Immigrant Financial Services Study

NYC ™

Department of Consumer Affairs
Office of Financial Empowerment

Michael R. Bloomberg
Mayor

Jonathan Mintz
Commissioner

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Acronyms and Definitions

Acronyms

CBO	Community-based organization
CDCU	Community Development Credit Union
CIP	Customer Identification Program
FDIC	Federal Deposit Insurance Corporation
ITIN	Individual Taxpayer Identification Number
MOIA	Mayor's Office of Immigrant Affairs
MTA	Money Transfer Agent
NICE	New Immigrant Community Empowerment Association
OFE	New York City Department of Consumer Affairs Office of Financial Empowerment
SMS	Short Message Service
SSN	Social Security Number

Definitions

Commitment Savings: Voluntary savings products or accounts in which individuals restrict withdrawal until a self-specified goal has been met.

Fringe Service Providers: Businesses that do not offer conventional checking or savings accounts and often charge high fees and interest rates for services. Examples include check cashers and payday lenders.

Tanda: A credit association comprised of a core group of participants who make regular contributions to a fund, which is then distributed back to participants according to a set rotation.[1]

Trust Bank: A mutual savings and loan club that collects and pays interest. Individuals borrowing from the Trust Bank pay an interest rate to the others, who in turn gain from their investment.

Executive Summary

The New York City Department of Consumer Affairs Office of Financial Empowerment (OFE) in partnership with the Mayor's Office of Immigrant Affairs (MOIA) structured a study, one of the first field research initiatives of its kind in New York City, to examine not only assumptions about the needs and behaviors of three distinct first-generation immigrant groups—Chinese, Ecuadorian, Mexican—but also the supply and demand side of the financial services marketplace to identify gaps to help these communities move forward financially.

The *Immigrant Financial Services Study* combined quantitative and qualitative methods to obtain a picture of demand- and supply-side barriers and opportunities for financial access for immigrants in New York City. Demand-side research consisted of three initial focus groups, a three-month survey fielding period that collected information from more than 1,300 immigrants, and six follow-up focus groups. To understand the supply of financial products and services in the City, researchers conducted over 20 interviews with the management and staff of five banks and credit unions, and visited financial services providers, including eight bank branches, five money transfer agents, and three check cashers in immigrant and non-immigrant neighborhoods in New York City.

Analysis of the current use and demand of financial products and services, coupled with the supply of these services, led to a number of key findings:

• Regardless of income level, immigrants in the three communities were saving. This was true even for those without bank accounts. Immigrants also displayed high levels of savings discipline.

• The study found a number of areas where misperceptions and uncertainty about the account opening process were impeding financial access. More, researchers discovered varied pathways to accessing mainstream banking across the three immigrant groups.

• Based on the prevalence of saving and the importance of transactions such as remittances, the study revealed the missed market opportunity that immigrants represent for mainstream banking institutions. By creating targeted products and services tailored to immigrant needs, financial institutions and other stakeholders can work to close this gap.

Each of these findings has important programmatic implications for financial institutions; nonprofit organizations and government agencies; and policymakers. This report is a comprehensive overview of the study data, analysis, and key findings. OFE hopes that this work can be leveraged by stakeholders across the financial services industry, including financial institutions and financial services providers, to inform their work and help recent immigrants move forward financially.

I. Introduction

There have been few in-depth studies in New York City aimed at understanding the experiences of immigrant New Yorkers in the financial services marketplace, and even less is known about the differences between and among diverse immigrant groups in the City. Many widely held beliefs about immigrants, their demand for services, and the obstacles they face in the financial industry are based, instead, on anecdote and conjecture.

The New York City Department of Consumer Affairs Office of Financial Empowerment (OFE) in partnership with the Mayor's Office of Immigrant Affairs (MOIA) structured a study to examine not only assumptions about the needs and behaviors of three distinct first-generation immigrant groups in New York City—Chinese, Ecuadorian, Mexican—but also supply and demand to identify areas where the financial services marketplace could improve to help these communities move forward financially.

The results are captured in this *Immigrant Financial Services Study*, one of the first field research initiatives in New York City to examine the particular financial service needs of recent immigrant New Yorkers, as well as the real and perceived barriers to their full participation in the financial services marketplace. The study reveals gaps in financial services for immigrant households with low and moderate incomes and missed market opportunities to connect immigrant households to the financial mainstream.

The research was grounded in OFE's prior work studying financial services needs and practices of residents with low incomes in two New York City neighborhoods (the 2008 *Neighborhood Financial Services Study*) and in broad-based data collection on banking patterns and practices across the City. Studying markets and residents' actual experiences engaging in them, in particular the obstacles they encounter, enables OFE to effectively link research to program design and development, and advocate for improved financial products and services. We hope this study's findings inform programming, product development, and outreach to direct immigrants to safe, affordable, and appropriate products and services to save money, gain credit, and build assets.

Background

Many studies have shown that, on average, immigrants are less likely to have a bank account in the United States than native-born Americans.[2] Income, age, education level, years living in the United States, marital status, neighborhood, social network, and financial patterns in home countries have all been shown to be significant determinants of financial access.[3]

The prevalence of informal alternatives such as check cashers and money transfer services, in turn, reduces the demand for formal financial services[4] to deposit paychecks and remit money to home countries. Often, informal money transfer operators can replace the role of formal banks.[5]

To date, much of the literature has focused on identifying the barriers that have historically determined immigrants' underparticipation in formal financial services. Immigrants face many of the same barriers to access as other households with low incomes in the United States. They struggle with low and often unstable incomes, low levels of savings, and thin or nonexistent credit histories.

Our literature review found that fees, credit requirements, and minimum balance requirements are major common deterrents to bank access.[6] On average, an increase of $100 in the initial minimum balance requirement lowers the probability of owning a checking account by 1.5 percentage points among households with lower incomes.[7] A perception of the high cost of servicing low-income immigrants, who might require frequent transactions involving relatively low sums of money, is presumed to be a key barrier that affects immigrants and low-income non-immigrants alike,[8] as banks may find less profit incentives to pursue this marketplace.

Immigrants face additional constraints that are specific to their documentation status, language, lack of trust in or understanding of the American financial system, and cultural and educational experience. The literature identifies a number of these barriers, many of which are confirmed by this study.[9] Many studies cite language and cultural barriers that reduce immigrants' understanding of the processes involved in using banks and their comfort levels in using these services.[10] Identification requirements for opening accounts, made more stringent with the passage of the Patriot Act in 2001, prevent many immigrants from becoming banked, especially those who lack adequate documentation. Limited or negative

experiences with banks in immigrants' home countries are also likely to deter them from using financial services in the United States due to their wariness of untrustworthy practices or complex fee structures.[11]

These reported barriers, both real and perceived, do little to improve our understanding of those relatively new immigrants who do connect to the banking system, how they differ from those who remain outside, what pathways they have found, and whether that connectedness presents greater opportunity for moving forward economically. This study looks at differences between banked and unbanked individuals within recent immigrant communities, juxtaposing catalyzing factors among the banked with barriers faced by the unbanked to understand how best to target access to banking and other financial empowerment initiatives. The study also includes a scan of selected financial institution branches and alternative financial services providers to contrast the supply of financial services with the types of services members of these immigrant communities are demanding.

This study reveals much heterogeneity within and among three newly arrived immigrant populations in their financial condition, demand for financial products and services, factors that influence their choices and longer-term economic aspirations, and the steps they actively take to achieve those aspirations.

Methodology

This study combines quantitative and qualitative methods to obtain a picture of both demand- and supply-side barriers and opportunities for financial access for immigrants in New York City. See Figure 1. It builds on a literature review of financial access for low-income populations in the United States, in particular immigrants, focusing on literature pertaining to New York City.

Figure 1: Methodology for Immigrant Financial Services Study

Demand — What products/convenience/service do new immigrants need?

What barriers do they currently face to access financial services?

Supply — Are banks and other financial institutions offering the right mix of products/convenience/service?
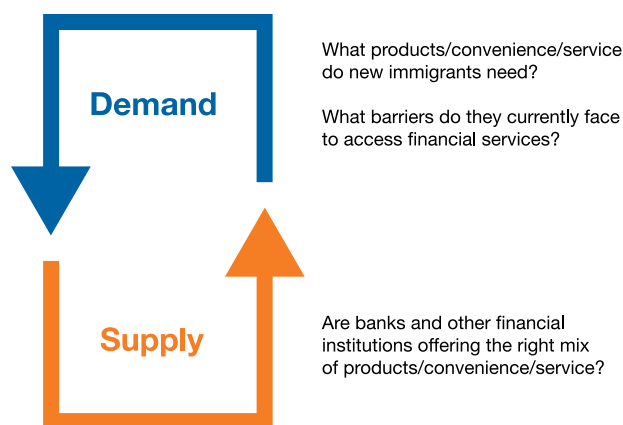
Immigrant Consumer Demand

This cross-sectional study is designed to examine differences between the banked and unbanked within and across Chinese, Ecuadorian, and Mexican immigrant communities in New York City. The study looks at demographic and socio-economic characteristics—including age, gender, employment, income, education level—that may affect each group's access to financial services. Data was also collected on key variables seeking to identify behavior and attitudes such as preferences for specific financial services and products, and perceptions of trust of financial institutions (banks, check cashers, and money transfer operators).

Development of the Survey Instrument

An initial survey instrument, informed by existing research and key local stakeholders, was vetted by leaders from all three communities. Local community-based organizations (CBOs), including the New Immigrant Community Empowerment Association (NICE) in Queens and Metro-Community Alliance in Brooklyn, hosted focus group discussions to refine survey questions. The discussions spanned participants' usage of financial products and services (including deposit, check cashing, remittance, and credit services); the cost and convenience of these services; participants' perceptions of friendliness, approachability, and safety of services; and preferences and behaviors around savings and credit.

The pre-survey focus group discussions allowed us to clarify questions in the survey, test and refine the definitions of various financial services and products, incorporate key responses not previously included, exclude nonessential questions, gauge respondents' comfort in discussing personal finances, and develop a strategy for training surveyors. It was also an essential component of ensuring that representatives from the target survey population were involved in shaping the research. The final survey instrument took respondents approximately 20 minutes to complete, and collected demographic information as well as respondents' use and perceptions of various financial services.

Focus groups were also convened post-survey to further probe and validate survey results.

Sampling Strategy

The key determinant in choice of sample size and location of surveys was the ability to make contact with a sufficient number of participants who did and did not have bank accounts. OFE determined that surveying Mexicans and Ecuadorians in their consulates (including Ecuador's consular annex in Queens) could provide sufficient sample sizes, and would offer a cross section of the immigrant population that reflected its diversity in terms of employment, documentation status, and gender, among other characteristics. Although CBOs were essential to the creation of the survey, OFE decided to survey immigrants at consulates, rather than through CBOs, to eliminate a potential sample bias that might arise. Immigrants who frequent CBOs tend to have higher levels of assimilation and social capital and may display systematically different financial behaviors than those who do not leverage the services offered by CBOs.

Within the Chinese community, the high level of bank usage (estimated by key informants as between 85–90 percent) made it difficult to obtain a large sample of unbanked Chinese immigrants. To validate this estimate, we implemented surveys through random sampling. The consulate did not offer a broad enough range of respondents, and was seen by our key informants as a place where immigrants might feel uncomfortable speaking with our surveyors. For this sample, instead, we implemented random surveys in the community. These surveys were primarily in Sunset Park, Brooklyn, where we identified a large and vibrant Chinatown that would offer a significant number of new immigrants from China, including the Fujian Province, which comprises the largest immigrant population in New York City.

Several key demographic variables affecting the sampling strategy such as age, gender, and bankedness were tallied and reviewed each day of the survey implementation period to ensure that a sufficient number of banked and unbanked as well as male and female respondents were being sampled. Initial results from the Mexican consulate showed relatively equal proportions of men and women, as well as banked and unbanked people. Although surveyors were trained to approach individuals of diverse age and gender, data from the Ecuadorian consulate showed a higher proportion of men and banked individuals participating in the survey. In response, the researchers diversified locations by surveying at the CBO Plaza del Sol, and were successful in adding more unbanked people and women to the sample. This strategy was aimed at ensuring that analysis comparing behaviors across genders would be possible, at the expense of representing the precise gender composition of this community in New York City. It may have also resulted in a slightly lower level of bankedness in the Ecuadorian community as women were found to be more likely unbanked.

For the Spanish-speaking communities, EA Consultants contracted five supervisors to oversee the survey implementation and trained eight surveyors with prior experience working with immigrant populations in New York City.

For the Chinese surveys, one community leader was selected to recruit, train, and supervise eight surveyors. The surveyors were all native Chinese, and primarily new immigrants themselves, and all fluent in the dialect of the Fujian Province.

The surveys were held between November 29, 2011 and January 11, 2012 for the Mexican and Ecuadorian sample and January 10, 2012 to February 10, 2012 for the Chinese sample.

Supply of Financial Services

In addition to understanding differences between banked and unbanked people in recent immigrant groups, a central question this study sought to answer was whether there were financial products and services in New York City to meet the needs of immigrant consumers. The study assessed whether banks and other financial institutions offer appropriate product and service combinations to immigrant consumers in a way that helps them to access the financial mainstream. This qualitative research began with a literature review of existing studies on financial access for immigrants in New York City as well as across the United States. This review was used to develop a basic questionnaire for staff of banks, credit

unions, and other financial services providers about their service delivery and product mix and how it affected immigrants in particular. See Appendix 1.

The research team held over 20 interviews with the management and staff of five banks and credit unions. Through these interviews, we sought to understand the incentives and motivations of bank and non-bank staff for serving immigrants as well as some of the particular challenges they faced with the three communities we studied. These were not meant to be representative of all financial institutions in New York City or nationally, but to offer a supply-side context that could contribute to our analysis.

Visits with financial services providers comprised of eight bank and credit union branches, five money transfer agents (MTAs), and three check cashers in immigrant and non-immigrant neighborhoods in New York City, often accompanied by immigrant consumers inquiring about opening a bank account, sending money home, or some other common financial service. The research team relied on passive observation of the dynamics between immigrants and financial institution personnel. The observations were meant to capture the realities of the day-to-day interactions of financial institutions with immigrants to assess the extent to which these institutions were friendly, reliable, and transparent in offering necessary information.

The research team also conducted key informant interviews, including in-depth discussions of the remittance market in New York City with the management of Remás, a new project that seeks to improve transparency in the money transfer market by publishing pricing and terms in an online tool that includes data collected through crowdsourcing.[12]

II. Analysis of Consumer Demand Side and Current Financial Use

Sample Characteristics

To understand consumer demand, we surveyed 443 Mexican, 417 Ecuadorian, and 464 Chinese immigrants. Respondents from the Mexican and Ecuadorian communities came from all over the City, as the point of contact was generally through the Consulates. In the Chinese community, the survey locations were primarily concentrated in Sunset Park, Brooklyn and, to a lesser extent, Flushing, Queens and the Lower East Side of Manhattan.

These three immigrant communities were chosen because of their large populations and growth rates, and because they are quite different from one another in terms of assimilation level and current level of financial access. The Chinese have long been one of New York City's largest immigrant groups,[13] and Mexican and Ecuadorian populations in New York have grown significantly in recent years.[14]

Level of Bankedness in the Sample

Of our survey sample, Mexicans were by far the least banked (only 43 percent had bank accounts) compared to Ecuadorians (65 percent) and the Chinese (95 percent). Table 1 shows the sample distribution by country of origin, bankedness, and gender; again, these statistics describe the sample and may not represent distribution of bankedness among the overall immigrant populations in New York City. The distribution is consistent with other studies showing low levels of bank access in the Mexican community in New York. A 2006 study of Latin American immigrants throughout New York City found that only 44 percent were banked, with Mexicans having the lowest rate of bank accounts within this group (41 percent).[15] While literature on Chinese immigrants in New York City is not available to make similar comparisons, our interviews with stakeholders from the Chinese immigrant community indicated that there are extremely high numbers of banked Chinese immigrants. Our survey results corroborated this information, as only 5 percent of immigrants surveyed were unbanked. See Table 1 and Appendix 3.

Table 1: Sampled Mexican, Ecuadorian, and Chinese immigrants by banked status and gender (%)

	Mexican (443)	Ecuadorian (417)	Chinese (464)	Total (1,324)
Banked	43	65	95	68
Unbanked	57	35	5	32
Total	100	100	100	100
Men	53	52	50	52
Women	47	48	50	48
Total	100	100	100	100

Observed Differences between Banked and Unbanked Respondents

The research sought to tease out differences between banked and unbanked individuals in each community to provide insight around how programs and products might be tailored to the needs of unbanked individuals to improve their access to financial services.

Similar to other research on banked and unbanked individuals and households, this study finds statistically significant differences in the characteristics of banked and unbanked groups, with country of origin, employment status, documentation status, and education being important predictive factors in whether an immigrant will have a bank account.

This survey found that banked respondents had been in the country an average of four years longer than unbanked respondents. See Table 2 and Appendix 3. Banked respondents from *all three* immigrant groups were also significantly more likely to be employed than unbanked respondents. See Table 3. Additionally, banked respondents were significantly more likely to be documented than unbanked respondents. See Table 3 and Box 1 on page 16.

Table 2: Demographics of banked and unbanked respondents: quantitative data

Mean	Mexican				Ecuadorian				Chinese			
	Overall	Banked	Unbanked	p	Overall	Banked	Unbanked	p	Overall	Banked	Unbanked	p
Yrs in US	10.4 (7.1)	12.90	8.55	0.000	11.4 (7.3)	13.10	8.5	0.000	5.75 (3.6)	5.93	1.92	0.000
Age	33 (9.7)	34.00	32.22	0.046	36.2 (10.9)	37.90	33.16	0.000	30.2 (8.61)	30.40	26.9	0.163
Yrs of Education	8.48 (3.66)	9.53	7.70	0.000	10.19 (3.91)	10.96	8.84	0.000	10.50 (3.5)	10.8	10.49	0.797

Standard deviation is shown in parentheses.
P-values reflect results of difference in means t-tests between banked and unbanked in each immigrant group.

