

Paradigm

# Bridging the Gap

How Crypto Expands Financial Access for America's Underbanked

By Justin Slaughter and Veronica Irwin



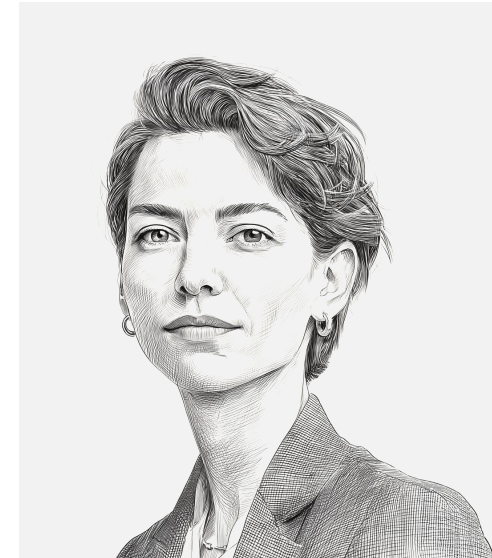
## We interviewed 11 people of diverse backgrounds



Pseudonym: Liam  
Age: Mid 20s  
Country of Residence: USA  
Immigrant? Yes  
Education Level:  
Undergraduate Degree  
Political Ideology: Moderate



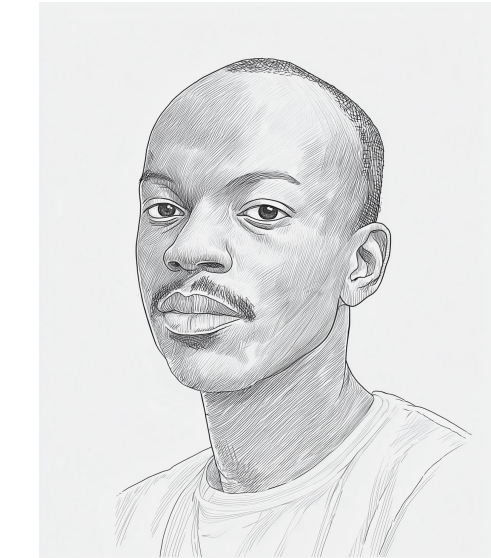
Pseudonym: London  
Age: Late 20s  
Country of Residence: USA  
Immigrant? Yes  
Education Level:  
Undergraduate Degree  
Political Ideology: Conservative



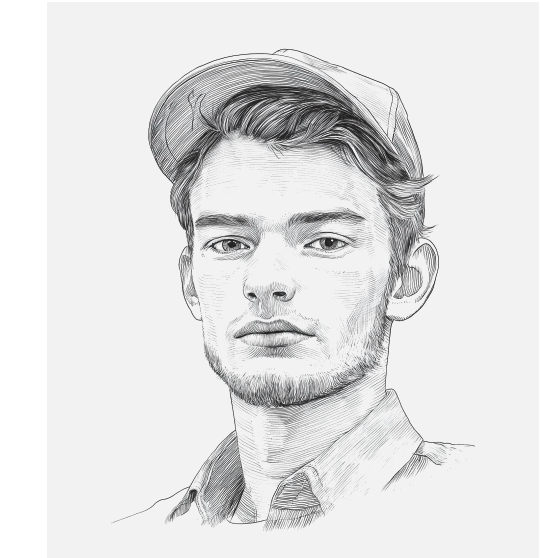
Pseudonym: Samantha  
Age: Mid 30s  
Country of Residence: USA  
Immigrant? Yes  
Education Level: Some College  
Political Ideology: Liberal



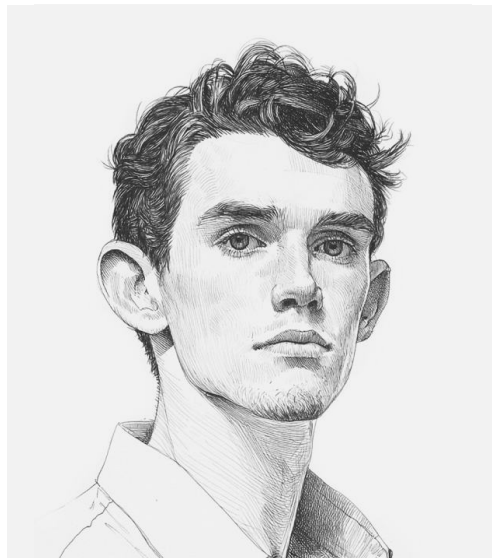
Pseudonym: Anthony  
Age: Early 40s  
Country of Residence: Germany  
Immigrant? Yes  
Education Level: Post Doc  
Political Ideology: Moderate



Pseudonym: Thomas  
Age: Mid 20s  
Country of Residence: Kenya  
Immigrant? No  
Education Level:  
Undergraduate Degree  
Political Ideology: Moderate



Pseudonym: Brad  
Age: Early 20s  
Country of Residence: USA  
Immigrant? No  
Education Level: High School  
Political Ideology:  
Conservative



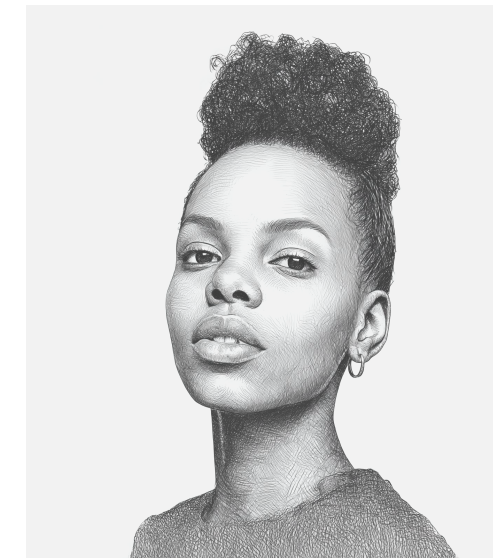
Pseudonym: Simon  
Age: Mid 20s  
Country of Residence: USA  
Immigrant: Yes  
Education Level:  
Undergraduate Degree  
Political Ideology: Moderate



Pseudonym: Harry  
Age: Mid 50s  
Country of Residence: UK  
Immigrant: No  
Education Level:  
Graduate Degree  
Political Ideology: Moderate



Pseudonym: Frank  
Age: Mid 20s  
Country of Residence: USA  
Immigrant: No  
Education Level:  
Undergraduate Degree  
Political Ideology: Liberal



Pseudonym: Doris  
Age: Mid 20s  
Country of Residence: Kenya  
Immigrant: No  
Education Level: Some College  
Political Ideology: Moderate



Pseudonym: Elijah  
Age: Mid 20s  
Country of Residence: USA  
Immigrant: No  
Education Level:  
Undergraduate Degree  
Political Ideology: Moderate

## What we found was telling

Crypto is changing the way the unbanked *think about money*. Instead of conceptualizing money as a means of survival, they are imagining it as a means to thrive. They attribute this to the way that crypto gave them a means of *direct control* over their finances.

The unbanked find crypto and blockchain technology *more trustworthy* and *safer to use* than traditional financial applications. This is because blockchain has *transaction finality*. In other words, they can watch payments arrive in the recipients' wallet almost immediately, without waiting on an intermediary to process them.

The *fast speeds* and *low costs* of crypto transactions encourage interviewees to use it not just for peer-to-peer payments, but also for transactions as essential as receiving a paycheck.

Crypto is the preferred tool for *sending money abroad*. Several interviewees have used crypto to send money quickly across borders in *times of crisis*.

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Background

# Key Terms

*Unbanked:* Someone who does not have a checking, savings, or money market account (in the US, at a FDIC-insured depository institution).

*Underbanked:* A banked person who uses nonbank products like non-bank money orders, check cashing, international remittances, rent-to-own services, payday loans, pawn shop loans, auto title loans, tax refund anticipation loans, or peer-to-peer payment apps like Venmo or Paypal to meet core financial needs.

*US Immigrant:* Someone born outside of the United States.

*Crypto User:* Someone who has ever held or transacted with cryptocurrency of any amount.

These definitions were informed by definitions used by the Federal Reserve, FDIC, CFPB, International Monetary Fund, and prior Paradigm research.

