

# Finances & Mental Health: the role of Financial Services

**Annie Harper, Yale University**

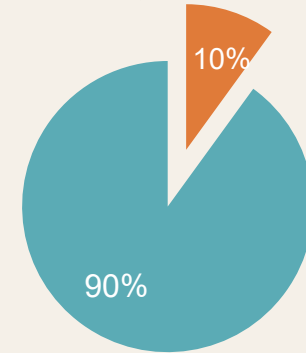
Presentation for Financial Empowerment Network of  
Washington, April 2026

## People with mental illness are more likely to face financial hardship

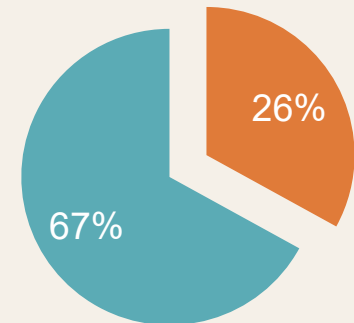
- Only 15% of people with psychiatric disability are employed — many in part-time, low-wage, or insecure jobs
- SSI/SSDI disability benefits often leave recipients living below the poverty line

**61%** currently in debt | **80%** had debt in past 5 years

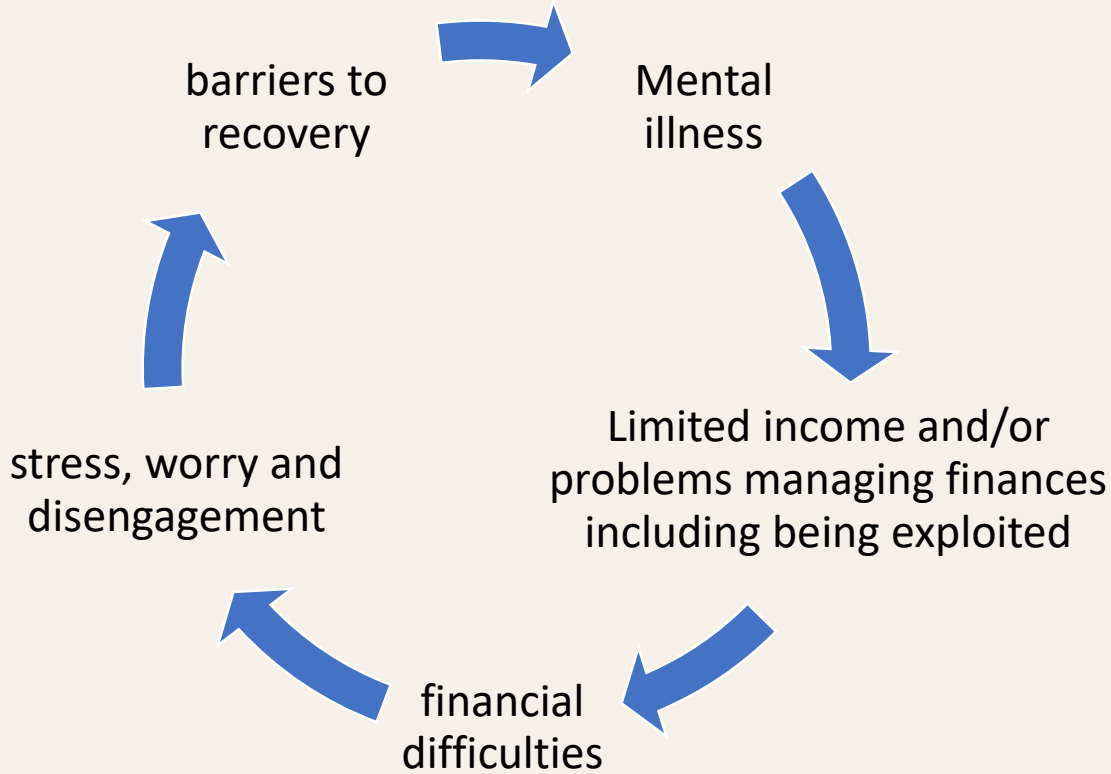
Without Psychiatric Disability



With Psychiatric Disability



Live in Poverty | Not in Poverty



**Financial difficulties are a barrier to recovery**

## Monica's Story

*Monica's first car purchase symbolized her recovery from mental illness and substance use. She worked as a peer support worker and deserved to drive to work — not take the bus. The interest rate was high — but she was confident she could manage.*

*But financial shocks cascaded: rent arrears, utility bills, a \$1,500 surgical copay, and a son's arrest requiring bail. An unexpected \$500 bank withdrawal for the copay triggered overdraft fees. Unable to keep up, she surrendered her car, fell behind on rent, and faced eviction.*

*Despite years of progress, Monica was back on the bus — and back experiencing mental health symptoms she thought were behind her.*



**Financial instability doesn't just cause stress — it can directly trigger mental health crises.**

## Three Areas Where Everyone (including people with Mental Illness) Needs Support



### Increasing Income and Wealth

Benefits navigation (SSI/SSDI), employment support, and assistance accessing income entitlements. ABLE to save..



