



Scrimping + Saving

A report on financial access, attitudes and behaviors of low- and moderate-income Asian Americans and Pacific Islanders

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low- and moderate-income Asian Americans and Pacific Islanders**

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National CAPACD

The mission of the National Coalition for Asian Pacific American Community Development (CAPACD) is to improve the quality of life for low-income Asian Americans and Pacific Islanders by promoting economic vitality, civic and political participation and racial equity. National CAPACD aims to dismantle systemic barriers that influence the ability of communities of color to develop long-term assets and establish economic security for future generations. Toward this, National CAPACD employs both 'national influence' strategies, and 'program and network strategies'. National influence strategies include coalition building; legislative and administrative advocacy for greater accountability and

responsiveness; leveraging of resources; and data collection and dissemination of research. Program and Network Strategies include building the capacity of AAPI community based organizations; developing differentiated strategies of member support; and growing and supporting innovation happening at the community level through grant-making and programmatic development via National CAPACD's economic vitality and community development programs. Our membership has grown to encompass a diverse base of nearly 100 organizations and individuals, spanning 19 states and the Pacific Islands.

Acknowledgements

This report was made possible through generous support from Citi Community Development and National Council of La Raza (NCLR). The views and conclusions of this report are those of National CAPACD alone and do not reflect the opinions of our funders.

The information contained in this report is part of a broader research effort conducted in collaboration with the National Urban League (NUL) and the National Council of La Raza (NCLR), published in 2014 as "Banking in Color: New Findings on Financial Access for Low- and Moderate-Income Communities." Data specific to Asian Americans and Pacific Islanders was extracted from Banking in Color, supplemented through data from additional respondents, and published in this report for the purposes of better understanding the specific barriers and opportunities for increasing financial security within AAPI communities.

National CAPACD also wishes to acknowledge the significant contributions of the University of California's Asian American Studies Center and the UCLA Center for the Study of Inequality. Chhandara Pech, Paul M. Ong and Melany De La Cruz provided data analysis and contributed to the drafting of this report. Greenberg Quinlan Rosner Research also provided substantial data analysis of the survey findings.

Finally, National CAPACD thanks our following member organizations, and their clients, for their participation in this research: Chhaya Community Development Corporation; Chinese American Service League; Chinese Community Center; East Bay Asian Local Development Corporation; Empowering Pacific Islander Communities; Korean Resource Center; and Thai Community Development Center. Their efforts to reach out to individuals in the Asian American and Pacific Islander community have been critical to ensuring that the voices of the vulnerable and marginalized are represented in the national dialogue about economic justice and opportunity.

Introduction

Asian Americans and Pacific Islanders now represent the fastest growing racial/ethnic group in the U.S.ⁱ, warranting a greater share of attention by financial institutions seeking to grow their consumer base, as well as by governmental institutions and service providers in ensuring that this growing population, largely fueled by immigration, has a safe pathway to economic security in this country. At the same time, the impacts of the recent recession continue to reinforce economic vulnerability for many historically disenfranchised communities, including Asian Americans and Pacific Islanders (AAPIs). National CAPACD's 2013 report, *Spotlight: Asian American & Pacific Islander Poverty*, highlights the growing need to serve AAPI poor. Data analyzed from the US Census found that AAPI poor are one of the fastest growing poverty populations in the wake of the Recession (37% increase for AAs in poverty; 60% increase of NHOPI in poverty between 2007 and 2011). Further, AAPIs living in poverty were more concentrated in a limited number of metropolitan areas than any other racial/ethnic poverty population. The complexity of economic health within AAPI communities is further illustrated through a 2011

Pew Research Center study that found Asian American net worth fell 54% between 2005 and 2009, as compared with a 16% decline for whitesⁱⁱ in that same time period. With the increasing wealth gap and growing populations of poverty within AAPI communities, the need for greater investment in the financial capability of AAPIs is ever more pressing.

This report complements the above referenced reports, and others such as the FDIC's Banked and Underbanked survey, toward achieving a more nuanced understanding of the financial health of low-income AAPIs. The information contained herein is salient to practitioners and financial institutions seeking to better understand growing segments of their market, as well as enhance services and products to meet a more diverse constituency. Data unveiled by this report will also be useful to policy makers, governmental institutions, financial institutions, and practitioners in their efforts to understand the needs and challenges of vulnerable populations, and serve to inform policies that promote the inclusion and success of low-income and disenfranchised individuals in the financial mainstream.

Executive Summary

The true financial vulnerability of many low- and moderate-income Asian Americans and Pacific Islanders (AAPIs) is often masked by aggregated data of the racial category as a whole, allowing model-minority stereotypes to further perpetuate. The data contained in this report instead seeks to engender a more nuanced understanding of the various factors within the diverse AAPI community that contribute to its decline in net worthⁱⁱⁱ, growing sub-populations of poverty^{iv}, and overall increase in the wealth gap between segments of the population^v. More specifically, this report will provide a set of recommendations that seek to transform the current field of financial service and product delivery to better meet the needs of Asian Americans and Pacific Islanders.

Undoubtedly, AAPIs are a well-banked community. Eighty-nine (89%) of respondents to this survey indicated that they have a checking account, a savings account, or both. This finding is validated through other national studies, such as FDIC's 2013 survey of the banked and underbanked, which found that approximately 90% of both Asian Americans and Pacific Islanders surveyed had bank accounts^{vi}. However, having a bank account and understanding how to access and utilize financial services and products are not synonymous, nor are they the only indicators of the financial security of low and moderate-income individuals. In fact, the FDIC's report found that 18% of Asians surveyed, and 25% of

THE GOOD NEWS IS:

89% OF RESPONDENTS OVERALL



**HAVE A CHECKING ACCOUNT,
A SAVINGS ACCOUNT, OR BOTH**

BUT THERE'S MORE TO THE STORY...

Native Hawaiian/Pacific Islanders, were underbanked; that is to say, these individuals turned to non-bank, alternative financial services in the prior 12 months to address their financial needs. A deeper analysis of National CAPACD's survey results revealed a number of key factors that influence an individual's overall financial health, use and access of financial products. These include: age, ethnicity, income, language, gender, immigration status and generation, education and comfort with technology. Key findings and recommendations are as follows:

ACCESS TO FINANCIAL KNOWLEDGE

Many AAPIs lack a reliable source for financial information or advice. Overall, 25% said they didn't know who to turn to, and there is significant reliance upon family and friends and the internet. This is clearly demonstrated by the variation of reported knowledge of something as basic — and readily available — as a credit score. Access to knowledge is influenced by ethnicity and language, income and education.

Recommendation #1: Increase investment in trusted, reliable, language-appropriate resources to meet the needs of the diverse AAPI community, including marketing and capacity building of existing community-based resources.

Recommendation #2: Focus financial education on credit awareness and protection from predatory lending, with a particular focus on new immigrants and women, and with populations that are using credit card cash advances.

ACCESS TO AND USAGE OF ASSET-BUILDING PRODUCTS

Bank accounts are only one indication of the access that AAPIs have to safe and affordable financial products. Other indicators of healthy financial habits (such as savings patterns, access to and use of emergency funds, and planning for retirement) are greatly influenced by factors such as immigration status and generation. For example, second generation (or US born populations) were more than twice as likely than respondents overall to have employer-sponsored retirements accounts.

Recommendation #3: Capitalize on socially-oriented forms of support in the design of savings and credit building products.

Recommendation #4: Products should be designed and available to meet both short- and long-term financial needs.

Recommendation #5: Product design should consider the familial unit beyond the household and beyond just two generations.

INFLUENCING CONSUMER BEHAVIOR

How do we create an environment conducive to healthy financial practices in low- and moderate-income AAPI communities? Survey data found that physical bank locations still play a critical role in AAPI communities. In-person banking is a primary way AAPI immigrants save money, and recent immigrants with limited English proficiency feel more comfortable using financial services in-person at banks and heavily rely on cash to pay for their bills. Trust remains a key factor that influences issues such as where to bank, use of cash v. credit card, or use of technology to facilitate financial transactions. Finally, the role of family and joint decision making remains a strong practice in AAPI communities, and thus, asset building approaches should reflect this.