# 1.4 billion

people were unbanked in 2021.  
That's *24%* of the world's adults.

# Only 40%

of the world's adults use the accounts  
they have to save or borrow money.

# Only 36%

of the worlds' adults received  
a payment into an account.

*Six percent* of American adults were unbanked in 2024

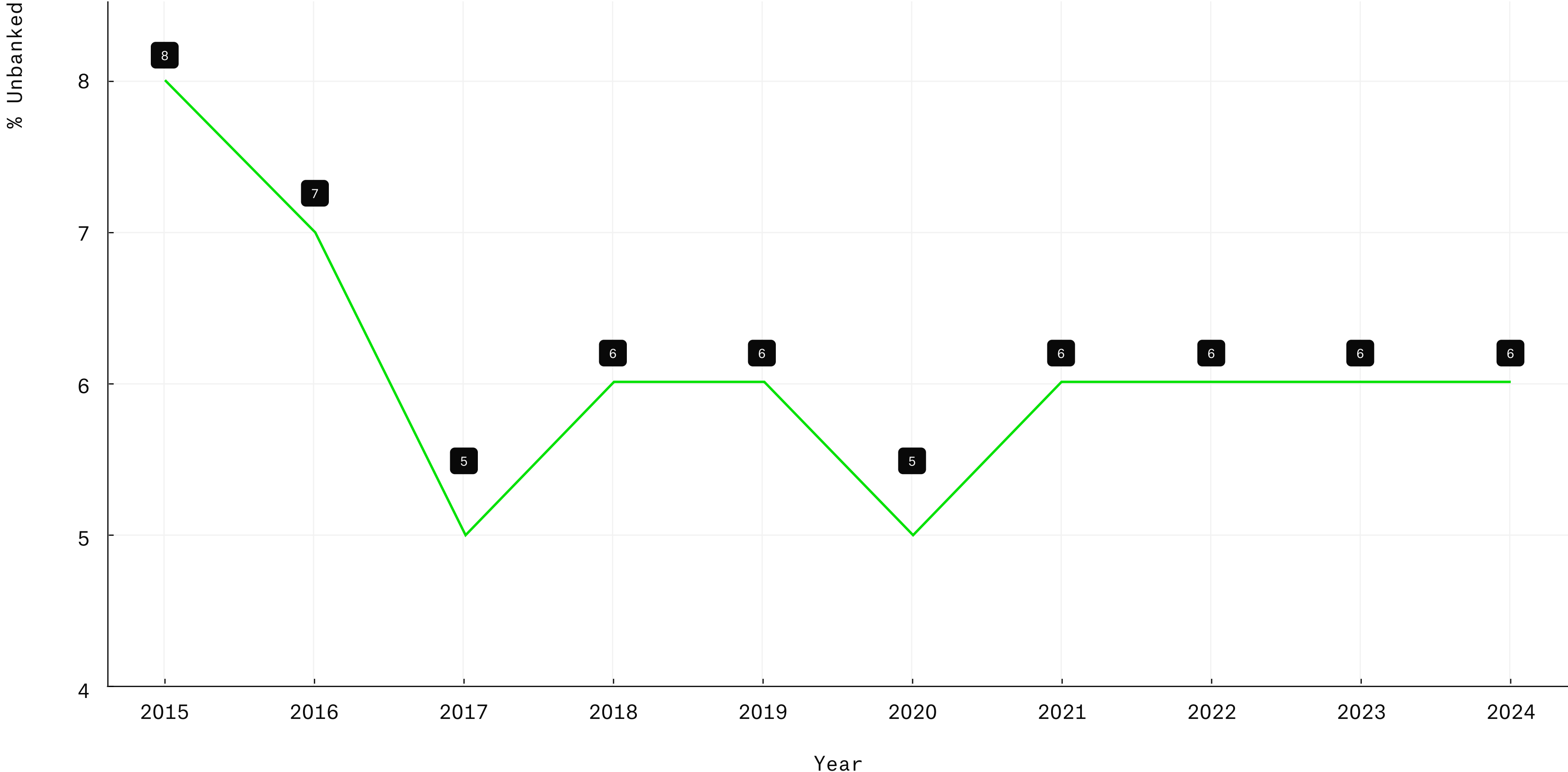
This rate is higher amongst **low-income adults**. *22%* of adults with an income below *\$25,000* were unbanked, compared to *1%* of adults with an income of *\$100,000* or more.

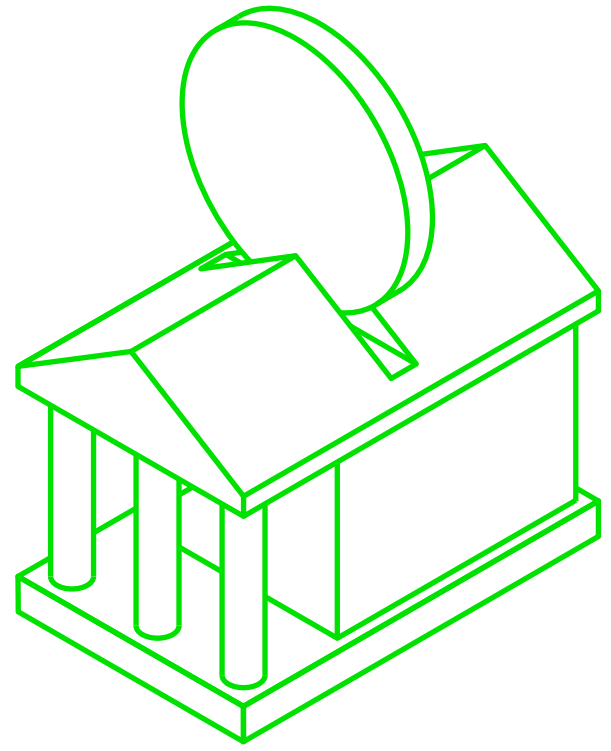
This rate is higher amongst **young people**. *13%* of adults between 18 and 29 years old were unbanked, compared to *2%* of adults 60 years or older.

This rate is higher amongst **Black and Hispanic Americans**. *13%* of Black Americans and *12%* of Hispanic Americans were unbanked, versus *6%* of Asian Americans and *3%* of White Americans.

And this rate is higher amongst **people with a disability**. *12%* of Americans with a disability are unbanked, versus *5%* of people without a disability.