Table 3: Demographics of banked and unbanked respondents: categorical data (%)

	Mexican				Ecuadorian				Chinese			
	Overall	Banked	Unbanked	p	Overall	Banked	Unbanked	p	Overall	Banked	Unbanked	p
Employed	69.1	77.6	62.5	0.001	74.8	83.3	59.2	0.000	80.1	83.7	23.8	0.000
Undocumented	82.1	66.3	94.6	0.000	61.8	51.0	81.6	0.000	14.9	15.3	4.8	0.000
Household Language												
Spanish	81.8	73.7	88.0	0.000	86.2	83.6	91.0	0.127				
English	2.5	4.2	1.2		3.4	4.1	2.1		0.2	0.2	0	0.501
Spanish/ English	13.9	21.1	8.4		10.0	11.9	6.3					
Indigenous	1.6	0.5	2.4		0.0	0.0	0.0					
Weekly Household Income												
$0	8.1	4.8	10.5	0.004	1.9	1.2	3.0	0.000	0.5	0.5	0	0.335
$1–299	27.2	23.6	29.8		20.5	16.8	27.3		2.4	2.5	0	
$300–599	34.1	30.9	36.4		44.1	39.3	53.0		28.5	28.4	33.3	
$600–900	16.3	21.2	12.7		18.4	22.1	11.4		32.1	31.3	50	
>$900	14.2	19.4	10.5		15.2	20.5	5.3		36.3	37.3	16.7	
Job Category												
Construction	9.2	8.8	9.5	0.045	33.0	32.2	35.2	0.000	2.7	2.7	0	0.079
Food services	45.6	38.1	52.5		12.7	9.7	20.5		57.3	57.8	20	
Care industry	17.4	15.6	19.0		12.7	11.0	17.0		8.8	8.6	20	
Sales	6.9	8.8	5.1		9.8	12.3	3.4		6.1	5.9	20	
Manufacturing	2.6	2.7	2.5		3.8	2.2	8.0		6.1	5.7	40	
Office	1.3	2.0	0.6		3.2	4.4	0.0		0.8	0.8	0	
Transportation	1.0	1.4	0.6		3.2	4.4	0.0		3.5		0	
Other	16.1	22.4	10.1		21.0	23.3	14.8		14.4		0	
Cell Phone												
Own cell phone	91.6	97.4	87.3	0.000	93.8	95.6	90.5	0.040	100.0	100.0	100.0	N/A
Cell phone users with plan	65.5	72.2	59.8	0.047	68.0	73.5	57.3	0.003	99.8	99.8	100.0	0.827
Cell phone users with Internet on phone	72.8	73.8	71.9	0.663	74.5	76.7	70.2	0.120	52.6	53.1	42.9	0.770

Table continued on next page.

	Mexican				Ecuadorian				Chinese			
	Overall	Banked	Unbanked	p	Overall	Banked	Unbanked	p	Overall	Banked	Unbanked	p
Region of Origin												
Capital	**27.2**	33.7	22.3	0.008	**41.1**	63.4	36.6	0.165	**60.1**	60.0	61.9	0.964
Municipality	**72.8**	66.3	77.7		**58.9**	56.4	63.4		**39.9**	40.0	38.1	
Marital Status												
Married	**34.3**	41.7	28.7	0.057	**43.9**	45.9	40.1	0.033	**53.8**	54.5	38.1	0.260
Single	**39.5**	35.9	42.2		**32.4**	30.4	36.1		**44.3**	43.7	57.1	
Cohabiting	**19.6**	16.1	22.3		**11.3**	8.5	16.3		**0.6**	0.7	0.0	
Divorced	**3.4**	2.1	4.4		**9.8**	12.2	5.4		**1.3**	1.1	4.8	
Widowed	**1.8**	2.1	1.6		**2.2**	2.6	1.4		**0.0**	0.0	0.0	
Separated	**1.1**	1.6	0.8		**0.5**	0.4	0.7		**0.0**	0.0	0.0	

A few relationships only held true for the two Hispanic groups surveyed, likely due to the very small sample of unbanked Chinese. Banked respondents in the Hispanic groups tended to be older than unbanked respondents. Banked respondents also had approximately two more years of education and higher levels of English proficiency[6] than those without accounts. See Table 3. We also observed a significant association between income level and banked status among the two Hispanic groups, with banked respondents reporting higher household income than unbanked respondents. Job sector was also a significant factor, with banked respondents more commonly employed in sales and office work and unbanked respondents concentrated more heavily in the cash-based food services and care industries.[17] Banked respondents in the Hispanic groups were also significantly more likely to own a cell phone than unbanked respondents, though cell phone ownership was high across all survey respondents. Region of origin only showed a relationship among Mexican respondents—banked respondents were significantly more likely to come from the capital than unbanked respondents. Interestingly, income level and gender were not related to bankedness after controlling for other factors.

In the Mexican sample only, banked respondents had significantly fewer children than unbanked respondents, though this relationship did not hold among the other groups.

In the Ecuadorian sample, banked respondents were more likely to be married and to live exclusively with family members than unbanked respondents. Neither household size nor number of siblings had an observable relationship with banked status.

These results show that the typical profile of an unbanked immigrant is that of a recently arrived person with low or no income, low English proficiency, and low levels of education. This person typically works in the food service or the care industry, and is likely to be undocumented.

Figure 2: Characteristics of banked respondents versus unbanked respondents

All banked respondents
- Have spent more time in United States
- Are employed
- Are documented

Banked Hispanic respondents only
- Have a higher education level
- Older
- Have higher English proficiency
- Have higher incomes
- Work outside of the food service and caretaking industries

Banked Mexican respondents only
- Live in an urban area in home country
- Have fewer children
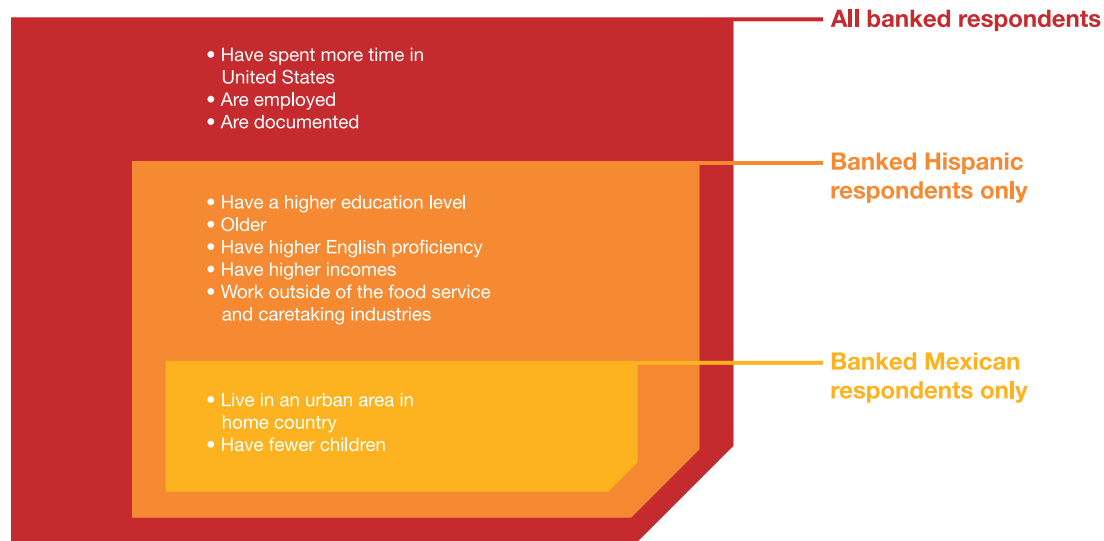
Comparison across the Three Communities: Differences and Similarities

Many of the differences across the three communities were consistent with their levels of bankedness. For example, overall, the Chinese were far more likely to be banked (95 percent) than both Mexicans (43 percent) and Ecuadorians (65 percent). The Chinese reported higher employment rates (80 percent) compared to Ecuadorians (75 percent) and Mexicans (69 percent). The Chinese also reported much higher levels of documented status (85 percent) compared to Ecuadorians (38 percent) and Mexicans (18 percent). Additionally, Chinese respondents were least likely to be earning under $600 per week (31 percent) compared to 70 percent (Mexican respondents) and 67 percent (Ecuadorian respondents). The Chinese and Ecuadorian communities had similar years of education (an average of 10.5 years, or through high school, and 10.2 years, respectively), while the Mexican community tended to have fewer years of education with an average of 8.5 years.

Though the Chinese—the most banked of the three groups—displayed a number of demographic characteristics typically associated with higher levels of bankedness, research showed a number of surprising findings. For instance, although banked respondents tended to be older than unbanked respondents, the Chinese were the youngest group in the sample, with an average age of 30 compared to 33 (Mexican respondents) and 36 (Ecuadorian respondents). In addition, although banked respondents tended to have more time in the United States overall, the Chinese—the most banked group—were the group with the least time in the United States (5.75 years) compared to 10.4 years (Mexican respondents) and 11.5 years (Ecuadorian respondents). In spite of the observation that unbanked workers were concentrated in the food service industry, the Chinese had the highest percentage of respondents in this sector (57 percent) compared to 46 percent (Mexican respondents) and 13 percent (Ecuadorian respondents).

These observations suggest that the Chinese are more banked than Mexicans and Ecuadorians *in spite of* their youth, their shorter tenure in the United States, and their concentration in the food service industry.

Self-reported English proficiency is very similar across communities; on average, members of each of the three groups rated themselves at approximately 2 out of a maximum score of 5. We also did not observe any notable differences in overall household size across the three groups, although the Chinese tended to have fewer siblings and fewer children than the Hispanic groups.

Determinants of Banked Status between Immigrant Groups

Data Results

Regression analysis was used to test the predictive probabilities of being banked based on each of the demographic characteristics, holding all other demographic characteristics constant. (See Appendix 6: Logit Model: Determinants of Banked Status.) Under this analysis, years in the United States, documentation status, employment, years of education, country of origin, and cell phone ownership were all significant determinants of banked status. After controlling for these other factors, income and gender were not significant.

Although respondents in higher income brackets were much more likely to be banked than those with lower incomes, this connection appears to be driven by respondent characteristics other than income, since the strength of the relationship declines when controlling for other factors.

Box 1: Documented status is strongly correlated with whether an immigrant is banked

An **undocumented** Mexican man with 8 years of education who has been in the United States for 10 years, earns $600–$900 per week, and owns a cell phone has a **48 percent** probability of having a bank account.

A **documented** Mexican man with *exactly the same profile* has a **71 percent** probability of having a bank account.

Each additional year of education increases the odds of having a bank account by 1.12 times on average, holding all else constant. See Box 2. Country of origin had a strong influence on whether a respondent was banked. When holding all other values at their means, the Chinese still had a significantly higher probability of having a bank account (97 percent) compared to Ecuadorians (67 percent) and Mexicans (50 percent). Documented status is also strongly correlated with whether an immigrant is banked.

Box 2: Relationship between education and financial access

We observe a strong relationship between education and bankedness. In fact, this relationship is likely responsible for the apparent relationship between income and having a bank account, as higher income immigrants tend to have a higher level of education.

Each year of education increases the odds of having a bank account by 1.12 times on average holding variables at their means. Below, we analyze the probability of having a bank account for people with 0, 6, 12, and 16 years of education based on survey results and holding all other factors constant:

Years of education	Probability of having a bank account
0	60.90%
6	75.00%
12	85.30%
16	90.00%

Motivations and Barriers for Bankedness

Individuals' perceptions of financial institutions and their products and services might offer insight into the actual and perceived barriers that different immigrant groups experience. Understanding these barriers may suggest potential interventions that could "speed up" the process of accessing formal financial services.

Our survey asked both banked and unbanked immigrants why they had chosen to open a bank account or why they had not, in addition to a number of questions related to their usage and preferences around informal and "fringe" financial services. We highlight a number of key findings below; full data can be found in Appendices 10, 11, and 12.

Explaining Barriers to Bank Account Access: Perceived and Structural

Barriers: Price, Documentation, and Language

The most frequently cited barriers are related to affordability and price sensitivity. The most important reason cited by all three communities for not having a bank account was not having enough money for minimum balances. See Figure 4 on page 20. Similarly, high fees are also cited as an important barrier, cited by 48 percent of Mexican, 42 percent of Ecuadorian, and 38 percent of Chinese respondents.[18] As our supply-side analysis shows, banks have been increasing fees and minimum balances in response to new regulations.

However, respondents cited a number of both perceived and structural barriers that have prevented them from opening an account. For example, perceptions about documentation continue to be a significant barrier. Although accessibility has improved in recent years as banks have begun to accept a broader range of documents, some immigrants still struggle to obtain the necessary documentation. Focus group discussions suggest that some immigrants are dissuaded from using

Box 3: Documentation requirements are often flexible

Increasingly, financial institutions are allowing individuals without Social Security numbers to open bank accounts. In addition to U.S. federal- and state-issued photo ID, such as State ID, Driver's License, or Permanent Resident Alien Card, many financial institutions accept a range of foreign government-issued IDs. For example, valid foreign passports and valid Consular IDs are often accepted as forms of primary ID, and U.S. school identification, U.S. employer identification, and ITINs are frequently accepted as secondary forms of ID.

formal financial services because they are unaware of the range of documentation that banks now accept and assume that they cannot access the necessary documents. This barrier is particularly challenging for Mexican immigrants, 50 percent of whom cite lack of documentation as a reason why they have not opened an account. However, our supply-side analysis found that many financial institutions accepted a range of documentation options, including the "Matrícula Consular," to open accounts.

Language also remains a significant perceived barrier, and important differences can be seen between language accessibility of services available to the three groups. Like documentation, many of the language barriers appear to be related to immigrants' perceptions of accessibility and to uncertainty about whether they will be able to communicate with staff. See Box 4.

Much of the challenge in overcoming the language barrier seems to be getting immigrants through the door, and marketing and signage in a community's language can be effective in doing so. Banks with Chinese signage were quite prevalent in Chinese neighborhoods. In Hispanic neighborhoods, however, no mainstream American banks were observed to have signage in Spanish. Compounding this, Hispanic immigrants in particular have a limited exposure to information about banks through media or CBOs.

> ## Box 4: Language matters
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> While our supply-side analysis shows that many banks have adapted to the language needs of these three immigrant groups in New York City, there is a continued perception, in particular in the Hispanic community, that bank staff may not speak Spanish. In focus group discussions immigrants who had not been to a bank in New York were not aware of whether staff at the bank spoke Spanish. Additionally, 85 percent of banked survey respondents noted that one of the reasons for choosing their bank was "they spoke my language."
>
> In focus group discussions with Chinese immigrants, some noted that they keep their accounts with Chinese banks because Chinese banks distribute information in Chinese, while U.S. banks provide account information in English. On the other hand, Spanish-speaking customers of some of the larger banks in New York can request to have written material in Spanish mailed to them.

Another significant concern uncovered in the survey was the perception that money would not be safely held in banks (41 percent, 31 percent, and 19 percent of unbanked Mexican, Ecuadorian, and Chinese respondents, respectively). In focus group discussions, we explored this concept in greater depth and found that perceptions may partially reflect worries, not about the safety of banks in the United States but about how to protect money if respondents were deported. Many immigrants assumed the money would be lost if left behind in the United States.

Uncertainty in Process of Opening a Bank Account

We found general knowledge and information about the process of opening and using an account to be a barrier to access for all groups. The degree of uncertainty about how to begin this process and where to open an account appears particularly significant. Of unbanked survey respondents, 33 percent, 42 percent, and 46 percent of Mexicans, Ecuadorians, and Chinese,[19] respectively, indicated that one reason they had not opened an account was they did not know which bank to go to; another reason was they didn't know anyone at the bank (23 percent, 17 percent, and 19 percent, respectively). In focus group discussions, immigrants noted that they had questions about which banks offer the best terms, what paperwork and documentation banks require, the fees and minimum balance requirements, and whether bank staff spoke Spanish.

Hispanic immigrants in particular noted that when they arrived in New York, friends and family supported them in finding employment, housing, and services for their children (including education and health services). However, many mentioned that they did not open a bank account until five or more years after they had arrived in the United States, stating that finding a bank was quite low on their list of priorities.[20] Few actors have been effective in filling the gap in offering information and guidance for new immigrants to overcome the knowledge and uncertainty barriers mentioned above.

When asked how they learned about the bank they used, banked Hispanic respondents in our survey said that ultimately family or friends (40 percent) were their major source of information, followed by a street or subway advertisement (27 percent). Chinese immigrants were more likely to respond that they found a bank in their neighborhood, likely as a result of the large number of banks in Chinese neighborhoods with Chinese signage.

Another significant "push" factor for opening a bank account is employers' method of payment. Of those who are banked, 37 percent of Mexican, 26 percent of Ecuadorian, and 16 percent of Chinese immigrants said that a reason they selected the bank they did was because they received checks from employers from that bank. See Appendix 10.[21] Among unbanked immigrants, 50 percent of Mexican, 50 percent of Ecuadorian, and 29 percent of Chinese respondents said that they would open a bank account if their employer wanted to pay them via direct deposit.

The prevalence of banking at large "brand-name" banks such as Citibank, Chase, and Bank of America also suggests that immigrants may be less informed about other financial institutions—credit unions, for example—that are available to them, and that often offer lower-fee products, greater support in understanding American financial products, and more convenient hours than the larger retail banks. Immigrants may choose well-known institutions in part because the familiarity is a sign of trust, particularly if they recognize the bank from their home country.

One common theme is that the barriers cited reflect both "real" obstacles and misperceptions or uncertainty about the process of accessing a formal account. This is highlighted by the fact that while many Hispanic immigrants are dissuaded from opening an account, 70 percent of Mexicans and 78 percent of Ecuadorians who went through the process of opening a bank account found it to be "very easy" to do so. The disconnect between perceived barriers and reality is especially significant in the case of language and documentation, where the perception that a barrier may exist overpowers the fact that it does not.

Figure 3: Trust and perception related responses of the unbanked to "Why have you not opened a bank account?"
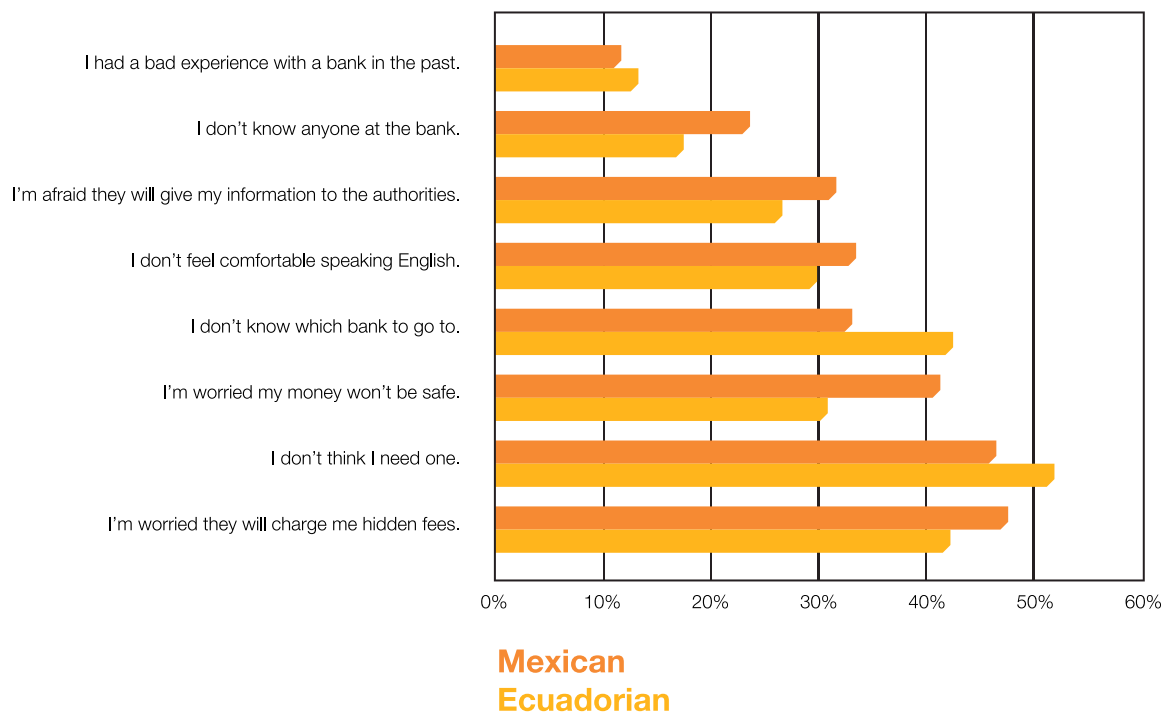
Mexican
Ecuadorian

Note: Since the total unbanked Chinese sample was so small (21 respondents), they were omitted from this Figure.