Recommendation #6: Increase language and cultural accessibility at financial institutions by hiring multi-cultural staff and expanding translation to enhance bank communications and customer service. Documents that should be considered a priority for translation include outreach and marketing materials, educational materials, notices and legally binding documents.

Recommendation #7: Bundle asset building education and products with other social services provided by trusted community organizations as part of the spectrum of immigrant integration services.

Recommendation #8: Maintain and invest in bricks-and-mortar locations for delivering financial services and products.

Recommendation #9: Further explore the use of technology in expanding access to financial services and products including proper investment in linguistically- and culturally-appropriate education on instructional use and security.

Methodology and Research Limitations

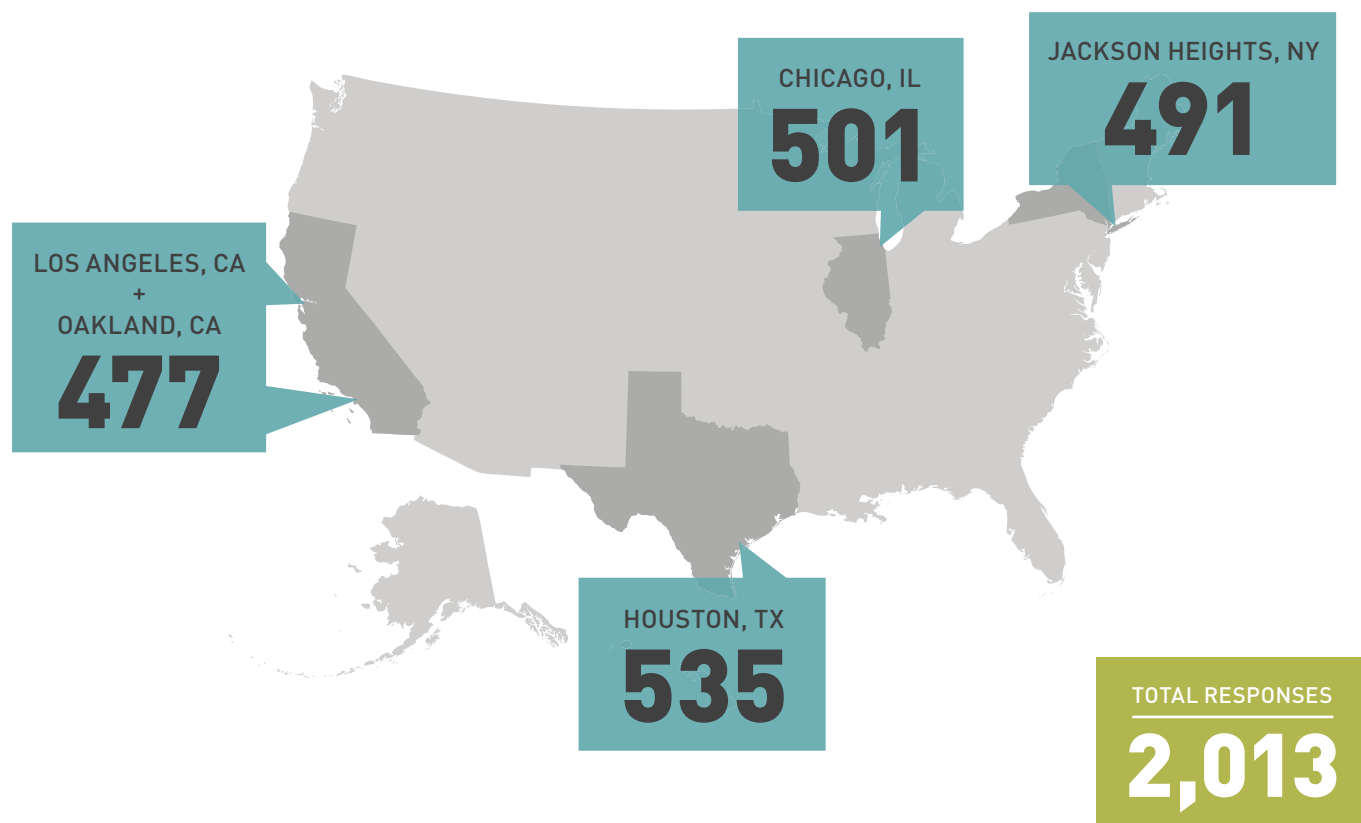
In 2013 and 2014, National CAPACD partnered with seven Asian American and Pacific Islander-serving community based organizations to translate and administer surveys that would capture how low- and moderate-income individuals access mainstream and alternative financial products and services. The 55 question survey was administered in the following languages: Bangla, Chinese, English, Korean, Nepali, Thai, and Vietnamese. Survey participants self-selected the language with which they were most comfortable.

Surveys were disseminated in Chicago, IL (501 respondents); Houston, TX (535 respondents); Los Angeles, CA and Oakland, CA (477 respondents); and Jackson Heights, NY (491 respondents), garnering 2,013 responses. Although this research is unprecedented in providing insights into some of the variation that exists within different ethnic communities, it is by no means an exhaustive look at all AAPI communities. For example, this survey did not examine experiences

of Southeast Asians specifically, as it was intended to complement existing research published in 2012 by the Southeast Asian Resource Action Center^{vii}. Also, the sample of Native Hawaiian and Pacific Islanders was limited to primarily middle-income individuals in the continental United States. Thus, the survey findings instead represent trends of the population served by National CAPACD member organizations only, which is primarily their client base, and cannot be generalized to represent the entire Asian American Pacific Islander population.

It should also be noted that compared to the U.S. Census Bureau data, the National CAPACD sample tends to be lower-income, with a third of the respondents reporting their family income at less than \$20,000. The 2013 American Community Survey (ACS) data estimates that 15% of the total Asian American and 19% of the total Native Hawaiian Pacific Islander household incomes in the U.S. are less than \$20,000. Also, according to ACS

RESPONDENT NUMBERS BY LOCATION



2013 data, the median age for AAPIs is 37 years old. The median age level of those in the National CAPACD Study is 46 years old, making National CAPACD's sample older than the national average for AAPIs. Fifty-five percent (55%) of survey respondents are age 40 and over.

Some of the data from this survey was part of the information collected and reported in an earlier published "Banking in Color" report (2014). Other data was captured through a subsequent survey administered separately, but using the same survey tool. Data was analyzed by UCLA's Asian American Studies Center, looking for variations by factors such as ethnicity, gender, generational and citizenship status, etc.

Further research regarding AAPIs is warranted and necessary. This report was, in part, created in response to the lack of disaggregated data on the financial health and habits of AAPIs currently made available by financial institutions and governmental entities. Further investment

in data collection and data analysis of AAPI subpopulations by these institutions would undoubtedly further the work of asset building practitioners and advocates.

Additional areas for future research about AAPIs could include a deeper analysis of cultural attitudes, understanding barriers to applied financial education, use of alternative financial services and impacts of predatory lending, a closer examination of the role of family in financial decisions and habits, and a more in-depth surveying and analysis of major sub-populations such as Native Hawaiians and Pacific Islanders.

DEFINITIONS

Ethnicity: Due to the small number of respondents in the survey sample, respondents who reported their heritage as Chamorro, Native Hawaiian, Samoan, and Tongan were all grouped into the Native Hawaiian and Other Pacific Islander category (NHOPi). The same was done for the Southeast Asian group which includes Burmese, Cambodian, Hmong, Laotian, Indonesian, Thai and Vietnamese. Similarly, Asian Indians, Filipinos and Japanese were categorized under "Other Asian or PI".

