Immigrant Access to Banking Services:
An Exploratory Study of Latinos in New York City

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Chapter One
Introduction

According to the U.S. Census (Malone *et al*. 2003), there are over 31 million immigrants who reside in the United States and account for approximately 11% of the total population. Between 1990 and 2000, the immigrant population increased by 57 %. As the number of immigrants in the United States increases, these newcomers' abilities to participate in the economic, social, and political spheres of U.S. society has become an increasingly important topic of study and public debate. Immigrants contribute to our society in a variety of ways. In a purely economic sense, they represent additional resources to the labor market, entrepreneurial talents for new business creation, and a significant consumer market.

In recent decades the ethnic composition and documentation status of immigrants has changed significantly. In 2000, over 16 million of the foreign-born populations were from Latin America, representing 52 % of the total foreign-born in the United States (Malone, *et al*. 2003). While estimates of the number of immigrants in the United States without legal documentation are hard to obtain, some researchers place the number at around 50% of total foreign-born (Paulson, et al. 2006).

While a large literature exists on immigrant integration into U.S. labor and housing markets, there is little research on immigrants' financial integration. This is unfortunate because the extent to which immigrants can access financial services and enjoy the benefits of relationships with mainstream financial institutions affects their overall economic well-being. Immigrants' economic well-being in the host country

directly relates to their decisions to remain in the host country and to their participation in social and political aspects of host society (Hildebrand and Cobb-Clark, 2006).

Lack of access to traditional financial institutions and services hampers the capacity of new immigrants to fully integrate into and contribute to their new communities. It also limits their ability to build assets and credit histories that would allow them to pursue the American dream of buying a home, starting a small business, or pursuing higher education. In town after town across the United States, these newcomers represent an important part of our collective future, yet they remain outside the financial mainstream.

The benefits to individuals of achieving access to this mainstream are significant. Access to basic banking services means that individuals have a safe place to keep their money, can avoid paying check-cashing fees, and can begin to build a credit history for future credit needs. Consumers sending funds to their home countries can also benefit from lower international wire transfer fees, as banks and credit unions often offer more competitive rates in the international wire-transfer market.

To better understand immigrants' financial integration, we must examine their participation (or lack thereof) in the financial mainstream. We must look at what financial services immigrants use or need the most and particularly assess the barriers immigrants face to accessing these services. While there is some literature on this subject, there is virtually no research that incorporates immigrants' own voices on what their financial needs and experiences are. Since experiences may vary among immigrants from different home countries, an analysis that gives attention to how and why experiences vary is important.

An understanding of immigrants' financial needs and experiences will assist

policymakers, community organizations, and financial institutions more effectively promote participation of immigrants from a wide range of countries in the financial mainstream.

Chapter Two
Review of Relevant Literature on Immigrant Financial Integration and Access to Services

There is general agreement among academics and analysts that the incentive for emigration to the United States is primarily an economic one. Immigrants largely come to the United States in search of better employment and lifestyle opportunities for themselves and their families. As they strive to achieve their financial goals, throughout the course of their time here immigrants must make many choices about how to navigate the U.S. financial system. Almost immediately upon their arrival to the United States, immigrants engage in a range of financial transactions such as cashing an employer-issued check, paying living expenses, and remitting income to relatives in the country of origin.

The ability to deposit one's paycheck into a bank account helps ensure safety against theft or loss. Possession of a bank account enables a range of other transactions such as bill paying, purchases made by paper checks, and purchases with a debit card. "Unbanked" individuals must resort to fee-charging check-cashing businesses and paying cash for goods and services they purchase (Dunham, 2001). This puts individuals at higher risk for being victims of robbery and/or violent assault (Paulson, et al. 2006). In addition, households with no established relationship to a financial institution are unable

to build positive credit histories, which can result in no access to credit or access only to relatively high-cost credit. A relationship with a financial institution also helps shield consumers against the risks associated with holding uninsured cash reserves. Through taking deposits, banks not only raise immigrants' ability to save, but increase the likelihood that savings are channeled into productive investments. Banks may also be able to alleviate credit restraints since they often issue credit cards, mortgages, and loans. In addition to encouraging wealth building, e.g., through home ownership, a relationship with a bank provides a financial cushion against unforeseen events, and makes tools available for managing household finances (Rhine and Toussaint-Comeau, 1999). Participation in mainstream financial markets also ensures a level of consumer protection by fair-lending laws and regulations that safeguard individuals against unfair, discriminatory, or predatory lending practices.