# Unbanked Rate (%) By Year

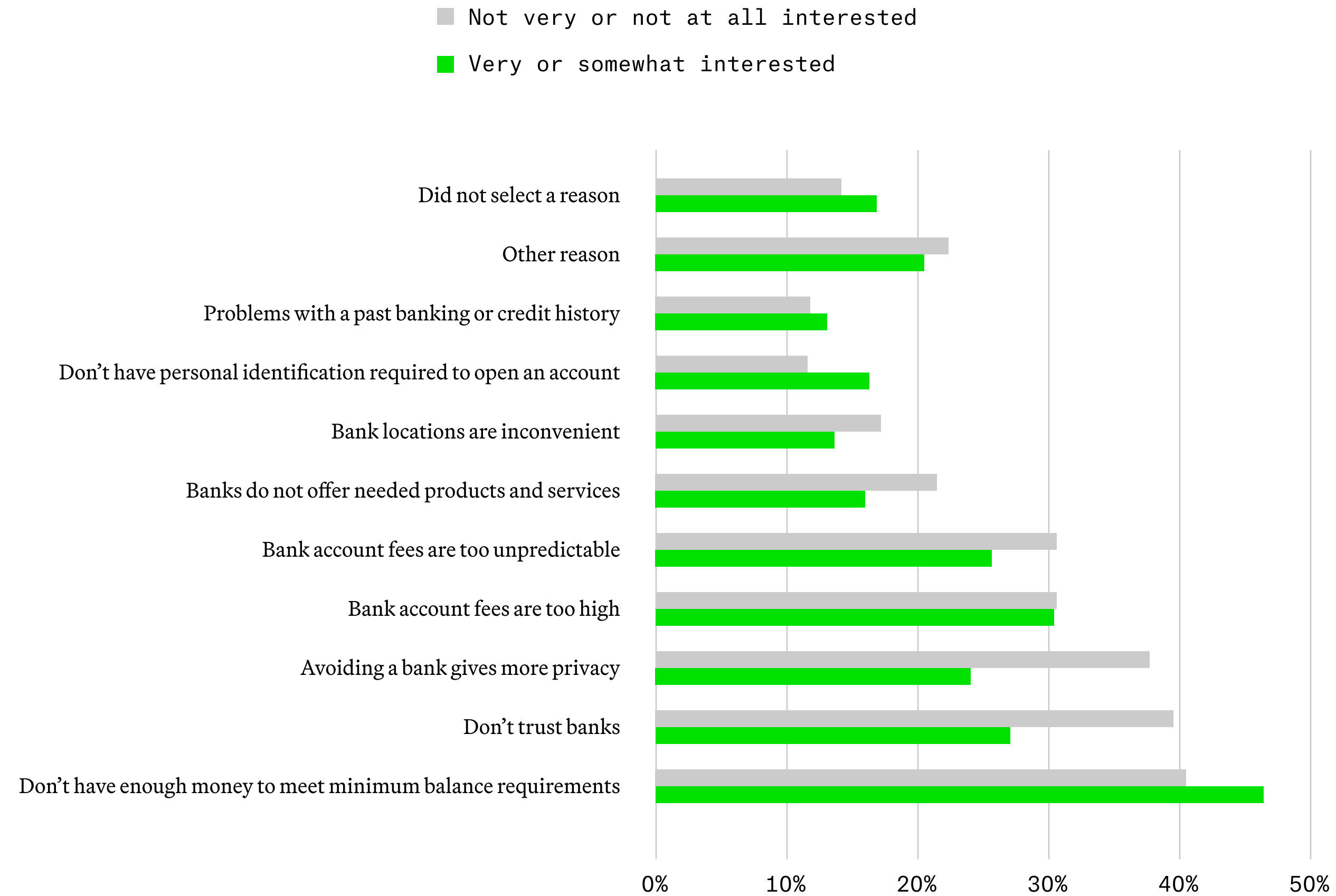




The top reason Americans cite for being unbanked is not having enough money to meet minimum balance requirements and not trusting banks.

Financial technology has a record of closing these gaps by providing people with new ways to send payments, save and store money, and access credit. Fintech also often provides mobile-only banking services with lower fees, low or no minimum balance requirements, and an easier account setup process.

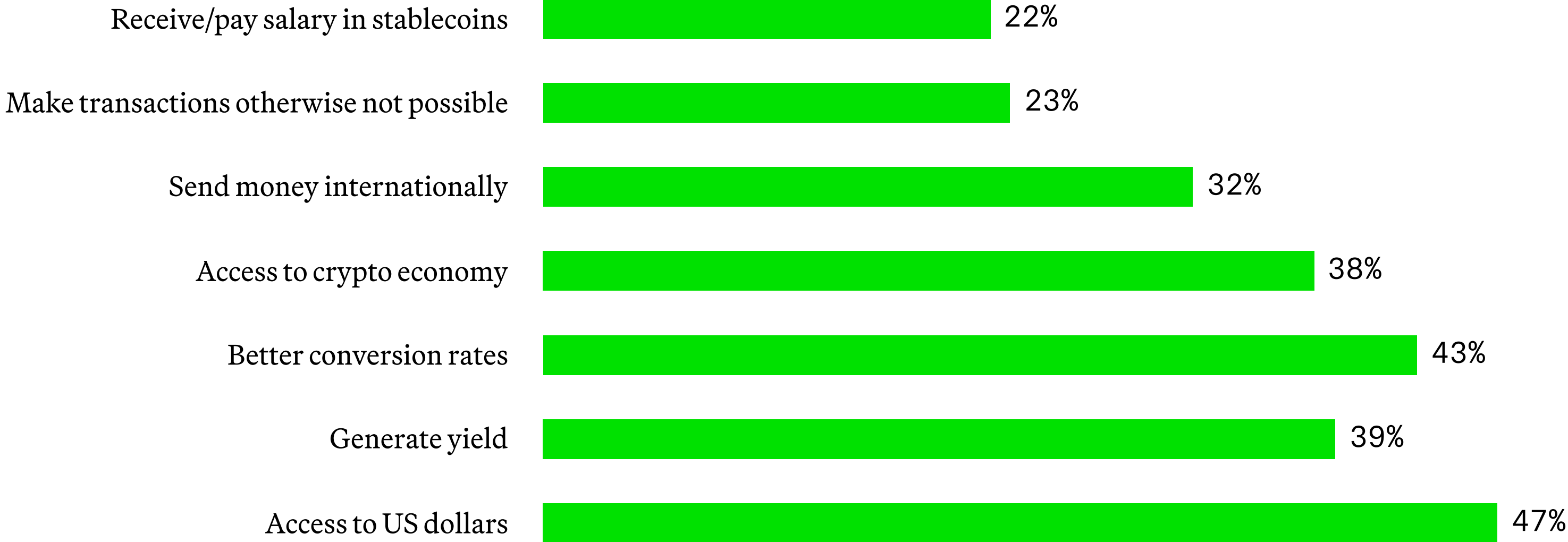
## Reasons unbanked households cite for not having a bank account by interest in having an account, 2023 (%)



Source: FDIC

The unbanked globally are using crypto to gain access to a financial system they're shut out from.

Motivations for Using Stablecoins (%)

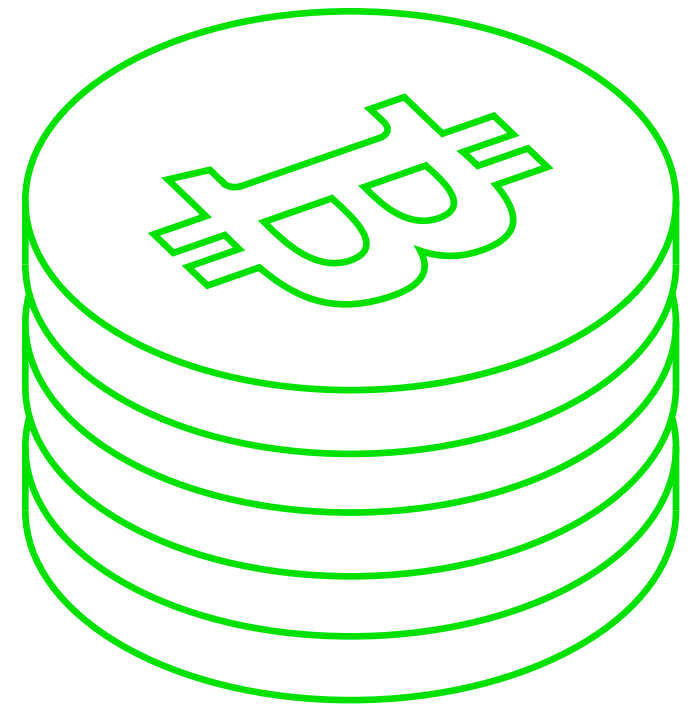


In the United States, unbanked are using crypto because  
it's more convenient

**Reason**

Preferred by the recipient of the money	35%
To send the money faster	18%
Cheaper	13%
Privacy	12%
Safer	5%
Don't trust banks	3%
Other	13%

Note: Among adults who used cryptocurrency for financial transactions.



Further, *10%* of American crypto users surveyed by Paradigm earlier this year held crypto before they had a bank or Venmo account.