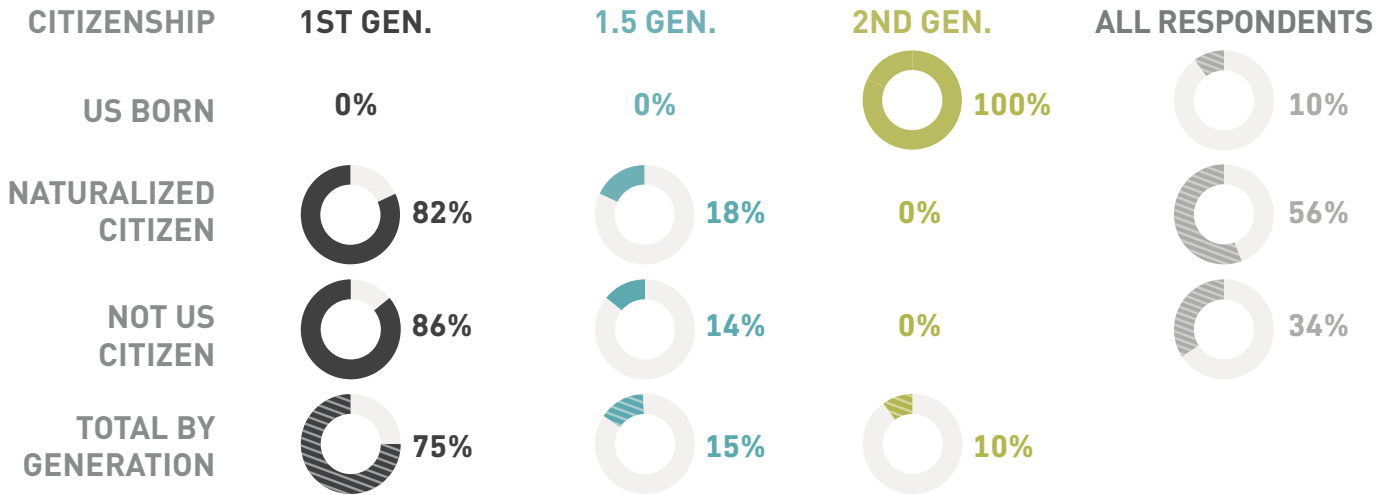
Generation: Although the survey did not ask the question on the respondents' generation, we were able to impute this by using their answers to the questions on where they were born (in the US or another country), how many years have they lived in the U.S., and their age. Respondents who reported being born outside but came to the U.S. at or after the age of 13 were assigned as first generation. The 1.5 generation is defined as those who came to the United States before adolescence or the age of 13. The 2nd generation refers to the U.S.-born children of foreign-born parents.

Citizenship: US Born refers to individuals whom were born with US Citizenship, either in this country or abroad. Naturalized individuals refers to those who came to the US under a different citizenship and completed the requisite exams and processes to become a US Citizen. Non-US citizen refers to individuals without either above-stated status, such as those with green cards or those without legal immigration documentation. National CAPACD did not inquire regarding the documentation status of immigrant respondents.

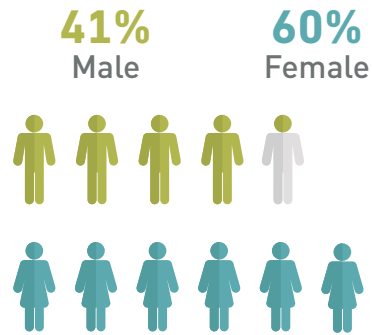
Language: Native language speakers refer to those whom only speak a language other than English; both Native and English speaker refers to those whom speak English and another AAPI language; English speaker refers to those whom primarily speak English.

