



# 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 14<sup>th</sup> to January 27<sup>th</sup>, 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

# Key Takeaway #1: Offer Students The Benefits Of Traditional Banking Without The Restrictions



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 with out 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 #2: Students are wasting millions by paying unnecessary check cashing fees



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.



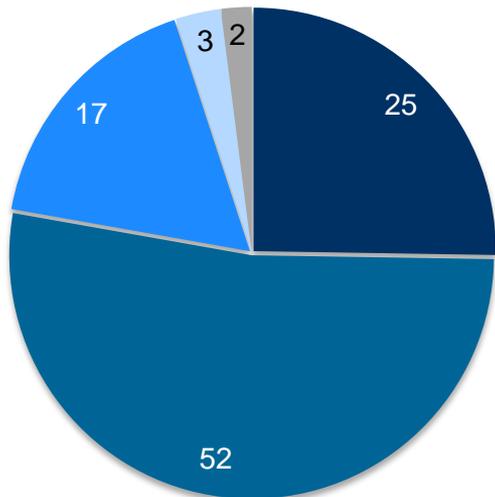
Even students *with* checking accounts aren't familiar with fees associated with their accounts. Despite not knowing the specific fees tied to non-traditional sources, most do know that they are paying higher fees by using an alternative. Make students aware of their wasted money in fees and offer them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

# Detailed Findings

Only one in four consider themselves financially “very” knowledgeable or “very confident” with most choosing “somewhat” to describe themselves

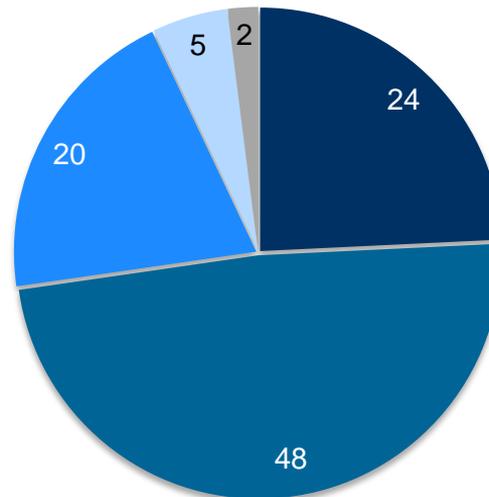


**Knowledge about Personal Finances**



- Very knowledgeable
- Somewhat knowledgeable
- Not too knowledgeable
- Not at all knowledgeable
- Refused

**Confidence of Handling Finances**



- Very confident
- Somewhat confident
- Not too confident
- Not at all confident
- Refused

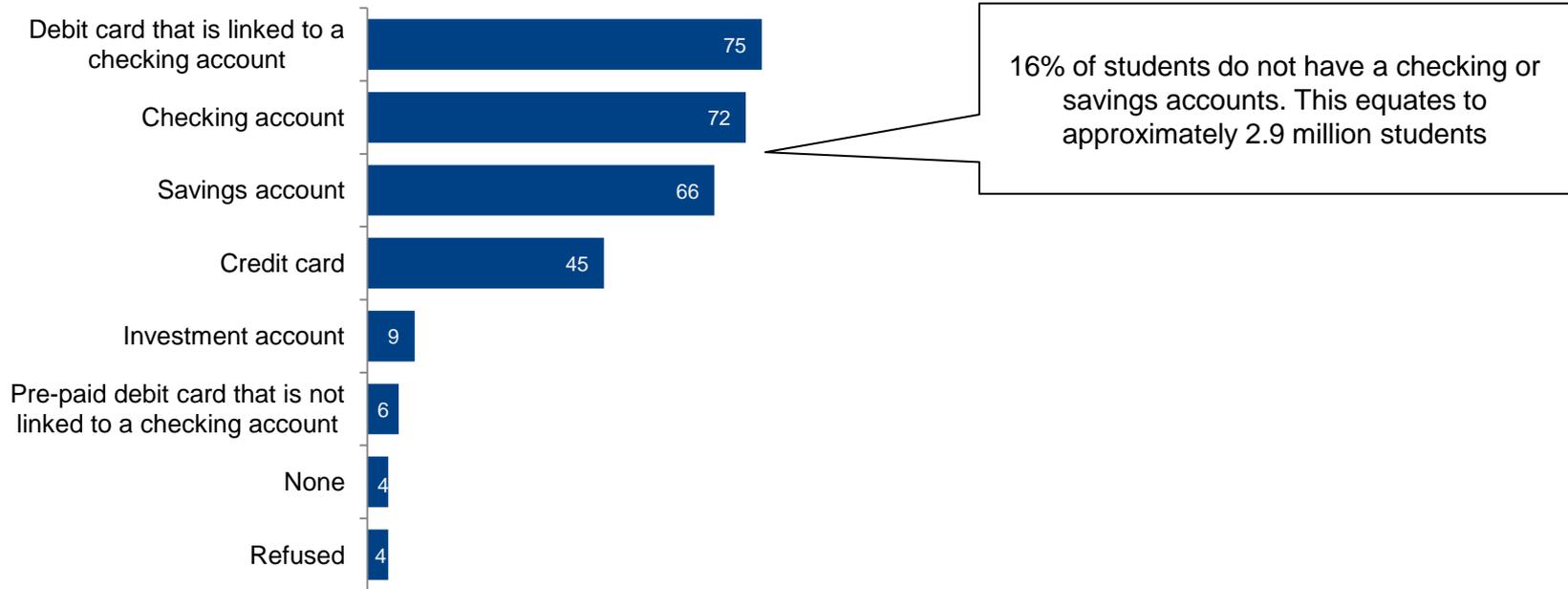
Q5. How knowledgeable do you consider yourself about how to handle your personal finances...