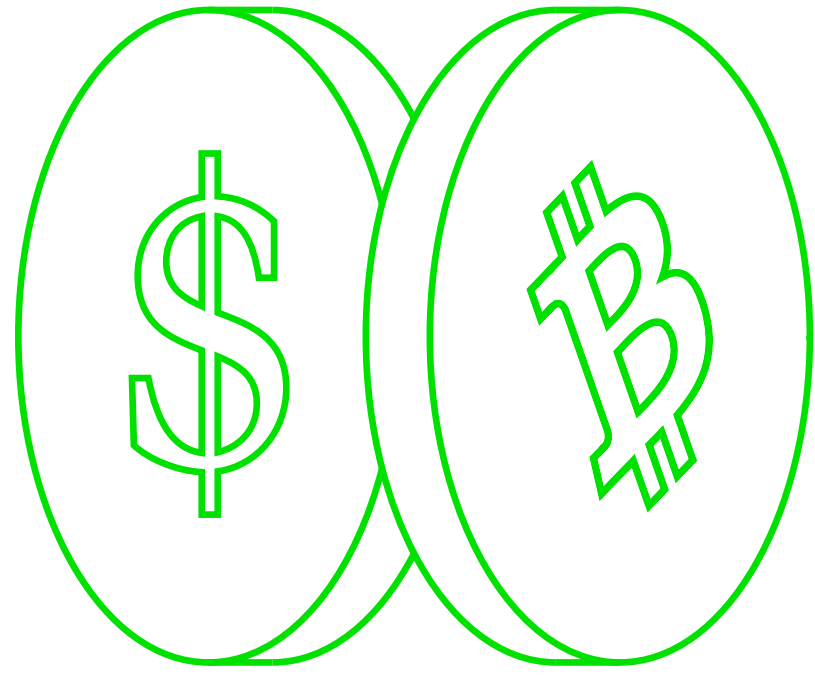
# Findings



Crypto as a Tool for Wealth Generation

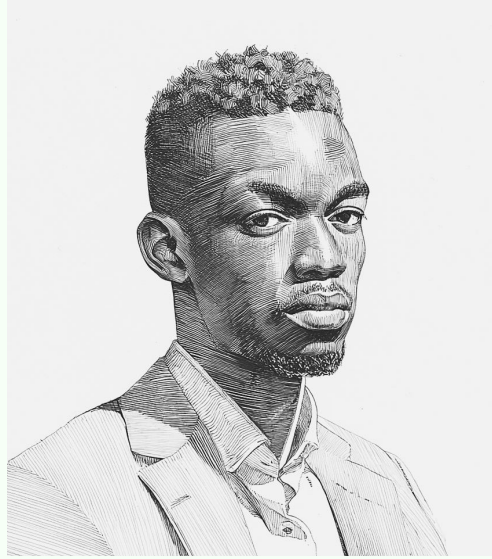
In economies where the local currency fluctuates, users can access the safety of US dollars using stablecoins. This allows them to preserve and grow their wealth, even if currency controls and a lack of access to banking services keeps them from buying US dollars directly.

In Argentina, for example, retail stablecoin transactions are growing at a faster rate than any other asset type. A similar trend is happening in Venezuela, where there is an inverse relationship between Venezuelan Bolívar prices and crypto received. And in Brazil, many local exchanges and fintech brokerages are offering USD-pegged stablecoins to retail customers, demonstrating retail's use of these products as a store of value.



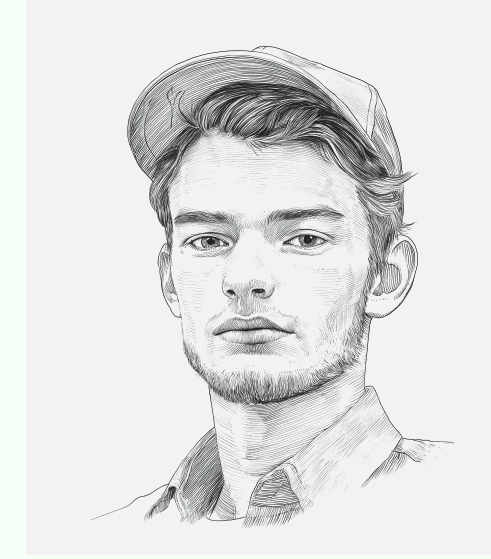
But people living in the United States don't need to worry about local currency losing value, however. Because of this, stablecoin growth has stalled since 2023. Instead, the United States has the fourth-most retail DeFi value received, and second most use of centralized crypto services.

Several interviewees said that they held stablecoins at centralized providers which returned a yield or traded cryptocurrency to accumulate wealth, demonstrating the participation of the underbanked in this trend.



“Personally, it’s all about my choice. [crypto] gives me more control - I don’t need a bank to access funds. I just need my phone.”

**London, 28, US immigrant**



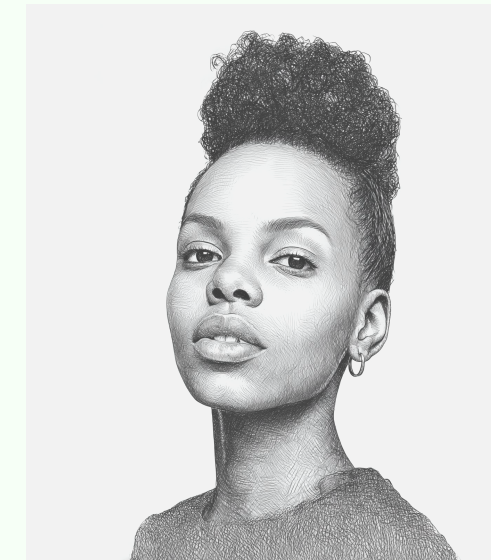
“Because I’m saving and earning interest, my money is slowly increasing...I can put your money in one account and save more money now, where before I was losing my money.”

**Brad, 25, US citizen**



“I am very bearish fiat currencies, because I think once you’ve discovered crypto, you understand how fast it can appreciate.”

**Harry, 45, UK resident**



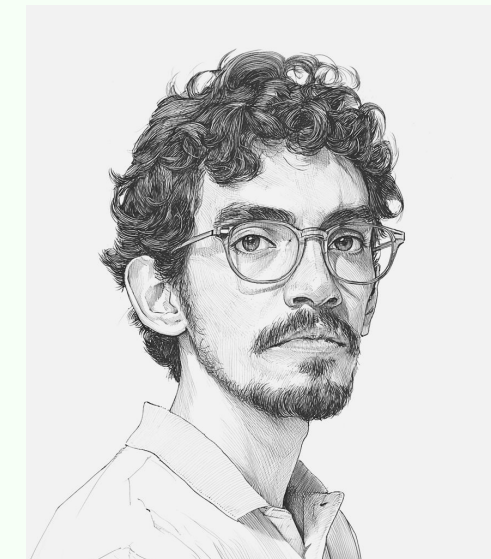
“It has made me even so much more wealth, because I'm getting interest.”

**Doris, 26, Kenyan citizen**



“The place I live in right now — I pay through the money I made from crypto....Even though the profits are in and out, and it will be good today, but it could be bad tomorrow, — it’s really, really, really, really, really good for me.”

**Frank, 26, US citizen**

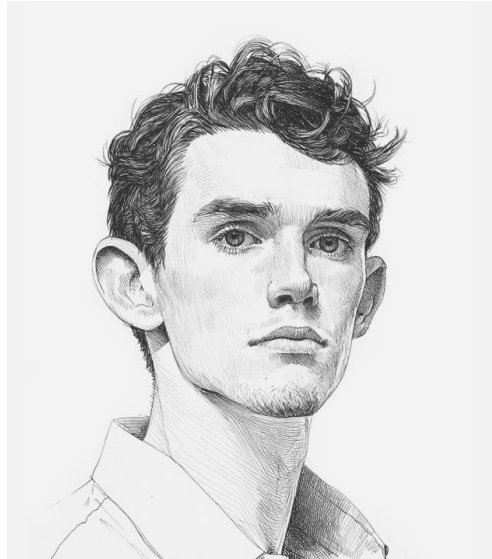


“Crypto has really relieved a lot of stress, and has done a lot of good in my life. I’ve also earned enough money to say crypto has changed my life.”

**Elijah, 25, US citizen**

The importance of the ability to accumulate wealth through crypto cannot be overstated.

According to the Federal Reserve Board, the American unbanked rate is significantly higher amongst low-income adults than high-income adults. *22%* of adults with an income below *\$25,000* were unbanked in the United States, compared with *1%* of adults who had an income of *\$100,000* or more.



“I would argue that [crypto] has given me a better economic outlook... it motivates me to save money, so I can let it sit in my digital wallet and let it increase. It helps me have this better investing and savings mindset.”

**Simon, a 27-year-old immigrant**

*Four* of the underbanked users interviewed in the United States said they received a return on their stablecoins and used them in place of a traditional savings account.