Uncertainty about Length of Stay in United States

In addition to concerns about affordability and misperceptions around account requirements, an expectation that recent immigrants will return to their countries of origin may partially explain differences in likelihood of opening a bank account in the United States across groups.[22] Among unbanked respondents in our sample, 32 percent of Mexicans, 20 percent of Ecuadorians, and 14 percent of Chinese cited "I don't plan to stay in the US long" as a reason for not having an account. This finding is supported by post-survey focus group discussions, in which Chinese immigrants indicated that they came to the United States with the intention of staying, while Hispanic immigrants described an ongoing aspiration to return home.

Figure 4: Process related responses of the unbanked to "Why have you not opened a bank account?"
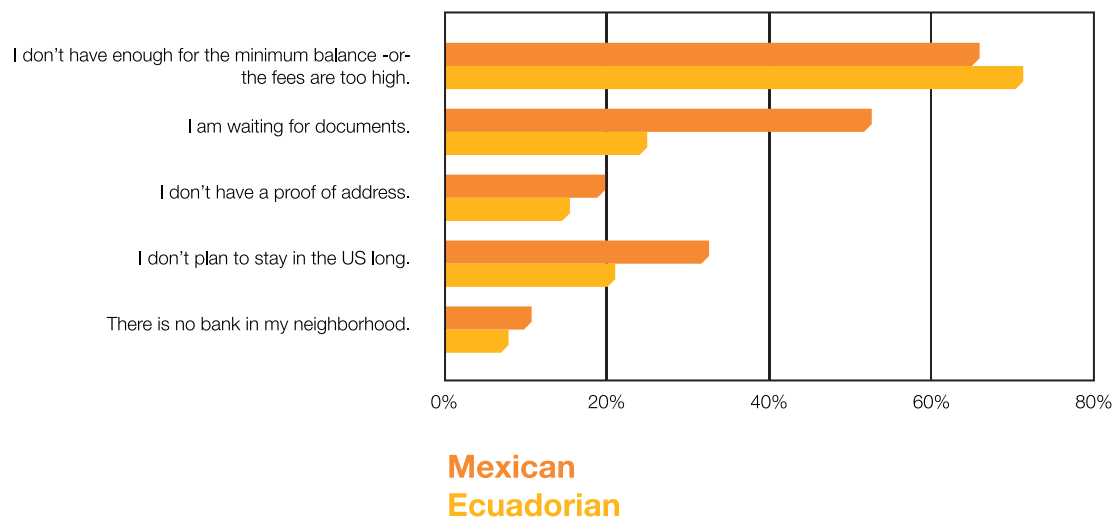
Mexican
Ecuadorian

Note: Since the total unbanked Chinese sample was so small (21 respondents), they were omitted from this Figure.

Financial Behavior and Financial Services Use

The survey sought to understand financial behaviors, including transactions, savings, and borrowing. Overall, the survey results show a high prevalence of *earning*, *transacting*, and *informal short-term saving* and a lower prevalence of *long-term savings* and *borrowing/leveraging credit*.

We find three communities with different levels of usage of formal financial services as well as different perceptions of these services. The most notable differences are between the largely banked Chinese immigrant community and the two Hispanic (Mexican and Ecuadorian) communities, which have much lower levels of bank access. While the three communities are similar in many respects, Mexicans and Ecuadorians transact primarily in cash and remain largely outside the formal financial system, often saving through informal channels rather than in banks. Chinese respondents are also often paid in cash, but formalize their assets through their extensive use of the formal banking sector, which offers them greater protection when emergency expenses strike. This difference highlights the particular vulnerability of segments of the Mexican and Ecuadorian communities that rely on informal savings, which, among other disadvantages, are not insured. While the Chinese immigrants whom we interviewed hold a relative advantage in this respect, their limited use of borrowing and long-term investment tools suggests that opportunities to leverage their assets may be missed.

Detailed findings about each financial behavior are given in the sections that follow.

Financial Behavior

Ability to Earn Income

As a starting point for examining financial behavior, we first look at income earnings. The survey results show that all three immigrant groups exhibit high levels of employment. See Table 4 on page 21. Over 70 percent of respondents are currently employed and work six or seven days per week.

Table 4: Earnings characteristics of survey respondents (%)

		Mexican	Ecuadorian	Chinese	Overall
EARN	Have ability to work	96.6	97.3	94.6	96.1
	Employed	69.1	74.8	81.0	75.1
	Have their own business in United States	5.2	4.1	3.9	4.4

Over half of all Mexican and Ecuadorian respondents earn less than $600 per week compared to about 32 percent of Chinese respondents. Most notably, 35 percent of Mexican, 22 percent of Ecuadorian, and only 3 percent of Chinese households are earning under $300 a week, annualized to $15,600 or well below New York City's poverty level of $21,000 for a family of four. See Appendix 4 for weekly household income data.

Figure 5: Weekly household income distribution, employed respondents (%)

Mexican
Ecuadorian
Chinese
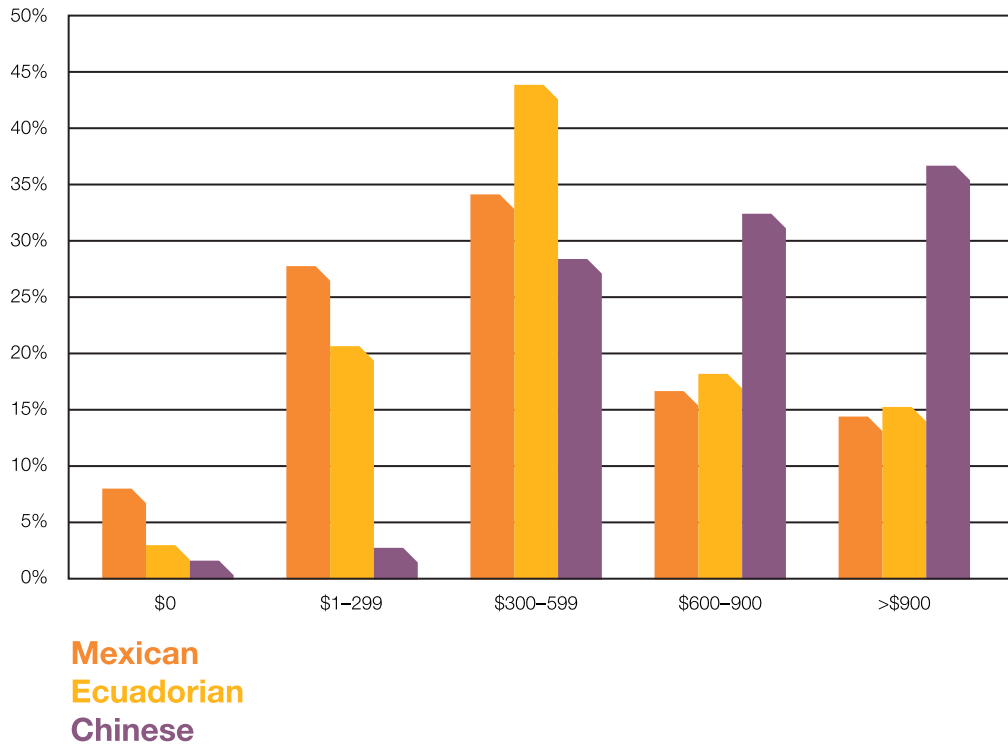
Transactions

The most common use of financial services for Mexican and Ecuadorian immigrants is transactional. In post-survey focus group discussions, immigrants noted that many of their day-to-day transactions such as receiving wages, paying rent and other bills, and buying food take place in cash. "Fringe" services complement their cash needs, but are not seen as central; for example, these services might be used to pay rent to a landlord who only accepts checks or to access funds if someone in the household is unbanked and paid by check. As such, there is only sporadic and relatively low usage of check cashers among respondents, averaging 22 percent of the total sample. Prepaid card usage is even lower in the total sample, at 10 percent on average. See Table 5 on page 22.

The primary transactional need of respondents is related to remittances. For Mexicans, 79 percent of unbanked and 59 percent of banked respondents use MTAs rather than banks to send money home. For Ecuadorians, 74 percent of unbanked and 63 percent of banked respondents also use MTAs. Of the Chinese, a much lower 25 percent of all respondents use MTAs, while 54 percent of all respondents send money home. See Appendix 12 for complete tables.

Table 5: Transactional characteristics of survey respondents (%)

		Mexican	Ecuadorian	Chinese	Overall
TRANSACT	Send money home	75.10	73.60	54.00	67.5
	Use money transfer services	70.10	67.30	25.00	68.1
	Have prepaid cards	8.40	12.30	9.70	10.1
	Use check cashers	22.60	22.10	17.20	21.9

Interestingly, both banked and unbanked respondents show a preference for MTAs over banks when sending money home, especially in the Hispanic communities. See Table 5 and Appendix 12. This preference appears to be at least partially driven by a lack of information about available services at mainstream financial institutions. When banked respondents were asked why they use these services instead of a bank account, 32 percent of Mexican and 15 percent of Ecuadorian respondents said it was because their banks did not offer the service. Our supply-side scan shows that in fact most banks do offer these services—but that they are costly, more complicated for recipients in the home country, or not marketed well. The influence of cost on this preference is reinforced in our survey findings: 34 percent of banked Mexicans and 29 percent of banked Ecuadorians reported that MTAs charge lower fees than their banks.

Other reasons respondents preferred MTAs include the fact that others can go to the physical location to remit money on behalf of the sender, MTAs' convenient hours and locations, and consumer preference for going back to a familiar place. Full results are available in Appendix 12.

Savings

Despite reported barriers and relatively low incomes, respondents from the three immigrant groups are taking important steps toward financial security: over three-quarters of respondents reported accumulating savings at all income levels. Indeed, among all three communities, even the lowest earners reported having some savings, and the percent of respondents who had savings increased as income rose. See Table 6.

Table 6: Percent with savings by household weekly income (total sample)

Weekly Income	Percent with Savings
$0	78
$1–299	80
$300–599	79
$600–900	88
>$900	91

Informal savings were common among Mexican and Ecuadorian respondents—74 percent of unbanked Mexican respondents and nearly 69 percent of unbanked Ecuadorian respondents reported that they had savings.[23]

Table 7: Savings by banked status and country of origin

	Mexican	Ecuadorian	Chinese
Banked Sample	192	270	443
Percent of Banked Respondents with Savings	93.2%	83.0%	91.2%
Unbanked Sample	251	147	21
Percent of Unbanked Respondents with Savings	74.1%	68.7%	81.0%

Bank Account Ownership is a Significant Predictor of Saving Behavior

Table 8 illustrates a strong relationship between bank account ownership and savings. Across all three communities, banked respondents were more likely to have savings relative to unbanked respondents. However, systematic differences between banked and unbanked respondents in terms of income, education, and country of origin are likely confounding this strong positive relationship between account ownership and savings. For example, banked respondents are, on average, higher income earning, more educated, more likely to be employed and documented, and have been in the United States longer, which are all likely correlates of both saving and having a bank account. Therefore, we examined the relationship between bank account ownership and savings while controlling for the aforementioned demographic and socioeconomic characteristics. See Appendix 6.

This analysis suggests that neither demographic nor socioeconomic factors were overstating the strong relationship between bank account ownership and savings. On average, the odds of having savings are 2.7 times greater for banked respondents than unbanked respondents, holding demographic and socioeconomic factors constant. This relationship is statistically significant ($p<0.001$). See Appendix 14.

Predicted probabilities were calculated in order to understand better the magnitude of this relationship.[24] Holding all other variables at their means, a person without a bank account has a 75 percent probability of having some savings, whereas a person with a bank account has an 89 percent probability of having some savings.

Using the same logit model (see Appendix 6) and holding all variables at their means, we can also look at the relative contribution of specific variables on whether or not someone saves. Given the strong relationships of country of origin and documentation status on bankedness, we examine their relative contributions, respectively.

Country of Origin

Table 8: Country of origin on predictive probability of savings account on bankedness (%)

	Mexican	Ecuadorian	Chinese
Without a bank account	77	71	80
With a bank account	90	87	91

Documented Status

Table 9: Country of origin on predictive probability of savings account on documentation status (%)

	Undocumented Individual	Documented Individual
Without a bank account	72	78
With a bank account	88	91

Last, to understand the effect of having a bank account on the likelihood of having savings, we constructed profiles of two identical hypothetical individuals, with the only difference as bank account ownership. This logit model (see Appendix 6) can be used to compare the probability that someone with a bank account is saving against the probability that this individual's "twin" without a bank account is saving.

As illustrated by these profiles (see Figures 6 and 7 on pages 24 and 25), having a bank account remains a significant predictor of saving behavior, regardless of income, gender, documentation, and other demographic and socioeconomic characteristics. It should be noted, however, that it is beyond the scope of this research to analyze a causal relationship between account ownership and savings. For example, having savings could cause people to open bank accounts. In addition, there are numerous unobservable characteristics about the respondents that we cannot account for in these profiles.

Figure 6: Profiles of two "identical" people: one banked and one unbanked

Without a bank account

With a bank account

Mexican
Male
Undocumented
Employed
8 years of education
$1–$299 weekly household income
24 years old
0 children
4 people in household
from a municipality (not a city)
remits

81%　　**Probability of person saving**　　**92%**

Without a bank account

With a bank account

Ecuadorian
Female
Documented
Unemployed
12 years of education
$300–$599 weekly household income
40 years old
children
4 people in household
from a capital city
remits

58%　　**Probability of person saving**　　**78%**

Those who were banked saved greater amounts. Close to 75 percent of all banked respondents reported having over $500 in savings, while just over a third of unbanked respondents had saved that amount. See Figure 7 on page 25. This does not indicate a causal relationship between banked status and higher savings amounts. Our banked sample's characteristics include higher income, education, and longer length of stay in the United States. These are all factors that likely affect savings, but as over half of banked Mexican and Ecuadorian respondents earn less than $600 a week, these factors may not entirely explain higher savings levels among the banked.

Figure 7: Savings amounts by bankedness (%)

Under $500
Over $500
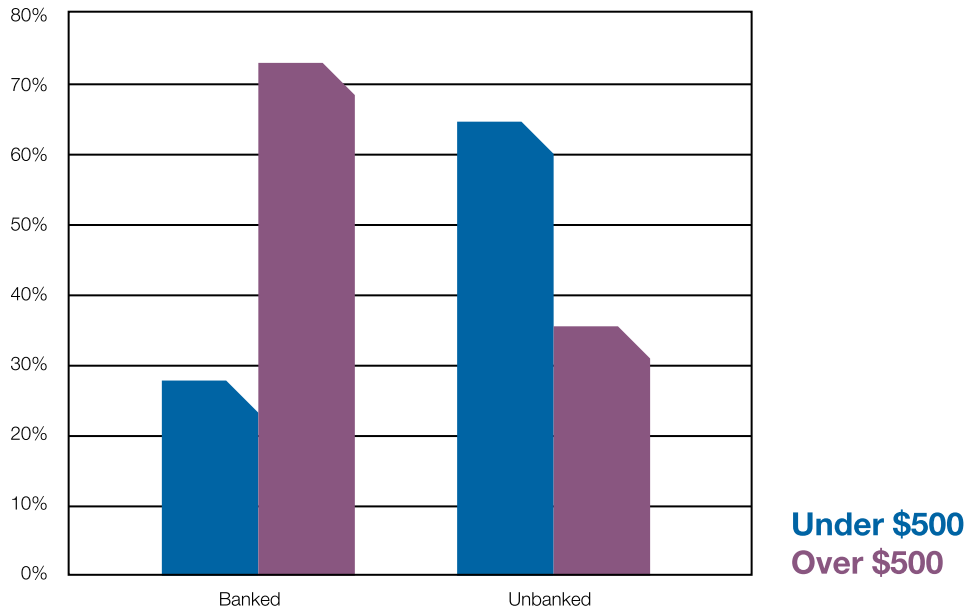
Short-Term Savings

Formal Savings

The Chinese immigrants surveyed were by far the most likely to have formal savings accounts, followed by Ecuadorians then Mexicans. The difference in prevalence of formal savings is sometimes explained by a "culture of saving" among Chinese communities. See page 27, Challenging the Cultural Explanation.

Table 10: Total savings by banked status (all groups) (%)

Total Savings	Banked	Unbanked
0	11.0	29.3
$1–500	16.0	35.2

p<.001

The difference in prevalence of formal savings also appears to be explained by different needs and preferences that drive Hispanic immigrants to rely on informal savings and by barriers to access, both real and perceived, including cost, documentation requirements, language, and understanding of the account opening process.

Table 11: Short-term savings and investments (%)
Survey Question: Do you have any of the following?

		Mexican	Ecuadorian	Chinese	Overall
SAVE (short term)	Have short-term investments	51.7	61.0	56.2	56.2
	U.S. bank account	42.8	54.7	94.6	68.2
	Jewelry	29.9	26.5	19.6	25.2
	Vehicle	13.3	26.4	18.3	19.2
	Personal loan	13.5	13.0	25.4	17.6

Informal Savings

Despite the low level of formal savings in the two Hispanic groups, informal savings are common. It is especially important to note that 74 percent of unbanked Mexicans and 69 percent of unbanked Ecuadorians reported that they have some savings, albeit small amounts (more than half of these savings are under $1,500).

A common tool among Mexican immigrants in New York City for managing informal savings is "tandas" or rotating savings groups. One Mexican woman who works in the care industry noted that she is part of a 50-person group administered by a man who employs some of the people in the group. She saves $300 per week. The money is provided in bulk to each member on a lottery basis. Other tandas are smaller, with about 10 family members and close friends. In all of our focus group discussions, Hispanic participants, women in particular, spoke of tandas as a useful tool for savings.

> ### Box 5: Rotating Savings and Credit Associations (ROSCAs)
>
> Rotating Savings and Credit Associations, known as ROSCAs, are groups of individuals who make regular contributions to a common fund, which is then redistributed back to participants in rotation. They are used throughout the world, and are found in Africa, Asia, the Americas, and Europe. In the United States, they are used primarily among recent immigrant groups (Low 1995).
>
> Some variations of the ROSCA include:
> - **Simple or random ROSCA**, in which each individual contributes a fixed sum to a joint fund
> - **Consumer durable ROSCA**, in which participants receive physical goods that the group has collectively agreed upon
> - **Discounting or bidding ROSCA**, in which bidding is used to determine the order in which funds are received (Hevener 2006)
>
> Similar to ROSCAs, ASCRAs, or Accumulating Savings and Credit Associations, also pool savings, but instead of immediately being redistributed back to group members, savings accumulate and can be used to make loans (Bouman 1995).