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)

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

### Personal finance accounts



Q9. Please indicate whether you personally use or have any of the following types of financial accounts or services? These are financial accounts or services in your own name, not your parents or someone else.

Q13. Which, if any, of the financial products below you have ever tried to open in your own name and have been denied:

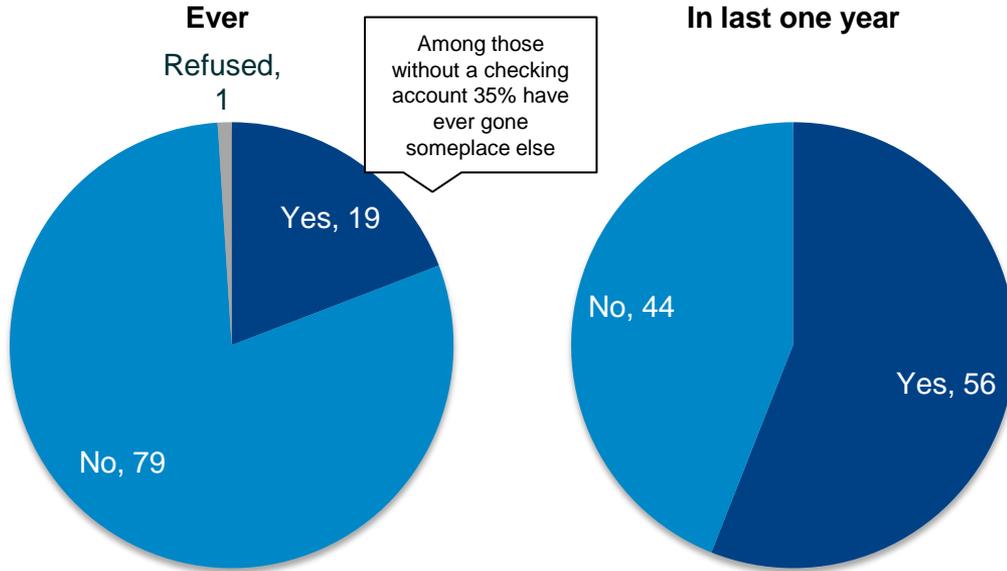
Base: Total Respondents (739)

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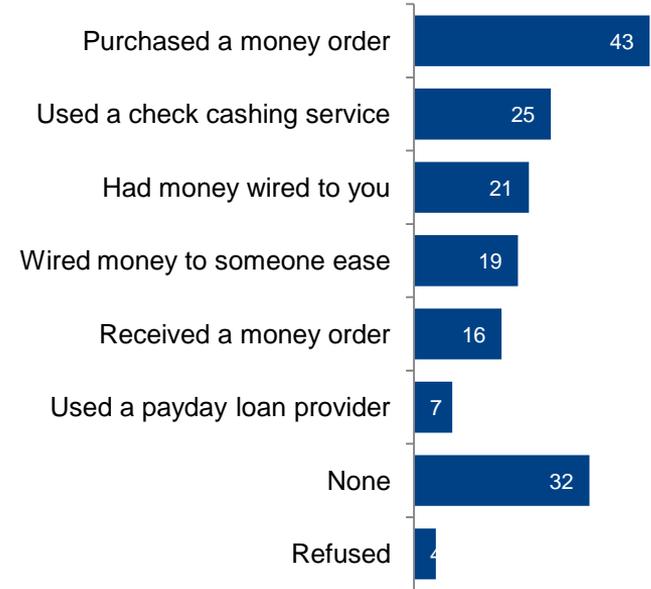
Two in ten students have gone someplace other than a bank to cash a check. They turn to “non-traditional” sources for getting money such as money orders, checking cashing services and wiring money