*Four* of the interviewees said they held a crypto portfolio to generate wealth. One actively traded crypto, while 3 others passively held a diverse portfolio of high market-cap tokens, like Bitcoin, to generate wealth.

# Mark's Story

Mark's friends tried to explain how to time the market, or complicated strategies for forex and futures trading, but it was always way too overwhelming.

But crypto was different. In 2020, some of his friends began to trade crypto, and he watched them make lots of money from the comfort of their homes by trading tokens on their cell phone. Investing this way seemed much more approachable than other types of investing that Mark had tried before. He was intrigued, and started copying their trades with small amounts of cash he could afford to lose.

Once he felt like he understood the markets, he decided to build a diversified portfolio of mostly the high market cap tokens BTC, ETH, SOL, and XRP through Coinbase. He's already survived one bear market, and intends to stay in crypto through the next one, too. He says he's multiplied his investments multiple times over — which, combined with the money and time he's saved transacting in crypto, has made a big difference for his pocketbook.

“Before I knew about crypto, I was pretty much living like an old man. I would always have to go in-person to a bank, and wait in line to see my account manager, and could do very little with my money. Crypto has really saved me a lot of stress...and I have earned a lot of money through it. I would say crypto has changed my life.”

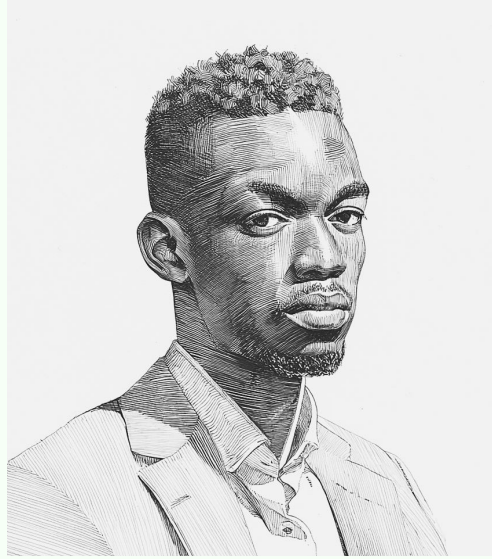
Investing always seemed arduous and complex to Mark. But crypto made investing more accessible.

Changing Perceptions of Trust and Safety

# Trust, comfort, and convenience

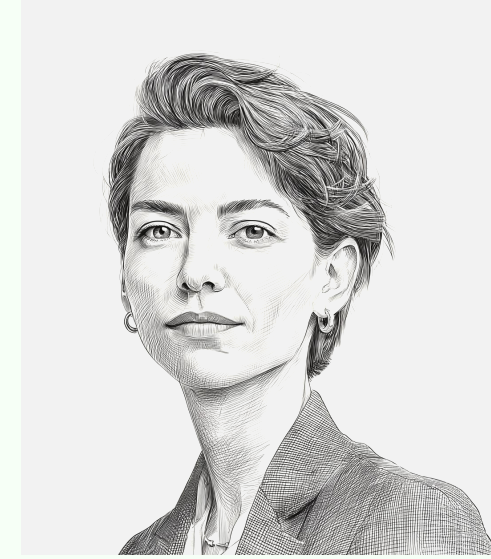
are consistently cited in research as a core reason why the unbanked or underbanked engage in cryptocurrency, despite crypto's status as a "*trustless*" technology.

These views were reflected in our interviews.



“[Crypto is] easier, and also I kind of have a trust issue with putting my cards on online stores.”

**London, 28, US immigrant**



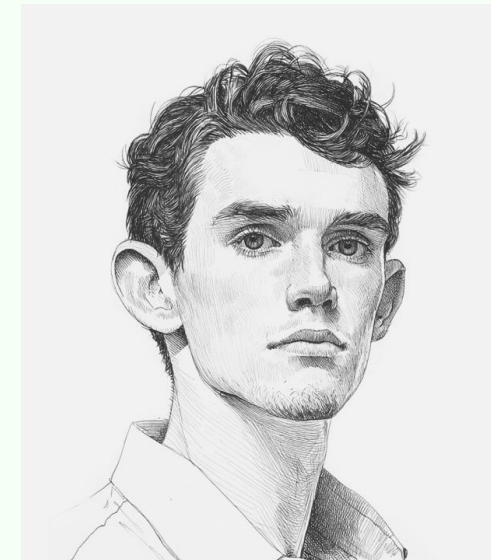
“I don’t really deal with traditional banks because it’s quite new to me here, I don’t know them.”

**Samantha, 35, US immigrant**



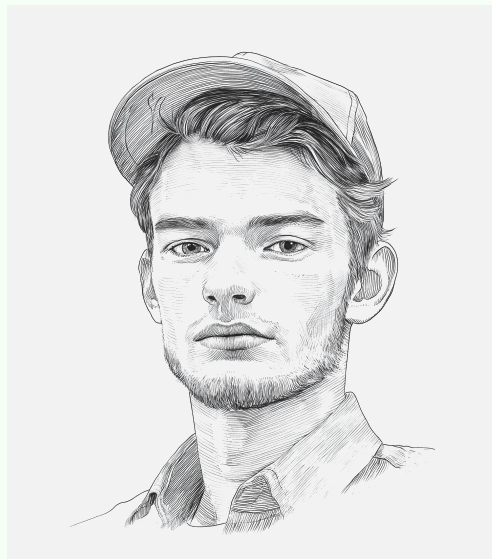
“Banks have maintenance every time. You’ll go to a restaurant and you want to send money to pay, and it fails.”

**Thomas, 26, Kenyan citizen**



“When I moved to the USA, it was pretty tough, because bank business was very hard with my student visa...It was hell.”

**Simon, 27, US immigrant**



“You tend to hear someone has been defrauded from their bank account and it’s linked to another bank or it’s linked to their savings, and they lose everything.”

**Brad, 25, US citizen**

*Ten* of the interviewees cited distrust for traditional banks or a lack of familiarity with how they operate as a reason why they preferred crypto.

These responses varied from people who thought bank operators were dishonest to those who did not trust the financial rails on which banks and charge cards operate to consistently work for them.

Though all of the interviewees acknowledged that there are scams and hacks in crypto, they said they found transacting in crypto more dependable & secure. Often, they explained that this was because they didn't have to trust a third party to execute the transaction.

Bad experiences with crypto were attributed to user error.



“I had a bad experience once, but it wasn’t about it being crypto. It was because I made a mistake, because I didn’t know how it worked... But banks — I don’t trust banks at all actually. I don’t even mess with relying on them.”

Simon, an underbanked immigrant living in the United States

# Frank's Story

Frank, an unbanked US citizen, used to have one credit card.

However, after making a payment online, his credit card information was stolen. Once Frank realized, he closed the credit card. His bank sent him a replacement card, but he was traumatized, and didn't want to use it anymore.

Frank then looked for other ways to transact online. He didn't trust credit cards because he didn't want to give any website his full payment information, or even his checking account information for ACH transfers.

Frank already traded crypto for fun, so he looked into using it for payments, too. Once he realized that he only needed to use his wallet address for payments, rather than giving someone his complete payment information, he felt comfortable using it.

Frank now uses crypto for nearly all of his transactions. He uses stablecoins to make payments directly wherever possible, and buys gift cards with his stablecoins through Bitpay if he needs to make a payment somewhere they don't accept crypto. "Safety-wise, it's way better," he says.

After a credit card scam, Frank turned to completing all his payments in crypto.

# The Pursuit of Efficiency

Traditional payments are slow and costly. But crypto transactions are often fast and cheap.

Credit card transactions cost between *1.5%* and *3.5%* and take up to *5* days to settle.

