



Financial Literacy Programs for Immigrants

By Jamie Durana

The Challenge

New immigrants face several obstacles to using the U.S. banking system, including a distrust of banks, a language barrier, lack of knowledge about banking and lack of documentation. As a result of these barriers, new immigrants — and even more established immigrants — pay excessive fees for check cashing and services to send money to their home countries. Consequently, immigrants routinely become targets for thieves because of large amounts of cash kept at home. Local leaders can help encourage increased financial literacy among immigrants by supporting the types of programs described in this guide.

Initiatives that encourage immigrants to build wealth and take part in the formal financial system — banking the “unbanked” — must overcome language and cultural barriers to reach sometimes insular communities. Financial literacy programs can help immigrants develop the confidence to effectively use the banking system and even get on the path to homeownership. Local efforts to help immigrants save and become financially literate promote stable neighborhoods and contribute to the economic vitality of the community.

Strategies

Program Types

Remittance-based Programs

Immigrants are a large, growing and relatively untapped market for financial institutions. Many immigrants send remittances — money sent to one’s home country, usually by wire transfer — and many banks are able to attract new customers through targeted advertising of money-transferring services. Using targeted advertising of an already existing bank service, banks can then market other products to their new customers. Wells Fargo, which operates a remittance transfer service called InterCuenta Express, has found that remittance program customers use more of Wells Fargo’s products than non-remittance customers on average. Remittance-based programs are an improvement over traditional money wiring services because they promote positive financial habits by requiring customers to utilize other banking services, such as savings accounts.

Remittance transfer programs can be established at the community level at individual bank branches. Typically, remittance program customers are required to open a bank account and gain awareness of other banking services in the process. These programs are often advertised via word-of-mouth and therefore do not require large advertising campaigns.

Although remittance transfer programs have been successful, they require a significant investment in preparation. In addition to identifying the target group and hiring bilingual staff, banks must compete with money wiring services traditionally used by immigrants. Banks generally offer significantly lower wire transfer fees than traditional money wiring services, but companies like Western Union are known quantities in immigrant communities.

Non-remittance-based Programs

Financial literacy programs are designed to acquaint newcomers with the American banking system. These programs can be as simple as a financial planner from the immigrant community answering questions on a radio show or as comprehensive as a multi-week course covering a broad range of personal and small-business financial topics. Although financial literacy programs are provided by a variety of entities, they are typically the domain of community-based or immigrant organizations and commercial banks. Community-based and immigrant organizations develop financial literacy programs to encourage immigrants to use the banking system in order to build wealth and protect their earnings. The Semillas Program, developed by the International Migrant’s Development Fund in Washington, D.C., includes seven workshops to educate students about financial options and services. Commercial banks often support these kinds of programs. Bank of America provides funding to the Banking on Our Future program operated by Operation Hope in Los Angeles. Recognizing the demand for financial literacy training, many immigrant organizations have added a personal finance component to existing activities like English as a Second Language or citizenship programs.

Rather than funding outside programs, some banks have developed their own. First National Bank in Rogers, Ark., developed a financial literacy seminar series as part of its effort to reach out to new Latino immigrants in the town. This program grew to include a partnership with a major employer of immigrants living in the town. Like remittance programs, banks can broaden their customer base by providing financial literacy services.

Action Steps

Financial literacy programs for immigrants are operated by a variety of providers, including cities (e.g. public libraries and public schools), community-based organizations (CBOs), and immigrant service organizations. All of these programs were developed in part by answering several key questions:

- **Who is the target audience?** Who are the immigrants living in the community? From what country did they arrive? What is their native language?
- **What are the banking goals of the audience?** Is this immigrant group primarily seeking to send money to their home country? Are they interested in purchasing homes or starting small businesses?
- **What is the audience's previous experience with banking?** What are mainstream financial institutions like in their home country? Are they mistrustful of banks?
- **How can the audience be encouraged to participate in a financial literacy program?** Are there opportunities to work with major employers of immigrant residents? Can advertising be tailored to reach potential immigrant customers? What local organizations and businesses can provide input and assistance in developing a program?

The answers to these questions provide the details necessary to tailor financial literacy programs to immigrant communities. Having a solid knowledge base about the prospective students helps ensure that the program offered will be taken seriously and be a helpful tool for immigrant residents. Lack of knowledge about the community from which prospective students are drawn will be evident and can discourage those potential participants.

Resources

The following resources offer information and materials that can be used as part of developing a financial literacy program:

Money Smart Program Financial Education Program (Federal Deposit Insurance Corporation)

The Federal Deposit Insurance Corporation's Money Smart program is a financial education curriculum. The program provides basic lessons about banking and is geared toward those unfamiliar with mainstream financial institutions. The comprehensive program includes train-the-trainer, adult education and youth education materials. These materials are available in seven languages. <http://www.fdic.gov/CONSUMERS/CONSUMER/moneysmart/>

Appleseed's Financial Access Program

The Appleseed Network has developed several publications aimed at promoting financial access among immigrants. These publications include *Banking Immigrant Communities*, a toolkit that provides banks and credit unions with information for reaching "unbanked" immigrants, and a series of brochures available in English and Spanish. <http://www.appleseednetwork.org/bPublicationsb/FullArchive/FinancialAccess/tabid/525/Default.aspx>