Informal savings can have many advantages over formal savings. Informal savings tools are often cheaper and provide the discipline of peer pressure to encourage higher levels of savings. This discipline can be especially important for immigrants with low incomes for whom saving requires difficult trade-offs and demanding sacrifices in the short term. However, informal savings are also risky, and often require significant time to manage. This suggests that there are barriers to access to formal bank accounts that may be impeding more prevalent use of formal accounts in these two Hispanic communities. It also suggests that bank accounts might be made more attractive to immigrants if they incorporated some of the positive elements of informal savings mechanisms.

Table 12: Advantages and disadvantages: comparing tandas and bank accounts

Tanda	Bank
It forces you to be disciplined.	Money is not "guaranteed" if you are deported.
It doesn't charge interest.	"We don't know if we will be deported."
It's savings, not debt.	"If you deposit too much, they investigate you."
It is money "put to use:" you pay debts, send money home.	"If my salary were paid by check, it would be useful."
	It can help develop a credit history, but "I don't need credit."
	"There are no advantages."

Source: Post-survey focus groups with Hispanic sample

Post-survey focus group interviews with Chinese immigrants pointed to informal savings as a complement to, rather than replacement of, formal savings. The Trust Bank model that Chinese immigrants reported using is similar to the Mexican tanda or rotating savings groups. However, while the Mexican and other Hispanic communities seem to perceive this type of structure as a savings vehicle, where participants put away money weekly to then withdraw a larger amount during their turn, the Chinese Trust Bank (or Mutual Savings and Loan Clubs) is perceived by the Chinese community more as an investment or credit instrument. A key difference between Trust Banks and tandas is that the Trust Bank collects and pays interest. People borrowing from the Trust Bank pay an interest rate to the others, who, in turn, gain from their investment. This difference suggests that the informal Trust Bank is a longer-term household financial tool replacing formal credit and investment opportunities, consistent with our assessment that this group might be interested in long-term formal savings and investment tools.

Unexpected Financial Shocks

Increased levels of financial access can help protect financial progress already made by immigrants. When asked what they might do if they had a sudden emergency that required them to spend $500, both banked and unbanked respondents said they would rely on friends and family. However, only 38 percent of banked respondents said this was their most likely response. Instead, they indicated that they could rely on other, more varied coping mechanisms, including friends and family, savings, and formal loans.

Of unbanked respondents, 54 percent said help from friends and family was the most likely response. This group also said they would work more, go without something, default or delay on bills, or use informal loans more frequently than the banked group. A full description is available in Appendix 5.

Challenging the Cultural Explanation

Stakeholders consistently referred to these differences in use of formal or informal savings as "cultural." In particular, they refer to a "culture of saving," describing the Chinese as frugal, hardworking, and future-focused. This cultural explanation for the differences in bankedness is reinforced by savings rates in home countries. Savings rates in China are estimated as relatively high and continuing to rise[25] while savings rates in Mexico and Ecuador have been increasing in recent years but remain low.[26]

In our earlier regression analysis, we found a strong and statistically significant relationship between country of origin and bankedness even when controlling for other factors, which suggests that there is some characteristic tied to country of origin and not included in our survey that is driving the difference in use of formal savings. However, it is unlikely that "culture" tells the whole story, and it may indeed obscure other differences across these immigrant groups that influence their access to and use of bank accounts.

Savings rates in the home countries may be influenced by the policy environment and demographic trends, which might in turn influence the savings rates of immigrants when they arrive to the United States. In China, an aging population with declining social protection and small families has likely shifted the burden of building safety nets from the state and family to the individual in a more accelerated way. By contrast, in Latin America, populations are younger and rely on larger families and, to a lesser extent, the state for social protection, which may reduce incentives to save. Many Mexican and Ecuadorian immigrants are likely to have an unfavorable view of the trustworthiness of formal financial institutions due to the recollection of financial crises in those countries in the 1990s and 2000s, respectively. However, the percentage of respondents citing past negative experiences with banks was below 15 percent.

Long-Term Savings and Investment

All three of the immigrant communities in our study showed a relatively high prevalence of some type of long-term savings or investment.[27] The most common form of long-term savings for both Hispanic groups is through homeownership in their country of origin; 38 percent of Mexican and 43 percent of Ecuadorian respondents owned a house in their home country. See Table 13 on page 28.

These investments suggest that homeownership might be substituting saving in financial institutions as a method for accumulating assets. These investments also suggest that at least some of the Mexican and Ecuadorian immigrants have long-term plans to move back to their home country, thus reducing their incentive to invest in the United States.

Despite being more recent residents in the United States, the Chinese in our sample were far less likely to have investments in houses in their home country (22 percent), which was not offset by more investments in the United States. The Chinese had much greater aspirations to buy a home in the United States; 57 percent of Chinese respondents identified homeownership in the United States as a goal, compared to 14 percent and 19 percent of Mexican and Ecuadorian respondents, respectively. However, of our respondents, only 11 percent of Chinese had already purchased a home in New York City, compared to 19 percent and 14 percent of Mexican and Ecuadorian respondents. See Appendix 7.[28] This may also speak to the high cost of owning a home in New York City specifically.

Table 13: Long-term savings and investments (%) | Survey Question: Do you have any of the following?

		Mexican	Ecuadorian	Chinese	Overall
	Have long-term investments	62.0	62.4	58.5	60.9
	House in home country	38.1	43.2	21.8	34.0
SAVE (long term)	Degree or professional credential	24.0	21.4	33.0	26.3
	Bank account in home country	17.2	24.8	21.3	21.1
	House in United States	19.4	14.4	11.2	14.9

It is surprising that despite the high prevalence of short-term savings, the Chinese immigrants in our sample showed a low prevalence of long-term investments in both the United States and in China. Qualitative interviews with stakeholders in the Chinese community suggested that the community is not exploiting investment opportunities effectively, keeping their money in very low interest checking and savings accounts perhaps with a long-term horizon rather than taking on riskier, yet higher-returning investments, including investments such as stocks and mutual funds. However, not captured in Table 13 are the potential informal investments of Chinese immigrants through Trust Banks, which offer relatively high returns and may appear safer to Chinese immigrants than unfamiliar products offered by traditional banking institutions such as mutual funds.

Across all three groups, the number of respondents with bank accounts in their home country was substantial (Table 13). Post-survey focus groups indicated this could reflect some arbitrage may be taking place, where immigrants feel interest rates in relatively safe bank accounts back home can offer them better returns. In one focus group discussion in East Harlem, an Ecuadorian immigrant noted that her account in Ecuador "gives more" and that "one sees their savings, it's not one cent a year [like in the United States]." The recent popularity of Chinese currency accounts opened in New York City and deposited at Chinese banks—yet insured by the Federal Deposit Insurance Corporation (FDIC)—reflects some arbitrage taking place with retail accounts. Chinese immigrants open these accounts in the United States, speculating that the Chinese currency will continue to strengthen vis-à-vis the U.S. dollar and they will see greater opportunities for returns on those accounts.[29]

Credit

Formal and Informal Credit

The survey showed very low prevalence of borrowing. Post-survey focus groups helped to shed light on the survey finding by showing a strong aversion to borrowing among immigrant communities. In our focus group discussions, very few participants had any type of loan at all and many showed aversion to borrowing or even using credit cards and paying their balances in full. Another Mexican woman said, "If you have a credit card, you will be tempted to spend money."

The survey showed very low levels of leverage and low frequencies of indebtedness. One reason for the low reported incidence of indebtedness among our respondents, despite the possibility that they incurred these high costs, may be the fact that most have already been in the United States for a number of years, giving them an opportunity to pay off these loans. As described, savings clubs such as tandas and Trust Banks are a hybrid savings/borrowing tool that some immigrants use to finance large purchases, including medical expenses.

In addition to individual preferences that may make respondents averse to debt, uncertainty about long-term stay in the United States among the Hispanic group may reduce demand for borrowing to fund large investments such as the purchase of a house. While the low rates of borrowing are likely explained in part by individual preferences and demand, documentation requirements are undoubtedly another important factor. Indeed, documentation barriers are greater for loans than for savings accounts, since most banks require SSNs and credit histories at minimum to make a loan.

Table 14: Respondents who currently have a loan (formal and informal) (%)

		Mexican	Ecuadorian	Chinese	Overall
BORROW	Received formal loan	9.3	16.8	0.0	11.8
	Received informal loan	21.2	19.3	0.0	20.2

Note: Chinese sample answered 0 out of 83.

III. Supply-Side Snapshots: Opportunities and Challenges of Serving Immigrants

Supply-Side Background

Over the past 20 years, there have been multiple initiatives by banks and credit unions in the United States to improve service to immigrants. The research team visited a variety of financial services providers, including banks, credit unions, check cashers, and MTAs to test some of the assumptions in the literature about the existing supply-side barriers to financial services for immigrants. Through one-on-one interviews with staff from some of these institutions, most formally with Citibank branches throughout the City, researchers asked providers about their experiences serving recent immigrant New Yorkers.

For the past two decades, banks have expanded into immigrant neighborhoods in New York City, recruited multilingual staff, and increased flexibility of documentation requirements. Meanwhile, "fringe" service providers such as MTAs, check cashers, and prepaid credit card companies have filled in gaps where unbanked and underbanked customer needs were not met by banks. These providers, particularly MTAs, have become efficient one-stop shops for many immigrants, offering them some of the basic transactions they need for their day-to-day activities. They have been limited, however, in their offerings of products that build assets and household security over time.

Box 6: Timeline of financial institutions' immigrant financial service outreach

The financial services industry in the United States has changed significantly in the last three decades, and while these changes have had a widespread impact on consumers in general, they have touched the financial lives of immigrants in a particular way. Among the factors influencing this change were the deregulation and consolidation of the industry; the interest of banks in capturing the remittances market; innovation in retail banking; the September 11, 2001 terrorist attacks in the United States and subsequent legislation; the 2008 financial crisis and the consequent regulatory changes that have been evolving the U.S. banking system:

In the 1990s, check cashers, MTAs, and other "fringe" services became the first financial service providers to target the immigrant market in a significant and widespread manner. They focused on the transactional needs of low-income immigrants and operated in the urban centers where they lived, where few mainstream banks were available. Beginning in the early 2000s, banks began to actively explore opportunities to capture immigrants' business, particularly in the remittance market but also venturing into other ways of reaching immigrant communities. Some of this momentum was slowed in 2003 when regulations derived from the Patriot Act required financial institutions to create a Customer Identification Program (CIP), obligating banks to inquire about the identity of their customers, ask for evidence, and confirm its veracity. These regulations limited the flexibility of banks in accepting documentation from immigrant customers. In addition, the executive branch showed signs of concern about the acceptance of alternative forms of identification. Russ Knocke, spokesman for the Department of Homeland Security, declared that opening an account without an official identification issued in the United States could open the door for identity theft or money laundering (Reckard, 2007).

The 2008 financial crisis and regulatory responses sparked a shift in banks' focus away from the immigrant market. Subsequent regulatory requirements, imposed to strengthen the banking system, protect consumers, and limit the risk exposure of banks, have increased the cost of retail banking, driving cost-cutting initiatives, including greater focus on technology and electronic banking services, while reducing the incentive to capture small deposits.

Methodology

The challenges of providing immigrants with financial services are widespread, and are particularly significant for low-income immigrant populations, which are often seen by providers as both high-cost (requiring frequent transactions involving relatively small sums of money) and high-risk (due to low income and potential inability to pay monthly fees).[30] Previous studies have offered many recommendations on improving immigrants' engagement in the formal financial sector.[31]

To draw in immigrants, financial products need to be low cost, convenient, transparent, and safe. Over time, large and small financial institutions throughout the United States have recognized this need and responded in varying degrees. Flexible identification policies, i.e., accepting alternative identification, have opened access for foreigners, including undocumented immigrants.[32] Mortgage and loan products increasingly accept alternative credit history such as verifying rent and utility payments. Improved products tailored to immigrants' needs such as low-cost direct deposit accounts, prepaid cards, remittance insurance, transnational mortgages, and home improvement loans all represent business-driven solutions.[33] Language-appropriate materials and bilingual staff improve access and trust for non-English speakers.[34] Community-based outreach and education also help to demystify banking processes and foster trust in the community. Savvy financial institutions capitalize on their understanding of clients' needs, fears, and aspirations through effective marketing strategies such as disseminating materials in the language of the target population and offering promotions around holidays in migrant populations' home countries.[35]

Where banks have not reached immigrant populations—and, therefore, immigrants have few options to turn—non-bank or "fringe" services have created a solid space for themselves. "Fringe" services such as MTAs and check cashers have been seen as predatory, charging high fees for much-needed services. This view is especially prevalent in the area of remittance services. Appleseed (2005) finds a lack of transparency in prices set by companies offering money transfer services (in particular, failure to disclose the exchange rate spread), inconsistent access to correct pricing information, and lack of consistent regulation in the money transfer market.[36]

Nonetheless, our field visits suggest that these services have become efficient one-stop shops for many immigrants, offering some of the basic transactions they need for their day-to-day activities. However, "fringe" service providers only meet short-term and relatively narrow needs. Check cashers and MTAs do not offer the range of products that build assets and household security over time. Formal banks and credit unions are better positioned to offer these products, but still struggle to reach many within specific immigrant groups.

Findings

This section describes findings from an in-depth and nonrepresentative scan of 15 bank and credit union branches and how they influence immigrants' usage of financial services. Through interviews with financial service provider staff and management, and through passive observation of immigrant consumers seeking services, this study offers "snapshots" of financial services providers and the opportunities and challenges they face serving immigrants.

The examination finds a broad range of services available to immigrants in New York City that vary widely in convenience, cost, and transparency. Overall, "fringe" providers have been more aggressive in targeting their offerings for the immigrant market. For example, MTAs see immigrants as their core customer base, and serving this group is crucial to their growth and success. Mainstream financial institutions serve a broader market base, and their strategy has been influenced by factors driving the broader retail banking landscape. For large banks in particular, low-revenue clients are being segmented into simple service packages with low-touch delivery and follow-up (using services like ATM deposits, online banking, and SMS text alerts).

Remittances and Other Transactional Services

Transactional services are often the first and most important financial services immigrants need, and MTAs and other "fringe" providers are often the first financial service providers they use in the United States. Transactional services often take the form of remittances; immigrants in the United States sent over $35 billion to their home countries in 2010. The three countries that receive the largest volume of remittances worldwide are India ($55 billion), China ($51 billion), and Mexico ($22 billion), with Ecuador receiving $2.5 billion in 2010.[37] Notably, the United States-Mexico corridor is the largest migration corridor in the world, with 11.6 million immigrants moving between the two countries in 2010.

Snapshots of "Fringe Services"

Immigrants can send money to their home country through cash transfers at a walk-in MTA, transfers through a bank or credit union, or through money transfer websites. Informal methods such as personal delivery of cash are also used frequently but go undocumented and are difficult to capture. The majority of documented money transfers to Mexico are sent through money transfer companies. The most well-known national transfer agents are Western Union and Money-Gram, but hundreds of other small companies nationwide offer similar international money transfer services. These companies have networks of local agents, which are usually stores that offer money transfer services among other products.

Snapshot of a Money Transfer Agent

This scan suggests that MTAs have been adjusting to growing competition. The MTAs included in our study offered convenient, adequately friendly services, with transparent pricing at the branch and few hassles. They offer cash-to-account and cash-to-cash transactions, allowing unbanked recipients easy access to their remittances. Documentation requirements seemed to be minimal; we observed immigrants at a major provider outlet, and found that no identification was required to send up to $1,000. Finally, MTAs have a broad network of agents in rural and urban regions in immigrants' home countries that offer greater flexibility and abundance of locations for recipients than banks, which typically offer bank-to-bank or cash-to-bank transactions. See Box 7 on page 32.

The research team's visits to MTAs revealed that they displayed their exchange rates and fees in the branch and that the tellers explained both when asked. MTAs also offered other products and services that appeal to immigrants, including package delivery to certain regions, money orders, travel arrangements, prepaid phone cards, prepaid cards, New York State lottery tickets, income tax preparation, bill payments, and MetroCards. One agency offered a free three-minute phone call for the sender to inform the receiver about the transfer. We observed customers using the services and found staff to be polite and efficient. Customers received a receipt with instructions on what to do if the money did not arrive (in contrast to banks' money transfer services, which did not offer this information). In all cases, requirements to cash a check and/or pay a bill were minimal and flexible and representatives were able to explain them clearly.

Despite these efforts to offer good service, and a decline in prices over the past decade, MTAs are not always the cheapest money transfer option. See Box 7.[38] However, they offer reliable, convenient services that are tailored to appeal to low-income customers, who pay relatively less than those sending large amounts.

Snapshot of Check Cashers

The research team's visits to check cashers in immigrant neighborhoods resulted in impressions similar to impressions about MTAs. All of the check cashers offered money transfer services through national brands such as MoneyGram and Western Union and visibly promoted these services. They also offered other products and services, including money orders, prepaid cards, MetroCards, tax preparation, lottery tickets, and international phone cards in addition to check cashing. The service was convenient and available in Spanish in Hispanic areas. All check cashers accepted passports as valid identification. The check cashers we visited all had the required signage and fees structures required by New York State.

Snapshot of a Bank

The only bank products designed specifically for immigrants that we found in this scan were money transfer platforms used to send remittances through banks. Bank representatives characterized usage as negligible for Hispanic immigrants and somewhat greater for Chinese immigrants. Perhaps as a reflection of the limited competitive advantage of these products, very few of the bank staff interviewed were familiar with the details of money transfer services. Even at banks that offered free transfer services, bank staff often referred us to traditional wire transfer services that charged $35–40 fees instead of promoting their own services when we asked about money transfers.

Even when staff was able to provide clear information on money transfer services, we found that the products offered often had disadvantages compared to those offered by MTAs. See Box 7 and Appendix 12. First, financial institutions require immigrants to have a bank account to transfer money, yet many immigrants are unbanked, especially when they first arrive in the United States. Additionally, at the time of this survey, recipients had fewer choices where to collect the money in the home country when transferring through banks. Some services require that recipients have a bank account on the receiving end, and those that don't often have only a limited network of agents (including banks) that can disburse the money.

Researchers accompanied immigrants to banks and observed as they asked bankers detailed questions about the process. Obtaining pertinent banking information was a lengthy process, which included making phone calls and asking information about the recipient that immigrants did not feel comfortable disclosing. Moreover, bank staff often did not provide a clear answer on the total cost of the service or the final amount of cash to be received.

Banks are still working out other issues that are critical to offering capable service for money transfers. For example, when problems arise with transactions, some banks can take days to track the sent money or to return the money to the customer. Despite targeting immigrants, banks' money transfer services have not remained competitive with MTAs or other actors in the remittance market that offer services that immigrant consumers consider more convenient and transparent.

Saving and Loan Products in New York City

This section describes seven direct interviews with bankers as well as observations of interactions with immigrant consumers from all three survey communities in eight bank branches in four boroughs of New York City. Assessing checking and savings accounts, loans, and credit cards, we find that few appropriate products are available.

A lack of appropriate products and services is often cited as a reason for the limited financial access of many immigrant groups.[39] This is particularly true for large mainstream banks—which the City's immigrants tend to bank at most often—that target a broad range of clients.[40] Mainstream banks typically offer immigrants simple products such as basic checking and savings accounts and, to a lesser extent, credit cards.[41] Small banks appear to offer similar products but at lower costs, while credit unions, in particular Community Development Credit Unions (CDCUs), have experimented with some product innovations that may be attractive to this target market, albeit on a limited basis.