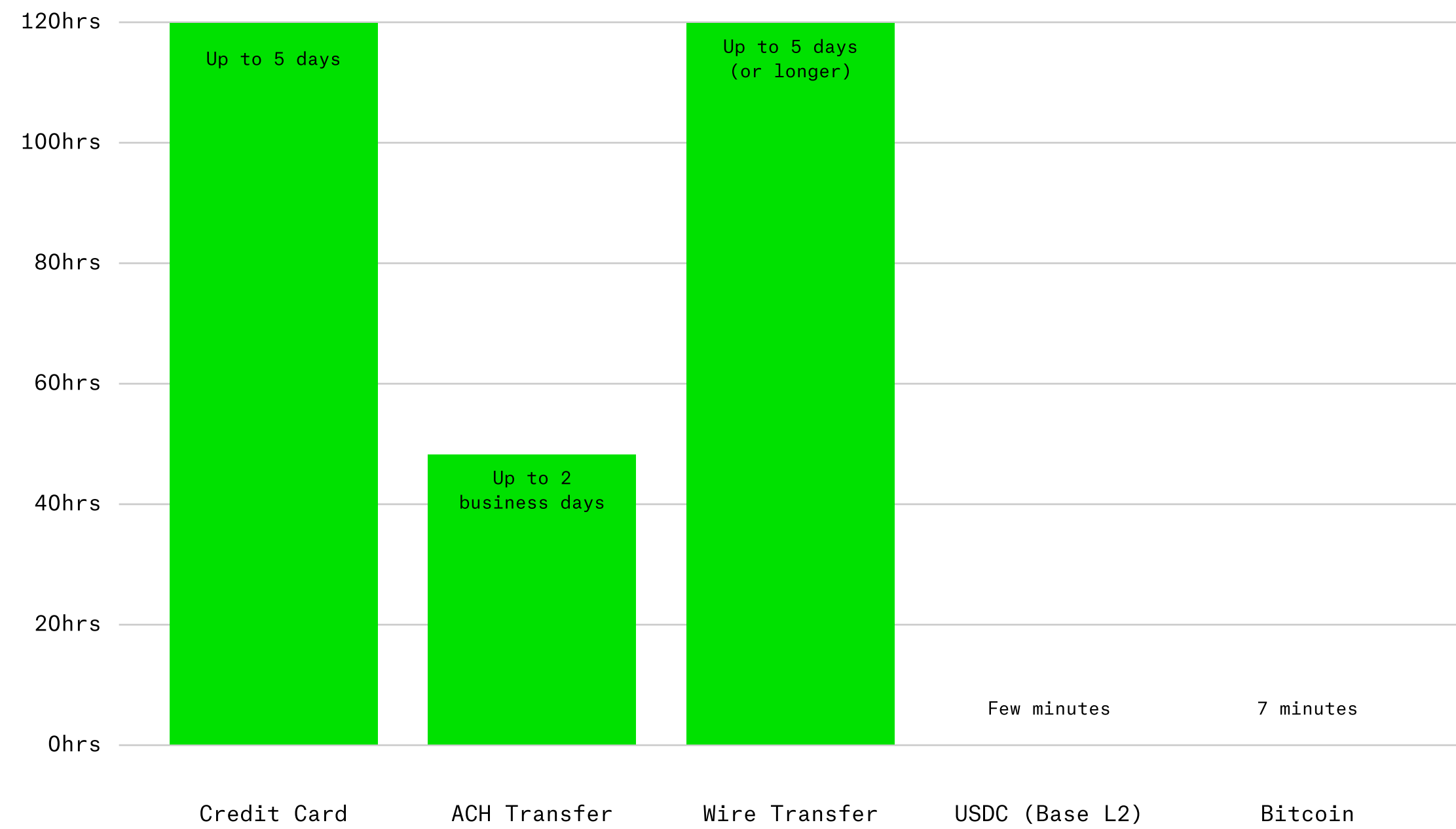
ACH transfers, which are processed by network operators in batches only seven times a day, cost up to *\$3* and take up to two business days. They also often come with transfer limits, international restrictions, and fees if there are insufficient funds.

Wire transfers, meanwhile, cost an average of *\$25* within the United States or up to *\$50* internationally, and can take up to five business days or longer if there are issues between financial institutions.

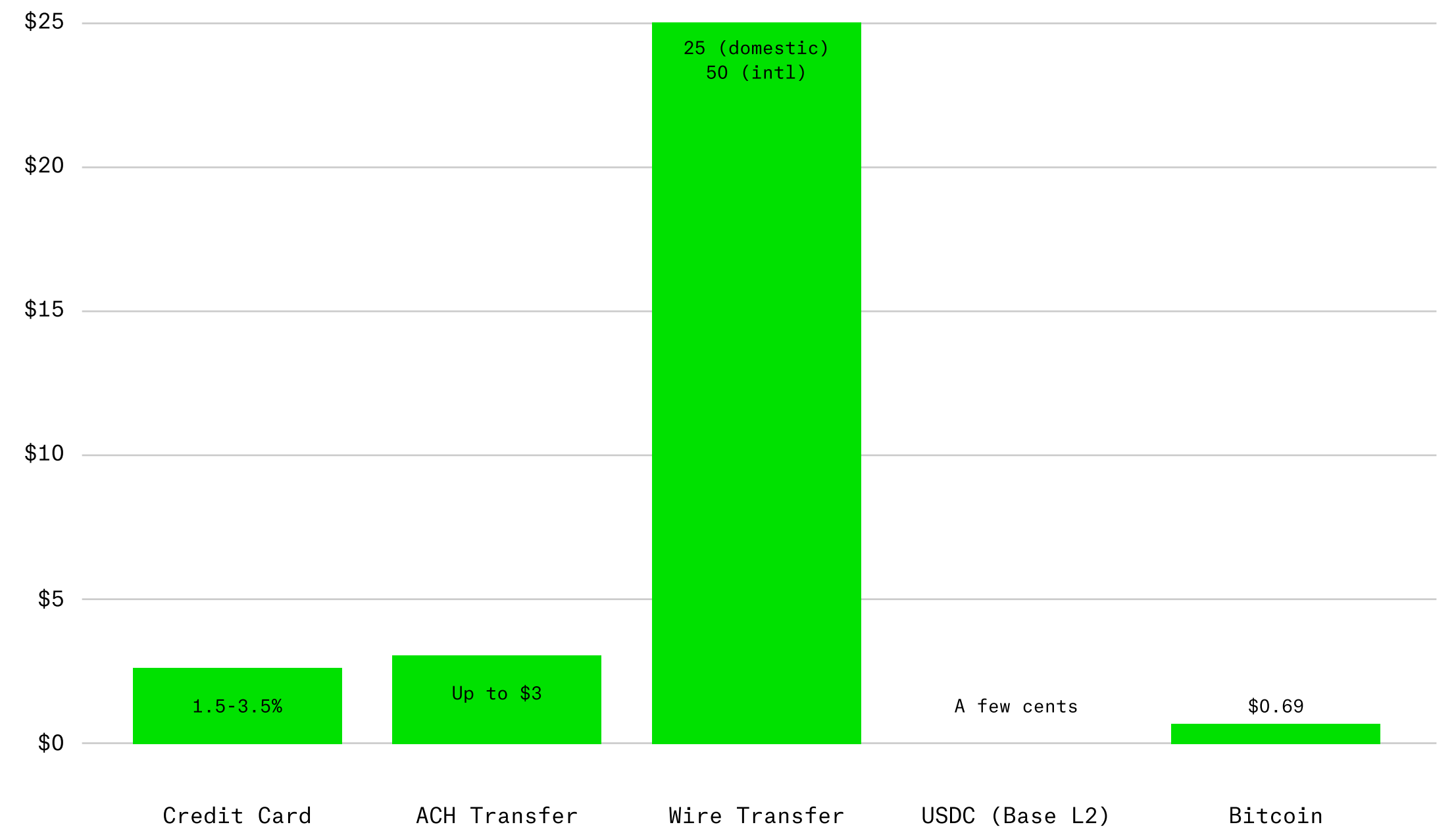
Meanwhile, transacting USDC on Coinbase's Base Ethereum L2 network typically takes a few minutes and costs a few cents.

Bitcoin transactions take an average of *7* minutes to complete and cost about *\$0.69* as of mid-September 2025.