The benefits of access to financial institutions reach beyond the individual. In cities where a greater share of residents have a bank account, income, employment, and homeownership rates are higher, while crime rates are lower (Paulson, et al. 2006). It has not been determined whether having a bank account causes socially desirable outcomes, but it is clear that the extent of financial access is an important indicator of the overall economic and social well-being of a community. Consumer participation in the financial mainstream can contribute to community revitalization; credit opportunities can support home financing and small-business entrepreneurship.

Compared to U.S.-born individuals, however, immigrants are much less likely to be connected to the financial mainstream. The Census Bureau's 1996 Survey of Income and Program Participation found that while 76% of U.S.-born households have a checking

account, only 63% of immigrant households have one (Paulson, *et al*. 2006). This gap is found with savings accounts, homeownership, and stock ownership, as well. Within the native and non-native populations, however, there is much inequality. For example, only14% of white U.S.-born households are unbanked, while among immigrants, this survey found that 53% of Mexican households, and 37% of the other Latin American households, are without a transaction account (Rhine and Greene, 2006). This is an important finding, since Mexico represents the largest source country, accounting for around 30% of immigrants in the United States (Malone, et al. 2003). Similar to the U.S.-born, immigrant householders with less education, larger families, and lower incomes are more likely to be unbanked. Immigrants who are married, have obtained citizenship, resided in the U.S. for a long period of time, or reside in the Northeast, are less likely to be unbanked (Rhine and Greene, 2006). Among Mexican immigrants, householders who are U.S. citizens are 17% less likely to be unbanked (Rhine and Greene, 2006). The relatively high likelihood of being unbanked for Mexican households and households from other countries in Latin America indicates that more research is needed to understand the factors that influence this outcome.

New York State has remained one of the primary destination states for new immigrants to the United States. Between 1970 and 2000, the total foreign-born population in New York City alone nearly doubled, from 1.4 million to 2.9 million (NY City Planning Report, 2004). In New York City, the foreign-born and their children account for 60% of the total population. Latin America was the largest area of origin in 2000, accounting for nearly 32% of the city's foreign-born. The Dominican Republic was the largest Latin American source area, followed by Mexico (NY City Planning

Report, 2004). According to Census data, Mexicans had the highest rate of population growth of all the major racial and ethnic groups in New York City in the 1990s. The number of Mexican New Yorkers counted by the U.S. Census more than tripled in the 1990s, rising from 61,772 in 1990 to 186,872 in 2000 (Rivera-Batiz, 2003). These numbers indicate that Mexican immigrants comprise a significant and growing portion of the population of New York City.

However, immigrants in New York City, especially low-income and undocumented immigrants, face barriers to entry into the financial mainstream of language, strict identification requirements, fear of information sharing between banks and immigration officials, and/or general mistrust of banking institutions. Many low-income and immigrant neighborhoods in New York City have few bank branches, or none at all (NEDAP, 2006). Since studies have shown that financial access of individuals impacts their local communities, it is of concern to all residents of New York City that immigrants from Mexico and other parts of the world are able to fully participate in the financial mainstream.

Through an analysis of surveys administered to immigrants from a variety of Latin American countries currently living in New York City, this study seeks to raise important questions and generate insights that will be useful for informing future research on this subject. Specifically, I look at:

- what percent of immigrants have access to basic banking services; whether access to banking varies by nationality; whether access to banking varies by gender;
- what immigrants cite as the barriers they face to accessing basic banking services;
- what immigrants perceptions are of U.S. banking institutions; whether perceptions

of banking institutions vary by nationality; whether perceptions of banking institutions vary by gender;

- what financial services immigrants use the most; what banking institutions immigrants use the most;
- what immigrants feel are the greatest financial needs in their communities.

In addition, I investigate relevant federal and state legislation that impacts banks' policies and practices and may affect immigrant access to banking services. I also examine the specific policies of five major banks with a strong presence in New York City.

This study builds on previous research by providing information from immigrants themselves on their needs, experiences, and perceptions. In addition, this study allows us to understand the particular needs and experiences of immigrants from Latin America living in New York City – a city often lauded as particularly "immigrant friendly," as it is in a blue state and is home to a wide variety of organizations and agencies providing support and services to immigrant communities.

