

IMMIGRANT FINANCIAL INTEGRATION INITIATIVE



UNDERSTANDING THE FINANCIAL BEHAVIORS AND ATTITUDES OF LATINA/O IMMIGRANTS

Survey Brief Number 3

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 between "banked" and "unbanked" immigrants.

Banked vs Unbanked Immigrants

A bank account is a crucial first step in the financial integration process. For immigrants with banking experience in their home country, taking this step in the U.S. seems to be easier than those without that experience. MAF's survey found that 75% of those banked in their home country currently have an active checking account; and just over half (56%) of those without prior banking experience now have an account. Further, 37% of those with banking experience opened their first account in less than a year after arriving in the U.S.; only 14% of those without banking experience did so in that same time frame.

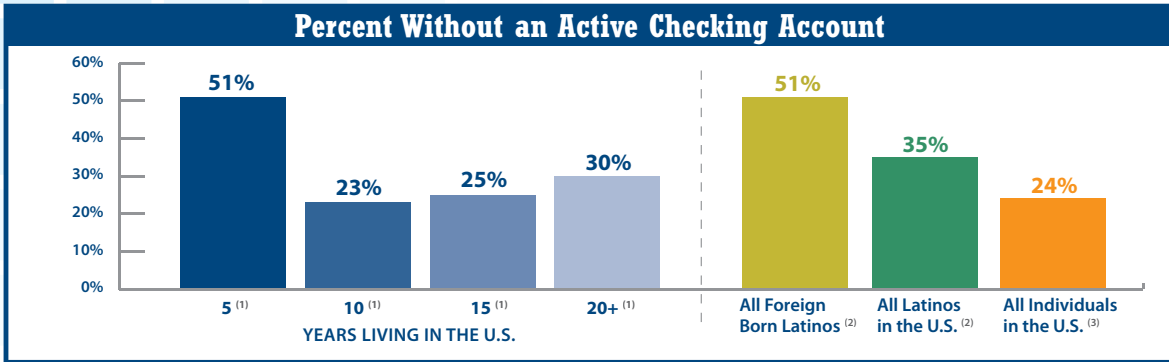
Not surprisingly, the survey found high correlations between those with an active checking account and those with higher levels of education, more employment opportunities, and access to credit. 67% of banked respondents have a high school education or higher, compared to 45% of those that are unbanked; 41% of banked immigrants are employed full time, compared to 17% of unbanked respondents; and 53% of those with a bank account also have a credit card, compared to the 2% that are not banked.

The survey also found that 60% of the unbanked are unemployed or only working part time, and the vast majority of them (94%) make less than \$19,200 per year. Indeed, their uneven

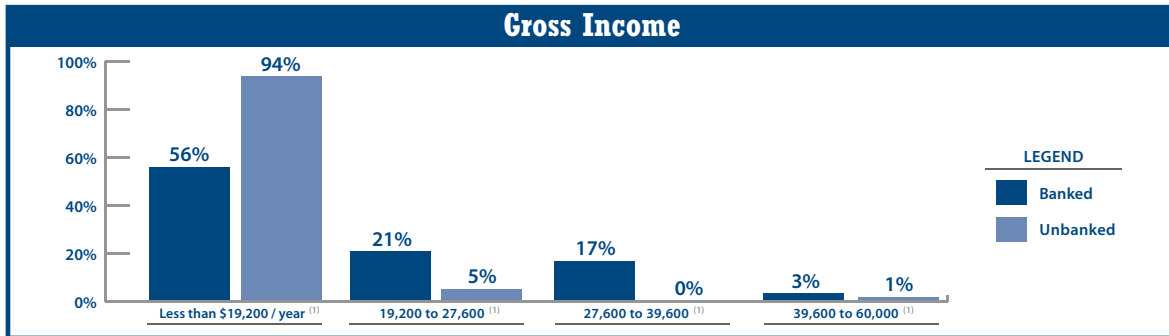
income significantly adds to their financial insecurity and underpins their disengagement from mainstream financial institutions.

However, despite their low and uneven wages respondents are clear in wanting a bank account to better manage their finances, cash checks, save money and pay bills. What they do not want is to pay high fees or hidden fees or penalty fees for having low-balance accounts. Indeed, focus group participants expressed concern that they cannot afford to maintain a bank account. Jose, an unbanked focus group participant, spoke about his recent banking experience: *"When I had my account, I would withdraw from it but when I went below \$300 the bank started to charge me fees. The fees they charged me tripled and I had to pay them. The bank took the money out of my account."*

