

In 2013, over 45% of Latino families surveyed by the FDIC were unbanked or underbanked, leaving them with fewer options to meet their financial needs.¹ Technology has been viewed as a vehicle to increase access to and awareness of personal financial information. However, Latinos can experience barriers—including lack of a smartphone, language proficiency, or unfamiliarity with technology—that limit the use of services such as online and mobile banking. If Latino access to mainstream financial products remains limited, the Latino community risks being shut out of economic opportunities that come with greater industry reliance on technology to conduct financial transactions.

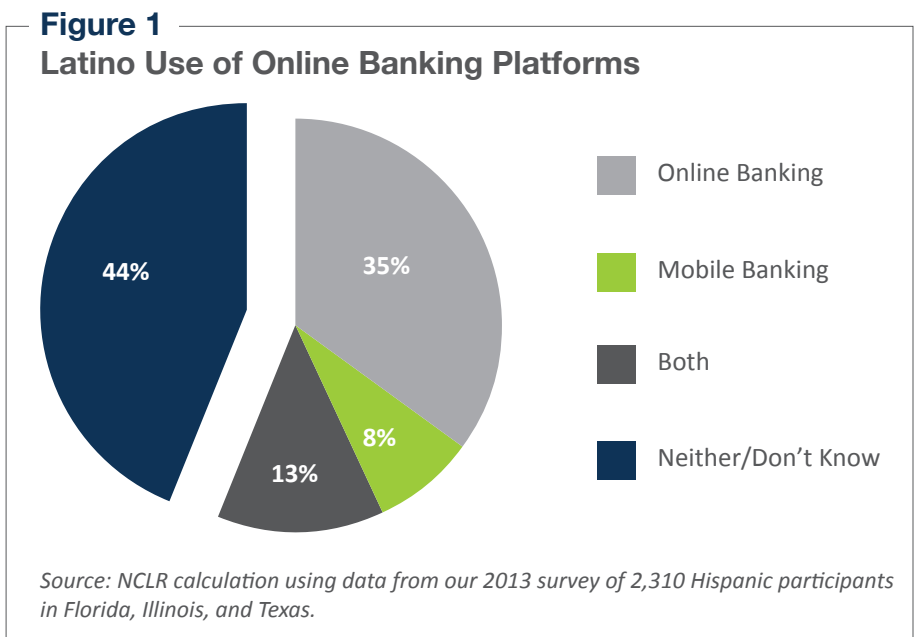
This profile features data collected from a survey administered in 2013 by community-based organizations affiliated with NCLR in Florida, Illinois, and Texas.[‡]

Most Latinos had access to the Internet, but fewer had access to an Internet-ready mobile device.

- Eighty-three percent of Hispanics surveyed by NCLR reported access to the Internet, a requirement for online banking. Fully 82% had Internet access at home and 66% indicated they had access through their cell phone.[§]
- Younger Latinos reported using the Internet from their mobile devices at higher rates (71%) than older Latinos (40%).^{||}

More than one-third of Hispanics have used the Internet to conduct banking transactions, but even more reported a willingness to try.

- Thirty-five percent of Hispanics surveyed by NCLR reported using online banking, with an additional 8% having used mobile banking. Thirteen percent indicated they have used both mobile and computer-based platforms.
- The most common financial transactions performed with a smartphone were accessing statements (41%), paying bills (38%), and managing accounts (38%).
- Latinos reported a willingness to use mobile banking. When asked which transactions they have performed or would attempt on a smartphone, 63% said they would access online statements, 61% said they would pay bills, and 59% would manage their accounts.



