CFPB regularly updates the database so the number of complaints contained in downloads conducted after or before June 20th will differ from the number of complaints in this report. The CFPB database identified a number of characteristics about the complaint included the date received, the individual financial institution involved in the dispute, the nature of the complaint, and whether a resolution included monetary or non-monetary relief. NCRC determined the minority and income level of zip codes using data from the U.S. Census Bureau, 2007-2011 American Community Survey.

NCRC used the percentage of households in each zip code category as our demographic measure because households more accurately represent bank customers than population. Using households as a demographic benchmark is preferable than population because households include adult heads of households whereas population include children who are generally not bank customers (unless they have joint accounts with their parents). Ideally, the percentage of complaints would be compared against the percentage of the “banked” population in each zip code category. NCRC checked the FDIC web page and other sources for “banked” population by zip code but was unable to find this data.