Respondent Demographics

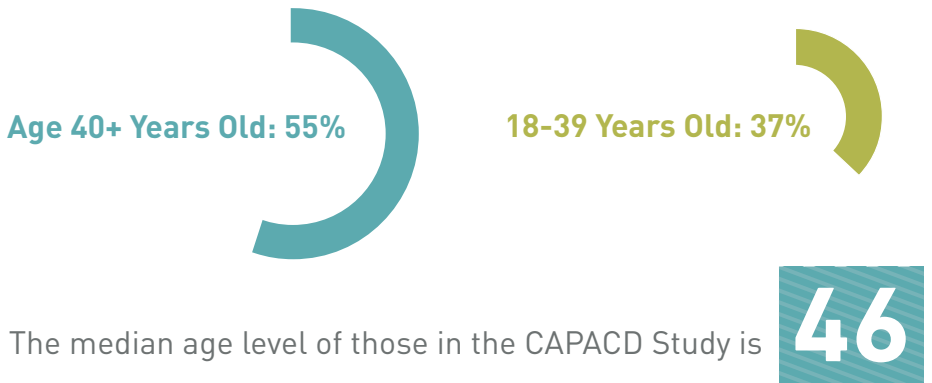
CITIZENSHIP BY GENERATIONAL STATUS



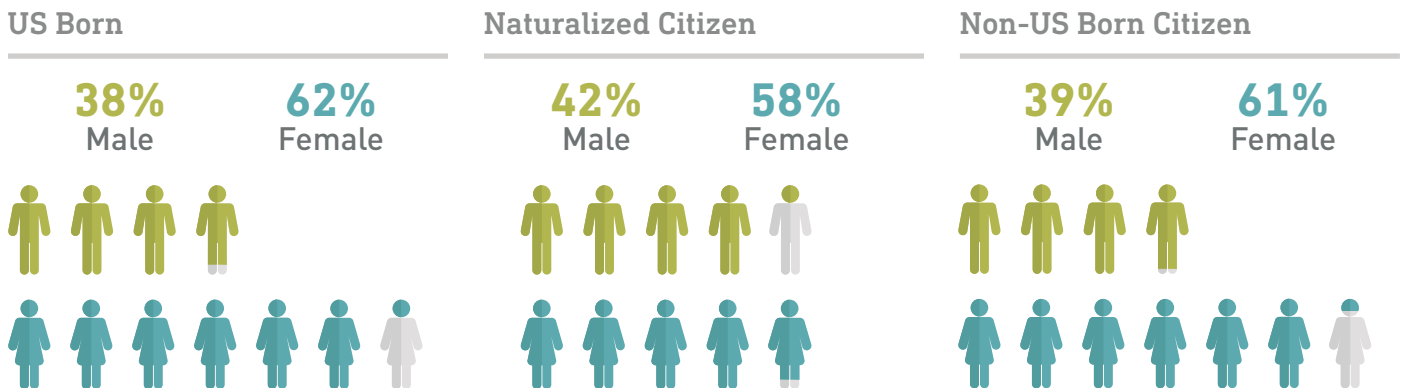
GENDER



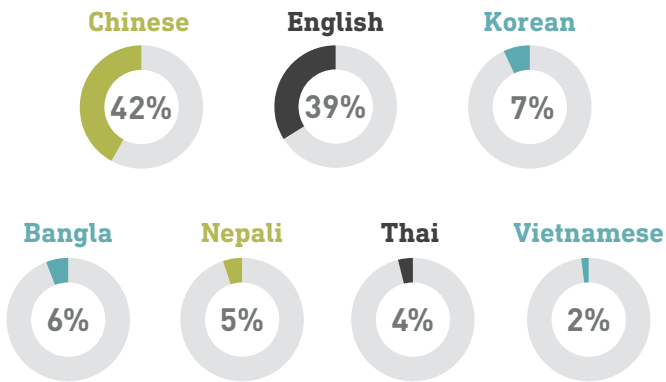
AGE



GENDER BY CITIZENSHIP STATUS

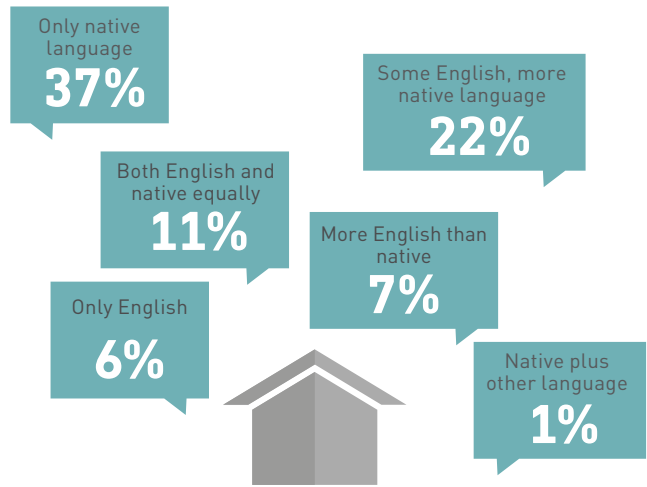


LANGUAGES IN WHICH SURVEYS WERE COMPLETED

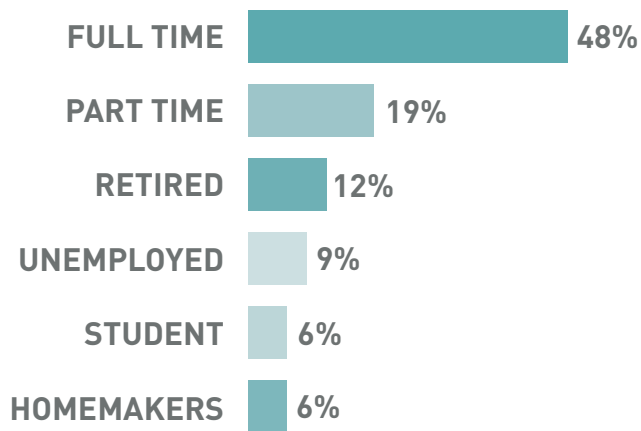


*note that sites administering the surveys may have helped their non-English speaking clients to complete the English version of the survey if a translated version was not available in their language.

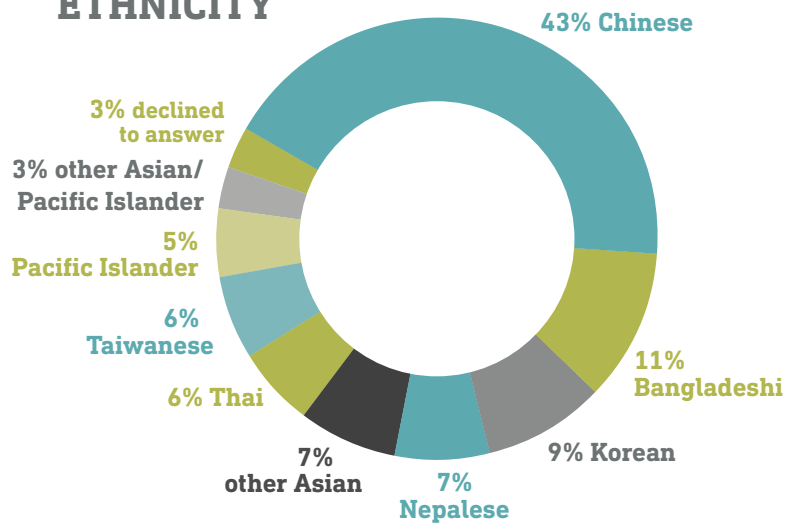
LANGUAGES SPOKEN AT HOME BY RESPONDENT



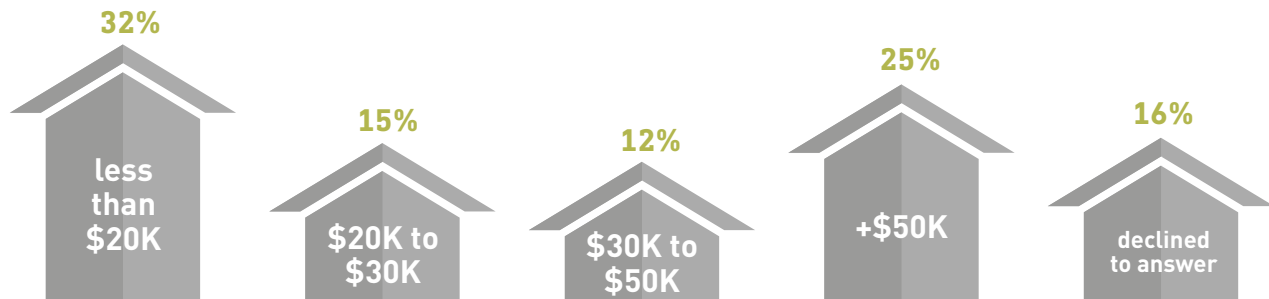
EMPLOYMENT STATUS



ETHNICITY



ANNUAL HOUSEHOLD INCOME



Access to Knowledge

Knowledge regarding financial services and products is the foundation for any individual to successfully achieve economic security. However, for many low-income individuals in the Asian American and Pacific Islander community, determining where to get trustworthy financial information and advice is a challenge. Results from this study found that AAPIs are less likely to turn to others, outside of family and friends, for financial advice and other resources.

The graphics on the following pages illustrate that factors such as generation, ethnicity, income and English-language proficiency strongly influenced an individuals' likelihood to seek assistance and information regarding US financial services and products, as well as *where* they seek such services and knowledge. Although there were not statistically significant differences in help-seeking attitudes and behaviors by gender, gender is certainly a factor in understanding of credit and personal credit score. Only 31% of AAPI female respondents (as

compared to 39% of AAPI males) knew their credit score. Similarly, more recently immigrated ethnic groups were also correlated with lower levels of awareness regarding their personal credit scores.

It may be inferred that one of the greatest barriers for AAPI communities is knowing who to trust — particularly for those with limited English proficiency or those that have recently immigrated. When examining whom AAPIs turn to for financial advice or information, the data indicates that there is a significant gap in the availability of language and culturally-appropriate services and information, and that promotion of existing services may not reach the intended audiences. Fifty six percent (56%) of respondents indicated they don't know where to turn for advice (25%) or turn to potentially unreliable sources for information, such as the internet (7%) and family and friends (24%). Community-based resources, such as those offered at local non-profits were underutilized.

RECOMMENDATION 1

Increase investment in trusted, reliable, language-appropriate resources to meet the needs of the diverse AAPI community including support for marketing and capacity building of existing community-based resources.

Many community groups have the trust of their constituency, as well as the language and cultural competency, to implement financial capability programs in combination with other existing social services. An investment in their capacity to either initiate new programs, or build up existing ones, should intentionally include support for staff development, marketing and outreach, and organizational development so that asset building can more meaningfully align with the organization's overall mission. For financial and governmental institutions, this investment in language and cultural competency may come in the form of hiring more linguistically competent staff and ensuring that materials are both accurately translated and readable to individuals with varying levels of educational attainment.

RECOMMENDATION 2

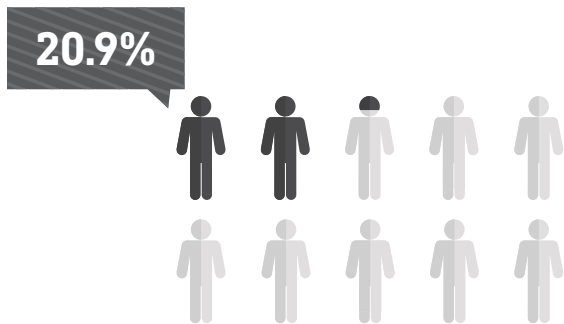
Focus financial education on credit awareness and protection from predatory lending, with a particular focus on new immigrants, women and with populations that are using credit card cash advances. Credit card cash advances are often a source for emergency funds for AAPI populations (second only to friends and family). Financial education should focus on credit and credit usage and how to protect against predatory lending and other abusive short-term credit options. The Consumer Financial Protection Bureau (CFPB) can play a role in advancing educational materials focused on this population.

