The Next Generation of Banking Starts Here:

A Guide to Expanding Noncustodial Accounts for Youth Financial Inclusion

2025

Treasurer & Tax Collector
CITY AND COUNTY OF SAN FRANCISCO

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This issue brief was co-authored with youth leaders from MyPath who have direct experience with managing their own noncustodial youth bank accounts and advocating for noncustodial accounts with a variety of adult stakeholders. Their perspectives are included throughout.

This brief serves as a guide to other localities and financial institutions on how to support financial inclusion for youth through noncustodial bank accounts. Our hope is that more financial institutions will support young people to open bank accounts to encourage savings and support their financial independence.

A bank account is an important tool that can serve as an on-ramp to financial stability and mobility. Bank accounts allow young people to safely and affordably save for the future, build their credit, manage their money, and access other mainstream financial services beyond the bank account itself. Living without a bank account is expensive, as it forces people to turn to fringe financial services, such as check cashers and payday loans, as well as other less regulated, uninsured financial products that have a higher risk of fraud and limited dispute resolution.

Banks typically require a young person under 18 years of age to have a parent or guardian jointly open and either co-own or serve as the custodian for the account. This creates barriers for young people whose parents are unable to serve as the custodian or co-owner of the account due to their immigration status or negative records in account screening services like ChexSystems. Vulnerable populations, like youth in foster care, also may not have a trusted parent or guardian who can serve as custodian. Youth understand that without a bank account, their cash is not safe from theft, eviction, or natural disasters. They emphasize the importance of being able to manage their money independently.

Noncustodial accounts are not only good for youth, they are also good for banks. MyPath youth remarked that having a bank account gave them an "edge." At an early age, they were able to build a relationship with their financial institution and feel comfortable returning to explore additional products, such as a credit card or a student loan. Research shows that consumers maintain the same checking account for an average of 19 years.[1] Investing in youth now by offering noncustodial youth accounts and other financial services allows banks to build trusting relationships with consumers who are likely to remain customers for many years.[2,3]

What is a noncustodial youth account?

A noncustodial youth account is a bank account that a young person under 18 years of age can open and manage on their own. It does not require a custodian, such as an adult family member or guardian, to open or to manage it, nor does it require an adult co-owner. This is especially important for youth whose parents are unable to serve custodians and for youth in foster care.

In an era when young people have increasing power as consumers, many rely solely on fintech apps and neobanks, and it is an open question whether they will turn to traditional banks as they enter adulthood.[4,5] Banks that help young people secure their finances will distinguish themselves among this generation.

Since a local credit union in San Francisco first offered noncustodial youth accounts in 2008, several financial institutions have followed suit, responding to requests from community partners and regulatory guidance.[6] For over two decades, MyPath has led in this space, developing National Youth Banking Standards for youth.[7] Please see **https://sftreasurer.org/youth** for a history of efforts to introduce and expand noncustodial accounts.

As a high school student, Victor opened his first checking and savings accounts at a credit union, with help from the MyPath Savings program's financial education, peer support, and incentives to save. He learned how to use online banking and an ATM card—new skills for someone whose family relied primarily on cash. He also saved half of his earnings for college. When he started college, he used his savings to purchase books and set some aside for emergency expenses.

When Victor turned 18, a MyPath mentor helped him build his credit. With a credit-builder loan from the credit union and a secured credit card, his credit score jumped from un-scoreable to 713. At 20, Victor leveraged his credit score to get a car loan to buy his parents a car.

Victor's journey shows how early access to financial tools and an established relationship with a financial institution can set youth on a path towards a strong financial future.

"If you're old enough to work, you should be old enough to bank. If you're flipping burgers, your parent isn't with you. So why should they be with you to get a bank account?"
- Norel , MyPath Youth POWER Leader

"Having a bank account has had an influence on my peers as well. My friends have talked to me about banking and the word of mouth and experience I have with banks can be good for banks too."
- Emma, MyPath Youth POWER Leader

Debunking Myths

Four common myths create barriers and resistance to allowing noncustodial youth accounts. We provide guidance and evidence to debunk these myths with the aim of paving the way for broader implementation of noncustodial youth accounts.

Myth #1: Federal regulations does not allow for noncustodial youth accounts.

Fact: Federal regulation permits noncustodial youth accounts.

In response to the emergence of the youth financial capability field, the Federal Reserve, Federal Deposit Insurance Corporation, Financial Crimes Enforcement Network, National Credit Union Administration, and Office of the Comptroller of the Currency jointly issued guidance in 2015 (updated in 2017) indicating that:

- Federal law does not prohibit minors from opening savings accounts.
- State law governs deposit account relationships.
- The Customer Identification Program (CIP) does not prohibit minors from opening accounts. If a minor opens a savings account, the minor is the financial institution's customer.
- Student ID is an acceptable form of ID. Financial institutions may also use non-documentary methods of verifying identity, as encoded in the institution's CIP.[6]

Myth #2: Youth cannot legally enter into contracts, including opening an account at a financial institution.

Fact: California, and several other states, explicitly allow youth to enter into contracts, including opening bank accounts.[8]

A deposit account relationship is based on a contract governed by state law. Although in general, minors are deemed to not have the legal capacity to enter into a contract, some states specifically allow a minor to open a savings account. In California, a minor may make a contract in the same manner as an adult, subject to the power of disaffirmance.[8]

Myth #3: Credit card companies will not allow banks to provide debit cards to minors.

Fact: Financial institutions can and do issue debit cards to minors with noncustodial accounts.

Although custodial bank accounts have limits on ATM and debit cards, the same is not true for noncustodial accounts.[6] Indeed, several major financial institutions are already providing transactional accounts with debit cards to minors, as detailed in the next section.

