

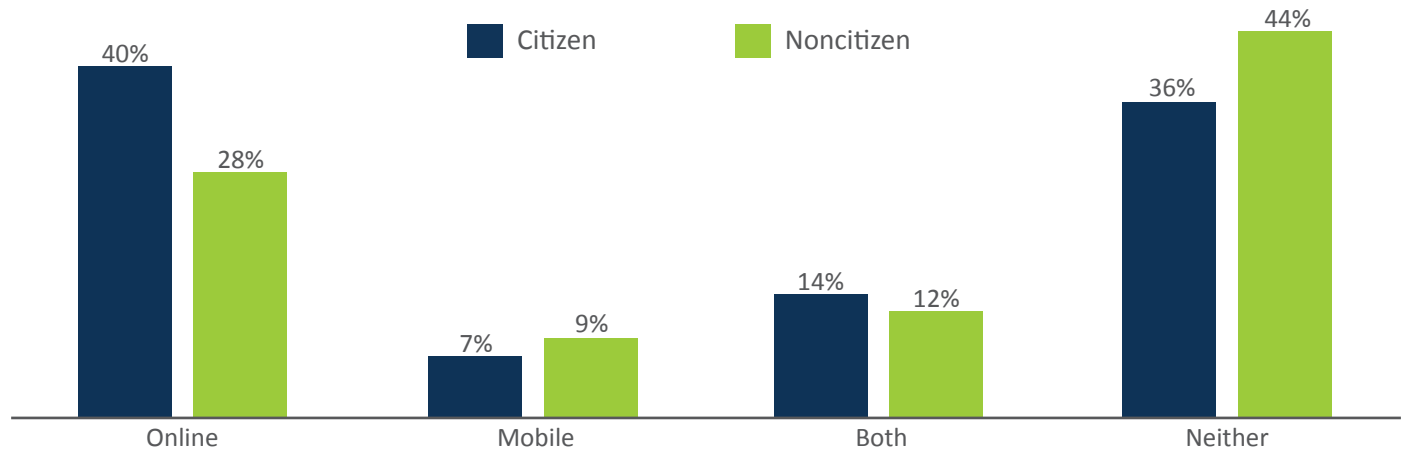
Citizenship is an asset for individuals and an increasingly necessary precondition for financial stability and economic mobility for immigrant families. Those with citizenship have been shown to have higher incomes, lower rates of unemployment, and greater access to the financial mainstream than their noncitizen counterparts.¹ There are 8.8 million legal permanent residents eligible to naturalize,² and while many choose to do so each year, there are millions more Latinos[†] who are either ineligible or unable to naturalize, leaving them without access to the economic benefits of citizenship. The Latino community faces limited access to and use of mainstream financial products, and for those lacking citizenship, hurdles to economic security are even harder to overcome.

This profile features data collected from a survey administered in 2013 by community-based organizations affiliated with the National Council of La Raza (NCLR) in Florida, Illinois, and Texas.[‡]

Noncitizen Latinos were less likely to use Internet banking technology.

- According to a survey conducted by NCLR, Internet access varied little between citizen and noncitizen Latinos. Eighty-one percent of Latinos who are not U.S. citizens had Internet access, compared to their citizen peers at 86%. However, noncitizen Latinos were less likely (28%) than citizens (40%) to use online banking, although they did indicate a slightly higher use of mobile banking (9% versus 7%).

Figure 1
Latino Use of Online Banking by Citizenship



Source: NCLR calculation using data from our 2013 survey of 2,310 Hispanic participants in Florida, Illinois, and Texas.

- The top transactions performed online by noncitizens were accessing statements (35%) and paying bills (34%). Fewer noncitizens reported using online services for managing accounts and online purchases. Citizen respondents reported using all of these services about equally.
- Although noncitizens reported using online and mobile banking less, they are curious about the features and functionality of these platforms. Just over half (59%) have tried or would try accessing statements on their phone, 57% have or would attempt to pay bills, and 53% have or would try managing their accounts.

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† The terms “Hispanic” and “Latino” are used interchangeably by the U.S. Census Bureau and throughout this document to refer to persons of Mexican, Puerto Rican, Cuban, Central American, Dominican, Spanish, and other Hispanic descent; they may be of any race.

‡ NCLR surveyed 2,310 Hispanic participants as part of a larger data collection effort contained in *Banking in Color: New Findings on Financial Access for Low- and Moderate-Income Communities* (Washington, DC: NCLR, 2014), <http://publications.nclr.org/handle/123456789/1203>.