With information from this study, community groups, financial literacy programs, and financial institutions will be better able to meet the financial needs of a growing immigrant population in New York City.

Chapter Three
Review of Relevant Federal and State Legislation Impacting Immigrant Access to Financial Institutions

A discussion of immigrant access to financial institutions and barriers to access should include a review and discussion of the relevant federal and state laws and

regulations that shape and dictate banks' individual policies. Barriers to accessing services, particularly for undocumented immigrants, may be created by restrictive laws and regulations at a federal and local level. In addition, certain consumer protections may mitigate barriers to accessing banking services for immigrants and other low-income individuals. For these reasons, I conducted a thorough investigation of relevant laws, policies, and regulations that impact banks' policies and affect immigrant access to financial institutions and services.

The Currency and Foreign Transactions Reporting Act, also known as the Bank Secrecy Act (BSA), and its implementing regulation, 31 CFR 103, was enacted by congress in 1970. The original purpose was to fight money laundering, drug trafficking, and other crimes by requiring financial institutions to report cash transactions in excess of $10,000. However, the law has been modified several times over the past three decades to expand the number and type of industries and transactions covered. Pursuant to this act, banks must follow guidelines for record keeping and reporting suspicious activities, and can be subject to significant penalties, including fines and loss of charter, if they fail to do so. They are also encouraged to adopt policies that determine the true identity of all customers.[1]

More recent legislation sets additional guidelines for banks and other financial institutions. Section 326 of the USA PATRIOT Act requires financial institutions to (1) verify the identity of any person opening an account; (2) maintain records of the information used to verify the person's identity; and (3) determine whether the person appears on any list of known or suspected terrorists or terrorist organizations. The regulations apply to banks and trust companies, savings associations, credit unions, and

[1] Source: Comptroller's Handbook available online at www.occ.treas.gov/handbook/bsa.pdf

other financial firms. Pursuant to this act, banks must implement Customer Identification Programs (CIPs) that include procedures to verify customer identity within a reasonable amount of time after the account is opened. Rather than dictate the forms of identification a bank must require, however, banks are allowed flexibility in determining what they will accept and under what circumstances.[2] There is no federal legislation that requires banking customers to present proof of legal status. Banks can require the kind and number of identifications that they choose. However, under the Patriot Act, federal regulators do hold banks accountable for their CIPs, and banks are held responsible for successfully verifying their customers' identities. Therefore, the level of flexibility banks' assume with regard to identification requirements for new customers will reflect the amount of risk a bank is willing to take.

Not all legislation, however, has a potentially restrictive effect on immigrants' access to banking. The Community Reinvestment Act (CRA) was enacted in 1977 to prevent redlining and to encourage banks and other financial institutions to help meet the credit needs of all segments of local communities, including low- and moderate-income neighborhoods. The CRA and its implementing regulations require federal financial institution regulators to assess the record of each bank in helping to fulfill their obligations to the community and to consider that record in evaluating applications for charters or for approval of bank mergers, acquisitions, and branch openings. The federal financial institution regulators are: Office of the Comptroller of the Currency (OCC); Board of Governors of the Federal Reserve System; Federal Deposit Insurance Corporation; and Office of Thrift Supervision.

An important positive aspect of the CRA is that it provides a framework for

[2] Source: FDIC (http://www.fdic.gov/news/news/financial/2004/fil0404a.html)

depository institutions and community organizations to work together to promote the availability of credit and other banking services to underserved communities. According to the OCC, under its impetus banks and thrifts have opened new branches, provided expanded services, adopted more flexible credit underwriting standards, and made substantial commitments to state and local governments or community development organizations to increase lending to underserved segments of local economies and populations.[3]

On a biennial basis, New York State bank examiners conduct an evaluation, pursuant to the Community Reinvestment Act (CRA), of an institution's performance, pursuant to CRA, in helping to meet the credit needs of communities, including those of low or moderate income within its assessment area. An institution's assessment area reflects those areas in which it operates branches, accepts deposits and/or does a significant amount of lending. Based on the evaluation, a rating of 1-4 is assigned. A "1" indicates an Outstanding record of helping to meet community credit needs; a "2" indicates a Satisfactory record of helping to meet community credit needs; a "3" indicates that the bank Needs to Improve its record of helping to meet community credit needs; a "4" indicates Substantial Non-compliance in helping to meet the credit needs of its community. These ratings, along with the Performance Evaluation, provide the bank and the public an understanding of how well the bank is performing under CRA. It is mandatory that banks make their Performance Evaluations available to the public at each branch office and the institution's headquarters. Performance Evaluations can also be