ENGLISH PROFICIENCY

ACCORDING TO THE 2011-2013 AMERICAN COMMUNITY SURVEY, AAPIS IN THE US HAVE HIGH RATES OF HOUSEHOLDS WITH LIMITED ENGLISH PROFICIENCY

Speak a language other than English at home

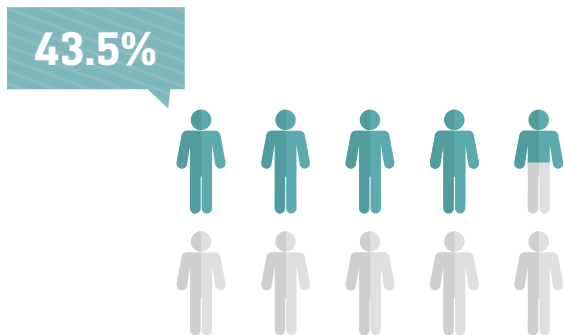
US TOTAL POPULATION



ASIAN AMERICANS

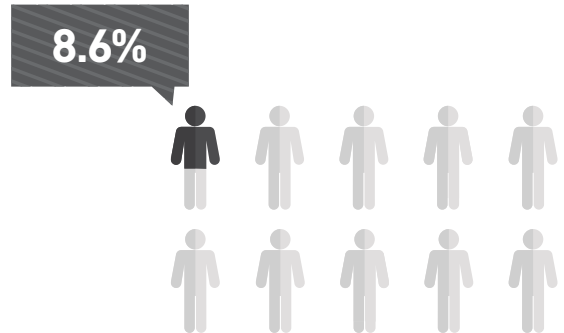


NHOPIs

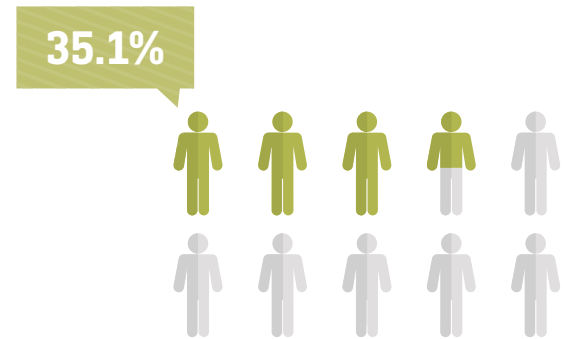


Speak English less than well

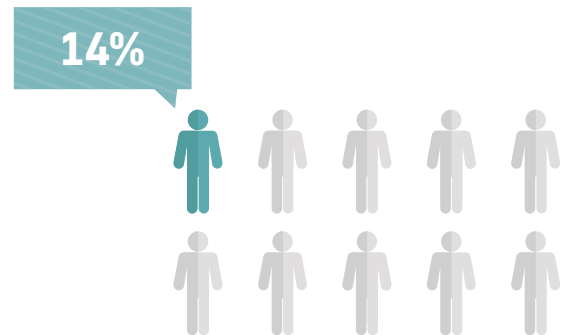
US TOTAL POPULATION



ASIAN AMERICANS



NHOPIs

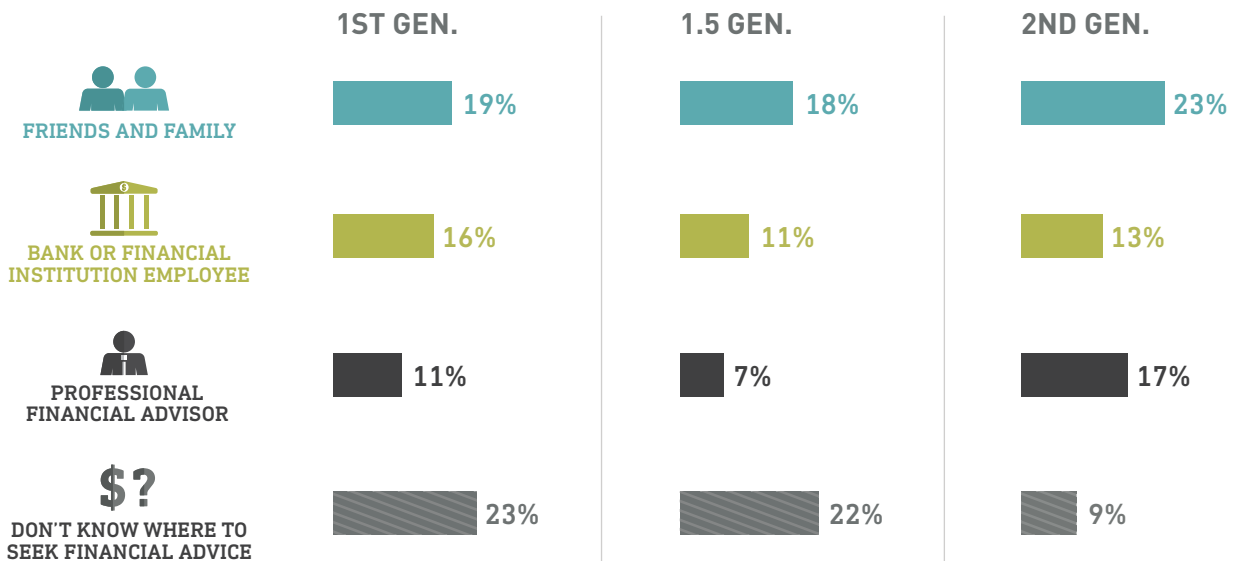


Access to Knowledge

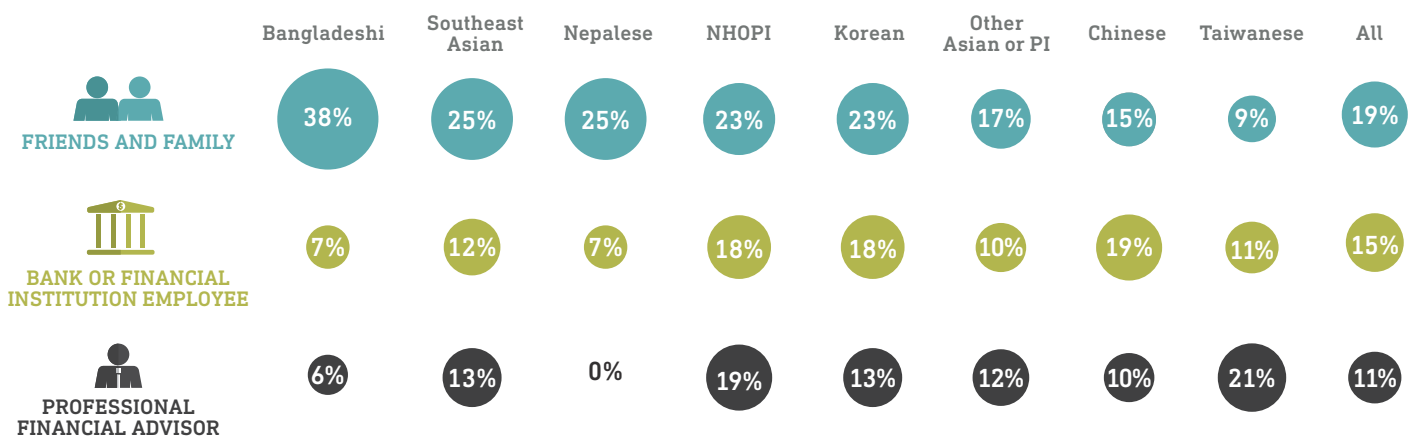
FINANCIAL KNOWLEDGE

AAPI COMMUNITIES ARE LESS LIKELY TO TURN TO OTHERS, OUTSIDE OF FAMILY AND FRIENDS, FOR FINANCIAL ADVICE AND OTHER RESOURCES.

By Generation



By Ethnicity



English Proficiency Correlation

Those with lower English proficiency were

more likely to turn to family or friends

instead of financial advisors or institutions

Seeking Financial Advice, By Gender



\$?