Checking and Savings Accounts

Banks

There is high prevalence of informal savings in the Hispanic communities. This prevalence suggests that there are characteristics of informal savings that are more attractive to immigrants than formal savings. This is important when considering the available array of formal checking and savings accounts in New York City and whether these effectively meet the needs of this target population. Commitment savings, for example, appear to be valued in these communities, yet mainstream financial institutions do not offer such products, with the exception of education savings plans such as 529 college plans (reserved for U.S. Citizens or Resident Aliens).

At the time of this supply-side scan, many common retail checking accounts offered by New York City banks required a high minimum balance (often around $1,500), while only 17 percent of unbanked and 47 percent of banked survey respondents held this amount in formal or informal savings, respectively. See Appendix 9. To avoid minimum balance charges, banks often offer free checking for customers using direct deposit; however, bankers noted that many immigrants who work in their neighborhoods in the food service or care sectors are often paid in cash and can't use these services. One Account Manager notes, "the Bank's strategic planning has to be changed to address this population because the products we focus on are for people with higher incomes and some balance. For [immigrants] a $10 fee is something." While many big banks offer relatively costly savings products, some small banks offer more accessible, lower-cost accounts, including the NYC SafeStart Account developed by OFE.[42]

Community Development Credit Unions (CDCUs)

Compared to banks, CDCUs tend to provide more appropriate products, some of which are designed specifically to meet immigrants' needs, but their outreach is limited.

CDCUs offer greater flexibility than banks and work hard to reach lower-income communities, including immigrants. As such, they might offer immigrants more personalized attention, including counseling and guidance, as well as lower-priced products. However, of the few New York City CDCUs, many lack branches in key immigrant neighborhoods and tend to be understaffed. Staff members recognized their current limitations, with some noting that they do not receive training on how to serve immigrants better. Some highly committed staff reaches out to coordinate with CBOs on their own time.

The CDCU staff engaged for this study indicated that they were committed to serving low-income immigrants in the City. CDCU product and service offerings reflect this: some offer the NYC SafeStart Account (a no-fee savings account with a low minimum balance requirement developed by OFE), accept consular IDs, have Spanish-speaking staff, offer financial education classes and one-to-one counseling, offer direct help in obtaining an Individual Taxpayer Identification Number (ITIN), and partner with CBOs. CDCUs also have made strides in offering products specifically designed for first-generation immigrant customers. For example, Union Settlement Federal Credit Union (USFCU) created Borrow Safe, a credit product that targets people with ITINs and has a required savings component. While the product has a relatively low minimum balance requirement of $100, staff commented that even that amount can be hard for many immigrants to meet. USFCU has also recently developed a commitment savings product aimed at Mexican immigrants who are saving for major events such as a Quinceañera celebration. It is structured to work like a college savings plan, and looks to be an interesting experiment in addressing the product needs of immigrants. Another example is Brooklyn Cooperative Federal Credit Union's FuerzaC account that was designed for recent immigrants and offers a savings account and a preapproved loan of $100 to build credit history.[43]

Although CDCUs in New York City have a long tradition of serving the immigrant community and offering responses to the barriers offered by the financial system, they are relatively small.

Loans and Credit Cards

Immigrants face even higher barriers to access for formal credit, relative to transactional services. At the time of this study, the sampled New York City banks and CDCUs had strict lending criteria that included credit history in the United States, stable incomes, and the inclusion of a SSN or an ITIN to qualify. Not all banks offer secured credit cards, which are used by some institutions for first-time credit applicants, and those that do often require a deposit of 100 percent of the cards' credit limit to secure the loan or have rigid documentation requirements.

Longer-term loans such as business and mortgage loans are also difficult to access. In the case of mortgage loans, bank managers reported that while most Chinese account holders they speak with express a desire to own property in the United States, only a fraction achieve this goal. Our survey shows that while 57 percent of Chinese immigrants aspire to buy a home in the United States, only 11 percent actually own homes. Even when they have a SSN and are willing to provide up to 50 percent of the cost for a down payment, many can't receive mortgages because they lack income verification, have a low or nonexistent credit score, or do not meet the bank's underwriting practices.

Perceived and Structural Barriers: Trust in Service Delivery

Bilingual Service

Financial services providers in this supply-side scan recognize the need for building trust and offering targeted services for immigrant consumers and have responded in various ways. For example, bilingual services were common in bank branches, recognized as an essential component of serving the immigrant market.

Employing staff who have close ties to the community is regarded as an important part of a strategy to serve the immigrant market better. However, the ability to recruit bilingual staff sensitive to immigrants' needs has been successful at the branch level but not necessarily applied at the institutionwide level.

Many of the language barriers faced by immigrants are related to the perception, not the reality, that services are not available in their language. While banks have greatly improved the language accessibility of their services, particularly in branches located in neighborhoods with large immigrant communities, lack of knowledge of this accessibility may prevent immigrants from ever entering a branch. Signage in immigrants' native language, as is common in Chinese communities, may help.

Attentive and Culturally Sensitive Service

Friendly, attentive, and culturally sensitive service is also an important component of building trust, but can be time-consuming. In some cases, the research team found that bank staff could be more thoroughly trained or provided with incentives to spend extra time working with immigrant customers.

In Chinatown, Citibank's largest branch on Mott Street trains all staff on cultural sensitivity when working with immigrants before they work directly with customers. During this training, staff is told to assist anyone who walks through the door even if that person only needs help to translate a letter from English into Mandarin or Cantonese. During our interviews, branch staff noted that they are considered a community center for the Chinese population.

In banks in Hispanic communities (Citibank, JPMorgan Chase, and Popular Community Bank, formerly Banco Popular), we found that front-office staff, including cashiers and customer service representatives, were typically friendly and attentive. One cashier spoke specifically about trust. "Sometimes [when they come to the cashier on behalf of their employer], I ask if they have a bank account. They are scared or they don't know. I explain that if they have a passport and a proof of address they can open an account." One customer service representative in East Harlem greeted many customers by name as they walked in the door, saying "good morning my love" in Spanish.

Friendly service and community engagement can be effective in overcoming trust barriers, yet they are time-consuming and require significant investment in staffing, training, and resources, which banks are often hesitant to make. An emphasis on immigrant-friendly customer service appeared to be driven by branch-level managers and specific staff rather than an overarching institutional policy.

The supply-side snapshot suggested that for some account managers, the cost of bringing an average Mexican and Ecuadorian immigrant to their institution is higher than the potential benefits. Internal incentive structures at large financial institutions, especially for account managers who are partly compensated as a percentage of the volume of their accounts, may favor large-volume accounts. The research team observed account managers as less likely to be willing or able to take the time needed to serve immigrant customers. Although never rude, account managers at some branches became impatient quickly when we observed them with immigrant customers. They did not answer all questions asked or explain the products thoroughly. They were sometimes dismissive upon learning that the immigrant did not have a valid ID or were hesitant to open the account. They typically asked the prospective customer to come back in the future with all of their required paperwork.

In contrast, cashiers and customer service representatives are typically compensated in the form of a fixed salary. This staff was observed to be generally more willing to spend time explaining issues to immigrants.

Lack of trust has been a well-cited "push" factor that presents a barrier for connecting immigrants to the financial mainstream, including distrust stemming from banking systems in home countries, as well as "soft" issues that create negative perceptions, including inability to communicate in native language, culturally inappropriate customer service, and a lack of integration and outreach to the community.

The issue of trust is especially important when thinking about low-cost or high-technology delivery of financial services, including mobile phone and Internet banking. Our research showed that while mobile phone usage was high, in qualitative interviews few immigrants were comfortable banking through phones. Calls to mobile phones were associated with harassment or "tricks" aimed at selling immigrants products they did not need. Education about how to avoid scams as well as safely and appropriately use mobile phone technology is a potential next research and programmatic step.

Small banks typically serve small business and retail clients in New York City, offering immigrants an alternative to the City's larger banks.[44] They compete for some of the low-income clients who have shifted away from the high fees of some of the largest banks in New York City. Our visit to a small bank in a Hispanic and South Asian area of Jackson Heights, Queens found friendly and attentive customer service, and at least one Spanish-speaking staff member. Additionally, this bank offered convenient hours and lower fees.[45] A small bank in Manhattan had no Spanish-speaking staff but offered no-fee checking and more attractive interest rates on savings than its larger competitors.

Despite their potential advantages, small banks face challenges such as difficulties recruiting bilingual staff, lack of name recognition, and their limited branch network in New York City relative to that of larger banks.

The Chinese community often uses Chinese banks from Taiwan or Hong Kong that have branches in key immigrant neighborhoods in New York (Chinatown in Manhattan, Sunset Park in Brooklyn, and Flushing in Queens). These banks' main advantage appears to be their friendly service, less congested branches, and the fact that they provide all documentation, statements, and correspondence in Chinese. Their limited branch networks, fewer ATMs, and lack of product variety limit them from expanding too much in the community. We found that many Chinese immigrants might start with a Chinese bank and then open accounts in a U.S. bank after some time in New York City.

Transparency and Financial Guidance

High fees and commissions (including overdraft fees) and the lack of transparency of these fees were cited by our sample as a main barrier to financial services, which is supported by other surveys on the un- and underbanked.[46] However, even for the average U.S. consumer, "shopping around" is a difficult task.[47] Only 38 percent of surveyed branches were able to provide fee schedules required by the Truth In Savings Act[48] on the first request, and only 55 percent did so after two or more requests. Some branches (23 percent) refused altogether, while others offered materials that enabled a customer to laboriously decipher some of the information. If obtaining transparent information is difficult for U.S.-born residents, for immigrants, this challenge can appear insurmountable.

This supply-side scan showed limited available information online and in signs at branches on fees and minimum balances, despite the fact that we visited branches of two large banks that had recently changed their policies. For an immigrant walking into a branch, or passing by a branch, limited information can be ascertained by signage alone. Brochures and flyers are usually more readily available in branches, often in various languages, but these typically advertise more lucrative products such as mortgage and business loans.

Box 10: Chinese banks in New York City

Our demand-side analysis pointed to a high prevalence of usage of Chinese banks by Chinese immigrants. Often, these become the first bank an immigrant sought out because of their welcoming signage in their language and proximity to home and work.

Our Chinese team member visited Hua Mei Bank in Manhattan's Chinatown and inquired about opening a bank account for an undocumented friend. The customer service representative was attentive and friendly and spoke Chinese immediately. She explained that documented status was not relevant. She assured the person that the process was simple and carefully explained how banks in the United States work, the tax implications of having an account, and the process for obtaining an ITIN or SSN. She specified that credit is difficult to obtain, especially as an undocumented visitor, but took the time to explain the available loan products. She specifically spoke of mortgage loans, which were accessible with a down payment of 40 percent. Customer service was attentive and personalized.

This is in sharp contrast to a similar visit to a busy branch of a U.S. mainstream bank in Chinatown, where lines were very long and customers were offered only brief guidance before being shepherded away from the customer service desk.

Offering advice and financial guidance is a way to build trust and strengthen relationships as customers' financial needs grow. A branch manager we interviewed at Citibank pointed to a software tool that account managers use to talk to their customers about their financial goals and help customers set savings targets.

Although there was no indication that large banks in New York City are acting upon a strategic institutional interest in the Mexican, Ecuadorian, or Chinese immigrant segment, our study found that branches located in neighborhoods where these groups have a significant presence have successfully adapted their practices to accommodate the relatively low financial literacy of the members of the community, primarily by learning about the various segments and their key needs and recommending relatively simple products or packages of products to their customers. Rather than providing financial education, banks often steer immigrants toward simple products that have been identified as appropriate for a customer's demographic.

Lessons Learned

Our supply-side scan suggests that many of the barriers that banks faced in the 1990s and even early 2000s have been removed or at least loosened. Today, there are more banks and financial institutions with Spanish- and Chinese-speaking staff in New York City than in the past. Banks have introduced more flexible documentation requirements and have expanded their presence in immigrant neighborhoods. Some immigrant communities continue to be unbanked or underbanked, however, preferring to use "fringe" services such as MTAs for their transactional needs and informal savings mechanisms. These "fringe" and informal services are used broadly and have advantages over banks, including convenience, competitive pricing, and flexibility. They are also surprisingly transparent, while the larger banks are seen as difficult to understand (and this uneasiness is exacerbated by increased fees and minimum balance requirements in late 2011). Fees and commissions, particularly in large national and international banks, have become a greater barrier to access to savings accounts; however, low-cost products such as the NYC SafeStart Account developed by OFE are available through small banks and credit unions. These institutions might also offer some benefits valued by immigrants such as convenient hours or more "high touch" customer service.

IV. Summary and Conclusions

The *Immigrant Financial Services Study* reveals a gap between demand and supply of financial products and services in immigrant communities in New York City. Lack of access to appropriate financial services, as well as a dearth of safe and affordable products, means that first-generation immigrants face great challenges in strengthening the financial security of their households, building assets, and obtaining financial protection.

The supply- and demand-side gaps are different for each immigrant group that we studied. Among the two Hispanic groups, given the relatively high levels of unbanked or underbanked respondents, the need for improving access is urgent.[49] Mexicans, in particular, rely heavily on informal and thus more precarious savings mechanisms. While the vast majority of the Chinese immigrants we studied do use formal financial services for short-term savings, their access to long-term borrowing and investment tools that allow them to build assets remains low. Improving access to formal savings for Hispanic immigrants and to long-term borrowing and investment for Chinese immigrants can have a positive influence on their financial stability.

A central aim of this study was to produce key findings that could result in concrete, tailored strategies for improving financial access. With this is mind, findings are described below. We hope these findings will encourage policymakers and financial institutions to strengthen efforts to support immigrant access to formal checking and/or savings accounts, as well as provide ample evidence of the need for programmatic interventions and public-private partnerships targeting these communities with critical financial services, asset building programs, and financial education campaigns.

Finding 1: The Prevalence of Savings

Similar to other research on the banked and unbanked, the study found that there are statistically significant differences in the characteristics of banked and unbanked groups, with country of origin, employment status, documentation status, and education being important predictive factors in whether an immigrant had a bank account. However, after controlling for all of these factors, *income was one of the least determinant factors in whether an immigrant saves*. Among all three communities, even the lowest earners reported having some savings, and the percent of respondents who had savings increased as income rose. This was true even for respondents without bank accounts—74 percent of unbanked Mexican respondents and nearly 69 percent of unbanked Ecuadorian respondents reported that they had savings.

The immigrants we interviewed displayed high levels of savings discipline that can be channeled into savings and investments aimed at improving their financial security. We also found high aversion to taking on formal debt (less than 12 percent of respondents had received a formal loan), but when forced in an emergency, about 20 percent of Mexican and Ecuadorian immigrants have borrowed from informal networks such as friends and family.

Thus, low income should not serve as a main barrier to financial access, and should not preclude financial institutions in targeting savings products to recent immigrant populations. It is important to keep in mind that our analysis controlled for gross household income, but not disposable income. Hispanic immigrants, who send more money home than many other groups, may have a lower level of disposable income available to set aside for savings, which may explain their declared sensitivity to high fees and minimum balance requirements. Their remittance patterns and informal savings behavior are vital factors to take into account.

Regardless, this finding—that even immigrants with extremely low incomes and without bank accounts can and do save—suggests that there is strong demand among immigrant communities in New York City for a targeted savings vehicle that meets their needs. The communities studied represent a missed market opportunity for financial institutions and an important audience for financial education and asset building initiatives from policymakers and CBOs.

Finding 2: Barriers to Becoming Banked

In addition, the results of our analysis point to specific areas where *information asymmetries are impeding financial access.*

Survey respondents cited a number of structural and non-structural barriers as to why they had—or had not—opened a bank account. Many of these barriers represent real obstacles for immigrants with low incomes; most frequently cited response was, "I don't have enough money for the minimum balance or fees," mentioned by 65 percent of unbanked Mexican respondents, 71 percent of unbanked Ecuadorian respondents, and 75 percent of the small sample of unbanked Chinese respondents. However, barriers also reflected a number of misperceptions as well as uncertainties about the process of accessing a bank account.

Specifically, immigrants tend to know relatively little about which financial services institutions offer appropriate products and services, at what costs, and with what requirements, and appear in many cases to overestimate these requirements. For example, many cited lack of correct documentation or inability to communicate in their native language with bank staff as reasons for not opening accounts. However, our supply-side scan found flexible identification requirements and multilingual staff at almost all branches visited. In addition, among immigrants who have taken the first step and opened an account, 75 percent said the process was "easy."

Pathways to accessing mainstream banking vary among immigrant groups. Our analysis of immigrant patterns shows that each additional year in the United States increases the odds of having a bank account by 1.13 times on average, holding all else constant. See Appendix 5, continued.

Looking more closely across the three groups studied, the average length of time to become banked varied between the Hispanic and Chinese communities: Chinese respondents in the sample reported being in the United States for an average of less than six years, but only 5 percent of respondents were unbanked. In contrast, Ecuadorian and Mexican respondents reported being in the United States almost twice as long—nearly 12 and 10 years on average, respectively—but 35 and 57 percent were unbanked.

The relationship between overall assimilation and financial assimilation is powerful, and could be "sped up" by offering immigrants more targeted information about available products and services, requirements, and contingency planning. Lessons learned about the three immigrant communities we studied point to the need for broad and varied channels aimed at reaching different immigrants who have different types and levels of involvement in the community. CBOs have deep connections with their constituencies, but most immigrants we interviewed barely have time for social activities, working long hours and six- or seven-day weeks. At the same time, there is a clear need for "high touch" strategies that offer explanations, information, and transparency to a community that may be leery of formal products and relies on trusted close-knit social circles with high levels of accountability as opposed to formal institutions.

Mobile phones, online resources, and mass media could be useful complements to otherwise costly and resource-intensive support. Mobile channels, in particular, need to gain the trust of these communities before becoming a viable option. While adoption may take some time, these strategies might help reduce the high cost of outreach to these communities.

Finding 3: Immigrant Groups Represent Missed Market Opportunities for Mainstream Banking Institutions

This study reveals a number of missed opportunities and market gaps, especially regarding remittances and asset building. Transactional services to send money back to home countries are often the first and most important financial service that immigrants need: close to 70 percent of all respondents reported sending money home. However, money is often sent through MTAs and other "fringe" providers like check cashers instead of through banks or credit unions. MTAs were characterized by more transparent pricing and convenient services such as cash-to-account and cash-to-cash transactions through a broad network of agents in rural and urban areas tailored to appeal to customers with low incomes—which explains MTAs' large share of the immigrant financial services market as opposed to banks.

In addition, recent immigrants in our study were saving, despite low incomes and regardless of banking status. There is a clear demand for savings vehicles that meet the needs of immigrants, perhaps by incorporating characteristics of informal savings like commitment savings features.

Financial institutions, CBOs, and other stakeholders can work to address this market gap by improving information and counseling available to immigrants and investing in product innovations, in particular increasing the availability of low-cost and easily accessible products to meet transactional, savings, and credit needs so immigrants have the opportunity both to increase and to deepen financial access and use. Such innovations should consider the development of products and services and the delivery of these products in a way that mimics advantages of non-bank products—for example, convenience, price, predictability, flexibility in documentation—through safe channels. Products and services might take into account immigrants' highly disciplined savings and remittance behavior, and offer opportunities to set clear goals both for the short and long term.