[3] Office of the Comptroller of the Currency Administrator of National Banks (http://www.occ.treas.gov/crainfo.htm)

requested from the bank's supervisory agency.[4]

In addition, New York State law requires that all banks (including commercial banks, savings banks and credit unions) must offer consumers a low-fee bank account that meets specific basic criteria. No matter what name the bank gives to the type of account, banks in New York are required to offer an account that does not require an initial deposit of more than $25; where the minimum balance to maintain the account is not more than $.01 (one cent); where the monthly maintenance charge is not more than $3; where account holders are able to make at least eight withdrawals per month at no additional charge; where there is no limit to the number of deposits that can be made per month. However, banks are still able to restrict access to these accounts by requiring that a customer be a resident of New York State and/or that a customer provide the same information and identification that anyone else is asked to provide when opening an account.[5]

Chapter Four
Research Design and Methodology

This study is an exploratory study; it was not designed to make predictive statements, as the sample is not a representative sample and is therefore not generalizable at any level. The goal of this study, rather, is to generate insights and raise important questions to be explored with further research. Data for this project was collected through surveys of immigrants living in New York City and research on relevant federal

[4] Source: State of New York Banking Department (http://www.banking.state.ny.us/crafaq.htm)
[5] State of New York Banking Department (http://www.banking.state.ny.us/brbba.htm)

policies. In collaboration with the New York Immigrant Financial Justice Network, the Neighborhood Economic Development Advocacy Project (NEDAP) developed a survey to assess immigrant New Yorkers' financial needs and experiences. Data collection for this survey was coordinated primarily by NEDAP. Data collection began in the summer of 2006 and continued through December 2006. Over 500 surveys were collected. In order to have enough surveys to allow me to make some comparisons among nationalities and between men and women, I collected all the surveys – 203 – completed by immigrants from Latin America that were available.

The surveys took an estimated 10 to 12 minutes each to complete and were administered in Spanish and English to volunteers. Study participants were recruited by NEDAP staff, staff members of NGOs that had agreed to work with NEDAP on the project, and Columbia graduate students, in collaboration with community organizations. Recruitment was done in a number of places throughout New York City, including community events and meetings, schools, hospitals, ESL classes, churches, sidewalks, and other places.

Survey questions focused on what financial services immigrants use, use of a transaction account in the U.S., perceptions of financial institutions, remittance activities and level of satisfaction with remittance agencies, experiences with loans, negative experiences with financial institutions, identification acquired in the U.S., perceptions of financial services needed in immigrants' communities, and basic demographic information – gender, borough of residence, number of years in the U.S., citizenship status, age, and annual income.

In addition to research on government regulations, I called the offices of five banking institutions with a strong presence in New York City – Citibank, HSBC, Bank of America, Chase, and Washington Mutual – to get information on these banks' official policies on serving non-U.S. citizens. In particular, I asked about what identification requirements must be met by any new customer of these banks and what each bank offers in terms of low-fee bank accounts. This was useful in assessing the degree to which these institutions are "immigrant friendly" – whether these banks' policies render immigrants' access to services easier or more difficult.

Chapter Five
Results

Sample

Demographic characteristics

Women comprise 57% of the sample, outnumbering men (43%) slightly. While immigrants from a wide variety of countries in Latin America participated in the survey, the most represented groups are immigrants from Mexico (45%), followed by Colombia (16%), Ecuador (15 %), and the Dominican Republic (11 %). Immigrants from other countries, such as Guatemala, Peru, Honduras, Argentina, Bolivia, each represent less than 3% of the total sample. The age range of respondents is from 18 to 60 or older. However, 70% of those interviewed are between 18 and 40, with the 18-30 age range most represented (38%). Annual income of respondents ranges from $0 to $40,0000 or more. Approximately 77% earn between $0 and $20,000; of those, over half are earning $10,0000 per year or less. 34% identify themselves as citizens or residents of the U.S.; 66% were neither citizens nor residents at the time of the interview. (See table 1.)