### Managing Money

Budgeting guidance, financial coaching, debt management and representative payee services



### Appropriate Financial Services

Access to safe banking, credit building, and protection from predatory financial products

**Financial services access is particularly neglected**

WHY IT MATTERS

# Everyone needs financial services to survive — and to thrive.

## Receive & Hold Money

Direct deposits, benefits, payroll — everyone needs a safe place to receive and store funds

## Pay Bills, Make Purchases and Transfer Funds

Convenient, free ways to make payments — everything from rent, to daily purchases, to sending money to friends and family

## Save & Borrow Responsibly

Safe places to save and affordable loans to be able to manage larger than normal expected and unexpected expenses



People with the least financial cushion need appropriate financial tools MORE than anyone.

# Solutions for people with mental illness can benefit everyone

## Older Adults

Supported decision-making tools for people with SMI also serve those with age-related cognitive decline

## Life Interruptions

Systems built for hospitalization or incarceration also help anyone facing sudden life disruption

## Crisis Management

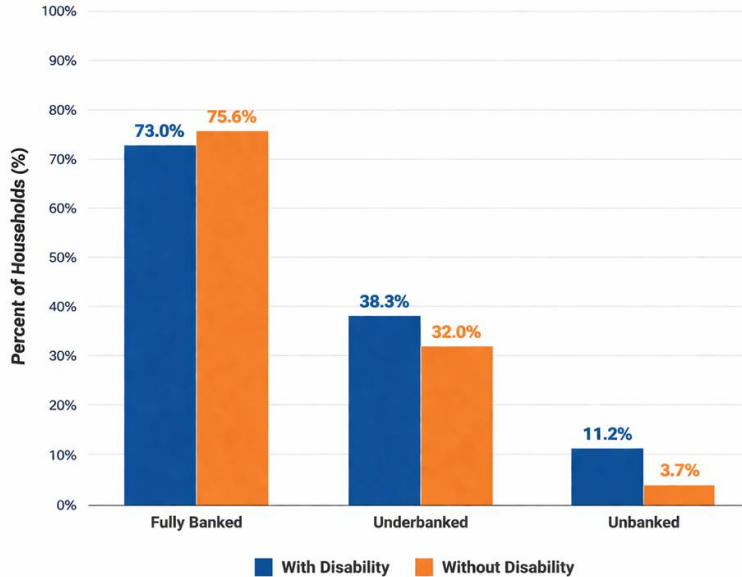
Tools for people who get into debt due to overspending could be helpful for anyone hit by emergency financial shocks



Designing for those with the greatest needs produces better solutions for everyone

### Banking Status by Disability (Working-Age Households, 2023)

FDIC National Survey of Unbanked and Underbanked Households – Ages 25-64



Note: Underbanked = has account but also used nonbank financial services

Source: 2023 FDIC National Survey of Unbanked and Underbanked Households (via National Disability Institute)  
<https://www.nationaldisabilityinstitute.org/press/national-fdic-survey-shows-38-percent-decrease-in-unbanked-rate-for-working-age-adults-with-disabilities/>

## People with disabilities are far more likely to be unbanked or underbanked

**11.2%**

of people with any disability are unbanked (vs 3.7% without)

**~50%**

of people with SMI may be unbanked

*People with cognitive disabilities — including SMI — face the most severe banking exclusion*

WHEN THERE'S NO BANK ACCOUNT

# What does 'banking' look like without a bank?



Without a bank account, people are pushed toward:

- Check cashing services with high fees
- Money orders & Western Union for payments
- Rent-to-own & payday lenders for credit
- No safe place to store savings
- Exclusion from direct deposit & online banking

But things are changing fast — prepaid cards and app-based banking are reshaping access

## Banking without a bank: Prepaid cards

### General Purpose Reloadable (GPR)

Used like a debit card — load money, spend anywhere (for a fee)