Many cities already operate financial literacy programs that are not geared toward the immigrant community. Therefore, the classes may be missing a large group of potential students. These existing programs are often developed to attract underserved communities in the city, including low-income residents. The curriculum and promotion of the programs can be modified to encourage immigrants to join by:

- **Encouraging banks and city agencies to participate.** Local bank branches can bring their experience identifying customer needs to participating in or supporting a financial literacy program for immigrants. Rogers' First National Bank went beyond drawing immigrant customers into the bank and provided financial education seminars. A Citizens Bank branch in Dorchester, Mass., developed a remittance-based program.¹ The program allowed the bank to reach the previously untapped market of Cape Verdean immigrants and provided the new customers with lower-cost remittance wire-transfer fees and an opportunity to learn good banking practices.
- **Working with CBOs and immigrant service providers.** Establishing connections with CBOs and other organizations that work with immigrants is an important step in developing and promoting a financial literacy program. Even if a CBO is unable to contribute resources, its experience can be invaluable. Effective promotion hinges on building trust with potential students. Through working directly with organizations that have a relationship with the local immigrant community, a new program will be more likely to attract students.

Banking on the Future with Citi (U.S. Committee for Refugees and Immigrants)

The U.S. Committee for Refugees and Immigrants provides a series of financial education brochures in six languages. The brochures cover basic banking topics, including credit and electronic banking. <http://www.refugees.org/article.aspx?id=1971>

National DOLLAR WISE Campaign

The U.S. Conference of Mayors' Council for the New American City developed the National DOLLAR WISE Campaign as a way for mayors to offer financial literacy programs to the residents in their communities. Mayors that join the campaign establish the local financial literacy programs and the Council for the New American City provides materials for the programs. <http://usmayors.org/dollarwise/about.asp>

Examples of Programs

The following descriptions cover a variety of program types and provide details about successful financial literacy programs:

Semillas Program, International Migrants' Development Fund (Washington, D.C.)

Connecting “unbanked” immigrants with the financial mainstream is a fundamental step toward fostering wealth creation in the immigrant community. The International Migrants' Development Fund (FIDMi) is a non-profit organization that focuses exclusively on this goal. Through its Semillas Program, FIDMi educates Latino immigrants in the Washington, D.C., Metropolitan Area about the financial services available to them. The Semillas Program curriculum includes basic banking instruction and underscores the importance of proper banking practices.

<http://www.fidmi-mitierra.org/html/core.html>

First National Bank (Rogers, Ark.)

Rogers' immigrant population grew significantly in the mid- to late-1990s as large numbers of Latino immigrants sought employment opportunities in the town's poultry processing industry. First National Bank in Rogers has experience with a variety of customers, including low-income clients, which helped the bank successfully reach out to Rogers' new residents. First National was able to tailor many of its existing services to these newcomers, hired bilingual staff and provided financial literacy seminars for workers on-site at one of the town's major poultry processing plants. The success of this program was its mutually beneficial outcome for students, the bank and the plant.²

National City Bank (now a part of PNC Financial Services Group Inc.) (Indianapolis, Ind.)

Corporate sponsorships are another way for local banks to lend support to financial education programs for the immigrant community. National City Bank has sponsored financial literacy workshops operated by community organizations in Indianapolis as part of the bank's commitment to providing financial education opportunities to immigrants, refugees and youth. These programs allow the bank to raise awareness about financial services and benefit from the experience that the community organizations have in the field.

Financial Literacy Initiative for Immigrants and Refugees, Women's Initiative for Self-Empowerment (Minneapolis-St. Paul, Minn.)

The Women's Initiative for Self-Empowerment (WISE) was founded by a group of immigrant women with the goal of addressing issues that affect immigrant and refugee women and families. The organization's Financial Literacy Initiative for Immigrants and Refugees program provides financial education in the form of a workshop series.

<http://womenofwise.web.officelive.com/Programs.aspx>

Project Pro\$per (Madeira, Fla.)

Project Pro\$per uses a revolving loan fund to educate immigrants about managing personal finances. The organization grants small loans to eligible borrowers, who then must make monthly savings deposits rather than pay interest. Project Pro\$per also offer financial literacy classes in Pinellas County, Fla.

<http://projectprosper.org/>

Bank On San Francisco (San Francisco, Calif.)

The Bank On San Francisco program was established in 2006 by Mayor Gavin Newsom. The city partnered with community-based organizations (CBOs) and financial institutions to bring free or low-cost checking accounts to the “unbanked” among low- and moderate-income residents. In order to make this successful model accessible to other cities across the country, NLC's Institute for Youth, Education and Families launched the *Bank On Cities Campaign* in 2008. The campaign has helped 18 cities replicate the successful San Francisco initiative by forging partnerships between the city, CBOs and financial institutions. <http://bankonsf.org/>

Banking on Our Future, Operation Hope

Working with school districts allows Operation Hope's Banking on Our Future program to reach youth in traditionally under-served communities. The program is provided at no cost to participating schools and provides financial literacy education in a module system. <http://www.operationhope.org/smdev/clst4.php?id=172>

1 George Samuels, “Banking Unbanked Immigrants through Remittances” *Communities and Banking* (Fall 2003): 3-8.

2 Elżbieta M. Goździak and Micah N. Bump, *New Immigrants, Changing Communities* (Lanham, MD: Lexington Books, 2007).



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1301 Pennsylvania Avenue, NW
Suite 550
Washington, D.C. 20004
www.nlc.org