

Financial Access for Immigrants:

*Lessons from
Diverse Perspectives*

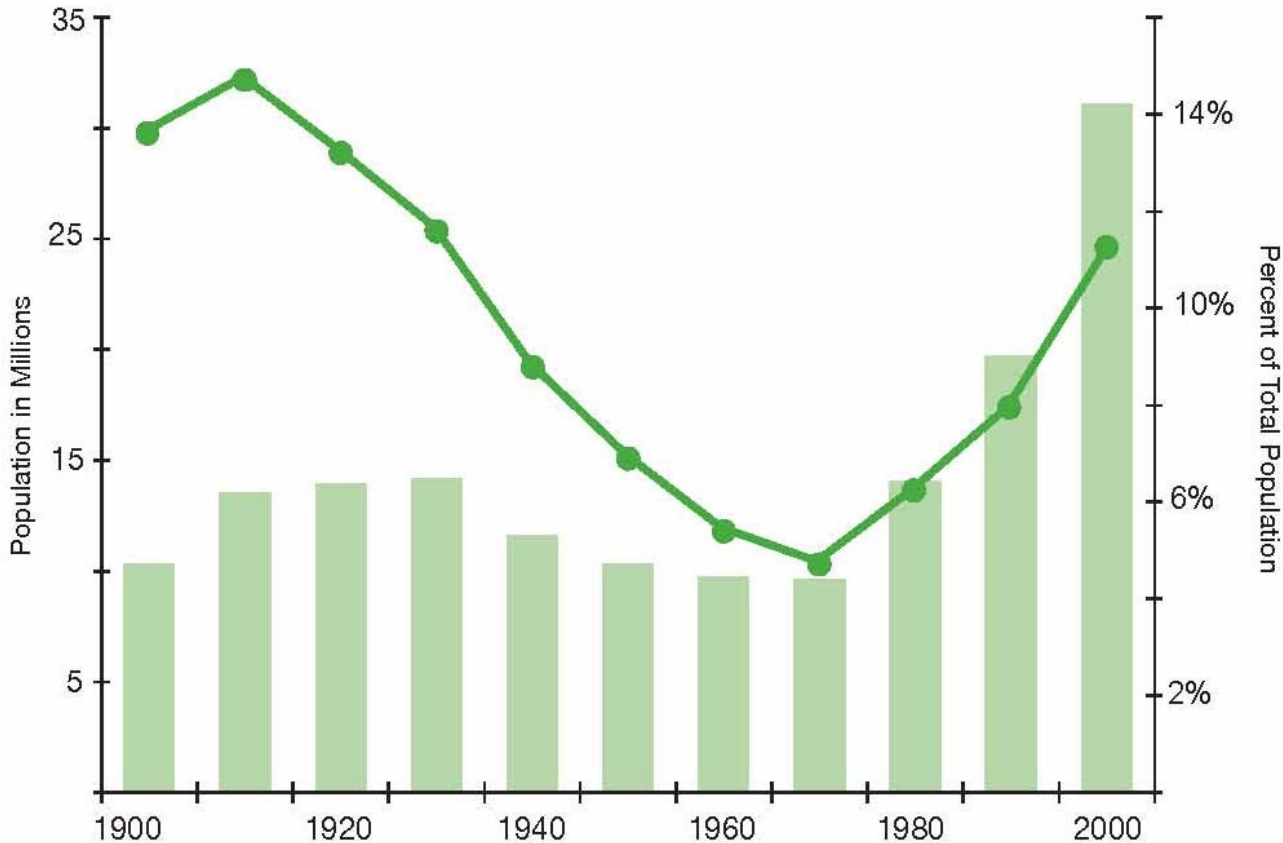


Why is financial access so important?



- Financial access – knowing one’s financial options and having products and services to choose from – is fundamentally linked to economic prosperity.
- The success of today’s immigrants depends on their access to mainstream financial services that can help them save money, buy homes, access credit, start business and otherwise build wealth.