Table 1 – Sample Characteristics

	Respondents (N=203)
Gender	
Male	43%
Female	57%
Nationality	
Mexico	45%
Colombia	16%
Ecuador	15%
Dominican Republic	11%
Other groups	< 3 % each
Age	
18-30	38%
31-40	32%
41-50	18%
51-60	10%
Over 60	2%
Income	
$0-$10,000	40%
$10,001-$20,000	37%
$20,001-$30,000	15%
Over $30,000	8%
Citizenship	
U.S. citizen or permanent resident	34%
Non-U.S. citizen, non-resident	66%

Descriptive Data

Question 1: What percent of sample of immigrant New Yorkers has access to basic banking services? Does access vary by nationality and/or gender?

Almost half of the total sample (44%) had no checking or savings account at the time of the interview. Women in the sample are slightly more likely to be unbanked than men. Immigrants from Mexico in the sample are much more likely to be unbanked than immigrants from any other country in Latin America. 59% of the Mexican respondents had no bank account at the time of the interview. This is much greater than the percent of all immigrants with no bank account (44%). They are 23% more likely to be unbanked than immigrants from the Dominican Republic, 26% more likely to be unbanked than immigrants from Ecuador, and 34% more likely to be unbanked than immigrants from Colombia. (See table 2.)

Table 2 – Access to basic transaction account

	Savings or Checking Account at Major Bank (N=203)	
	Yes	**No**
Total	56%	44%
Gender		
Male	59%	41%
Female	54%	46%
Nationality		
Colombia	75%	25%
Ecuador	67%	33%
Dominican Republic	64%	36%
Mexico	41%	59%

As the age range of immigrants in the sample increased, the likelihood of having a bank account increased, as well. 53% of immigrants 18-30 years of age had a bank account at the time of the interview. In the range of 31-40 years, 55% are banked; in the range of 41-50 years, 65% are banked. The percent of banked immigrants declines slightly for those aged 51-60 (61%), but then increases to 100% for those over 60. In addition, as salary increases, likelihood of being banked increases. More than half (53%) of the immigrants in the sample earning $10,000 or less are unbanked. Only 25% of immigrants earning $25,000 - $35,000, and 16% of immigrants earning $35,001-$40,000 are unbanked. No immigrant in the sample earning more than $40,000 is unbanked. U.S. citizens or permanent residents in the sample are almost 4 times as likely as non-citizens to have a bank account.

Question 2 – What do immigrants perceive as the barriers to accessing an account? Do these barriers vary by gender and/or nationality?

43% of the sample believes that they will not meet the ID requirements that banks impose for opening new accounts. The second most common reason cited by respondents is that they don't have money to save in an account. Only 5% said that the reason they don't have an account is that they do not trust banks with their money. Men are around 3 times more likely to cite ID requirements rather than any other reason as the primary reason for no bank account. Women are equally as likely to cite ID requirements and lack of money as primary reasons for no account. Mexican and Colombian immigrants cite ID requirements as primary barrier. Immigrants from the Dominican Republic cite lack of money as primary barrier. (See table 3.)

Table 3

Reasons for no account (N=42)	Total	Men	Women	Mexico	Colombia	Ecuador	DR
Don't have necessary ID	43%	47%	36%	43%	50%	40%	0%
Don't work/don't have money	26%	16%	36%	26%	0%	40%	67%
No interest/don't want one	12%	16%	9%	17%	25%	0%	0%
Don't trust banks	5%	11%	0%	4%	0%	0%	0%

Question 3 – How do immigrants perceive banking institutions in the United States? Do immigrant perceptions of financial institutions vary by nationality and/or gender?

Banks safe

Of the total sample, a little over half (63%) believes banks are safe. Not surprisingly, I found that **almost three-quarters** (71%) of the respondents **with bank accounts** feel that banks are a safe place to keep their money. Of those respondents, only 6% believe that banks are not a safe place for their money. Of respondents **with no bank account, slightly more than half** (54%) believes that banks are a safe place to keep money. Mexicans are significantly more likely than immigrants from other Latin American countries to perceive banks as unsafe places to keep money. While 0 immigrants from the Dominican Republic, 3% of Colombian immigrants, and 4% of immigrants from Ecuador with transaction accounts believe banks are unsafe, more than 1 in 10 (11%) Mexicans shares that belief. 1 in 10 (10%) Mexicans with no account believes banks are unsafe, while no other immigrants without an account shares this belief. (See table 4.)