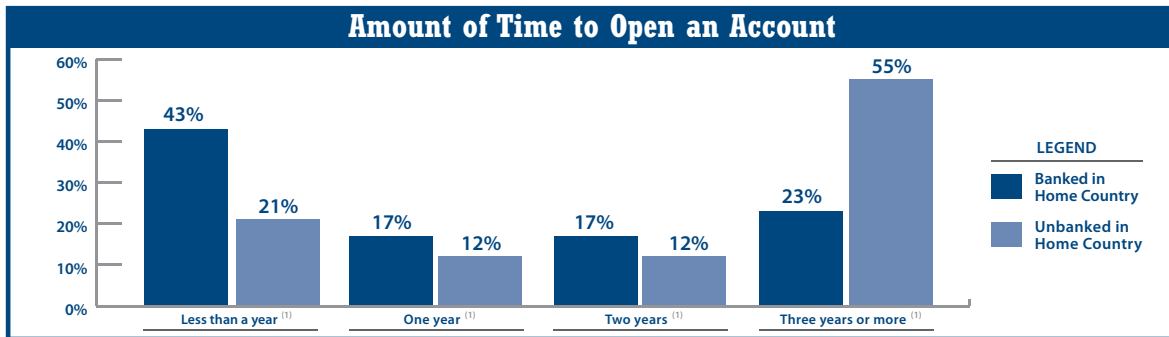
Low-wage and unbanked immigrants need affordable 'starter accounts' that can facilitate their transition into the financial mainstream efficiently and cost effectively. Immigrants should not have to delay their entrance into the financial mainstream just because they don't have steady incomes or high degrees of education. Financial institutions that provide appropriate products to immigrants now, will benefit exponentially given that over half of the domestic retail banking growth is expected to originate from the Latina/o market over the next two decades.



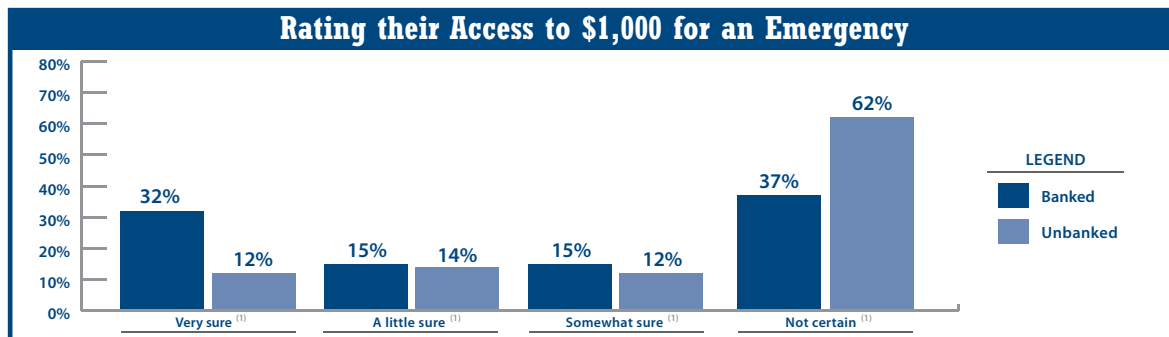
Sources: (1) MAF Survey, 2009; (2) Underbanked Consumer Study – InBrief, CFSI, July 2009; (3) Financial Services and Asset Building Brief, CFSI and AFN, October 2008



Sources: (1) MAF Survey, 2009



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Key Survey Findings

67% of banked Latina/o immigrants have a high school education or higher compared to **45%** of unbanked immigrants

57% of banked Latina/o immigrants have health insurance compared to **29%** of unbanked immigrants

56% of banked Latina/o immigrants make less than \$19,200 a year compared to **94%** of unbanked immigrants

53% of banked Latina/o immigrants have a credit card compared to the **2%** of unbanked immigrants

50% of banked Latina/o immigrants get financial advice from family and friends compared to **69%** of unbanked immigrants

41% of banked Latina/o immigrants are employed full time compared to **17%** of unbanked immigrants

20% of banked Latina/o immigrants have life insurance compared to **0%** of unbanked immigrants

18% of banked Latina/o immigrants have retirement savings compared to **2%** of unbanked immigrants

2% of banked Latina/o immigrants are very stressed over the economy compared to **26%** of unbanked immigrants

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 ⁽⁴⁾
- 31,000 Latinas/os ⁽⁶⁾
- 31% speak only Spanish ⁽⁶⁾

SOURCE:

⁽⁴⁾ San Francisco Neighborhood Market DrillDown, Social Compact, March 2008

⁽⁶⁾ Socio-Economic Profile of the Mission District, MEDA, February 2006

TAKE AWAY MESSAGES

- Unbanked Latina/o immigrants need culturally relevant financial education to help them integrate into the financial mainstream
- Immigrants need responsible, affordable, and appropriate products for savings, borrowing, and building mainstream credit
- Financial institutions need to offer 'starter accounts' to unbanked and low-wage immigrants to ease their transition into the financial mainstream

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

MAF would like to thank the **Annie E. Casey Foundation** for their generous support of the Immigrant Financial Integration Initiative (IFII). We are also very grateful to the members of the Financial Integration Study Working Group which includes: **Janis Bowdler, Jose Cisneros, Sarah Gordon, Kathy Li, Leigh Phillips, Nick Pagoulatos, Ida Rademacher, Bárbara J. Robles, and Refugio Rochin**. Their feedback and support throughout the process was critical. And the volunteers that helped collect surveys and conduct focus group discussions were vital to the success of the initiative overall. Finally, the data and analysis expressed in this Survey Brief are solely those of MAF staff.

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: Banked Immigrants vs Unbanked Immigrants