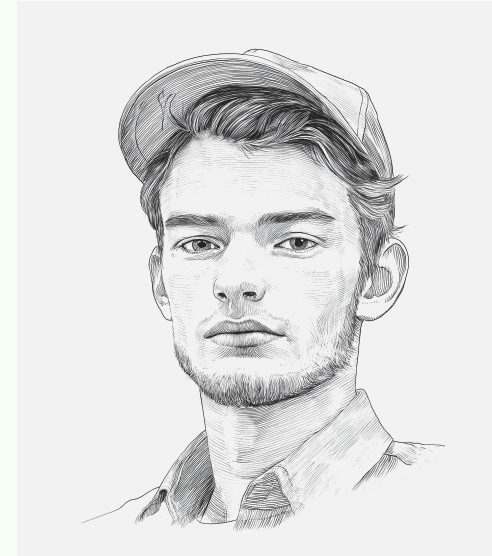
### Transaction Settlement Times



### Transaction Costs

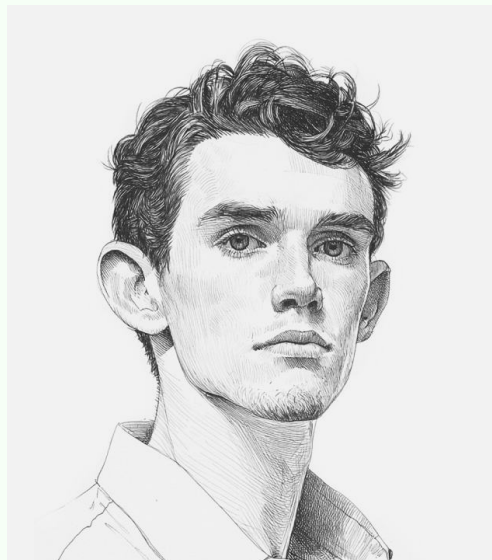


Every person interviewed said they thought crypto was more efficient than traditional transactions.



“I use crypto because I find it much faster than normal transactions. Crypto transactions are quite seamless.”

**Brad, 25, US citizen**



“You notice how swift payments can be made - it’s not the same with a bank. With cryptocurrency I don’t have to go to the bank to do anything, I can do it from the comfort of my home. But then with traditional banks you have to make extra efforts, sometimes there’s delays, and it’s just a whole lot of stress.”

**Simon, 27, US immigrant**



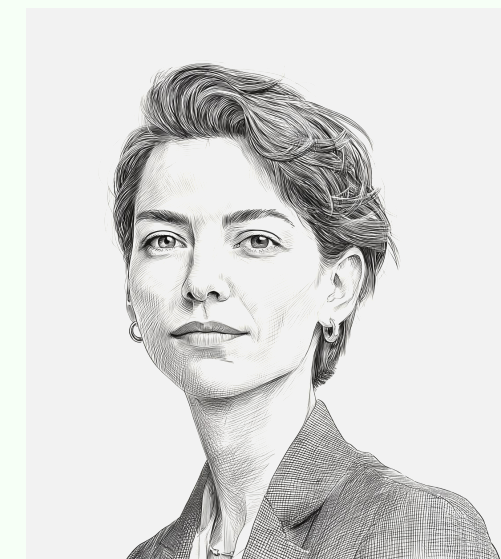
“I used a traditional bank before, but it’s slow and not convenient.”

**Frank, 27, US citizen**



“Crypto has lower costs than credit cards, which have charges and fees.”

**London, 28, US immigrant**



“I use crypto because it has these seamless operations. It’s easy to use and it’s fast, for local and global transactions. And it has low transaction fees.”

**Samantha, US immigrant**

# Elijah's Story

Elijah works in graphics design and social media management for a variety of clients, some of whom are based outside the United States.

However, he has had trouble receiving his payments. When wire transfers work, they take several days. Often he has to travel to a bank branch and provide documentation verifying his identity.

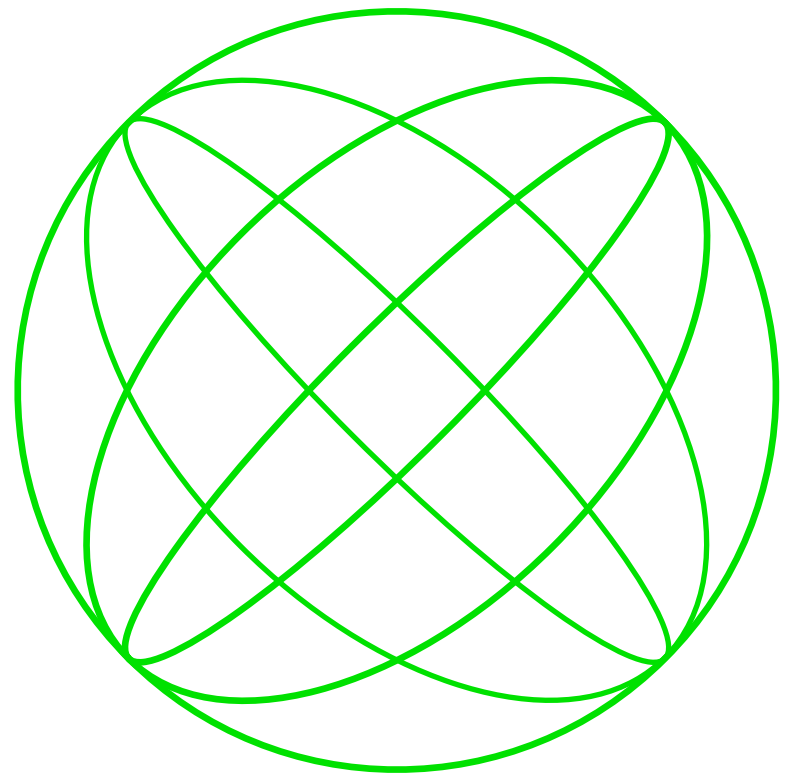
In 2021, one of his employers suggested paying him in Bitcoin. He was very skeptical and had never used crypto, but was pleased to see the payment go through quickly. Because the fluctuating price of Bitcoin made him nervous, he asked for his future paychecks to be sent in stablecoins.

Now, Elijah accepts payment from all of his international clients in stablecoins. He has taught several of his clients how to use crypto for this purpose.

“The fact that I was able to receive my payments really fast was the biggest influence. I didn’t have to go to a bank, or wait three days, like other payments. It was stress-free because everything happened within minutes,” he says.

Because of documentation issues, Elijah prefers his clients pay him in crypto rather than through wire transfers.

A Better Way to Send Money Abroad



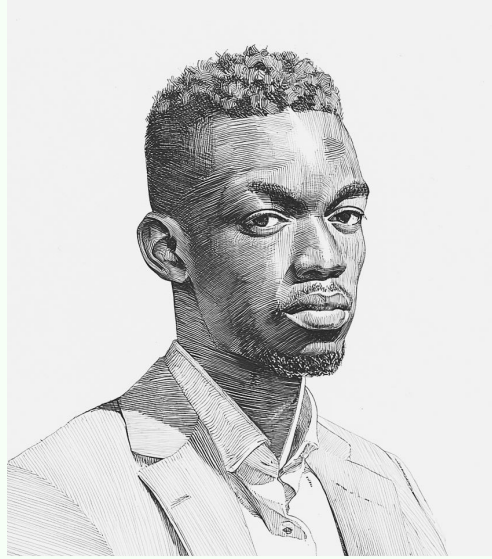
As we described earlier, international payments are some of the slowest and most expensive transactions in traditional finance. Crypto transactions, however, are borderless, faster, and cheaper.

The United States is a hub for crypto-based cross-border transfers. Nearly *20%* of outgoing digital money flows originated in the United States in September 2024, equivalent to *\$33.34* billion.

The ability to send money across borders cheaply is particularly important for unbanked immigrants.

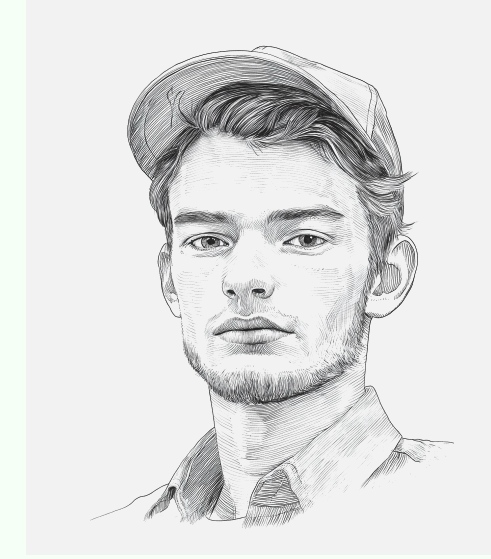
5.2% of unbanked households sent or received remittances in 2023, compared to 2.7% of banked households.