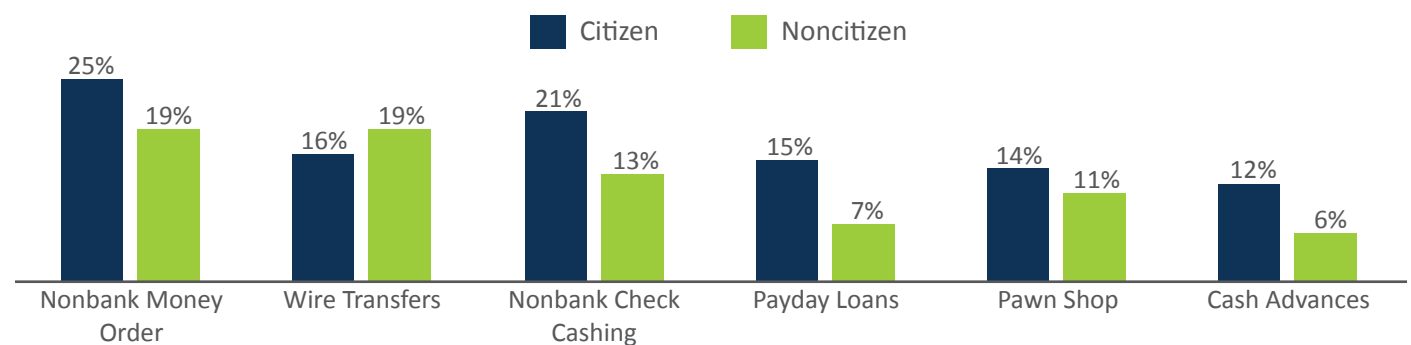
Noncitizen Hispanics were less likely to own a bank account or save money than their citizen peers.

- Sixty-seven percent of noncitizens reported having a bank account, compared to 82% of citizen respondents. This could affect how each group pays bills, with 48% of citizens most frequently using debit cards and 57% of noncitizens most frequently using cash.
- Hispanic noncitizens were less likely to save money: 24% of noncitizens reported they do not save money, higher than their citizen peers (14%).
- In part, many noncitizen Latinos may not feel comfortable opening a bank account because of language barriers. When asked to indicate the top factors evaluated when choosing a bank, 30% of noncitizen respondents selected the ability to communicate in one's native language, compared to only 11% of Latino citizens surveyed.

Noncitizen Latinos reported lower usage of both traditional credit cards and alternative financial services (AFS)* than citizens.

- Over half of noncitizen respondents lacked a credit card (54%) compared to only 38% of citizen respondents.
- Although they reported saving less frequently, noncitizens used AFS at lower rates than Hispanic citizens. The one exception was remittances or wire transfers, which were used by 19% of noncitizen Latinos compared to 16% of citizens.
- Noncitizens were significantly less likely to know their credit score than citizens: only 24% compared to 40%.

Figure 2
Hispanic Use of Alternative Financial Services by Citizenship



Source: NCLR calculation using data from our 2013 survey of 2,310 Hispanic participants in Florida, Illinois, and Texas.

While Latinos have lower access to and participation in the traditional banking sector, noncitizen Latinos face even greater obstacles when trying to enter the financial mainstream. Among survey respondents, language and understanding of financial products seem to be significant barriers to access. To help bolster the financial inclusion of all individuals, institutions should offer products and services to meet the needs of this vulnerable population, including services in other languages. Additionally, trusted community-based organizations and the financial industry should work together to bridge the credit and education divide to promote access for all consumers, regardless of citizenship status.³

* Alternative financial services (AFS) refers to any of the various financial services offered by providers that operate outside of federally insured banks and thrifts. See: Federal Deposit Insurance Corporation, *Alternative Financial Services: A Primer* (Washington, DC: FDIC, 2009), www.fdic.gov/bank/analytical/quarterly/2009_vol3_1/AltFinServicesprimer.html.

Endnotes

- 1 Madeleine Sumption and Sarah Flamm, *The Economic Value of Citizenship for Immigrants in the United States*, (Washington, DC: Migration Policy Institute, 2012), <http://www.migrationpolicy.org/research/economic-value-citizenship> (accessed September 2015) and NCLR, *Latino Financial Access and Inclusion in California*, (Washington, DC: NCLR, 2013), 23, <http://publications.nclr.org/handle/123456789/1123> (accessed September 2015).
- 2 Bryan Baker and Nancy Rytna, *Estimates of the Lawful Permanent Resident Population in the United States: January 2013* (Washington, DC: Department of Homeland Security, 2013), 1, http://www.dhs.gov/sites/default/files/publications/ois_lpr_pe_2013_0.pdf (accessed September 2015).
- 3 National Council of La Raza, National Urban League, and the National Coalition for Asian Pacific American Community Development, *Banking in Color: New Findings on Financial Access for Low- and Moderate-Income Communities* (Washington, DC: NCLR, 2014), 26, <http://publications.nclr.org/handle/123456789/1203> (accessed September 2015).