Banks friendly

Only 24% of total survey respondents believes that banks are friendly to immigrants. 19% believe that banks are never friendly to immigrants; the majority (44%) believes that sometimes banks are friendly to immigrants. 35% of immigrants from Colombia and Ecuador believe banks are always friendly, while only 18% of immigrants from Mexico and the Dominican Republic share this belief. 22% of Mexicans feel banks are never friendly – more than any other immigrant group. Of respondents with bank accounts, 31% believe that banks are friendly to immigrants, 15% think they are not. The majority

(49%) feels that banks are sometimes friendly and sometimes not. Of respondents with no bank account, many fewer believe that banks are friendly – only 14%. 27% believe that banks are not friendly to immigrants, while 36% believe that banks are sometimes friendly. Immigrants from Mexico and the Dominican Republic with bank accounts were significantly less likely than immigrants from Colombia or Ecuador to perceive banks as friendly. No immigrant from the Dominican Republic without an account perceives banks as friendly. (See table 5).

Table 4 – Perceptions of banking institutions as safe

	Perceptions of banking institutions as safe by those **with bank accounts** (N=108) Banks Safe			
	Yes	No	Sometimes	Don't Know
Total	71%	7%	18%	5%
Gender				
Male	70%	9%	15%	7%
Female	71%	6%	21%	2%
Nationality				
Ecuador	76%	6%	12%	6%
Colombia	74%	4%	22%	0%
Dominican Republic	57%	0%	36%	7%
Mexico	69%	11%	14%	6%
	Perceptions of banking institutions as safe by those **without bank accounts** (N=80)			
	Yes	No	Sometimes	Don't Know
Total	54%	8%	21%	18%
Gender				
Male	50%	13%	23%	13%
Female	54%	4%	20%	22%
Nationality				
Ecuador	63%	0%	13%	25%
Colombia	50%	0%	25%	25%
Dominican Republic	50%	0%	25%	25%
Mexico	53%	10%	20%	16%

Table 5 – Perceptions of banking institutions as friendly

	Perceptions of banking institutions as friendly by those **with bank accounts** (N=108)			
	Yes	No	Sometimes	Don't Know
Total	31%	15%	49%	5%
Gender				
Male	26%	17%	51%	6%
Female	38%	15%	43%	4%
Nationality				
Ecuador	44%	17%	28%	11%
Colombia	41%	18%	41%	0%
Dominican Republic	29%	0%	57%	14%
Mexico	22%	19%	59%	0%
	Perceptions of banking institutions as friendly by those **without bank accounts** (N=80)			
	Yes	No	Sometimes	Don't Know
Total	14%	27%	36%	23%
Gender				
Male	20%	27%	30%	23%
Female	12%	26%	42%	21%
Nationality				
Ecuador	13%	0%	38%	50%
Colombia	14%	29%	43%	14%
Dominican Republic	0%	13%	63%	25%
Mexico	17%	26%	35%	22%

Question 4 - What financial services are most used by immigrants? What banking institutions are most used by immigrant New Yorkers?

Money transfer agencies used to send money from within the United States to other countries are the service most utilized by study participants (78%). Bank accounts followed (56%). According to the respondents in the sample, Citibank has a much greater share of the immigrant market than other banking institutions in New York City; over half (55%) of those surveyed with an account have their account at Citibank. Citibank is followed by Washington Mutual (10%), Bank of America (9%), and Banco Popular (7%). All immigrant groups in the study follow this pattern, with the exception

that the majority of immigrants from the Dominican Republic (36%) use Washington Mutual, rather than Citibank (18%). After bank accounts, the most used financial service is a credit card (36%), and check-cashing service (23%). (See table 6)

Table 6 – Financial services and banking institutions

	Survey Respondents (N=203)
Money transfer agencies	78%
Bank account	56%
Citibank	55%
Washington Mutual	10%
Bank of America	9%
Banco Popular	7%
Other	< 6% each
Credit card	36%
Check-casher	23%

Question 5 – What do immigrants perceive as the greatest financial needs in their communities?