21% vs. **22%**

do not know where to seek financial advice

18% vs. **20%**

from a friend or family member

14% vs. **16%**

from the bank or other financial institution employee

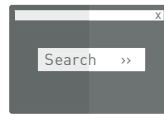
11% vs. **11%**

from a professional financial advisor



7% vs. **6%**

from a bank website



7% vs. **6%**

from an online search



2% vs. **3%**

from a non-profit organization in their community



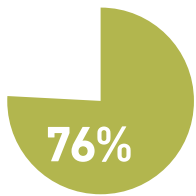
2% vs. **1%**

from other sources

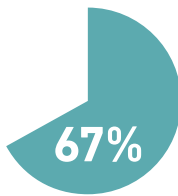
CREDIT SCORES

68% OF ALL RESPONDENTS DID NOT KNOW THEIR CREDIT SCORE

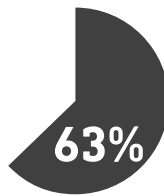
By Ethnicity



Chinese



Bangladeshi



Nepalese



Southeast Asian

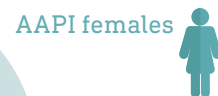


Korean

By Gender



39% vs. **61%**
know their credit score
responded "No" or "Don't know"



31% vs. **69%**
know their credit score
responded "No" or "Don't know"

Access to and Usage of Asset-Building Products

The Federal Deposit Insurance Corporation's (FDIC) 2013 National Survey of Unbanked and Underbanked Households found that the majority of Asian American and Native Hawaiian/Pacific Islander respondents were fully banked (73.4% and 64.5%, respectively). Although this data closely correlates with the findings from National CAPACD's own research, in which 89% of respondents reported having either or both a checking and savings account, the FDIC's aggregated data fails to capture the diversity of economic experiences within AAPI communities.

National CAPACD's research reconfirms intuitions that US born and naturalized citizens are more likely to be banked than non-US citizens (94% and 92% vs. 86%, respectively). Similarly, those ethnic groups most recently immigrated had lower rates of bank account ownership. The Bangladeshi are the most unbanked and have the least usage of checks, and also have low rates of savings accounts. Many times it is difficult for recent immigrants to establish banking accounts because they have not established proper documentation, are unfamiliar with US financial practices or lack local access in their neighborhoods.

National CAPACD's study also measured other indicators of accessibility to financial products and services, including emergency funds, retirement accounts, wire transfers/remittances, credit and use of alternative financial services. Data on the following pages expresses how factors such as generational status and language competency are correlated with access and usage of such financial products. Not surprisingly, household income was also a factor influencing financial behavior and access to products and services — with lower-income individuals being far less likely to have access

to employer sponsored retirement accounts, as well as demonstrating a much greater reliance on friends and family for emergency savings. It should be noted, however, that regardless of generation, friends and family remain a key resource for helping individuals weather financial emergencies.

In this same vein, 64% of respondents reported wiring funds to others in the US or in another country. Data suggests that AAPI communities that are supporting other family members abroad rely more on the bank for wiring money, regardless of their language preference. This information suggests opportunities to educate clients about other available financial products that promote credit building and savings, while they are frequenting the bank for other purposes.

This study also attempted to better understand access to credit, and usage of credit cards amongst AAPIs. Seventy-four percent (74%) of respondents reported having a credit card, with 23% of total respondents reporting that they currently have credit card debt.

Although respondents to the survey generally did not have high usage rates of alternative financial services, 6% reported having used payday loan services, 10% have utilized a check cashing service not at a bank, 17% have used pre-paid cards, 10% have used a non-bank money order, 10% have cashed a check by endorsing it to a friend or relative with a bank account, and 6% report using cash advance services. National CAPACD's survey sample reported lower usage of alternative financial products than the national sample from the FDIC's 2013 Survey, which indicated that 18.7% of Asians and 27.2% of Pacific Islanders had reported using Alternative Financial Services in the last 12 months.

RECOMMENDATION 3

Capitalize on socially-oriented forms of support in the design of savings and credit building products. Lending CirclesSM, Rotating Savings and Credit Associations (ROSCAs) are popular world-wide, and literature^{viii} suggests that certain AAPI immigrant communities have successfully used this form of social lending to support their establishment here in the U.S., particularly for small business start-up costs. Although only 4% of respondents to this survey indicated that they currently use peer lending as a strategy for meeting their financial needs, there is anecdotal evidence from AAPI social service providers to suggest that there is far greater use. In fact, in 2014, National CAPACD partnered with Mission Asset Fund to expand use of their lending circle product, which adapts this peer lending practice to also include a credit reporting element, and has seen significant interest and uptake of the product — particularly for those whom are more recently immigrated without established credit. National CAPACD suggests further exploration of and investment in similar socially-oriented products currently being used nationally and internationally to promote greater financial inclusion for whole communities, such as Village Savings and Loan Funds, Self-Help Group-Bank Linkage Programs, and financial cooperatives to name a few.

RECOMMENDATION 4

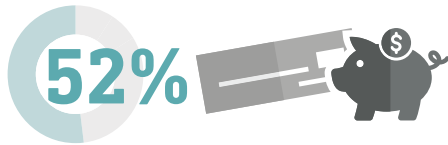
Products should be designed and available to meet both short- and long-term financial needs. AAPI communities need further support to address their immediate, daily needs as well as for ensuring that they have a pathway to building long-term financial health and achieving economic security in their old age. Thus, it is critical to ensure that there is continued support for recent innovations such as Individual Development Accounts (IDA) for emergency savings, tax-time savings incentives, and myRA (my Retirement Account).

RECOMMENDATION 5

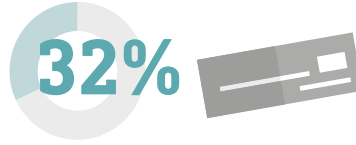
Product and service design should consider the familial unit beyond the household and beyond just two generations. AAPI households are more likely than any other ethnic group to be living in a multi-generational household^{ix}, with 43% reporting that they live in a household with three or more generations. This illustrates the need for the adult heads of household to not only manage finances for children, but potentially also for an older adult family member, likely with significant health needs or with fixed income. A significant number of respondents also reported remitting funds to others either in the US or their home country — a practice that heavily influences a household's ability to save for both the short and long term. Similar to Recommendation 3 above, investing in strategies that further bolster the existing social networks and family-oriented culture of AAPIs will see greater success in serving this population. Examples may include altering budgeting tools and financial planning practices to incorporate consideration for multiple generations, or adapting LISC's Twin Account model to allow for multi-generational usage (e.g. — opening child savings accounts that allow parents to build credit).

Access to and Usage of Asset-Building Products

CHECKING AND SAVINGS



of AAPIs has both a checking and savings account



have only a checking account



have only a savings account

Retirement Savings

MOST LIKELY TO HAVE AN EMPLOYER SPONSOR RETIREMENT ACCOUNT:



