

# IMMIGRANT FINANCIAL INTEGRATION INITIATIVE



UNDERSTANDING THE FINANCIAL BEHAVIORS AND ATTITUDES OF LATINA/O IMMIGRANTS

## Survey Brief Number 2

The Mission Asset Fund's Immigrant Financial Integration Initiative (IFII) recently conducted an extensive in-depth survey to analyze the financial attitudes and behaviors of Spanish-speaking Latina/o immigrants who either live or work in San Francisco's Mission District. The Mission District is a historic gateway for new immigrants and provides a vibrant, living context to understand many of the complex issues that low-income immigrant families confront across the country. This Survey Brief is part of a series that analyzes the results from 250 survey respondents and 7 focus group discussions conducted to look at how low-income immigrants integrate into the financial mainstream. Following are key findings from segmenting the survey data on Latina immigrants.

### Latina Immigrants

The MAF survey found that 43% of Latina immigrants mistrust banks. In every focus group held with women, the topic of not trusting banks percolated at every turn. Maria, for example, captured the sentiment of many by stating: *"I don't trust banks, they tell you one thing and then it turns out to be something else. They don't give you all the information."*

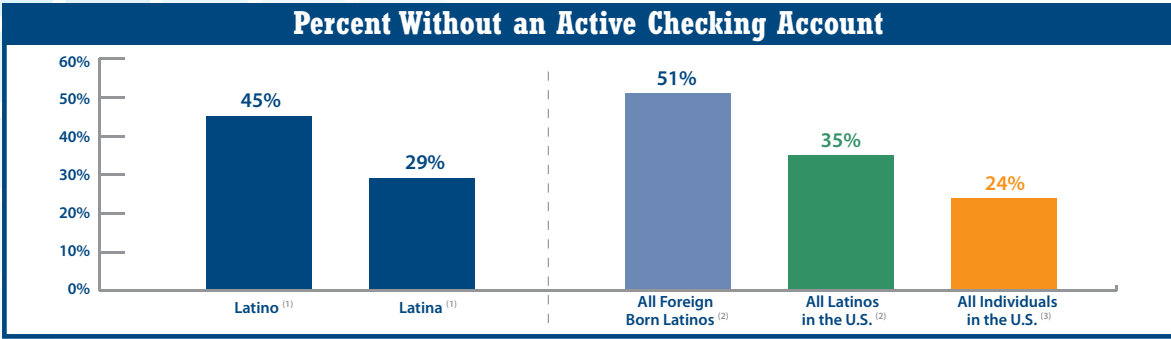
Not trusting banks, however, does not seem to be a significant impediment from having a bank account. MAF's survey found that 71% of Latina immigrants currently have an active checking account; 55% have a savings account; and 38% use a credit card regularly. Indeed, a healthy-dose of mistrust may be an essential component in having a relationship with financial institutions of any kind.

During focus group discussions, participants connected having a bank account with having stable income, which suggest that opening a bank account may be more of a practical choice predicated by economic necessity rather than their tenure in the U.S. The survey found that while 37% of Latina immigrants took three years or longer to open an account after arriving in the U.S., they opened an account soon after landing a stable job. Malena, like many Latinas, connects bank accounts with having a steady income to manage, she states: *". . . if one doesn't have a steady job, having money just isn't enough to open an account."*

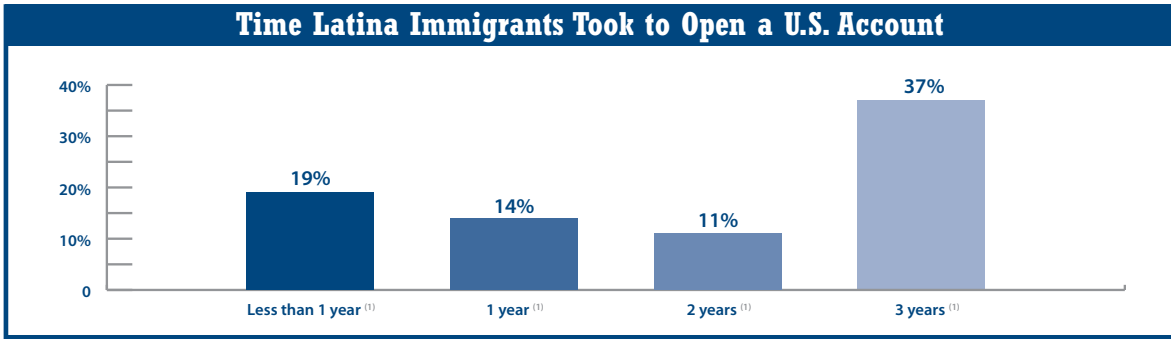
While Latinas toil in odd jobs with uneven income and stress about their economic situation, they find creative ways to manage their money. For example, Yeni, opened her first account with family members, she explains: *"The first bank account that I opened was with my sisters. We used the account to have better control over the household expenses."*

