

Friday, April 19, 2013

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DEPARTMENT OF CONSUMER AFFAIRS RELEASES REPORT REVEALING BANKING NEEDS OF THREE OF NEW YORK CITY'S GROWING IMMIGRANT COMMUNITIES

80 Percent of Immigrant Survey Participants Who Make Less than \$300 a Week Report Savings

The Department of Consumer Affairs (DCA) Office of Financial Empowerment today, in partnership with the Mayor's Office of Immigrant Affairs (MOIA), released the [*Immigrant Financial Services Study Research Brief*](#), which surveyed more than 1,300 immigrants from China, Ecuador and Mexico to deepen the City's understanding of the financial service needs and behaviors of New York City's diverse and vibrant immigrant community. It revealed that, while all three groups have savings, some have a longer pathway to banking than others, in part due to misperceptions about the process of opening a banking account and access to financial institutions. The *Study* is part of MOIA's [*One NYC One Nation*](#) initiative to strengthen immigrant communities and was made possible by generous support from Citi Community Development and New York Community Trust.

"Banking patterns and needs of immigrant communities often defy anecdote and generalization," said DCA Commissioner Jonathan Mintz. "This intensive *Study* of Mexican, Ecuadorian, and Chinese immigrants provides key insights and concrete data for policymakers and those in the financial services industry looking to expand safe banking opportunities, including detailing the communities' needs, demands, and real and perceived obstacles to banking, credit, and asset building."

"Understanding the financial patterns of immigrant New Yorkers is critical to ensuring their successful integration into our city," said Mayor's Office of Immigrant Affairs Commissioner Fatima Shama. "The data and findings to support immigrant connectivity and economic growth are very exciting. I applaud my colleagues at DCA for their partnership, and Citi for its support for the study."

"Citi shares the City of New York's commitment to expanding financial inclusion to all New Yorkers, and this *Study* makes clear the very diverse needs of distinct immigrant communities in terms of access to and usage of financial services," said Bob Annibale, Citi Global Director of Microfinance & Community Development. "The *Study* demonstrates that it is critical to design initiatives that address the specific characteristics of these groups, their neighborhood-based needs, and the many barriers, including different experiences, skills, and languages, that together impact goals to significantly expand access to banking and other formal financial services for individuals and small businesses. Citi is working with innovative partners, such as the City of New York, to identify opportunities to link financial access with new and engaging ways to deliver financial education, so that our newest New Yorkers will be able to make informed financial decisions and achieve their families' goals."

DCA worked closely with MOIA to develop the *Study* and worked with research experts to conduct interviews, focus groups and field surveys of residents, community organizations and consular offices, as well as banks and credit unions to determine the needs and behaviors of these groups. Questions focused on how residents manage their money, what services are used and what additional services are needed. Researchers interviewed more than 1,300 first-generation immigrants from three of the City's largest and growing immigrant communities—Chinese, Ecuadorian and Mexican—over a three-month period in Chinatown, Flushing, Sunset Park, East Harlem and Jackson Heights.

Key findings from the Study include:

- **Fifty-seven percent of Mexican, 35 percent of Ecuadorian and five percent of Chinese participants in the *Study* sample did not have a bank account.**
 - The most common reason for not having a bank account among all groups was concern about minimum balances or account fees.
 - More than half of the unbanked Mexican and Ecuadorian participants also expressed uncertainty about the ability to open a bank account, citing questions about identification requirements and language access as barriers. However, researchers found this to be a misperception as more than 85 percent of sampled banks and credit unions have flexible identification requirements and multilingual staff.
 - In the Ecuadorian and Mexican sample, the proportion of unbanked immigrants significantly decreased after living in New York City for several years.
- **Eighty percent of immigrant survey participants who make less than \$300 a week report having savings.**
 - A third of unbanked participants reported having more than \$500 in savings, and close to 75 percent of banked participants also had at least that amount.
 - More than 80 percent of participants, regardless of banking status and income level, identified having both short- and long-term savings goals, including for emergencies and their children's education.
- **High incidence of money transfers back to home countries represent a significant market opportunity for mainstream financial banking institutions.**
 - Close to 70 percent of all respondents reported sending money to their home countries and often using money transfer agents instead of banks or credit unions.
 - Participants felt that money transfer services at banks were expensive and often inconvenient.

The [*Immigrant Financial Services Study*](#) (*Spanish*; *Chinese will be available shortly*) is the first study to take a closer look at the financial behavior of specific immigrant populations in New York City. In 2010, DCA's OFE released the [*Citywide Financial Services Study*](#), which revealed that more than 825,000 adults in New York City did not have a banking account and were instead using fringe financial services. This *Study* was a follow up to the [*Neighborhood Financial Services Study*](#), which examined banking practices in two neighborhoods – Jamaica, Queens and the Melrose section of the Bronx – and found that residents in these areas spent more than \$19 million a year on check-cashing fees alone.

DCA's citywide network of Financial Empowerment Centers offers free, one-on-one professional financial counseling targeted to individuals and families with low to moderate incomes. Since the first Financial Empowerment Center opened as a pilot in 2008 with support from private philanthropy, the network has grown to nearly 30 Centers and is funded by the City. Over the past four years, Financial Empowerment Center counselors have helped more than 20,000 New Yorkers reduce their debt by over \$10 million.

DCA enforces the Consumer Protection Law and other related business laws throughout New York City. Empowering consumers and businesses to ensure a fair and vibrant marketplace, DCA licenses more than 78,000 businesses in 55 different industries. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their rights and responsibilities. The DCA Office of Financial Empowerment (OFE) was launched by Mayor Michael R. Bloomberg at the end of 2006 as the first local government initiative in the country with the specific mission to educate, empower, and protect individuals and families with low incomes. OFE creates innovative programs, products, and services for New Yorkers so they can build assets and make the most of their financial resources. Our goal is to increase access to high-quality, low-cost financial education and counseling; connect individuals to safe and affordable mainstream banking and products and services; improve access to income-boosting tax credits, savings, and other asset building opportunities; and enforce and improve consumer financial protections to safeguard financial stability. For more information, call 311 or visit DCA online at nyc.gov/consumers.