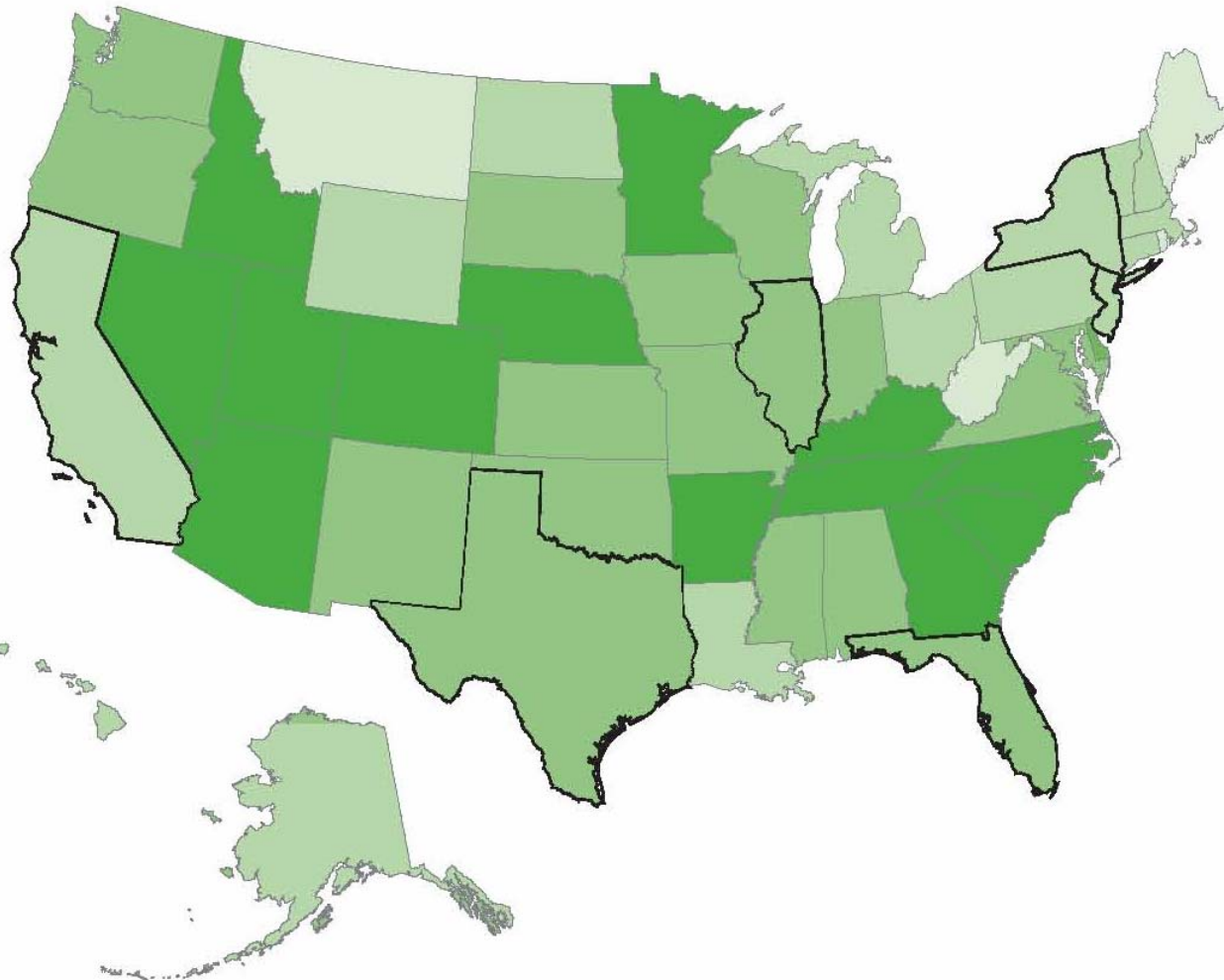
Immigration is at a 70-year high








Total Foreign-Born and Percentage Foreign-Born in the United States, 1900–2000