Foreign-born citizen and noncitizen households were more than ten times as likely to send international remittances as US-born households.



“I initially started using crypto to send [money to] my family and friends abroad. It was much faster and cost less.”

**London, 28, US immigrant**



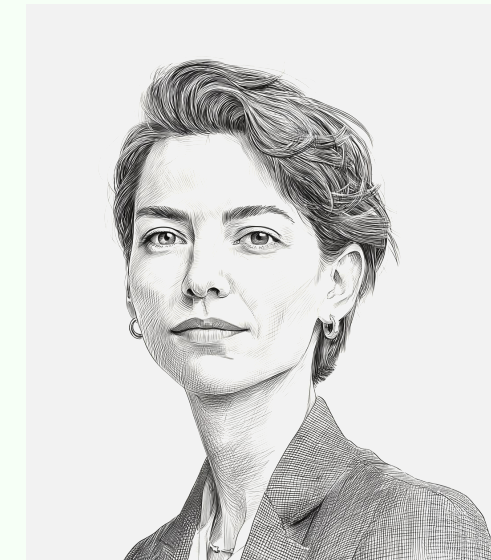
“I have friends in Kenya, I have friends in the UK. And Most of the time I just need their wallet address to make these transfers. I don’t need to know their bank details.”

**Brad, 25, US citizen**



“I have cousins abroad that I make transfers to. I had used a wire transfer before, but then it's slow and not convenient. So, I switched to cryptocurrency because of the convenience.”

**Frank, 27, US immigrant**



“I learned about crypto because I was interested in sending easy transactions...I had to send money to my home country.”

**Samantha, 35, US immigrant**

# 41 million

U.S.-based consumers sent money abroad in 2020,

# 23%

of whom used cryptocurrency to do so.

# London's Story

When London first moved to the United States, he used Western Union to send money home to his family in west Africa. But the payments always took several days and were very costly.

When his grandmother fell ill, she needed money to cover emergency care. It was clear that if London sent money through Western Union, his grandmother wasn't going to receive it in time. London panicked, worrying that if he could not send the money, his grandmother would not be able to receive life-saving medical care.

However, London had recently learned about crypto from a couple of his friends in the United States, and realized that he could send money home that very day using stablecoins. It was difficult to convince his elderly family members that crypto would work, but after a few phone calls, he was successful at convincing them to download and use a mobile wallet. Afterwards, he sent them the money required, and they converted it to a digital gift card to pay her medical fees. "Crypto made her better," London says.

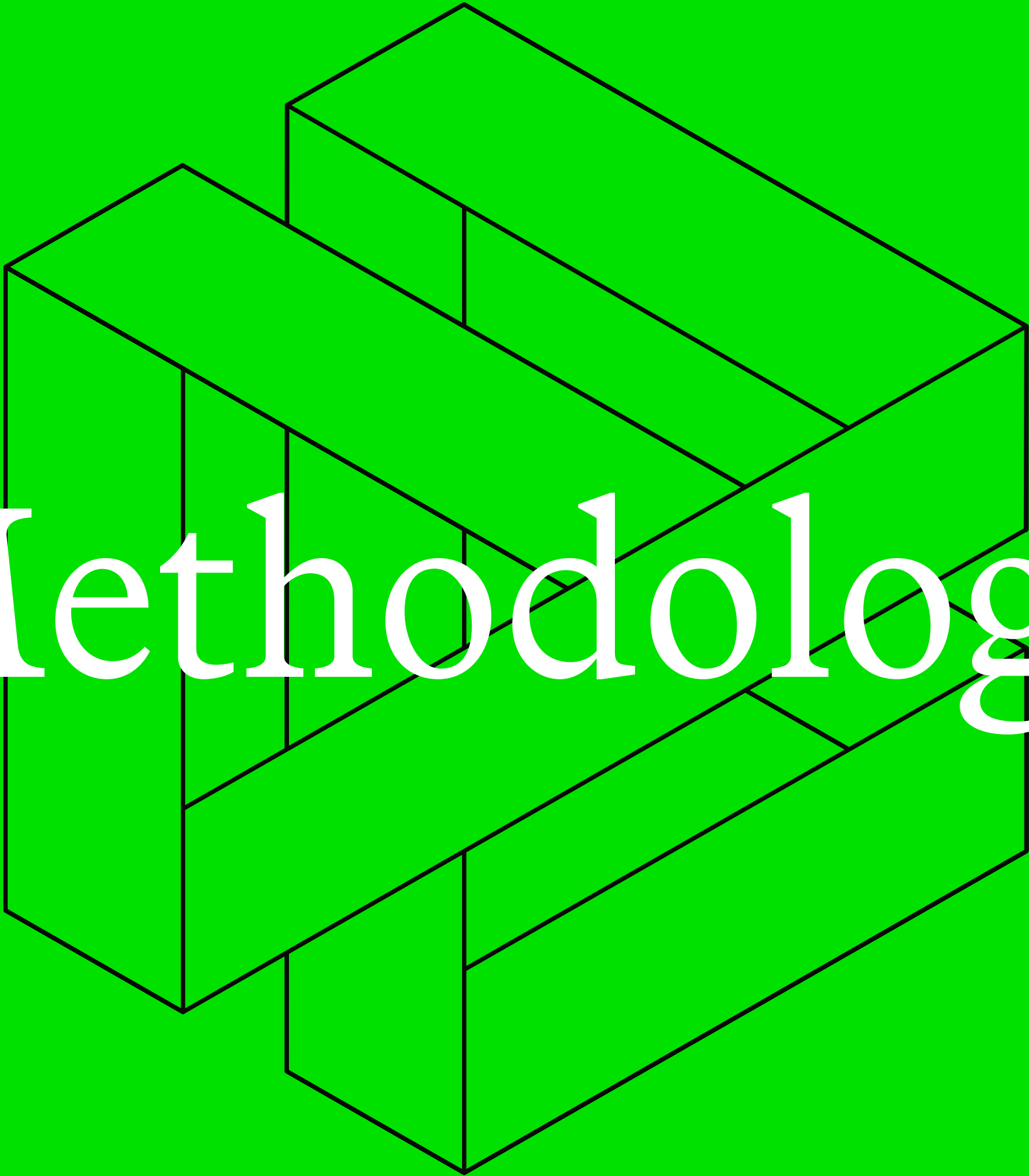
London was able to pay for his grandmother's medical emergency with crypto, even though she was halfway around the world.

These are only a few of the ways the unbanked and underbanked used crypto to access financial services.

Interviewees also said they used on-chain lending services, crypto-linked credit cards, and tokenized deposits. They used crypto for payments as routine as rent and groceries and as extraordinary as buying a laptop or a boat.

Crypto has the power to bring a diverse array of people into the digital economy.

It is on Congress to shape regulations so that they expand financial access, not limit it.



Methodology

We compiled and analyzed preexisting data from studies performed by private firms, government agencies, and academic research teams.

*18* studies were reviewed and analyzed in full.

- *8* sourced from private firms, including Paradigm's Policy Market Mapping Exercise (Spring 2025)
- *4* sourced from government agencies, including the Federal Reserve Board and the FDIC
- *6* sourced from academia

Then we conducted interviews.

We granted interviewees anonymity, but verified their identities internally.

Interviewed each person for 40 min-1 hour on Google Meets

Recorded audio from each session

Verified location by cross-referencing multiple social media profiles, evaluating lighting and other environmental details over video to verify time of day and location, and sprinkling in innocuous-seeming questions about what neighborhood they're living in, landmarks, etc.

Asked each interviewee to sign a consent form verifying that they would tell the truth to the extent of their knowledge.

Found interview subjects on social media and through referrals from other participants and startups serving this population.

## SOURCES

1. World Bank: <https://www.worldbank.org/en/news/feature/2022/07/21/covid-19-boosted-the-adoption-of-digital-financial-services>
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