Immigrants face great challenges in strengthening the financial security of their households, building assets, and obtaining financial protection, yet achieving these goals is critical to their financial stability and progress in New York City.

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[14] The official Mexican population in New York City was 319,126 and the Ecuadorian population was 311,278. Average annual growth rates from 1990–2009 for the two groups were 9.3% and 4.9%, respectively (Bergad, 2011).

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[16] This finding is supported by literature citing language barriers as limiting Hispanic immigrants' bank access. These studies refer in particular to limited Spanish-speaking staff and promotional materials that are only in English. Below we report some additional factors that may limit those with low English proficiency from accessing formal financial services.

[17] Interestingly, this relationship did not hold for the Chinese who were also heavily concentrated in the food industry (57 percent of our sample), yet still had high levels of bankedness.

[18] Because there were so few unbanked Chinese respondents in our sample (n=21), the perceptions may not be as representative of the whole population. The unbanked Mexican and Ecuadorian numbers were higher (n=251 and n=147) and can be more confidently said to represent common perceptions in these communities.

[19] There were only 21 unbanked Chinese.

[20] The needs that immigrants address first when arriving in the United States most commonly mentioned in focus group discussions with Hispanic immigrants were employment and housing, followed by health care and education (in particular for parents with small children), check cashers, remittance service operators or, in the case of Mexican immigrants, services to obtain a passport or Consular ID at the Mexican consulate.

[21] Other reasons cited included the bank not requiring specific identification (such as proof of immigration status) (42% and 31%, respectively), and low fees (43% and 40%, respectively).

[22] See, e.g., Barcellos et al. (2012), finding that return migration expectations are strongly correlated with financial participation among immigrants in the United States.

[23] We are defining informal savings as those who report savings greater than 0 and who do not have a bank account at the time of survey.

[24] This is preferred because interpreting coefficients of a logit model are awkward to interpret.

[25] Ma, G., and Wang, Y. (2010). China's high saving rate: myth and reality. Basel: Bank for International Settlements.

[26] The World Bank. (2013). Data: Gross Savings (% of GDP). Retrieved September 27, 2013, from http://data.worldbank.org/indicator/NY.GNS.ICTR.ZS

[27] We define investments broadly to include assets and productive investments such as real estate, investment accounts, mutual funds, equities, bank accounts in home countries, or a professional degree.

[28] In the United States, the rate of Ecuadorian homeownership (43 percent) is lower than the rate for all Hispanics (48 percent) and the U.S. population (66 percent) as a whole (Pew 2011), yet higher than in New York City (14 percent according to our survey). This difference between national and New York City levels likely reflects the high cost of homeownership in New York City, where homeownership overall is lower than the average for the United States of 51 percent (Federal Reserve Bank of New York, 2010).

29 Salmon, F. (2011). Should you open an FDIC-insured yuan bank account? Reuters. Retrieved September 27, 2013, from http://blogs.reuters.com/felix-salmon/2011/01/12/should-you-open-an-fdic-insured-yuan-bank-account/

30 Barr, M. (2004). Banking the Poor: Policies to Bring Low-Income American's into the Financial Mainstream. The Brookings Insitute. Retrieved from http://repository.law.umich.edu/law_econ_archive/art48

31 See, e.g., Sander, 2009; Paulson 2006.

32 Paulson, A., Newberger, R., & Smith, J. (2006). Financial access for immigrants: Lessons from diverse perspectives. M.P.P. Center for the Study of Finance Access for Immigrants, Trans., Federal Reserve Bank of Chicago & The Brookings Institution.

33 ACCIÓN. (2008). Challenges and opportunities for banking remittances: Key elements needed to develop a strategy to bank recipients of remittances. ACCIÓN InSight, 25.; Paulson, A., Newberger, R., & Smith, J. (2006). Financial access for immigrants: Lessons from diverse perspectives. M.P.P. Center for the Study of Finance Access for Immigrants, Trans., Federal Reserve Bank of Chicago & The Brookings Institution.

34 NYC Department of Consumer Affairs. (2010). $aveNYC Account: Innovation in Asset Building.

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36 Sliver-Greenberg (2012) and APPLESEED (2005) echo these concerns.

37 These figures represent only documented flows across countries. (World Bank 2011).

38 Remás (personal communication, 2012).

39 Paulson, A., Newberger, R., & Smith, J. (2006). Financial access for immigrants: Lessons from diverse perspectives. M.P.P. Center for the Study of Finance Access for Immigrants, Trans., Federal Reserve Bank of Chicago & The Brookings Institution.

40 For Hispanic immigrants these were: Chase (34.8%), Citibank (31.6%), and Bank of America (17.3%). Chinese immigrants also used a number of Taiwanese and Hong Kong banks in New York City, which we visited.

41 These may be complemented with less utilized products and services such as overdraft and identity theft protection, direct deposit, and online banking.

42 A complete list of providers of OFE's NYC SafeStart Account is available at: http://www.nyc.gov/html/ofe/html/policy_and_programs/safestart.shtml

43 A full list of products and services offered by New York City's CDCUs is available in Appendix 2.

44 We defined small banks according to the Community Reinvestment Act asset-size thresholds for "small bank" and "intermediate small bank," which defines them as small institutions with assets of $296 million or less as of December 31 of either of the prior two calendar years. See http://www.federalreserve.gov/newsevents/press/bcreg/20121219a.htm

45 The minimum balance requirement is only $250, with a fee of only $4/month if the requirement isn't met.

46 Federal Deposit Insurance Corporation. (2011). FDIC National Survey of Unbanked and Underbanked Households. Retrieved from http://www.fdic.gov/householdsurvey/2012_unbankedreport.pdf; Federal Deposit Insurance Corporation. (2009). FDIC National Survey of Unbanked and Underbanked Households. Retrieved from http://www.fdic.gov/householdsurvey/2009/full_report.pdf

47 Big Banks, Bigger Fees 2012: A National Survey of Fees and Disclosure Compliance. U.S. PIRG Education Fund. Retrieved October 10, 2013, from http://www.uspirg.org/sites/pirg/files/reports/USPIRG_Big_Banks_Bigger_Fees_0.pdf]

48 The Truth In Savings Act (also known as TISA) is a U.S. federal law enacted in 1991. It established uniformity in the disclosure of terms and conditions regarding interest and fees when giving out information on or opening a new savings account.

49 Our survey results suggest that the proportion of unbanked and underbanked immigrants is high, but cannot be extrapolated to the population at large (see our description of the methodology in Section III).

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Appendix 1: List of Interviews and Site Visits

Interviews

Apple Bank - Manhattan
Asian Americans for Equality
Austro Financial Services - Jackson Heights, Queens
Citibank - Lower East Side branch, Manhattan
Citibank - Mott Street branch, Manhattan
Citibank - East Harlem branch, Manhattan
Consulate of Ecuador
Consulate of Mexico
JPMorgan Chase branch - Upper East Side, Manhattan
JPMorgan Chase branch - Midtown, Manhattan
Mayor's Office of Immigrant Affairs, New York City
Metro-Community Alliance, Brooklyn
New Immigrant Community Empowerment Association (NICE), Jackson Heights, Queens
Plaza del Sol Family Health Center, Queens
Remás
Union Settlement Association Credit Union

Site Visits

Banco Popular (Popular Community Bank), East Harlem, Manhattan
Cash-o-Matic, Morningside Heights, Manhattan
Cash Zone, South Bronx
Chase, East Harlem, Manhattan
Chase, Chinatown, Manhattan
Citibank, Chinatown, Manhattan
Citibank, Mott Street, Chinatown, Manhattan
Citibank, East Harlem, Manhattan
Davids Cashing, East Harlem, Manhattan
Delgado Travel, East Harlem, Manhattan
Hua Mei Bank, Chinatown, Manhattan
La Mixteca Peña Real, East Harlem, Manhattan
MoneyGram, South Bronx
TD Bank, Jackson Heights, Queens
The Medicine Cabinet II, South Bronx
Tulcingo Express, East Harlem, Manhattan

Appendix 2: Community Development Credit Unions: Product and Service Offerings

CDCU/ Network	Location	Checking & Savings Accounts	Account Services	Loan Products	Investment Products	Financial Education	Tax Prep Services	Spanish-friendly?
Bethex/ Co-op Network	Bronx: Castle Hill	Checking, savings, children's, and business accounts	ATM card; check casher and direct deposit; money orders; wire transfers; and online bill pay	Credit card; mortgages; auto, personal, business, goal-saver, secured, and Energy Smart loans	IRAs; car, renter's, and life insurance; and savings bonds	Free budget counseling by phone for members through Balance; homebuyers counseling	VITA site; offers free tax prep for members during tax season	Phone counseling available in Spanish
Brooklyn Coop/ NYCfNAC	Brooklyn: Bushwick and Bedford-Stuyvesant	Checking, savings, business, and Fuerza C accounts	ATM card; check casher and direct deposit; money orders; wire transfers; mobile/text banking, online banking with bill pay, and telephone access	Mortgages; auto, personal, business, microenterprise, credit builder, and secured loans	CDs	Free counseling by phone through Balance and in-house counseling through OFE and CWCID's Getting Ahead Program; foreclosure prevention; and homebuyers counseling; available in groups or 1-on-1	VITA site; offers tax prep for businesses and free tax prep for union and community members	Counseling available in Spanish; all employees bilingual, mostly in Spanish; heavy Mexican population and immigrant focus
Neighborhood Trust/ NYCfNAC	Manhattan: Washington Heights	Checking, savings, and children's accounts	ATM card; direct deposit; wire transfer; and remittances	Credit card coming soon; auto, personal, real estate, and debt consolidation loans	Super Savers CD	Free in-house financial counseling, small business technical assitance, and CWCID's Getting Ahead Program; available in groups or 1-on-1	N/A	Counseling available in Spanish; most employees fluent; heavy Dominican population and immigrant focus
LES People's/ NYCfNAC	Manhattan: Lower East Side	Checking, savings, and holiday club accounts	ATM card; direct deposit; money orders; wire transfers; automatic bill payment; and online banking with bill pay	Credit card; mortgages; auto, personal, business, microenterprise, and overdraft loans	Money market accounts	In-house financial courses for adults and young people	Free tax prep if annual income is under $25K for singles without kids or married but filing separately, or $50K for married filing jointly, married filing jointly with kids, or single with kids	Adult courses available in Spanish
Union Settlement/ NYCfNAC	Manhattan: East Harlem	Checking, savings, children's, vacation club accounts	ATM card; direct deposit; money orders; wire transfers; online banking with bill pay; and telephone access ("audio teller")	Credit card; mortgages; auto, personal, business, home equity, secured, and student loans	N/A	Free financial courses online through Balance and in-house workshops and seminars	N/A	Only workshops available in Spanish

Appendix 3: Demographic Data by Country of Origin and Banked Status

Total Sample Information (Country of Origin, Banked Status, Gender)

	Mexican	Ecuadorian	Chinese	Total
Banked	192	270	443	905
Unbanked	251	147	21	419
Total	443	417	464	1324

	Mexican	Ecuadorian	Chinese	Total
Men	233	218	231	682
Women	210	199	233	642
Total	443	417	464	1324

	Mexican	Ecuadorian	Chinese	Total
Men – Banked	109	150	226	485
Men – Unbanked	124	68	5	197
Women – Banked	83	120	217	420
Women – Unbanked	127	79	16	222
Total	443	417	464	1324

	Mexican				Ecuadorian				Chinese			
	Overall	Banked	Unbanked	p	Overall	Banked	Unbanked	p	Overall	Banked	Unbanked	p
Age	33.02 (9.7)	34.06	32.22	0.046	36.25 (10.9)	37.92	33.16	.000	30.27 (8.612)	30.43	26.9	0.163
Years in US	10.44 (7.1)	12.92	8.55	.000	11.49 (7.3)	13.11	8.5	.000	5.75 (3.573)	5.93	1.92	.000
Years in NY	9.55 (7.0)	11.63	8.02	.000	11.02 (7.3)	12.5	8.29	.000	5.11 (3.355)	5.26	1.9	.000
Number of siblings	5.12 (2.8)	4.9	5.29	0.145	5.13 (3.0)	5.35	4.72	0.034	2.38 (1.639)	2.38	2.43	0.916
Number of siblings in US	2.03 (2.1)	2.26	1.86	0.060	2.07 (2.2)	2.18	1.87	0.176	1.46 (1.223)	1.46	1.57	0.626
Number of children	1.69 (1.5)	1.48	1.85	0.012	1.74 (1.5)	1.84	1.57	0.084	0.87 (1.108)	0.88	0.52	0.063
Household size	4.28 (1.7)	4.14	4.39	0.132	4.02 (1.9)	4.05	3.96	0.608	4.53 (1.829)	4.55	4	0.17
Years of education	8.48 (3.66)	9.53	7.7	.000	10.19 (3.91)	10.96	8.84	.000	10.5 (3.463)	10.8	10.49	0.797
Spoken English	2.23 (0.96)	2.66	1.9	.000	2.35 (1.0)	2.45	2.17	0.007	2.10 (1.034)	2.1	2.05	0.741
Written English	1.93 (0.97)	2.39	1.57	.000	2.14 (1.0)	2.29	1.86	.000	2.01 (1.032)	2.01	2	0.943

Appendix 4: Categorical Data (with Chi Square Tests) %

	Mexican				Ecuadorian				Chinese			
	Overall	Banked	Unbanked	p	Overall	Banked	Unbanked	p	Overall	Banked	Unbanked	p
Region of Origin												
Capital	**27.2**	33.7	22.3	**.008**	**41.1**	63.4	36.6	.165	**60.1**	60	61.9	0.964
Municipality	**72.8**	66.3	77.7		**58.9**	56.4	63.4		**39.9**	40	38.1	
Own cell phone	**91.6**	97.4	87.3	**.000**	**93.8**	95.6	90.5	**.040**	**100**	100	100	/
Cell phone users with plan	**65.5**	72.2	59.8	**.047**	**68.0**	73.5	57.3	**.003**	**99.8**	99.8	100	**.827**
Cell phone users with Internet on phone	**72.8**	73.8	71.9	.663	**74.5**	76.7	70.2	.120	**52.6**	53.1	42.9	.770
Spouse in US	**72.5**	77.5	67.9	.053	**85.5**	86.7	83.3	.485	**89.7**	89.4	100	.362
All HH members in family	**76.5**	80.0	73.8	.129	**80.9**	84.1	75.0	**.026**	**66.3**	65.4	85.7	.054
Employed	**69.1**	77.6	62.5	.001	**74.8**	83.3	59.2	**.000**	**80.1**	83.7	23.8	**.000**
Undocumented	**82.1**	66.3	94.6	**.000**	**61.8**	51.0	81.6	**.000**	**14.9**	15.3	4.8	**.000**
Marital Status												
Married	**34.3**	41.7	28.7	.057	**43.9**	45.9	40.1	**.033**	**53.8**	54.5	38.1	.260
Single	**39.5**	35.9	42.2		**32.4**	30.4	36.1		**44.3**	43.7	57.1	
Cohabiting	**19.6**	16.1	22.3		**11.3**	8.5	16.3		**.6**	.7	0	
Divorced	**3.4**	2.1	4.4		**9.8**	12.2	5.4		**1.3**	1.1	4.8	
Widowed	**1.8**	2.1	1.6		**2.2**	2.6	1.4		**0**	0	0	
Separated	**1.1**	1.6	0.8		**0.5**	0.4	0.7		**0**	0	0	
HH Language												
Spanish	**81.8**	73.7	88.0	**.000**	**86.2**	83.6	91.0	.127	(see bottom of document for Chinese language data)			
English	**2.5**	4.2	1.2		**3.4**	4.1	2.1					
Spanish/English	**13.9**	21.1	8.4		**10.0**	11.9	6.3					
Indigenous	**1.6**	0.5	2.4		**0.0**	0.0	0.0					
Weekly Household Income												
$0	**8.1**	4.8	10.5	**.004**	**1.9**	1.2	3.0	**.000**	**0.5**	0.5	0.0	.335
$1–299	**27.2**	23.6	29.8		**20.5**	16.8	27.3		**2.4**	2.5	0.0	
$300–599	**34.1**	30.9	36.4		**44.1**	39.3	53.0		**28.5**	28.4	33.3	
$600–900	**16.3**	21.2	12.7		**18.4**	22.1	11.4		**32.1**	31.3	50.0	
>$900	**14.2**	19.4	10.5		**15.2**	20.5	5.3		**36.3**	37.3	16.7	
Job category*												
Construction	**9.2**	8.8	9.5	**.045**	**33.0**	32.2	35.2	**.000**	**2.7**	2.7	0	.079
Food services	**45.6**	38.1	52.5		**12.7**	9.7	20.5		**57.3**	57.8	20	
Care industry	**17.4**	15.6	19.0		**12.7**	11.0	17.0		**8.8**	8.6	20	
Sales	**6.9**	8.8	5.1		**9.8**	12.3	3.4		**6.1**	5.9	20	
Manufacturing	**2.6**	2.7	2.5		**3.8**	2.2	8.0		**6.1**	5.7	40	
Office	**1.3**	2.0	0.6		**3.2**	4.4	0.0		**.8**	.8	0	
Transportation	**1.0**	1.4	0.6		**3.2**	4.4	0.0		**3.5**		0	
Other	**16.1**	22.4	10.1		**21.0**	23.3	14.8		**14.4**		0	

*Includes only respondents who are employed

Table continued on next page.