- Foreign-Born Population (in millions)
- Percent of Total Population

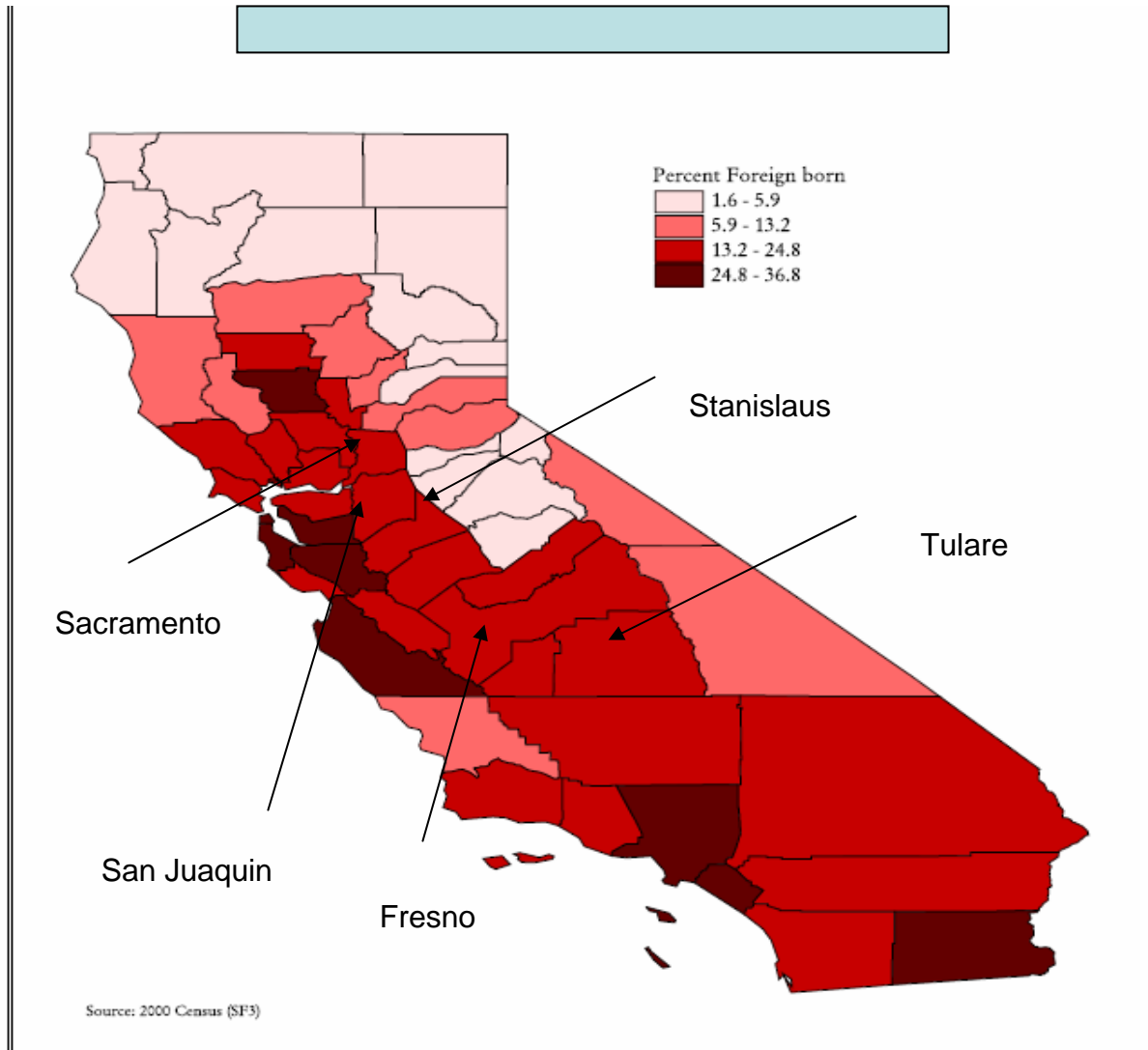
Immigration affects virtually every community