The greatest financial need in the community most cited by respondents in the sample (34%) is access to banking services and/or better banking services. After banking services, immigrants in the sample cite greater access to credit and loans as the greatest financial need in their community (20%), followed by access to home ownership (14%) and financial education programs (14%). This outcome does not differ by much for men and women in the sample, nor by nationality. However, the majority of immigrants from the Dominican Republic (30%) cite financial education, rather than banking services (20%), as the greatest financial need.

New York City Bank Policies

From information obtained from banking institutions, I was able to see certain differences in policies that may impact immigrants' perceptions of and/or access to these banks.

Chase Bank requires one primary ID and one secondary ID. They accept a foreign passport as a form of primary ID; among other government-issued IDs, they accept a major credit card or a Mexican Consular ID card as a secondary form of ID. At this time, Chase only accepts major credit cards (MasterCard, Visa, American Express), not cards issued by department stores or other companies. In addition, they will accept a driver's license only if it was issued in the United States, and do not accept consular IDs from any foreign consulate other than the Mexican consulate. Chase does not seem to be complying with New York State regulations on low-fee accounts. They do offer free checking, but it must have direct deposit. If it does not have direct deposit, the fee is $6 per month. For savings accounts, the lowest minimum balance requirement is $300.

HSBC requires non-citizens to provide a foreign passport. As a secondary form of ID, potential clients may provide a U.S. driver's license, employee ID with signature, or credit card issued by HSBC. HSBC does not accept consular ID cards as a form of identification. HSBC offers free checking, with no monthly fee, and no minimum initial deposit requirements.

Citibank requires two IDs and proof of address. Non-citizens must present a foreign passport and a tax ID number – either a SSN, ITIN, or certification of foreign status, since Citibank claims it must be able to officiate how taxes will be paid on the account. Citibank does accept the Mexican consular card. If there are direct deposits, the fee for a checking account is waived. With no direct deposit, the monthly fee is $3.

Bank of America will accept as a primary ID either a foreign passport of foreign driver's license. As a secondary ID, they will accept, among may government-issued IDs, a major credit card, department store credit card, or consular ID from either the

Mexican or Guatemalan consulates. If there is direct deposit coming in, there is no minimum balance for the basic checking account. With no direct deposit, the monthly free is 5.95 with a minimum initial deposit of $50.

Washington Mutual will accept a foreign passport as a primary ID for non-U.S. citizens, and a major credit card, utility bill, or Mexican consular card as a second form of ID. They offer a free checking account with no direct deposit requirement, no minimum balance, and no monthly fee,

Three of the five representatives that I spoke with indicated that there may be variations in ID requirements depending on the bank branch and/or manager.

Chapter Six
Conclusions and Implications for Policy and Practice

This study sought to overcome the sole reliance of many studies on this subject on bank statistics by integrating the results of an opinion survey of the immigrants themselves. One of the strengths is that the conclusions are based on data gathered through surveys with immigrants themselves, rather than patterning their behavior using third party data from banks and other institutions. Immigrants were able to voice their experiences and the survey included open-ended questions, as well as questions with categorical response options. This study also provided insight into the particular experiences of immigrants living in New York City.

One limitation of this study is that the sample was an opportunity sample. We were not able to do a random sampling of immigrants in New York City due to time and resource constraints. While some participants were recruited at hospitals and schools,

others were recruited through NGOs who administered the survey to their members and clients. For this reason, there exist inevitable sample biases. The relatively small sample size made it difficult to compare and contrast experiences of immigrants from a wide range of Latin American countries, as well as to understand the experiences of immigrants from less-represented countries (e.g. Argentina, Bolivia, Costa Rica, Guatemala, Peru, Honduras, and others). This study was exploratory in nature given the limitations of the survey data available but, given the limited research existing on the subject, it has resulted in useful insights for future research.

Summary of Important Findings

- 44% of total sample has no checking nor savings account
- Men are slightly (5%) more likely to have a transaction account than women; immigrants from Mexico are significantly less likely to have a transaction account than immigrants from Colombia, Ecuador or the Dominican Republic. Approximately 60% of the Mexicans in the sample have no bank account.
- Primary reason cited by immigrants in our sample for why they do not have an account is the belief that they do not meet ID requirements
- 63% of our sample believes that banks are a safe place for money, but only 24% think banks are friendly to immigrants. Of those with no accounts, slightly more than half (54%) feels banks are safe, and only 14% feels banks are friendly.
- Money transfer agencies were the primary financial service used by immigrants, followed by transactions accounts, credit cards, and check-cashing services.