Work Borough*	Mexican				Ecuadorian				Chinese			
	Overall	Banked	Unbanked	p	Overall	Banked	Unbanked	p	Overall	Banked	Unbanked	p
Manhattan	**36.3**	44.4	28.8		**33.1**	36.6	24.1		21.3	**21.3**	20	
Bronx	**7.7**	9.0	6.4		**6.1**	6.7	4.6		2.5	**2.5**	0	
Brooklyn	**11.7**	9.0	14.1		**10.0**	8.9	12.6		44.0	**44**	40	
Staten Island	**3.0**	0.0	5.8	**.006**	**1.6**	1.3	2.3	.463	8.2	**8.3**	0	.977
Queens	**13.0**	9.0	16.7		**24.4**	22.8	28.7		12.3	11.9	40	
Other – NY	**10.7**	11.8	9.6		**14.1**	12.1	19.5		0.3	**.3**	0	
Other – NJ	**13.7**	11.1	16.0		**2.6**	2.2	3.4		6.3	**6.4**	0	
Other – CT	**2.3**	3.5	1.3		**1.6**	1.8	1.1		.3	**0.3**	0	

*Includes only respondents who are employed

Appendix 5: Emergency Coping Strategies

Emergency Coping Strategies, % Responded Yes (with Chi-squared test)

	Banked	Unbanked	p
Family/friends	71.4	72.7	0.290
Savings	49.4	14.7	0.000
Work more	29.8	39.9	0.001
Credit card	20.3	5.6	0.000
Go without something	30.3	24.2	0.023
Payment plan	11.2	22.2	0.000
Sell something	6.7	13.3	0.000
Employer loan	16.7	10.6	0.004
Family member work more	5.3	9.7	0.004
Bank loan	10.9	4.6	0.000
Pay late or don't pay	3.8	11.4	0.000
Advance	5.0	1.0	0.001
Emergency public assistance	4.3	7.5	0.018
Pawnshop	2.4	6.3	0.001
Community lender	1.6	4.6	0.001
Charity/church	1.0	4.3	0.000
Payday loan	9.1	0.7	0.000
Finance company	0.7	0.5	0.690

Top Strategies for Banked
- Family/friends (71.4%)
- Savings (49.4%)
- Go without something (30.3%)
- Work more (29.8%)

Top Strategies for Unbanked
- Family/friends (72.7%)
- Work more (39.9%)
- Go without something (24.2%)
- Payment plan (22.2%)

"Most Likely" Strategies for Banked
- Friends/family (37.9%)
- Savings (26.5%)
- Credit card (16.3%)

"Most Likely" Strategies for Unbanked
- Family/friends (54.1%)
- Work more (14.3%)

Appendix 5 (continued): Logit Regression Model to Predict Banked/Unbanked Status

Table of Coefficients

Variable	Coefficient	Odds Ratio	Std. Error	z	p-value
Ecuador	0.6926	1.999	0.3805	3.64	0.000
China	3.6196	37.321	13.766	9.81	0.000
Sex (female=1)	-0.2329	0.792	0.1466	-1.26	0.208
Years in United States	0.1245	1.133	0.0181	7.77	0.000
Employed	1.3747	3.954	0.9084	5.98	0.000
Have a cell phone	1.1084	3.03	1.256	2.67	0.007
Years of education	0.1097	1.116	0.0276	4.43	**0.000**
Undocumented	-0.9489	0.387	0.0893	-4.11	0.000
incomecat2 ($1–$299 weekly)	-0.3284	0.72	0.3299	-0.72	0.474
incomecat3 ($300–$599 weekly)	-0.4793	0.619	0.2812	-1.06	0.291
incomecat4 ($600–$900 weekly)	-0.2372	0.789	0.3804	-0.49	0.623
incomecat5 (>$900 weekly)	0.1561	1.169	0.5872	0.31	0.756

Appendix 6: Logit Model: Determinants of Banked Status

```
Logistic regression                              Number of obs   =        1114
                                                 LR chi2(12)     =      556.12
                                                 Prob > chi2     =      0.0000
Log likelihood = -419.1539                       Pseudo R2       =      0.3988

------------------------------------------------------------------------------
      banked |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
     Ecuador |    .692625    .1903517     3.64   0.000     .3195425    1.065707
       China |   3.619557    .3688637     9.81   0.000     2.896598    4.342517
         sex |  -.2329473    .1850207    -1.26   0.208    -.5955812    .1296866
    yearsinUS |   .1244525    .0160164     7.77   0.000     .0930609    .1558441
    employed |   1.374733     .229735     5.98   0.000     .9244612    1.825006
     havecell |   1.108443    .4144304     2.67   0.007     .2961748    1.920712
   years_edu |   .1096811    .0247683     4.43   0.000      .061136    .1582261
undocumented |  -.9488612    .2305861    -4.11   0.000    -1.400802   -.4969208
   incomecat2 |  -.3284307    .4582277    -0.72   0.474     -1.22654     .569679
   incomecat3 |  -.4793064    .4541466    -1.06   0.291    -1.369417    .4108045
   incomecat4 |   -.237248    .4822357    -0.49   0.623    -1.182412    .7079165
   incomecat5 |   .1561414    .5022776     0.31   0.756    -.8283046    1.140587
       _cons |  -3.485956    .6725858    -5.18   0.000    -4.804199   -2.167712
------------------------------------------------------------------------------

. logistic banked Ecuador China sex yearsinUS employed havecell years_edu undocumented
incomecat2 incomecat3 incomecat4 incomecat5

Logistic regression                              Number of obs   =        1114
                                                 LR chi2(12)     =      556.12
                                                 Prob > chi2     =      0.0000
Log likelihood = -419.1539                       Pseudo R2       =      0.3988

------------------------------------------------------------------------------
      banked | Odds Ratio  Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
     Ecuador |   1.998956    .3805047     3.64   0.000     1.376498    2.902892
       China |   37.32104   13.76637      9.81   0.000     18.11242    76.90083
         sex |   .7921953    .1465725    -1.26   0.208     .5512421    1.138471
    yearsinUS |   1.132528     .018139     7.77   0.000     1.097529    1.168644
    employed |   3.954023    .9083773     5.98   0.000      2.52051    6.202831
     havecell |   3.029639   1.255574     2.67   0.007     1.344705    6.825817
   years_edu |   1.115922    .0276395     4.43   0.000     1.063044    1.171431
undocumented |   .3871817    .0892787    -4.11   0.000     .2463994    .6084012
   incomecat2 |   .7200528    .3299481    -0.72   0.474     .2933055      1.7677
   incomecat3 |   .6192128    .2812133    -1.06   0.291     .2542551    1.508031
   incomecat4 |   .7887957    .3803854    -0.49   0.623     .3065383    2.029758
   incomecat5 |   1.168991    .5871583     0.31   0.756     .4367892    3.128606
       _cons |   .0306245    .0205976    -5.18   0.000     .0081953    .1144392
------------------------------------------------------------------------------
```

Appendix 7: Asset Stair Step Breakdown by Country of Origin

Asset and Activity Stair Step by Country of Origin (%)

EARN		Mexican	Ecuadorian	Chinese	Overall
	Have ability to work	96.6	97.3	94.6	96.1
	Employed	69.1	74.8	81.0	75.1
	Have their own business in US	5.2	4.1	3.9	4.4

TRANSACT		Mexican	Ecuadorian	Chinese	Overall
	Send money home	75.1	73.6	54.4	67.5
	Use money transfer services	70.3	67.3	25.0 4 of 16	68.1
	Have prepaid cards	8.4	12.3	9.7	10.1
	Use check cashers	22.6	22.1	17.2	21.9

SAVE (short term)		Mexican	Ecuadorian	Chinese	Overall
	Have short-term aspirations	61.4	57.7	80.0	66.9
	Emergency	42.3	49.8	68.1	53.8
	Health	38.7	43.5	36.4	39.3
	In case lose job	34.6	37.6	55.2	42.8
	Gifts	20.9	16.5	8.0	15.0
	Business in the US	11.8	10.8	20.9	14.7
	Have short-term investments	51.7	61.0	56.2	56.2
	U.S. bank account	42.8	64.7	94.6	68.2
	Jewelry	29.9	26.5	19.6	25.2
	Vehicle	13.3	26.4	18.3	19.2
	Personal loan	13.5	13.0	25.4	17.6

SAVE (long term)		Mexican	Ecuadorian	Chinese	Overall
	Have long-term aspirations	77.6	74.0	90.7	81.2
	Children's education	49.9	42.8	50.0	47.7
	House in home country	40.7	35.1	13.8	29.4
	Own education	31.1	30.9	20.0	27.1
	Home improvements	29.2	25.7	6.0	19.9
	House in the US	13.9	18.9	56.9	30.7
	Have long-term investments	62.0	62.4	58.5	60.9
	House in home country	38.1	43.2	21.8	34.0
	Degree or professional credential	23.8	21.4	33.0	26.3
	Bank account in home country	17.2	24.8	21.3	21.1
	House in US	19.4	14.4	11.2	14.9

		Mexican	Ecuadorian	Chinese	Overall
BORROW	Received formal loan	9.3	16.8	0.0	11.8
	Received informal loan	21.2	19.3		

Notes and Definitions:

- Percentages refer to ALL respondents in each immigrant group, including banked and unbanked, savers and non-savers.
- **"Investments"** refer to the question about assets: "Which of the following do you have?"
- **"Aspirations"** refer to the question about savings: "Which of the following are you saving for?"
- Only the top five aspirations and the top four investments are listed.
- **"Short-term investments"** include the following: personal loan, bank account, car, jewelry. "Long-term investments" include the following: business in home country, house in US, house in home country, bank account in home country, retirement fund, financial investments, professional credential.
- **"Short-term aspirations"** include renting a better apartment, business in the US, a celebration, in case job lost, moment of need, gifts, health expenses. **"Long-term aspirations"** include a house in the US, a house in the home country, home improvements, own education, children's education, business in home country, and retirement.
- **"Informal loan"** includes the following: family, friend, community lender, pawnshop, immigrant services, tax prep, other.

Appendix 8: Asset Stair Step Breakdown by Length of Stay

Asset and Activity Stair Step by Length of Stay (%)

EARN		0–7 years	8–12 years	13+ years
	Have ability to work	97.8	97.3	95.8
	Employed	74.2	70.2	70.8
	Have their own business in US	2.9	2.3	8.8

TRANSACT		0–7 years	8–12 years	13+ years
	Use money transfers	75.6	66.9	63.2
	Have prepaid cards	8.3	9.6	13.1
	Use check cashers	20.6	22.7	24.0

INVEST (short term)		0–7 years	8–12 years	13+ years
	Have short-term investments	53.5	70.5	85.4
	U.S. bank account	35.1	56.3	72.2
	Jewelry	22.5	23.0	39.6
	Vehicle	11.1	15.7	32.7
	Personal loan	14.1	12.3	13.4

INVEST (long term)		0–7 years	8–12 years	13+ years
	Have long-term investments	61.2	58.3	66.9
	House in home country	40.1	38.6	43.0
	Degree or professional credential	23.4	20.7	23.6
	Bank account in home country	24.0	18.4	19.7
	House in US	14.1	12.6	23.9
	House in home country -OR- US	45.7	44.8	53.5

BORROW		0–7 years	8–12 years	13+ years
	Received formal loan	5.5	8.9	25.0
	Received informal loan	19.0	22.8	19.3

Notes and Definitions:

- Percentages refer to ALL respondents in each immigrant group, including banked and unbanked, savers and non-savers.
- **"Investments"** refer to the question about assets: "Which of the following do you have?"
- **"Aspirations"** refer to the question about savings: "Which of the following are you saving for?"
- Only the top five aspirations and the top four investments are listed.
- **"Short-term investments"** include the following: personal loan, bank account, car, jewelry. "Long-term investments" include the following: business in home country, house in US, house in home country, bank account in home country, retirement fund, financial investments, professional credential.
- **"Short-term aspirations"** include renting a better apartment, business in the US, a celebration, in case job lost, moment of need, gifts, health expenses. **"Long-term aspirations"** include a house in the US, a house in the home country, home improvements, own education, children's education, business in home country, and retirement.
- **"Informal loan"** includes the following: family, friend, community lender, pawnshop, immigrant services, tax prep, other.

Appendix 9: Savings Profiles

Do you have any savings?

By Income

Savings, by Income and Immigrant Group (%)

Income	Mexican	Ecuadorian	Chinese
$0	78.1% (25 of 32)	71.4% (5 of 7)	100% (2 of 2)
1–$299	82.2% (88 of 107)	76.6% (59 of 77)	90.07% (9 of 10)
$300–$599	74.6% (100 of 134)	74.1% (123 of 166)	91.7% (110 of 120)
$600–$900	85.9% (55 of 64)	88.4% (61 of 69)	88.1% (119 of 135)
>$900	94.6% (53 of 56)	78.9% (45 of 57)	94.1% (144 of 153)

Savings, by Income (all groups) (%)

Income	Have savings?	p-value
$0	78.0%	
1–$299	80.4%	
$300–$599	79.3%	
$600–$900	87.7%	
>$900	91.0%	.000

By Banked Status

Savings, by Banked Status and Immigrant Group (%)

Income	Mexican	Ecuadorian	Chinese
Banked	93.2%	83.0%	91.2%
Unbanked	74.1%	68.7%	81.0%

Savings, by Banked Status (all groups) (%)

	Have savings?	p-value
Banked	89.4%	
Unbanked	72.6%	.000

By Job Sector

Savings, by Job Sector (%)

Job Sector	Mexican	Ecuadorian	Chinese
Food services	90.6% (126 of 139)	72.5% (29 of 40)	88.4% (190 of 215)
Care	75.5% (40 of 53)	72.5% (29 of 40)	100% (33 of 33)
Construction	92.9% (26 of 28)	84.6% (88 of 104)	80.0% (8 of 10)
Sales	90.5% (19 of 21)	80.6% (25 of 31)	95.7% (22 of 23)

How much money do you currently have saved?

By Banked Status

Total Savings by Banked Status (all groups) (%)

Total Savings	Banked	Unbanked	p-value
$0	11.0%	29.3%	
$1–500	16.0%	35.2%	
$501–1500	26.3%	18.9%	
$1501–6000	26.7%	10.2%	
$6000+	20.1%	6.4%	.000

By Job: Food Service Employees

We compare savings **by food service employees** across the three immigrant groups.

Total Savings by Immigrant Group: Food Service Employees (%)

Total Savings	Mexican (n=134)	Ecuadorian (n=36)	Chinese (n=213)
$0	9.7%	30.6%	11.7%
$1–500	27.6%	11.1%	13.6%
$501–1500	29.9%	19.4%	23.0%
$1501–6000	20.9%	16.7%	31.5%
$6000+	11.9%	22.2%	20.2%

Where:

0 = 0
1 = <500
2 = 501–1500
3 = 1501–6000
4 = 6000+

Average savings for a Chinese food service worker: 2.35
Average savings for a Mexican food service worker: 1.98
Average savings for an Ecuadorian food service worker: 1.89

Comparing restaurant workers who make $200–$400 per week

Mexicans: 1.72 (n=57)
Ecuadorians: 1.69 (n=16)
Chinese: 2.16 (n=50)

Comparing restaurant workers who make $400–$600 per week

Mexicans: 2.04 (n=55)
Ecuadorians: 2.00 (n=16)
Chinese: 2.40 (n=126)

Informal and Formal Savers (%)

Informal Savers are defined as banked individuals who report non-zero savings.
Banked = 0
Savings Dummy = 1

Formal Savers are defined as unbanked individuals who report non-zero savings.
Banked = 1
Savings Dummy = 1

	Mexican	Ecuadorian	Chinese	Total
Informal Savers	42.0%	24.2%	3.7%	23.0%
Formal Savers	40.4%	53.7%	87.5%	61.1%
Total Savers	82.4% (N=443)	77.9% (N=417)	91.2% (N=464)	84.1% (N=1324)

Appendix 10: Motivations of the Banked

How many years have you had a bank account? **Average = 6.65 years**
How easy was it to open your bank account? **55.5% say "very easy"**
Top three banks: **Chase (23.3%), Citibank (15.8%), Bank of America (14.2%)**
Top three references: **Family (31%), Friend (28.2%), Street/Subway Ad (21.7%)**

Reasons for Opening an Account*, by Country of Origin (%)

	Mexican	Ecuadorian	Chinese
I needed a safe place to put my money.	82.8	83.6	61.5
I found a bank with simple requirements.	71.4	70.4	56.9
A branch opened near my house.	54.7	60.7	79.4
I met a bank rep at an event.	16.7	10.1	2.5
I saved more than the minimum balance.	23.4	22.1	16.7
I found out I could send remittances more cheaply.	29.7	31.5	4.8
A friend/relative explained it to me.	34.9	33.3	20.1
I learned how to open one in a class.	17.2	11.6	3.4

*banked respondents

Most important reason:
I needed a safe place to put my money. **(82.8% Mexico, 83.6% Ecuador)**
A branch opened near my house. (79.4% Chinese)

Most popular "other" responses:
• Direct deposit
• To pay bills
• To have/build credit

Reasons for Choosing Their Bank*, by Country of Origin (%)

	Mexican	Ecuadorian	Chinese
Direct Factors			
My employer's checks are from that bank.	36.6	26.1	15.6
They didn't require a certain ID.	42.1	30.9	14.8
They have low fees.	42.9	39.6	46.6
They gave me a loan.	6.3	10.9	8.0
They charged me low interest on a loan.	13.4	12.5	7.3
Trust/Perception Factors			
The branch is near my home/work.	83.8	83.7	82.8
I think the bank is stable.	87.4	89.8	94.1
The bank is insured by the U.S. government.	73.2	80.8	57.1
I know the person at the branch.	23.7	24.0	23.9
I trust the person who referred me.	50.0	46.2	45.6
They speak my language.	84.8	85.6	84.6
They explained everything well.	88.9	87.4	64.9

*banked respondents

Most important reason (direct):

They have low fees. (42.9% Mexico, 39.6% Ecuador, and 46.6% Chinese)

They didn't require a certain ID. (42.1% Mexico, 30.9% Ecuador, 14.8% Chinese)

My employer's checks are from that bank. (36.6% Mexico, 26.1% Ecuador, 15.6% Chinese)

Most important reason (trust/perception):

The branch is near my home/work. (83.8% Mexico, 83.7% Ecuador, 82.8% Chinese)

They speak my language. (84.8% Mexico, 85.6% Ecuador, 84.6% Chinese)

They explained everything well. (88.9% Mexico, 87.4% Ecuador, 64.9% Chinese)

Most popular "other" responses:

- Recommendation
- Reputation
- ATM presence
- Perks (no ATM fees, savings points, etc.)