HIGHER INCOMES = RETIREMENT ACCOUNTS 401k

WIRING MONEY



The Bank

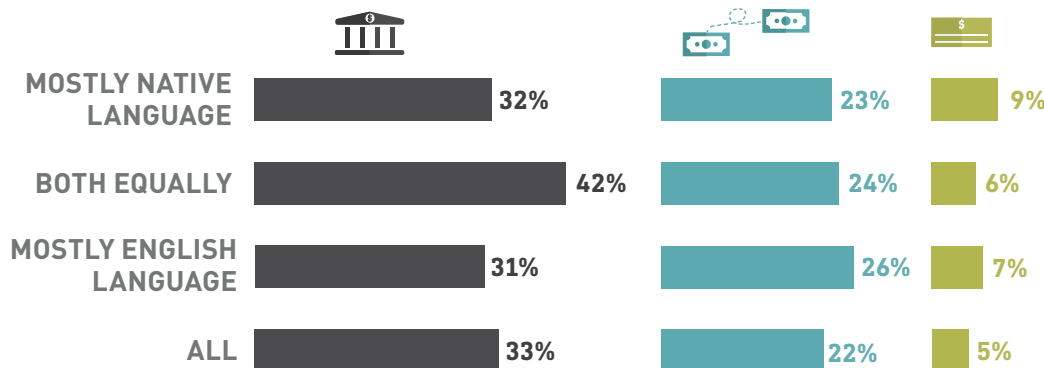


Western Union or Money Gram

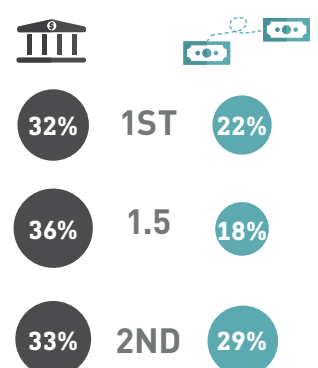


Money Order

By Language



By Generation



Type Most Used By Ethnicity

62% of Taiwanese and **59%** of Koreans report using banks for remittances

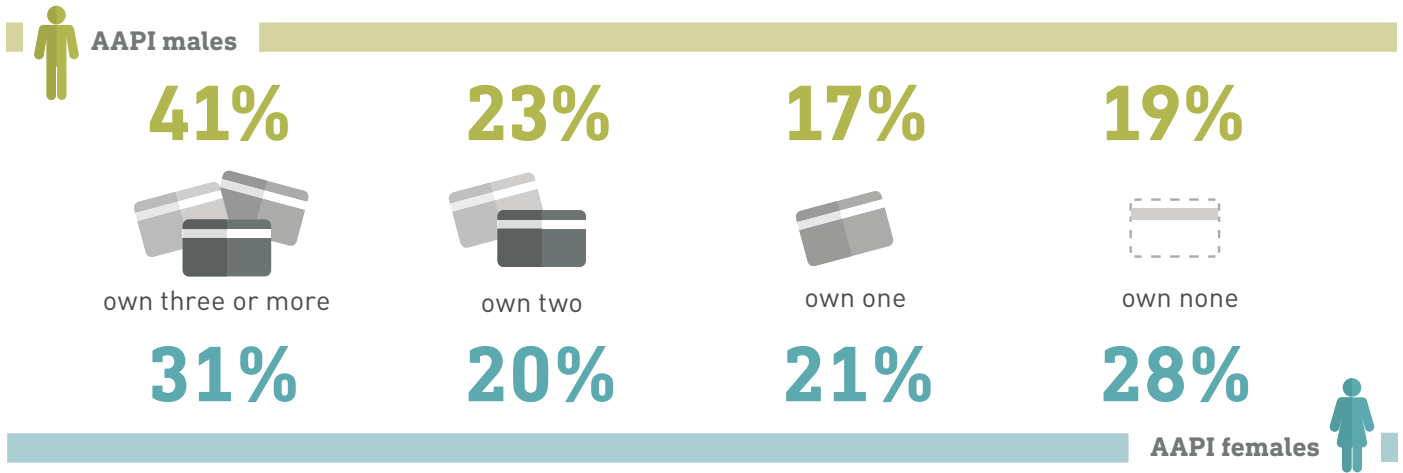


65% of NHOPIs report using Western Union or Money Gram



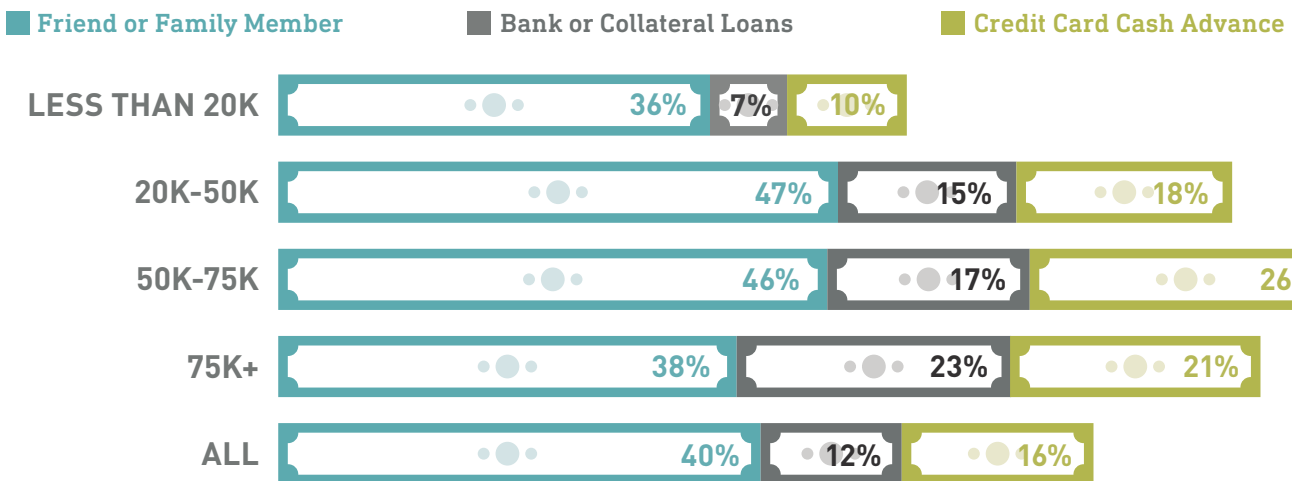
13% Bangladeshi and **11%** Nepalese report using Money Order

CREDIT CARDS

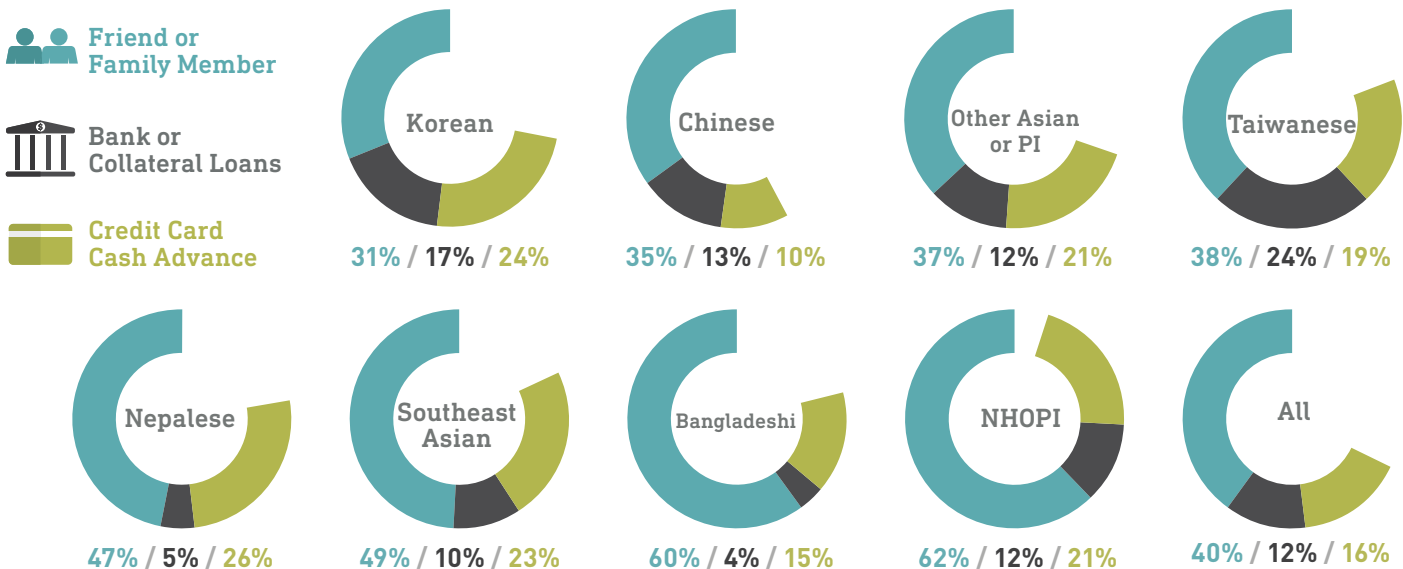


SOURCE OF EMERGENCY FUNDS

By Income



By Ethnicity



Influencing Consumer Behavior

The data from this study confirms that establishing and building trust with AAPI populations is critical to efforts to provide education, enhance access to products and services, and of course, influence consumer behavior.