Myth #4: Youth are not responsible enough to own and manage their own accounts.

Fact: Youth have demonstrated their ability to manage their accounts and to save, transact, and advance to credit-building and borrowing.[9]

Having a bank account as a teen is associated with better financial knowledge[10] and greater savings and use of mainstream financial products later in life.[11]

Bottom line: Don't let these commonly held myths stand in your way of adding noncustodial youth accounts to your financial offerings. Noncustodial youth accounts are not only possible; they already exist.

Noncustodial Youth Accounts in Practice

This table provides examples of existing noncustodial youth accounts serving the San Francisco area. Because youth can experience barriers to accessing certain forms of identification, we note where alternative forms of identification are accepted. While these accounts are at different stages of development, visibility, and use in the community, we applaud these institutions in their efforts to provide inclusive products that serve youth. The Treasurer's Office will maintain a living list of noncustodial youth accounts at **https://sftreasurer.org/youth**; we welcome additional accounts that serve the Bay Area.

NONCUSTODIAL YOUTH ACCOUNTS SERVING THE SAN FRANCISCO REGION

FINANCIAL INSTITUTION	PRODUCT	MINIMUM AGE	ID REQUIRED *Primary** ***Secondary***	DETAILS**
Bank of America	Advantage SafeBalance account	16	Student ID, work ID, debit card, credit card	Bank On SF certified
JPMorgan Chase	College Checking	17	Birth certificate (minors only), driver's license, Social Security card (minors, disabled), tribal ID, or armed forces ID Bank statement, debit card, work ID, pay stub or letter from employer, student ID, utility bill	Available to college, vocational, technical, or trade school students.
Wells Fargo	Clear Access Banking	17	Tribal ID, armed forces ID, permanent resident card, employment authorization Student ID, work ID, or credit card	Bank On SF certified
Excite Credit Union	Jump Start Checking and Savings	13	Photo ID or school ID Birth certificate, proof of address	Available via select nonprofit partnerships. Open in person or by PDF application.
San Francisco Federal Credit Union	Membership Savings and Basic Checking	13	School ID Youth Intern ID	Available to Summer Jobs Connect participants. Open in person or by PDF application.
Golden1 Credit Union	Student Checking Account	16	Other governmental ID School ID	Bank On SF certified Available to high school, college, university, or trade school students.

ALL OF THESE ACCOUNTS OFFER DEBIT CARDS.

**All listed banks accept state issued ID, driver's license, or passport as primary ID. This table notes additional forms of ID that are accepted, where applicable.*

***Unless otherwise noted, all accounts must be opened in person, in the branch.*

Recommendations and Looking Ahead

We are excited about a future where noncustodial youth accounts are readily available, as we know they are a foundational tool to financial wellness for young people. To reach this future, we need more financial institution partners to offer noncustodial accounts. We also suggest partnerships to ensure the right supports are in place for young people as they start banking.

Make more accounts available to youth ages 16 and up. As described, several noncustodial youth accounts already exist. We encourage financial institutions with youth accounts to broaden their eligibility criteria, where applicable, to include youth age 16 and up. We also encourage other financial institutions to step in and make noncustodial youth accounts more widely available. MyPath's youth banking standards offer a blueprint for a quality tested noncustodial account.

Accept alternative forms of primary identification, including a student ID. Federal regulation recognizes a student ID as a valid form of identification.[6] Especially in an urban environment like San Francisco, many youth do not have driver's licenses. Obtaining a state-issued ID can also be challenging for youth from low-income families and foster youth. The application fees, required documentation, and complex DMV procedures can all pose barriers.

Provide targeted marketing, outreach, and education to youth and families. Financial institutions and community partners can work together to ensure youth are aware of these products and know how to access them. Youth find it helpful to receive education about how to use their bank account, including how to cash a check and other tools for managing their money. Financial institutions also benefit from investing in responsible consumers. Ensuring branches and staff are youth-friendly is key to helping youth feel comfortable to ask questions and make transactions.

Partner with youth-led and youth-serving organizations. To ensure that banks can provide the right products and features to support youth, it is essential that they solicit input directly from young people in their communities. Youth understand the barriers that they face the best and can bring their lived experience to shape financial products and services that meet their needs. Youth-led and youth-serving institutions are natural allies for financial institutions seeking input from young people. Financial institutions can take steps such as establishing a youth advisory board, adapting financial products, and training their branch and call center staff.

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> *"Finances is a lot like riding a bike. You can talk about it all day, you could even have a PhD in riding a bike, but you have to ride it in order to learn. You also need to actually have a bike to ride in the same way that youth need a bank account to learn how to manage their finances. Youth might make mistakes at first, but those are important to help us learn."*
> – **Norel, MyPath Youth POWER Leader**

Acknowledgements

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About the San Francisco Office of the Treasurer & Tax Collector

The Office of the Treasurer & Tax Collector serves as the banker, tax collector, collection agent, and investment officer for the City and County of San Francisco. As the entity responsible for safeguarding the City's money, the Office uses this expertise and authority to assist San Francisco residents through award-winning programs and initiatives that help low-income families build economic security and mobility. Learn more about our work at sftreasurer.org.

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About MyPath

MyPath fosters pathways for upward economic mobility by connecting BIPOC youth from under-resourced communities with opportunities to bank, save, and build credit and financial confidence as they earn their first income. We help cities, nonprofits and financial institutions integrate banking, saving, and credit-building tools directly into their existing youth-serving programs.

Through youth-led financial mentoring, credit-building, guaranteed income, and banking access programs, MyPath equips young people with the tools, confidence, and opportunities they need to build real economic power. Our work on noncustodial youth accounts reflects our broader mission: ensuring that young people are not only included in financial systems, but able to shape and lead them.