The survey also found that Latina immigrants willingly lend, borrow, and save informally; 52% of Latinas have lent money to family and friends in the past six months; 41% owe money to family and friends; and 46% have participated in peer lending circles or "tandas." Barbara, a focus group participant, explains: *"My partner and I are participating in a tanda. In the end, it (the tanda) becomes savings. We are not going to put a lot of money into the tanda, just what we can afford, but it is a way to start saving."*

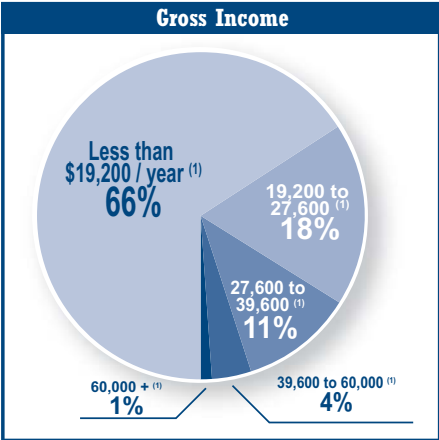
Latinas' participation in informal activities, particularly with peer lending circles, enhances their ability to save money and manage their personal finances. Indeed, Latinas use their cultural assets to help them navigate the treacherous waters of our financial system. Financial institutions and non-profit organizations can build on these cultural assets to provide a clearer path into the financial mainstream.



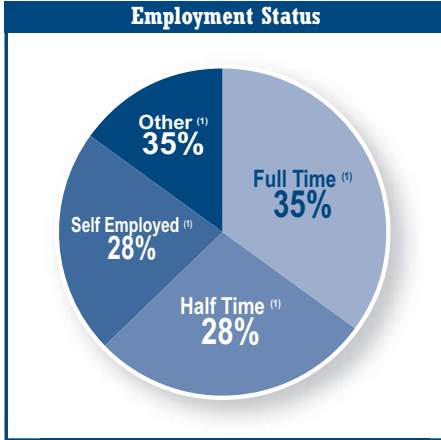
Sources: (1) MAF Survey, 2009; (2) Underbanked Consumer Study – InBrief, CFSI, July 2009; (3) Financial Services and Asset Building Brief, CFSI and AFN, October 2008