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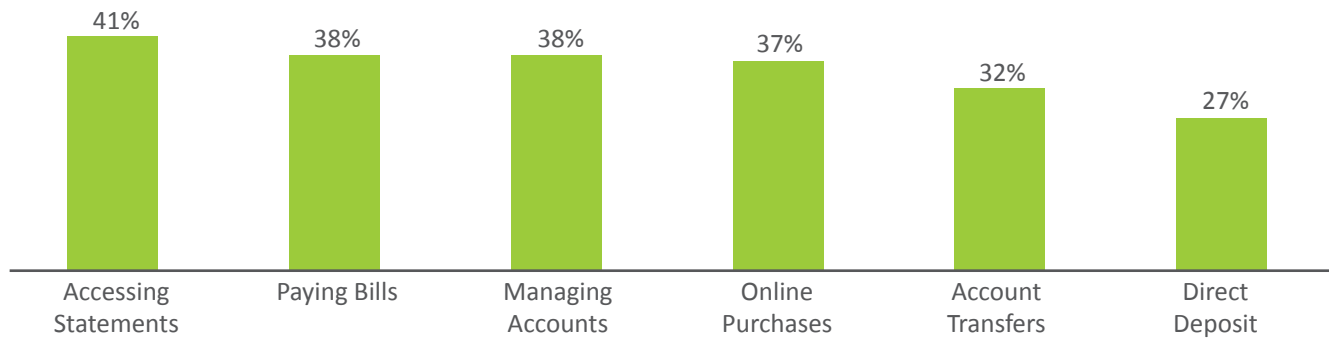
† The terms “Hispanic” and “Latino” are used interchangeably by the U.S. Census Bureau and throughout this document to refer to persons of Mexican, Puerto Rican, Cuban, Central American, Dominican, Spanish, and other Hispanic descent; they may be of any race.

‡ 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>.

§ The terms “mobile phone,” “cell phone,” and “smartphone” were used interchangeably on the survey.

|| Younger indicates those aged 18–49 and older qualifies those older than 49 years old.

Figure 2
Latino Use of Online Financial Transactions



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

Latinos who used online banking were more familiar with financial products and services.

- Debit card was the preferred method of paying bills among those who reported use of online or mobile banking, whereas cash was preferred (61%) among those who did not use any form of online banking.
- Respondents who reported use of online or mobile banking were more likely to know their credit score. Nearly half (47%) of those who used both online and mobile banking knew their credit score, compared to only 21% of respondents who reported they do not use online banking services.

Physical bank branches remain essential for Spanish-speaking Latinos and those with limited use of mobile and online banking.

- Many Latinos still use bank branches for everyday financial transactions. When asked which banking services are most frequently used, the top transactions were withdrawing cash at an ATM (56%), depositing cash inside the bank (35%), and depositing checks inside the bank (33%).
- Language proficiency may affect the use of mobile and online platforms. Of those who prefer speaking Spanish when performing banking operations, less than half

(41%) said they use mobile or online banking. This is compared to 74% of respondents with an English preference who indicated mobile or online banking use.

- In-language branch services continue to be essential for Spanish-speakers. For those who prefer to conduct transactions in Spanish, the top three factors when choosing where to bank were the distance from home or work (40%), the ability to communicate in one’s native language (38%), and the number of branches and ATMs (33%).
- Many consumers are hesitant to adopt online banking for other reasons. The most often-cited reason for not using online or mobile banking was concern about security (25%).

Increased access to financial products via online and mobile technology can open up economic opportunities. However, Hispanics continue to have lower involvement in the mainstream financial sector, a trend that extends to online banking. While there is great opportunity to engage the Latino community in emerging technologies to conduct financial transactions, Hispanics continue to rely on more traditional in-person transactions. As such, financial institutions should continue to maintain widely used bank branches while also addressing the language barriers and security concerns of the Latino community in order to increase utilization of banking technology.²

Endnotes

1 Unbanked households are defined as those without a checking or savings account, and underbanked households are those who have a bank account but also use alternative providers for financial transactions or “payday lenders, pawn shops, rent-to-own stores, or refund anticipation loans.” Susan Burhouse, Karyen Chu, Ryan Goodstein, Joyce Northwood, Yazmin Osaki, and Dhruv Sharma, *2013 FDIC National Survey of Unbanked and Underbanked Households*, (Washington, DC: FDIC, 2014), 16, www.fdic.gov/householdsurvey/2013report.pdf (accessed October 2015).

2 See *Banking in Color: New Findings on Financial Access for Low- and Moderate-Income Communities*, 26, and Federal Deposit Insurance Corporation, “Brick-and-Mortar Banking Remains Prevalent in an Increasingly Virtual World,” *FDIC Quarterly* 9, no. 1 (2015), www.fdic.gov/bank/analytical/quarterly/2015_vol9_1/FDIC_4Q2014_v9n1_BrickAndMortar.pdf.