### Gone to a place other than a bank to cash a check



### Financial products tried ever

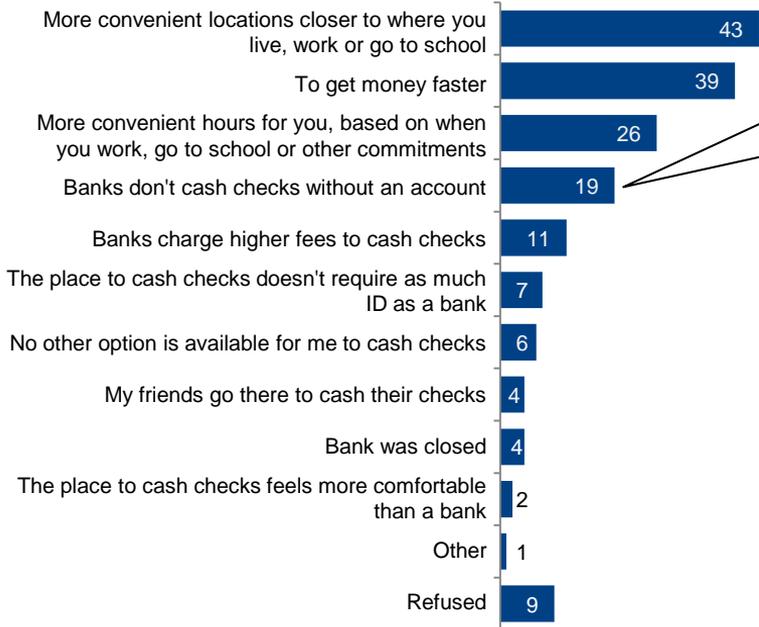


Q14. Have you EVER gone to a place other than a bank to cash a check?  
 Q15. Have you gone to a place, other than a bank, to cash a check in the past 12 months?  
 Q16. Please indicate which of the following, if any, you have done while enrolled as a college student...  
 Base: Total Respondents (739)