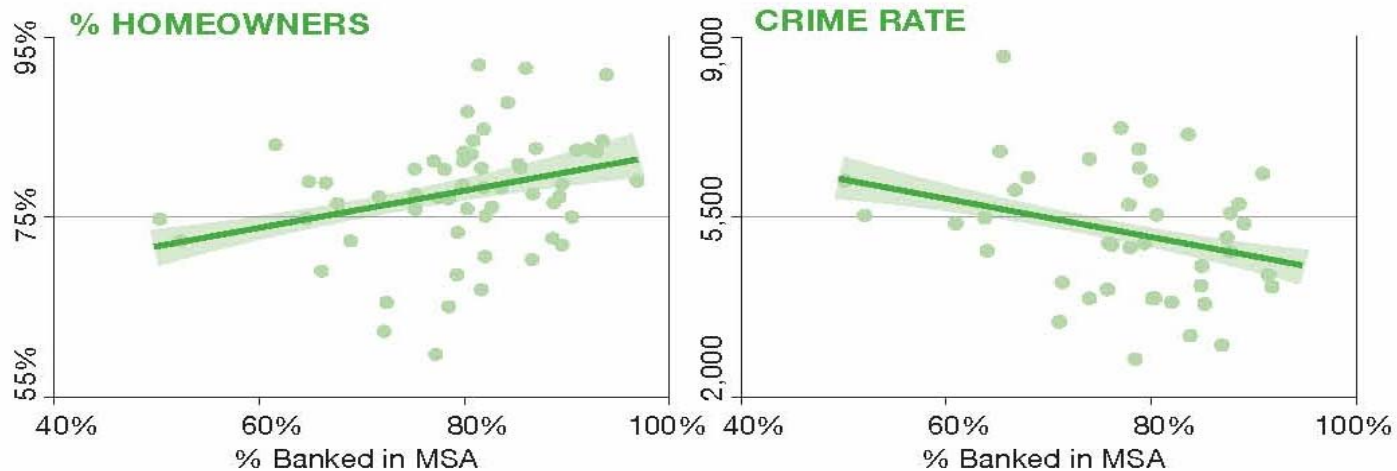
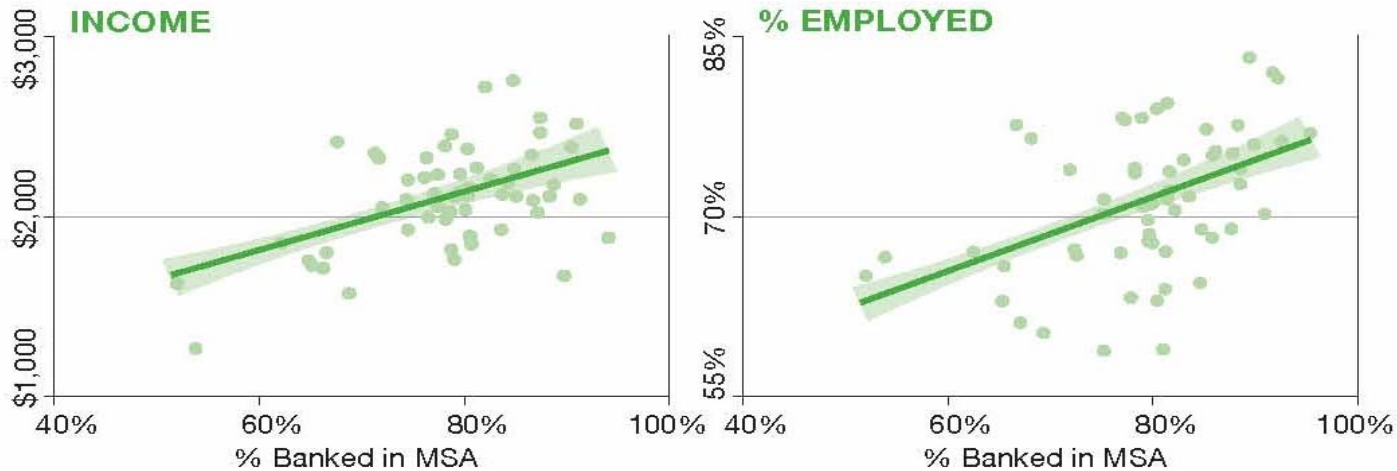
Growth in Immigrant Population, 1990–2000

-  States with largest immigrant population
-  Less than 25.5% growth (5 states)
-  25.5% to 57.4% growth (15 states)
-  57.5% to 114.5% growth (18 states)
-  Over 114.5% growth (13 states)

Foreign-Born California



Why is financial access important?



The lines represent a linear relationship between income, employment, home-ownership, crime, and the percentage of Metropolitan Statistical Area (MSA) residents who have a bank account.

Foreign Born Central Valley (select cities)



	Bakersfield	Fresno City	Modesto	Sacramento	Stockton
Total population	286,316	477,251	202,971	445,287	278,515
% foreign born	15.9	24.0	15.4	22.3	26.9
Naturalized citizen	35.8	33.3	40.5	41.4	40.2
Non-citizen	64.2	66.7	59.5	58.6	59.8
Entered 2000 or after	15.9	17.4	15.8	23.2	19.7

Source: American Community Survey, 2005

Immigrants and immigrant communities lack broad financial access



- 63% of immigrant household heads have checking accounts (v. 76% native-born)
- 40% of immigrant household heads have savings accounts (v. 55% of native-born)
- 13% of immigrant household heads own stock (v. 27% of native-born)

