Higher One
Report of Findings
March 2014

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Methodology
Methodology

• The 2014 Higher One survey was conducted by GfK Public Affairs & Corporate Communications
• A total of 739 interviews were completed.
• To qualify for the study respondents had to:
  ✓ Have graduated high school
  ✓ Be attending college or university full or part-time to obtain a specific degree
  ✓ Be pursuing a two or four year degree
• Interviewing took place January 14th to January 27th, 2014
• Sample was provided by the Knowledge Panel. The Knowledge Panel sample is projectable to the population it represents
• Data was weighted to the U.S. population of adults 18 to 28 years old who are high school grads and above, and who are currently full or part-time students
• The margin of sampling error was +/- 5.4% for the full sample. Sampling error is higher for subgroups.
• Students answered approximately 33 questions during the survey
Executive Summary
One in six students do not have a checking or savings account in their own name. Many had an account, but because of minimum balance requirements and high fees, they no longer do. Two in ten (19%) have gone someplace other than a bank to cash a check, and among those without a checking/savings account that number rises to 35%.

Students are primarily using services such as payday lenders, check cashing services and money orders for the convenience and speed of getting money, regardless of whether they have a traditional bank account or not.

Students want easy, quick and convenient access to their money. When they can’t access or don’t have access to a traditional checking account they are turning to services that are able to give them the quick access they are looking for without any restrictions. Make students aware that there is another option available that can offer them the benefits of a bank without the restrictions.

Key Takeaway #1: Offer Students The Benefits Of Traditional Banking Without The Restrictions
Seven in 10 students say they are receiving financial aid. The average amount of financial aid received per year is approximately $12,000. Eleven percent of these students do not currently have a traditional checking or savings account.

Five percent of all students who receive financial aid have gone someplace other than a bank to cash a check. With the average check cashing fee ranging from $29 to $88, students are wasting millions of dollars.

Even students with checking accounts aren’t familiar with fees associated with their accounts. Despite not knowing the specific fees tied to non-traditional sources, most do know that they are paying higher fees by using an alternative. Make students aware of their wasted money in fees and offer them a lower cost alternative.

Key Takeaway #2: Students are wasting millions by paying unnecessary check cashing fees.
Detailed Findings
Only one in four consider themselves financially “very” knowledgeable or “very confident” with most choosing “somewhat” to describe themselves.

Q5. How knowledgeable do you consider yourself about how to handle your personal finances…
Q6. How confident are you that you know how to handle your finances most cost effectively, that is paying the least amount possible in fees, interest rates and charges?

**Base: Total Respondents (739)**

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Most students have some type of financial account although sixteen percent, approximately 2.9 million students do not have a traditional checking or saving account.

<table>
<thead>
<tr>
<th>Personal finance accounts</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit card that is linked to a checking account</td>
<td>75</td>
</tr>
<tr>
<td>Checking account</td>
<td>72</td>
</tr>
<tr>
<td>Savings account</td>
<td>66</td>
</tr>
<tr>
<td>Credit card</td>
<td>45</td>
</tr>
<tr>
<td>Investment account</td>
<td>9</td>
</tr>
<tr>
<td>Pre-paid debit card that is not linked to a checking account</td>
<td>6</td>
</tr>
<tr>
<td>None</td>
<td>4</td>
</tr>
<tr>
<td>Refused</td>
<td>4</td>
</tr>
</tbody>
</table>

16% of students do not have a checking or savings accounts. This equates to approximately 2.9 million students.
Two in ten students have gone someplace other than a bank to cash a check. They turn to “non-traditional” sources for getting money such as money orders, checking cashing services and wiring money.

Q14. Have you EVER gone to a place other than a bank to cash a check?
Q15. Have you gone to a place, other than a bank, to cash a check in the past 12 months?
Q16. Please indicate which of the following, if any, you have done while enrolled as a college student…

Base: Total Respondents (739)

Financial products tried ever

- Purchased a money order: 43
- Used a check cashing service: 25
- Had money wired to you: 21
- Wired money to someone else: 19
- Received a money order: 16
- Used a payday loan provider: 7
- None: 32
- Refused: 4
Top reasons for cashing checks someplace other than a bank include convenience and speed.

**Reasons for going to other place other than a bank to cash check**

- More convenient locations closer to where you live, work or go to school: 43%
- More convenient hours for you, based on when you work, go to school or other commitments: 26%
- Banks don't cash checks without an account: 19%
- Banks charge higher fees to cash checks: 11%
- The place to cash checks doesn't require as much ID as a bank: 7%
- No other option is available for me to cash checks: 6%
- My friends go there to cash their checks: 4%
- Bank was closed: 4%
- The place to cash checks feels more comfortable than a bank: 2%
- Other: 1%
- Refused: 9%

**Main reason for going to a place, other than a bank to cash a check**

- More convenient locations closer to where you live, work or go to school: 27%
- To get money faster: 19%
- More convenient hours for you, based on when you work, go to school or other commitments: 17%
- Banks don't cash checks without an account: 8%
- Banks charge higher fees to cash checks: 6%
- No other option is available for me to cash checks: 4%
- My friends go there to cash their checks: 2%
- The place to cash checks doesn't require as much ID as a bank: 1%
- The place to cash checks feels more comfortable than a bank: 0%
- Bank was closed: 0%
- Other: 9%
- Refused: 7%

Q17. Why have you gone to a place, other than a bank, to cash a check?
Q18. What is the main reason for going to a place, other than a bank, to cash a check?

Base: Have gone to a place other than a bank to cash a check (201)
Students are using non-traditional resources to cash checks because they are convenient and fast. Immediate access to money for the purpose of paying a bill is a top motivator for using payday loans and money orders.

**Reasons for using following**

**Payday loan**
- I need money to pay a bill: 56
- I need it quickly: 36
- I don't have any other option: 19
- Banks have hours that are convenient to my class schedule: 7
- Banks have locations that are convenient to where I go to school: 2
- Banks charge more in fees than I pay using a service: 2
- I feel more comfortable using this type of service than a bank: 4
- It takes too long to get funds from checks deposited at banks: 0
- Other: 4

**Check cashing service**
- It takes too long to get funds from checks deposited at banks: 35
- I need it quickly: 32
- I don't have any other option: 11
- Banks have hours that are convenient to where I go to school: 9
- Banks have locations that are convenient to my class schedule: 6
- Banks charge more in fees than I pay using a service: 6
- I need money to pay a bill: 5
- I feel more comfortable using this type of service than a bank: 4
- Bank was closed: 1
- Other: 0

**Purchasing a money order**
- I had to get money to someone: 41
- I needed money to pay a bill: 39
- I needed it quickly: 28
- Banks charge more in fees than other places where I can get a money order: 17
- I feel more comfortable using this type of service than a bank: 8
- To pay rent: 6
- I don't have any other option: 4
- Do not have checks: 2
- Company/person only accepts money order: 1
- Other: 3

Q19. You just told us that you used a payday loan. Which of the following best describes why you used a payday loan service?

Q22. For each of the following services that you indicated you use, how many times per year would you estimate you use each service while enrolled as a college student? Your best estimate is fine.

Base: Used a Payday loan provider (22); Used check cashing service (57); Purchased a money order (90)

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