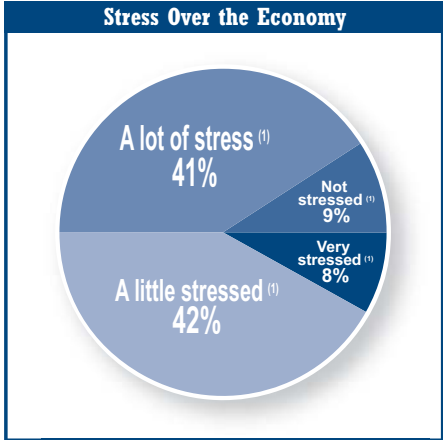
Sources: (1) MAF Survey, 2009



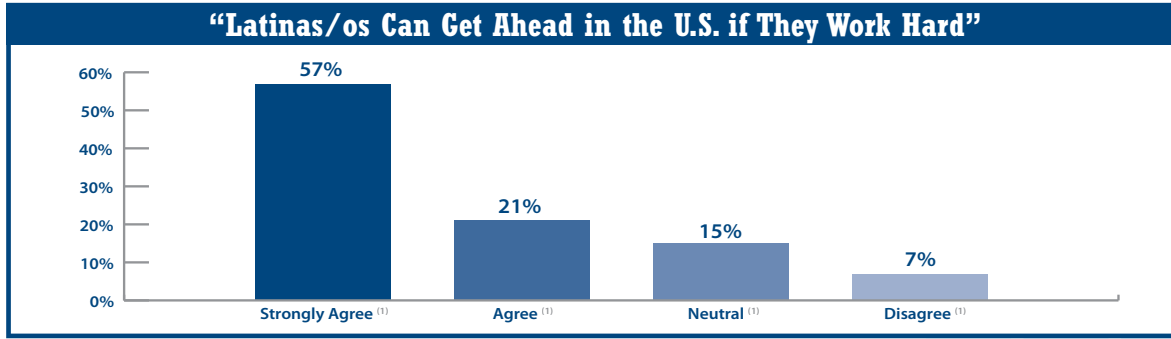
Sources: (1) MAF Survey, 2009



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## Key Survey Findings of Latinas

**71%** have an active checking account

**63%** agree or strongly agree that “Latinos’ Family Obligations Take Precedent Over their Personal Financial Goals”

**61%** did not have a bank account in their home country

**55%** have a savings account

**53%** agree or strongly agree that “Latinos Learn About Finances through their Family and Friends”

**52%** have lent money to family and friends in the past 6 months

**49%** agree or strongly agree that “Latinos Don’t Like to Have Debt”

**46%** have participated in a “tanda”

**43%** agree or strongly agree that “Latinos Don’t Trust Banks”

**38%** use a credit card

**19%** are very sure that if they needed \$1,000 immediately that they could get the money

**12%** have life insurance

**11%** have retirement savings

**4%** are receiving EITC

## DEMOGRAPHICS

### MAF Survey Respondents

- 250 Spanish-speaking immigrant Latinas/os that live and/or work in the Mission
- 22% are recent immigrants (5 years or less in the U.S.)
- 78% are established immigrants (more than 5 years in the U.S.)
- 55% are female
- 45% are male
- 66% earn less than \$19,200 per year (30% of SF AMI)

### SF Mission District

- 71,611 residents <sup>(4)</sup>
- 31,000 Latinas/os <sup>(6)</sup>
- 31% speak only Spanish <sup>(6)</sup>

#### SOURCE:

<sup>(4)</sup> San Francisco Neighborhood Market DrillDown, Social Compact, March 2008

<sup>(6)</sup> Socio-Economic Profile of the Mission District, MEDA, February 2006

## TAKE AWAY MESSAGES

- Latina immigrants need culturally relevant financial education to help them integrate into the financial mainstream
- Latinas need responsible and appropriate products that reflect their actual lives that can allow them higher rates of savings, borrowing, and building mainstream credit
- Financial institutions and nonprofit organizations need to work together to bridge Latinas’ mistrust of banks

## Methodology

MAF utilized a participatory action research model to conduct the survey and focus groups. MAF created a survey of 35 questions to gather information about respondents' personal, household, and financial situation. We also inquired about their views and attitudes about finances and financial institutions. In the course of 6 weeks (May to June 2009), MAF staff and volunteers collected 250 surveys from respondents that represented 10 different countries in Latin America. The survey has a margin of error of plus/minus 6%.

MAF conducted on-site presentations with the staff and clients of other community based and social service organizations in the Mission District. Volunteers conducted targeted outreach to merchants, street vendors and Latina/o immigrant students. Participants in MAF's Individual Development Account (IDA) program and peer lending circles program ("Cestas Populares") also took part in the survey. MAF invited 70 survey respondents to participate in 7 segmented focus groups to learn more of their views, experiences and attitudes towards money.

MAF will publish a forthcoming working paper with a full analysis of the survey and focus group data, detailing key insights, and public policy and financial product recommendations that can better facilitate the immigrant financial integration process.

## Acknowledgements

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### THANK YOU!

MAF gratefully acknowledges the support of the following foundations that enable us to expand access to financial services, savings and investment opportunities for low-income and immigrant residents of the Mission District – thank you!

**Bank of America, Citibank, Federal Home Loan Bank of SF, Friedman Family Foundation, Evelyn and Walter Haas, Jr. Fund, Levi Strauss Foundation, SF Foundation, SF Mayor's Office of Community Investment, United Way of the Bay Area, and the Walter and Elise Haas Fund**

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Immigrant Financial Integration Initiative: Latina Immigrants