### Payroll Cards (e.g. Wisely)

Issued by employers instead of direct deposit

### Benefit Cards (e.g. DirectExpress)

SSI/SSDI benefits without needing a bank account

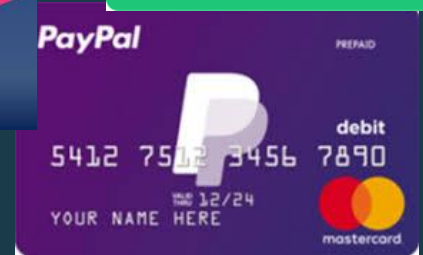


PHONE-BASED BANKING APPS

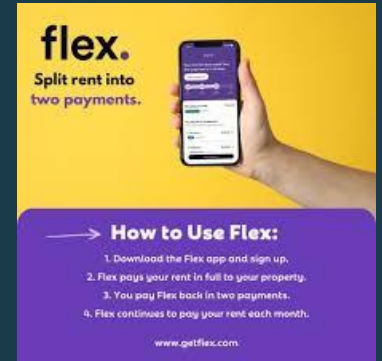
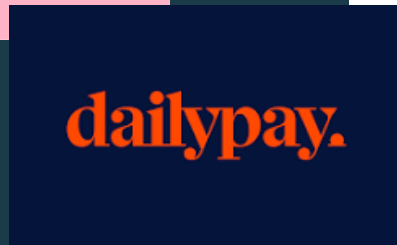
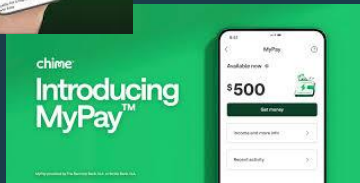
App-based banking:  
No branch required



chime



# What about borrowing? Vulnerability to predatory debt products



## The borrowing cycle in practice



“

I relapsed and started using daily pay... every day I come home from work, I take all the money I just earned and spend it. By the time I get my paycheck, I got none... I didn't have enough rent money... I got to the point where I couldn't catch it up no more. I wish Daily Pay wasn't available because people need their money, but then you get caught in the cycle of borrowing.

— Participant APT19



“

there's a borrow feature...[Right now, I have] the advance for \$400 [with] a \$32 fee... And then on the line of credit, I borrowed \$800, and then it's a \$100 line of credit fee....It's a catch-22 because every time I borrow it, I pay it back and have to borrow it again... I owe \$1,332 so I pay that next month but can only borrow \$1,200. I've been trying to catch up. I actually caught up, then borrowed again.

— Participant APT8

What about investing.... Or gambling?



# What Can We Do Differently?

01

## Stay up to date with financial services landscape

When advising people, understand how important financial services are and know what's out there.

02

## Safe and Affordable Banking for All

Find out about BankOn accounts. Advocate for all banks to be required to offer basic, safe and affordable accounts

03

## Supported Financial Decision-Making

Understand value of tools to allow people to manage finances with support, preserving autonomy and dignity.

04

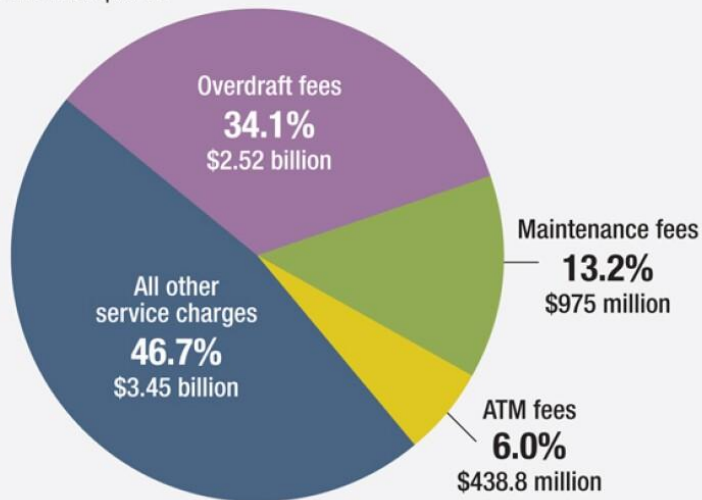
## Advocate - Regulate Earned Wage Access as Debt

EWA products create debt cycles equivalent to payday loans. Advocate for them to be regulated just like any other loan product!

# Safe and Affordable Banking

## Fee Driver

Fees from overdrafts accounted for more than one-third of banks' total income from service charges on consumer deposit accounts in the first quarter\*



\*Data from 626 banks that broke out overdraft income in first-quarter call reports

Source: FDIC

Bank or Credit Union  
Account Name

**Bank**On

*Certified 2025 – 2026*

since Month 20xx



# Banking products to support financial decision making



Account number	Access level
...7877	View Only
...3064	No Access
	View Only



ADVOCACY BEYOND THE INDIVIDUAL

# Financial equity advocacy is mental health advocacy



**Increase Effective Income**

Benefits & employment,  
affordability



**Build Safe Banking**

Bank On & alternatives



**Regulate & Advocate**

EWA reform & community voice