# Top reasons for cashing checks someplace other than a bank include convenience and speed

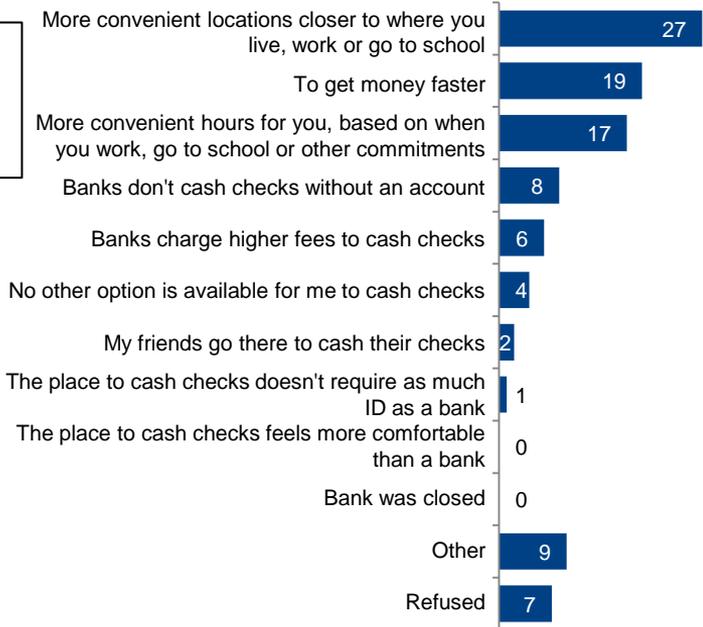


## Reasons for going to other place other than a bank to cash check



Among those without a checking account 24% cite this as a reason

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



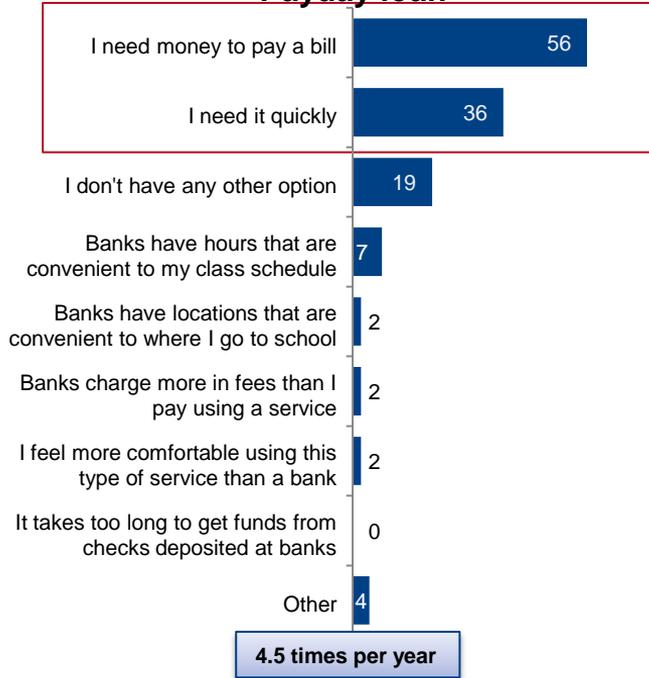
Q17. Why have you gone to a place, other than a bank, to cash a check?  
 Q18. What is the main reason for going to a place, other than a bank, to cash a check?  
 Base: Have gone to a place other than a bank to cash a check (201)

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

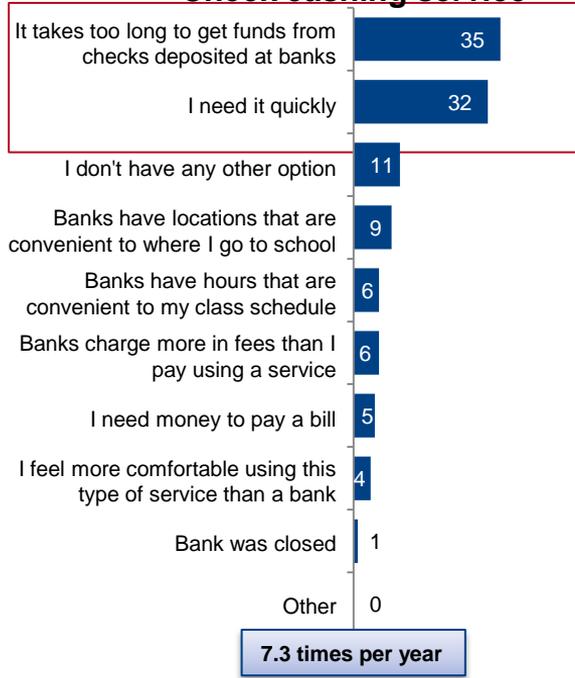


### Reasons for using following

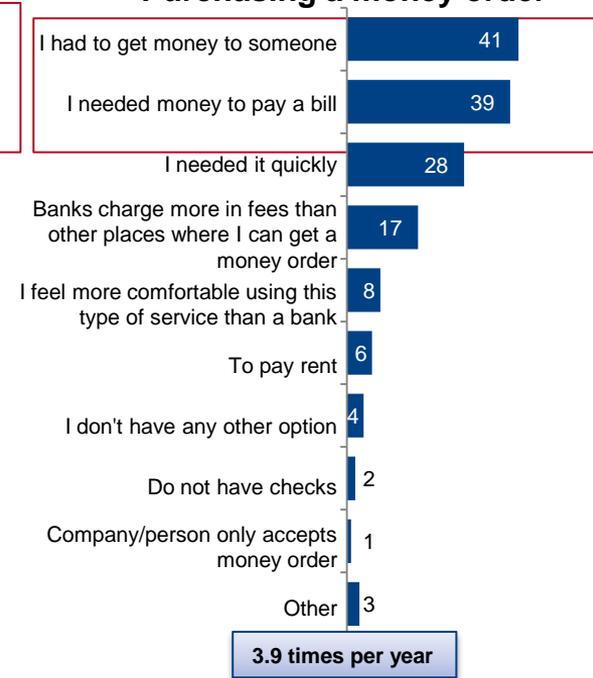
#### Payday loan



#### Check cashing service



#### Purchasing a money order



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)