Variation in “banked” status



Country	<u>Share of Immigrant Heads of Households who have:</u>		
	Checking Account	Savings Account	Checking or Savings Account
Mexico	27%	26%	40%
China	48%	61%	78%
Philippines	63%	52%	76%
India	65%	56%	77%
Vietnam	49%	28%	56%
Cuba	49%	34%	59%
Korea	56%	38%	68%
Canada	75%	57%	85%
El Salvador	34%	25%	44%
Germany	72%	66%	87%

Factors that influence financial access



- For everyone:
education, race, marital status, children,
employment, income
- For immigrants:
age at entry, English proficiency, length of
time in U.S., ethnic concentration of MSA,
institutions in country of origin

Factors that influence financial access

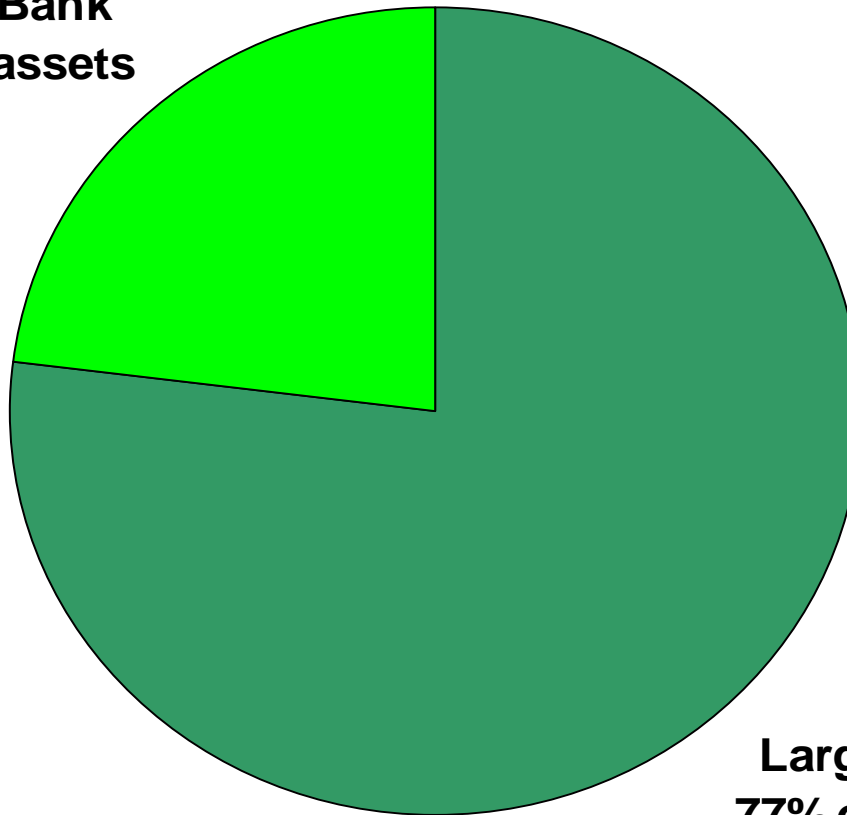


- Minimum balance requirements
- Management of accounts
- Lack of documentation
- Credit scores

Large and small banks are reaching out to immigrants



Small Bank
23% of assets



Large Bank
77% of assets

Source: Authors' tabulations of 2004 FDIC Summary of Deposits.

How banks address barriers to access



- Accepting alternative identification

How banks address barriers to access



- Competing with check-cashers and money transfer operators

How banks address barriers to access



- Changing the “culture” of the institution

“We want to make people comfortable walking in the door, and once they trust us we can talk about additional services...”