- More than half of those in our sample with bank accounts have their account at Citibank.
- Immigrant perceptions of U.S. banking institutions vary by nationality. Immigrants from Mexico and the Dominican Republic are least likely to perceive banks as always safe and friendly. Mexicans in our sample were most likely to believe that banks are never safe (11%), and to believe banks are never friendly (22%). The likelihood to perceive banks as friendly is much higher (around 30%) for immigrants from Colombia, Ecuador and the Dominican Republic with transaction accounts than without. Among Mexicans, however, those with accounts are only 3% more likely than those without accounts to perceive banks as friendly.
- Although Citibank was most used by immigrants in our sample, they may have most restrictive ID requirements. They require all new customers to present either a SSN or ITIN to open an account.
- Washington Mutual and Bank of America, the second and third most used banks by immigrants in our sample may have least restrictive ID requirements of the five banks researched.

Implications for Policy and Practice: Summary of Recommendations

- ***More financial outreach programs for all immigrants***

Since 44% of our sample has neither a checking nor savings account, this would indicate that there is a need to incorporate a greater percentage of immigrants in New York City into the financial mainstream.

- ***More outreach to Mexican immigrant community in New York City***

Since Mexicans in the sample were significantly less likely to have a bank account, I recommend efforts that target the Mexican community in New York City.

- ***More financial literacy and education programs to dispel myths***

For immigrants with no account, 43% stated the reason as being that they believe that they do not have the required ID. Since many banks in New York City do not require an SSN to open an account, efforts should be made by NGOs and other community organizations to educate immigrants about the specific ID requirements of certain banks and ways to acquire additional identification, if needed. Also, only 63% of all respondents agreed that banks are a safe place to keep their money. Among nationalities, Mexicans and Dominicans had the lowest rates of agreement at slightly over half. According to conversations with service providers, many immigrants believe that banks may share information with immigration officials and/or that if they are discovered by immigration officials as being in the country illegally their money will be confiscated. It is also possible that due to high minimum balance requirements and fees associated with bank accounts in their home countries, they believe that bank accounts in the U.S. are just as costly and difficult to maintain. Therefore, I recommend the support of expanded financial literacy programs for immigrants throughout the city.

- ***More partnerships between financial institutions and entities that immigrants have closer relationships with, e.g. churches, schools, community organizations, etc.***

Only 24% of survey respondents agreed that banks are friendly to immigrants. In order for banking institutions to foster trust and build relationships with immigrant communities, I suggest forming partnerships with community groups and other institutions within immigrants' local communities that immigrants trust and participate in. Partnerships will enable a dialogue between banking institutions and local communities and will assist banks in meeting communities' financial needs and addressing immigrants' specific concerns.

Future Research

The main purpose of this study was to initiate an investigation of Latin American immigrants' experiences with the financial mainstream in New York City. This study focused primarily banking access and on immigrants' perceptions of barriers to accessing financial services. Research that examines branch compliance with banks' official ID requirements and branch attitudes towards and treatment of immigrants from diverse backgrounds, perhaps through a combination of surveys and sending testers into different bank branches around New York City, would make a useful contribution to the field of study. More investigation is needed into how and why some banks (e.g. Citibank, Washington Mutual, and Bank of America) more than others are successful in gaining a greater percentage of immigrant patronage.

Although this study examines immigrants' perceptions of the financial mainstream, it would be useful to understand where and how these perceptions form. This study does not discern whether these perceptions are based on experiences in the U.S. or whether immigrants arrive with these perceptions already intact from experiences

in their home countries. Research on the relationships between the financial sector and institutions in immigrants' home countries and their level of incorporation in the United States could provide insight into why some immigrant groups bank more than others.

Further research should be undertaken to assess immigrant women's particular banking experiences, although this study suggests that there are not significant gender differences in access to banking services within this group.

Lastly, it is important to see whether federal and state legislation that shapes banks' policies and practices has any impact on the number of immigrants who are incorporated into the financial mainstream, and/or their perceptions of and experiences with banking institutions.

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