Appendix 11: Barriers and Pathways to Bank Access

Reasons for Not Having an Account, by Country of Origin (%)

	Mexican	Ecuadorian	Chinese
Direct Factors			
I don't have enough for the minimum balance -or- the fees are too high.	65.3	70.8	75
I am waiting for documents.	50.4	24.1	9.5
I don't have a proof of address.	20.1	17.4	9.5
There is no bank in my neighborhood.	10.4	8.3	28.6
I don't plan to stay in the US long.	31.9	20.8	14.3
Trust/Perception Factors			
I don't think I need one.	47.0	51.0	81
I don't know which bank to go to.	32.5	41.7	45.5
I don't know anyone at the bank.	22.7	17.4	19
I'm afraid they will give my information to the authorities.	30.8	25.7	4.8
I'm worried they will charge me hidden fees.	48.0	41.7	38.1
I'm worried my money won't be safe.	41.0	30.6	19
I don't feel comfortable speaking English.	32.4	29.9	14.3
I had a bad experience with a bank in the past.	11.3	12.6	9.5

Most important reason (direct):
I don't have enough for the minimum balance. **(37.3% Mexico, 43.5% Ecuador, 75% Chinese)**

Most important reason (trust/perception):
I don't think I need one. **(36.4% Mexico, 36.1% Ecuador, 81% Chinese)**

Reasons Respondent Might Decide to Open an Account*, by Country of Origin (%)

	Mexican	Ecuadorian	Chinese
…If they opened a new branch near my house or work.	31	27.5	76.2
…If I found a bank that didn't require a SSN or a passport.	58.9	49.2	13.6
…If I found a bank where they speak my language.	62	56.5	57.1
…If my boss required it or wanted to pay me direct deposit.	49.8	49.7	28.6
…If I needed to get a loan.	36.3	32.8	19
…If I saved enough money to avoid minimum balance fees.	46.5	44.0	76.2
…If I could send money home more cheaply.	52.7	44	28.6
…If a bank representative came to my neighborhood.	32	24.6	4.8
…If a friend or family explained it to me.	38.9	29.3	23.8

*unbanked respondents

Most important reason:
If I found a bank that didn't require a SSN or passport. **(58.9% Mexico, 49.2% Ecuador)**
If they opened a new branch near my house or work. **(76.2% Chinese)**

By various groups:

Reasons for Not Having an Account, Municipality vs. Capital (% yes)

	Municipality	Capital
Direct Factors		
I don't have enough for the minimum balance.	59.7	51.9
The fees are too high.	50.4	49.5
I am waiting for documents.	40.9	40.6
I don't have a proof of address.	17.8	22.6
There is no bank in my neighborhood.	9.3	11.2
I don't plan to stay in the US long.	27.9	26.4
Trust/Perception Factors		
I don't think I need one.	50.4	42.5
I don't know which bank to go to.	37.5	32.1
I don't know anyone at the bank.	20.2	21.9
I'm afraid they will give my information to the authorities.	30.4	25.2
I'm worried they will charge me hidden fees.	43.5	51.4
I'm worried my money won't be safe.	38.3	34.6
I don't feel comfortable speaking English.	30.0	35.5
I had a bad experience with a bank in the past.	10.7	14.3

*Of unbanked respondents

Most Important Reason for Not Having an Account (Direct Factors) (%)

	Municipality	Capital	Overall
I don't have enough for the minimum balance.	41.3	35.8	39.8
The fees are too high.	11.4	10.5	11.1
I am waiting for documents.	24.6	27.4	25.3
I don't have a proof of address.	1.1	0.0	0.8
There is no bank in my neighborhood.	0.0	0.0	0.0
I don't plan to stay in the US long.	12.9	16.8	13.9
Other	8.7	9.5	8.9

p=0.747 (no significant difference between Capital and Municipality)

Most Important Reason for Not Having an Account (Trust/Perception Factors) (%)

	Municipality	Capital	Overall
I don't think I need one.	37.1	32.2	35.8
I don't know which bank to go to.	8.0	10.3	8.6
I don't know anyone at the bank.	1.6	2.3	1.8
I'm afraid they will give my information to the authorities.	11.6	5.7	10.1
I'm worried they will charge me hidden fees.	10.4	21.8	13.3
I'm worried my money won't be safe.	6.4	10.3	7.4
I don't feel comfortable speaking English.	8.0	5.7	7.4
I had a bad experience with a bank in the past.	3.6	3.4	3.6
Other	13.1	6.9	11.5

p-value: 0.115 (no significant difference between Capital and Municipality)

Reasons for Not Having an Account, by Documentation Status (% yes)

	Undocumented	Documented
Direct Factors		
I don't have enough for the minimum balance.	57.4	56.4
The fees are too high.	49.4	64.1
I am waiting for documents.	43.5	17.9
I don't have a proof of address.	19.8	13.2
There is no bank in my neighborhood.	10.3	7.7
I don't plan to stay in the US long.	29	23.7
Trust/Perception Factors		
I don't think I need one.	48.7	53.8
I don't know which bank to go to.	35.2	43.6
I don't know anyone at the bank.	20.2	23.1
I'm afraid they will give my information to the authorities.	29.5	20.5
I'm worried they will charge me hidden fees.	44.2	53.8
I'm worried my money won't be safe.	36.1	41
I don't feel comfortable speaking English.	31.9	25.6
I had a bad experience with a bank in the past.	9.6	23.1

*Of unbanked respondents (n undocumented=335–340, n documented=38–39)

Appendix 12: Non-Bank Service Usage

Do you send money home?

Sending Money Home, by Country of Origin and Banked Status (% yes)

	Mexican	Ecuadorian	Chinese	Overall
Banked	76.4	73.7	55.6	65.6
Unbanked	74.0	73.5	28.6	71.5
Overall	75.1	73.6	54.4	67.5

Why do you use money transfer services instead of your bank account? (% yes)

	Mexican	Ecuadorian
My account doesn't offer money transfers.	31.5	15.2
They charge lower fees than my bank.	34.1	29.1
It is closer to my home/work.	53.9	37.6
The hours are more convenient.	56.0	47.4
I can send someone else.	45.1	38.3
It's what I'm used to.	53.8	51.5
It's a one-stop shop.	31.9	17.3
Other	15.4	24.2

Most common "other" reasons: faster and easier for recipient.

Why do you use check cashers instead of your bank account? (% yes)

	Mexican	Ecuadorian
My account doesn't offer this service.	25.0	20.8
They charge lower fees than my bank.	30.3	25.0
It is closer to my home/work.	59.4	57.4
The hours are more convenient.	67.7	62.5
I can send someone else.	46.9	33.3
It's what I'm used to.	46.9	39.6
It's a one-stop shop.	43.8	31.3
Other	9.4	18.8

Note: Only 16 Chinese respondents answered the money transfer service question, and only 87 Chinese respondents answered the check cashers question. We have omitted this data due to small sample size.

Do you use Alternative Financial Services? (%)

	Mexican				Ecuadorian				Chinese			
	Overall	Banked	Unbanked	p	Overall	Banked	Unbanked	p	Overall	Banked	Unbanked	p
		N=144	N=263			N=214	N=144			N=19	N=0	
Do you use money transfer services?	70.3	58.9	78.9	.000	67.3	63.4	74.3	0.026	25.0	25.0	—	
Do you use check cashers?	22.6	16.9	27.1	.028	22.1	20.1	25.9	0.153	17.2	17.2	—	

Appendix 13: Financial Aspirations of Immigrants

Aspirations

Long-Term Aspirations (Overall) (%)

	Yes*
Are you saving to buy a house/apartment in the US?	30.7
Are you saving to buy a house/apartment in your home country?	29.4
Are you saving to make home improvements?	19.9
Are you saving for your own education?	27.1
Are you saving for your children or grandchildren's education?	47.7
Are you saving for a business in your home country?	17.9
Are you saving for retirement?	21.5

*of those who responded to this question, N=1311

Top 4 long-term aspirations:
- Children's education
- House in US
- House in home country
- Own education

Short-Term Aspirations (Overall) (%)

	Yes*
Are you saving to rent a better apartment?	18.0
Are you saving for a business in the US?	14.7
Are you saving for a celebration?	12.9
Are you saving in case you lose your job?	42.8
Are you saving for a moment of need or emergency?	53.8
Are you saving for gifts for others?	15.0
Are you saving for health expenses?	39.3

*of those who responded to this question, N=1311

Top 4 short-term aspirations:
- Moment of need
- In case of loss of job
- Health expense
- Rent a better apartment

5.0% also reported saving for something else. The most common "other" options specified were **travel**, **car**, to **open a shop**, and to **return to their home country**.

Long-Term Aspirations by Country of Origin (% yes)

	Mexican	Ecuadorian	Chinese
Are you saving to buy a house/apartment in the US?	13.9	18.9	56.9
Are you saving to buy a house/apartment in your home country?	40.7	35.1	13.8
Are you saving to make home improvements?	29.2	25.7	6.0
Are you saving for your own education?	31.1	30.9	20.0
Are you saving for your children or grandchildren's education?	49.9	42.8	50.0
Are you saving for a business in your home country?	23.6	25.6	5.6
Are you saving for retirement?	19.4	23.5	21.8

Short-Term Aspirations by Country of Origin (% yes)

	Mexican	Ecuadorian	Chinese
Are you saving to rent a better apartment?	19.6	16.7	17.7
Are you saving for a business in the US?	11.8	10.8	20.9
Are you saving for a celebration?	13.9	11.6	13.1
Are you saving in case you lose your job?	34.6	37.6	55.2
Are you saving for a moment of need or emergency?	42.3	49.8	68.1
Are you saving for gifts for others?	20.9	16.5	8.0
Are you saving for health expenses?	38.7	43.5	36.4

Aspirations by Banked Status

Long-Term Aspirations by Banked Status (Overall) (% yes)

	Banked	Unbanked
Are you saving to buy a house/apartment in the US?	40.6	9.2
Are you saving to buy a house/apartment in your home country?	23.7	41.9
Are you saving to make home improvements?	15.4	29.6
Are you saving for your own education?	24.8	32.0
Are you saving for your children or grandchildren's education?	47.5	47.9
Are you saving for a business in your home country?	14.7	24.8
Are you saving for retirement?	23.2	17.8

Short-Term Aspirations by Banked Status (Overall) (% yes)

	Banked	Unbanked
Are you saving to rent a better apartment?	17.4	19.3
Are you saving for a business in the US?	18.3	7.0
Are you saving for a celebration?	11.3	16.4
Are you saving in case you lose your job?	48.6	30.3
Are you saving for a moment of need or emergency?	59.1	42.2
Are you saving for gifts for others?	12.2	21.0
Are you saving for health expenses?	39.3	39.3

Long-Term Aspirations by Years of Education

	Years of Education
Respondents saving to buy a house/apartment in the US	10.22
Respondents saving to buy a house/apartment in home country	8.86
Respondents saving to make home improvements	8.74
Respondents saving for their own education	10.11
Respondents saving for their children or grandchildren's education	9.19
Respondents saving for a business in their home country	9.22
Respondents saving for retirement	9.61

Short-Term Aspirations by Years of Education

	Years of Education
Respondents saving to rent a better apartment	9.13
Respondents saving for a business in the US	9.65
Respondents saving for a celebration	9.27
Respondents saving in case of job loss	9.79
Respondents saving for a moment of need or emergency	9.61
Respondents saving for gifts for others	9.48
Respondents saving for health expenses	9.54

Frequency of Aspiration Type (%)

Respondents with at least one **long-term savings** aspiration*	81.2
Respondents with at least one **short-term savings** aspiration**	66.9

*N=1301 and **N=1296

Frequency of Aspiration Type by Banked Status (%)

	Unbanked	Banked	p
Respondents with at least one **long-term savings** aspiration*	75.5	83.8	.000
Respondents with at least one **short-term savings** aspiration**	55.9	71.9	.000

*N=1301 and **N=1296

Frequency of Aspiration Type by Country of Origin (%)

	Mexican	Ecuadorian	Chinese	p
Respondents with at least one **long-term savings** aspiration*	77.6	74.0	90.7	.000
Respondents with at least one **short-term savings** aspiration**	61.4	57.7	80.0	.000

*N=1301 and **N=1296

Appendix 14: Determinants of Having Savings

```
. logit savingsdummy banked undocumented employed years_edu incomecat2 incomecat3 incomecat4
incomecat5 sex age cap_or_mun childrendummy hhsize remit_dummy ecuador china

Iteration 0:   log likelihood = -498.47471
Iteration 1:   log likelihood = -457.02323
Iteration 2:   log likelihood = -454.05382
Iteration 3:   log likelihood = -454.04321
Iteration 4:   log likelihood = -454.04321

Logistic regression                             Number of obs   =        1101
                                                LR chi2(16)     =       88.86
                                                Prob > chi2     =      0.0000
Log likelihood = -454.04321                     Pseudo R2       =      0.0891

------------------------------------------------------------------------------
savingsdummy |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
      banked |   .9897031   .2114023     4.68   0.000     .5753623    1.404044
undocumented |  -.3289512   .2334807    -1.41   0.159    -.7865649    .1286626
    employed |   .3442291   .2111543     1.63   0.103    -.0696256    .7580839
   years_edu |   .0047488   .0250553     0.19   0.850    -.0443588    .0538563
   incomecat2 |  -.1619291   .4671869    -0.35   0.729    -1.077599    .7537404
   incomecat3 |  -.3548976   .4525498    -0.78   0.433    -1.241879    .5320836
   incomecat4 |  -.0749327   .4908692    -0.15   0.879    -1.037019    .8871533
   incomecat5 |   .1657493   .5098308     0.33   0.745    -.8335007    1.164999
         sex |  -.1073791   .1844082    -0.58   0.560    -.4688125    .2540543
         age |   -.033813   .0094605    -3.57   0.000    -.0523552   -.0152708
  cap_or_mun |   -.380395   .1886834    -2.02   0.044    -.7502077   -.0105822
childrendummy |   .3597242   .2174657     1.65   0.098    -.0665008    .7859492
      hhsize |  -.0280687   .0488048    -0.58   0.565    -.1237244    .0675869
 remit_dummy |   .3102779   .1949372     1.59   0.111    -.0717921    .6923478
      ecuador |  -.3146234   .2045894    -1.54   0.124    -.7156112    .0863644
       china |   .0629249   .3053441     0.21   0.837    -.5355385    .6613884
       _cons |   2.195261   .6696577     3.28   0.001     .8827563    3.507766
------------------------------------------------------------------------------
```

Note: This is a logit model with the dependent variable equal to whether or not the respondent has any savings greater than zero.

Appendix 15: Comparison of Costs and Characteristics of Money Transfer Services in New York City

Service	Institution Type	Product	Fee $100	Fee $300	Fee $1000	FX Rate	Total effective cost $100	Total effective cost $300	Total effective cost $1000	Method of learning FX rate	Speed of arrival
Bank Services											
Capital One	Bank	Wire transfer	$35.00	$35.00	$35.00	Cannot provide	35	35	35	Need to ask at bank when sending	2–3 business days
Chase	Bank	RapidCash	$0.00	$0.00	$0.00	Cannot provide				Need to ask at bank when sending	
Banco Popular	Bank	Wire transfer	$40.00	$40.00	$40.00	Cannot provide	40	40	40	Need to ask at bank when sending	
Citi	Bank	Wire transfer	$5.00	$5.00	$5.00	12.26	$9.05	$17.15	$45.51		
Bank of America	Bank	SafeSend	$0.00	$0.00	$0.00	12.65	$1.05	$3.14	$10.48	Call bank	2 days
Average			**$20.00**	**$20.00**	**$20.00**	**12.46**	**$28.02**	**$30.72**	**$40.17**		

Notes

Chase: http://www.banking-business-review.com/news/chase_offers_free_money_transfer_service_to_mexico;

  Must have Banorte account to receive at, or receive in cash at Banorte location

Citi: $30 charge if sending online from regular account

Bank of America: This bank is not in Sunset Park area.

  http://www.bankofamerica.com/safesend/index.cfm?template=overview&statecheck=NY; Can be sent to an account or cash

Exchange Rate as of March 8, 2012: 12.784
Source: Prepared by Brendan McBride, REMAS

Service	Institution Type	Product	Fee $100	Fee $300	Fee $1000	FX Rate	Total effective cost $100	Total effective cost $300	Total effective cost $1000	Method of learning FX rate	Speed of arrival
Online services											
Western Union	Money transfer co.	Online service: credit to cash	$12.00	$22.00	$36.00	12.62	$13.28	$25.85	$48.83	WU website or phone #	In minutes
Western Union	Money transfer co.	Online service: account to cash	$8.00	$8.00	$10.00	12.62	$9.28	$11.85	$22.83	WU website or phone #	Within 3 days
Western Union	Money transfer co.	Online service: credit to account	$8.00	$8.00	$10.00	12.62	$9.28	$11.85	$22.83	WU website or phone #	Within 3 days
Xoom.com online	Money transfer co.	Online service: account to cash or account to account	$4.99	$4.99	$4.99	12.52	$7.06	$11.19	$25.64	Xoom website or phone #	15 minutes to 3 days
Xoom.com online	Money transfer co.	Card to cash	$4.99	$8.99	$24.99	12.52	$7.06	$15.19	$45.64	Xoom website or phone #	15 minutes
MoneyGram	Money transfer co.	Online service: card to cash	$14.00	$14.50	$23.00	12.59	$15.52	$19.05	$38.18	Money-Gram website or phone #	10 minutes
MoneyGram	Money transfer co.	Online service: account to cash	$10.00	$10.00	$18.00	12.59	$11.52	$14.55	$33.18	Money-Gram website or phone #	3 business days
ATMCash	Money transfer co.	Online service: card to card	$9.50	$15.50	$36.50	12.45	$12.11	$23.34	$62.63	ATMCash website or phone #	Immedi-ate
ATMCash	Money transfer co.	Online service: account to card	$6.50	$6.50	$6.50	12.45	$9.11	$14.34	$32.63	ATMCash website or phone #	Immedi-ate
Viamericas	Money transfer co.	Online service: account to account or cash	$4.99	$4.99	$4.99	12.49	$7.29	$11.89	$27.99	Viamericas website	Immedi-ate
Viamericas	Money transfer co.	Online service: account to account or cash	$5.99	$5.99	$5.99	12.49	$8.29	$12.89	$28.99	Viamericas website	Eco-nomic
Average			**$8.09**	**$9.95**	**$16.45**	**12.54**	**$9.98**	**$15.63**	**$35.40**		

Notes

MoneyGram: Sending limit is $899.99

ATMCash: Includes one (1) $1.50 withdrawal fee

Viamericas: Not clear on timing

Exchange Rate as of March 8, 2012: 12.784

Source: Prepared by Brendan McBride, REMAS

Service	Institution Type	Product	Fee $100	Fee $300	Fee $1000	FX Rate	Total effective cost $100	Total effective cost $300	Total effective cost $1000	Method of learning FX rate	Speed of arrival
Phone service											
Western Union	Money transfer co.	Phone service: credit to cash	$15.00	$25.00	$60.00	12.62	$16.28	$28.85	$72.83	WU website or phone #	In minutes
Average			**$8.62**	**$11.11**	**$19.80**	**$12.55**	**$10.47**	**$16.65**	**$38.28**		

Exchange Rate as of March 8, 2012: 12.784

Source: Prepared by Brendan McBride, REMAS

Service	Institution Type	Product	Fee $100	Fee $300	Fee $1000	FX Rate	Total effective cost $100	Total effective cost $300	Total effective cost $1000	Method of learning FX rate	Speed of arrival
Agent transfers											
Western Union	Money transfer co.	Agent: cash to cash	$5.00	$15.00	$50.00	12.62	$6.28	$18.85	$62.83	WU website or phone #	In minutes
Western Union	Money transfer co.	Agent: cash to cash	$4.00	$12.00	$40.00	12.62	$5.28	$15.85	$52.83	WU website or phone #	Next day
Western Union	Money transfer co.	Agent: cash to account	$9.99	$9.99	$9.99	12.62	$11.27	$13.84	$22.82	WU website or phone #	2–5 days
Western Union	Money transfer co.	Agent: cash to cash, Giro Telegrafico	$4.00	$12.00	$40.00	12.31	$7.71	$23.12	$77.08	WU website or phone #	Same day
MoneyGram	Money transfer co.	Cash to cash	$9.99	$9.99	$9.99	12.71	$10.53	$11.61	$15.37	Call MG and give specific agent name	10 minutes
Delgado Travel	Money transfer co.	Cash to cash	$4.00	$12.00	$40.00	12.5	$6.22	$18.66	$62.22	Call Delgado	
Vigo	Money transfer co.	Cash to cash	$10.00	$10.00	$10.00	12.78	$10.03	$10.09	$10.31	Call Vigo and give specific agent name	
Ria	Money transfer co.	Cash to cash	$10.00	$10.00	$14.00	12.66	$10.97	$12.91	$23.70	Call agent	Same day
Average			**$7.12**	**$11.37**	**$26.75**	**12.60**	**$8.54**	**$15.62**	**$40.89**		

Notes

MoneyGram: CVS 12.561142, DR 12.651142, Al Medina 12.715166

Vigo: Highest rate: 12.78 - Bancomer; Lowest: 12.64

Ria: Bancomer fx rate

Exchange Rate as of March 8, 2012: 12.784

Source: Prepared by Brendan McBride, REMAS