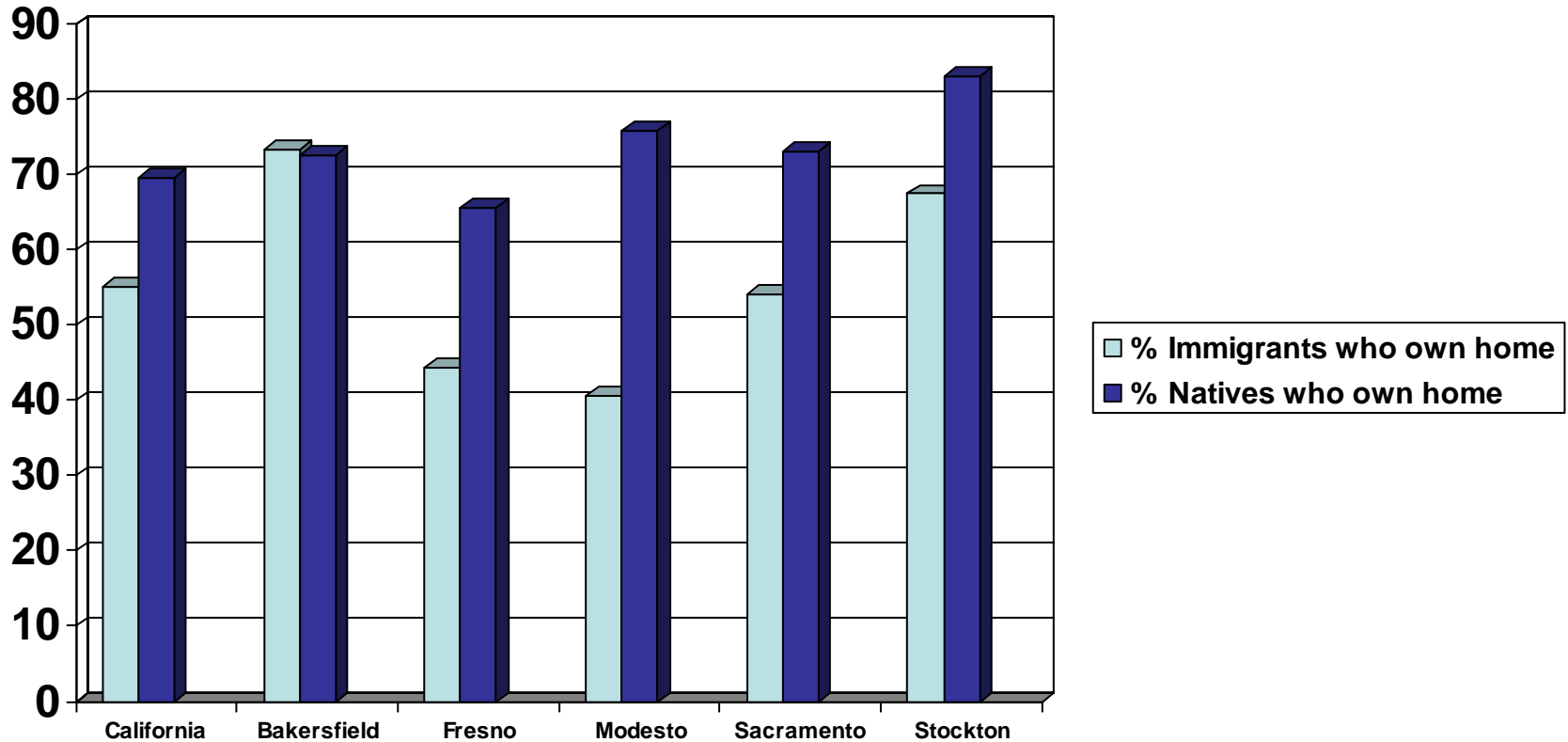
Rebecca Vargas, VP of Hispanic Marketing at Citigroup

How banks address barriers to access



- Moving clients up the financial ladder

Homeownership Rates (select MSAs)



Source: Current Population Survey, September 2006

The “community” has a stake in financial access

- Schools
- Churches/religious organizations
- Employers
- Unions
- Nonprofits
- Police forces
- Local governments



Future Opportunities



- Make the services immigrants demand available at banks

Future Opportunities



- Reach out to the second generation

Future Opportunities



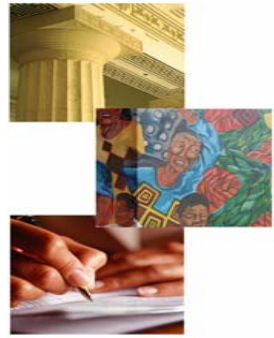
- Leverage high rates of immigrant employment

Future Opportunities



- Target immigrant neighborhoods

Concluding Thoughts



- Immigrants make choices about how to navigate the US financial system
- Broadening financial access requires cooperation of bankers, regulators, consular officials, legislators, community economic development practitioners
- A diverse group of actors/interests support financial access

Financial Access for Immigrants:

*Lessons from
Diverse Perspectives*