Similar to most other consumers, AAPIs select their financial institutions based first on convenience — with proximity to home or work rated as the top factor in influencing where these respondents choose to conduct their financial transactions. However, second only to this was the ability to communicate verbally or in writing in their native language (32% of respondents). While this point reinforces the importance of cultural and linguistic accessibility in the delivery of services and products, it also alludes to the importance of in-person and in-language customer services interactions which are not typically available via online or telephone services.

In particular, recent native language immigrants with limited English proficiency are far more comfortable using financial services in person at banks. In-person banking is a primary way for most AAPIs, except Bangladeshi, to save money. The infographics on the following pages illustrate how language, ethnicity and generation currently utilize services within banking institutions — thus, further reinforcing the point that maintaining physical bank locations is critical to ensuring that AAPIs can enter into and continue to participate in the mainstream financial system.

This is especially evident when considering the growing use of the internet and smartphones and the ability to bank through those tools. Seventy-five percent (75%) of AAPIs said that they had access to the internet, however almost 74% of those respondents say they don't use the internet or smartphones to conduct banking because they were generally uncomfortable banking online or because of security concerns like identity theft. Despite currently low rates of online banking, many expressed considerable interest in using these services in the future. There are significant variations on this issue of

the use of technology in financial transactions based on factors such as age, income and education.

- Adults age 60 and older are less likely than other age groups to conduct financial transactions online (via computer, laptop, or mobile).
- Family households making less than \$20,000 per year are least likely to use online banking, while those in households making more than \$75,000 per year are most likely.
- College graduates are more likely to use online banking than those with a high school diploma or less. Native speakers were least likely to use their cell phone or smart phone across all types of financial transactions.

Other elements that influence trust in financial systems and products include cultural attitudes toward credit and debt, and an ability to adequately control and monitor cash flow and expenses by those on limited incomes. Thirty-seven percent (37%) of respondents reported using credit cards to pay bills, and 55% report using credit cards for day-to-day financial transactions. However, when this behavior was further analyzed by factors such as income and language, findings indicate that lower-income individuals are less reliant on credit cards than higher-income individuals, and individuals with lower levels of English proficiency are less likely to use credit cards for paying bill and are far more likely to use cash. While no specific survey questions were asked regarding cultural attitudes, these findings suggest that they had a strong influence in consumer behavior.

An additional factor for practitioners and institutions to consider is the role of the family in decision-making. With almost half of AAPI respondents (45%) making decisions jointly with their spouse, the evidence points to the importance of designing services and products that are family-oriented and collaborative. Such approaches may in fact help to foster a greater sense of trust, and confidence, in financial decision-making.

RECOMMENDATION 6

Increase language and cultural accessibility at financial institutions by hiring multi-cultural staff and expanding translation to enhance bank communication with customers. Translated documents may include outreach and marketing materials, educational materials, notices and legally binding documents. Serving an extremely diverse AAPI diaspora, with dozens of languages, can admittedly be challenging and at times overwhelming. However, the investment of financial institutions into hiring staff that represent the communities they serve, and ensuring that all communications are linguistically and technically understandable, will go a long way toward building consumer confidence in the institution and their products. Also worth considering are opportunities to partner with community based organizations and other institutions with language capacity and cultural understanding, as described further in Recommendation 7.

RECOMMENDATION 7

Bundle asset building education and products with other social services provided by trusted community organizations as part of the spectrum of immigrant integration services. It is critical to ensure a new generation of Americans is well-prepared to meaningfully participate in and contribute to the national economy. Community organizations play an integral role in supporting new immigrant communities. At the same time, funders and practitioners should acknowledge the significant amount of resources that are required to successfully integrate asset building with other services, and be prepared to adequately support it. In-language education and one-on-one coaching are critical for building an individual's capacity to understand and navigate financial systems. These are also extremely time- and funding- intensive activities for staff working with recent immigrants and refugees with little knowledge of the most commonly used banking terminology.

RECOMMENDATION 8

Maintain and invest in bricks-and-mortar locations for delivering financial services and products. Despite growing trends amongst mainstream populations to use more technology for financial services (e.g. mobile apps), physical locations of financial institutions continue to be very important to AAPI households and the vitality of neighborhoods more broadly.

RECOMMENDATION 9

Further explore the use of technology in expanding access to financial services and products, with proper investment in linguistically- and culturally-appropriate education on its instructional use and security. The financial services industry should take into consideration designing apps that are in-language and assure security. Additionally, incorporating technology with in-person services may create new opportunities for building awareness of new tools as well as building stronger customer relationships. Outreach and educational training on technology should be targeted to seniors and persons with low educational attainment. Such trainings should be easy to understand (step-by-step), and incorporate a more hands-on approach.

Influencing Consumer Behavior

BANKS



Physical banks remain important institutions

in communities for reasons of language and cultural access, as well as community trust

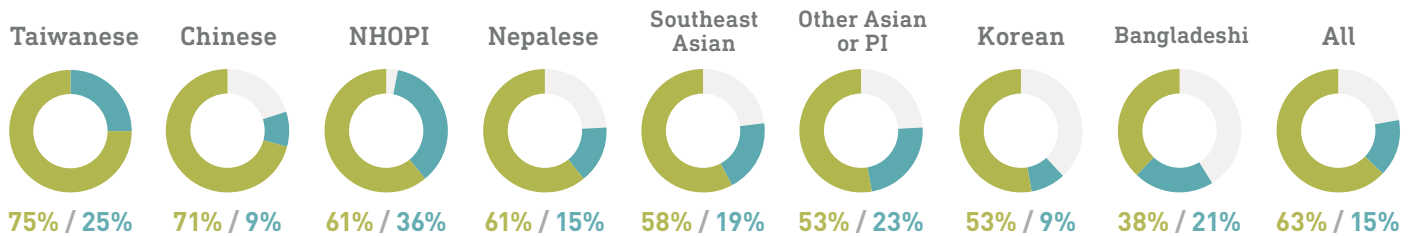
36% of respondents primarily use their native language when conducting banking activities

In-person banking is a primary way for most AAPIs, except Bangladeshi, to save money

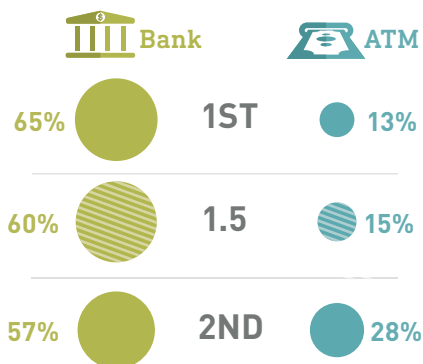
Ways to Save, By Ethnicity

■ Savings in Bank

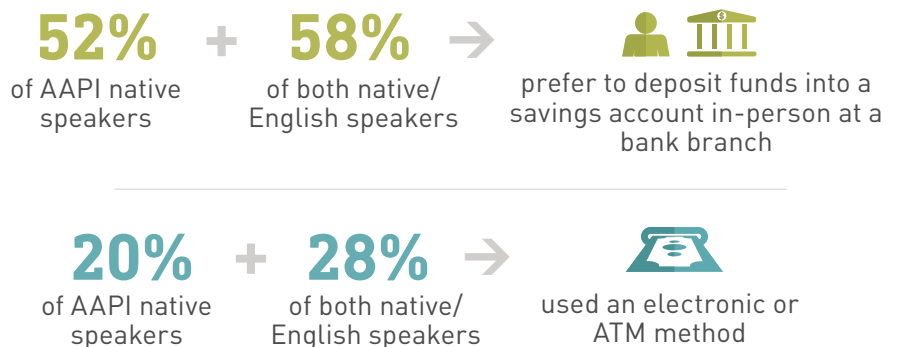
■ Savings electronically/ATM



Ways to Save, By Generation



Ways to Save, By Language



MAKING FINANCIAL DECISIONS



With a spouse or partner:

45% of AAPIs



Alone:

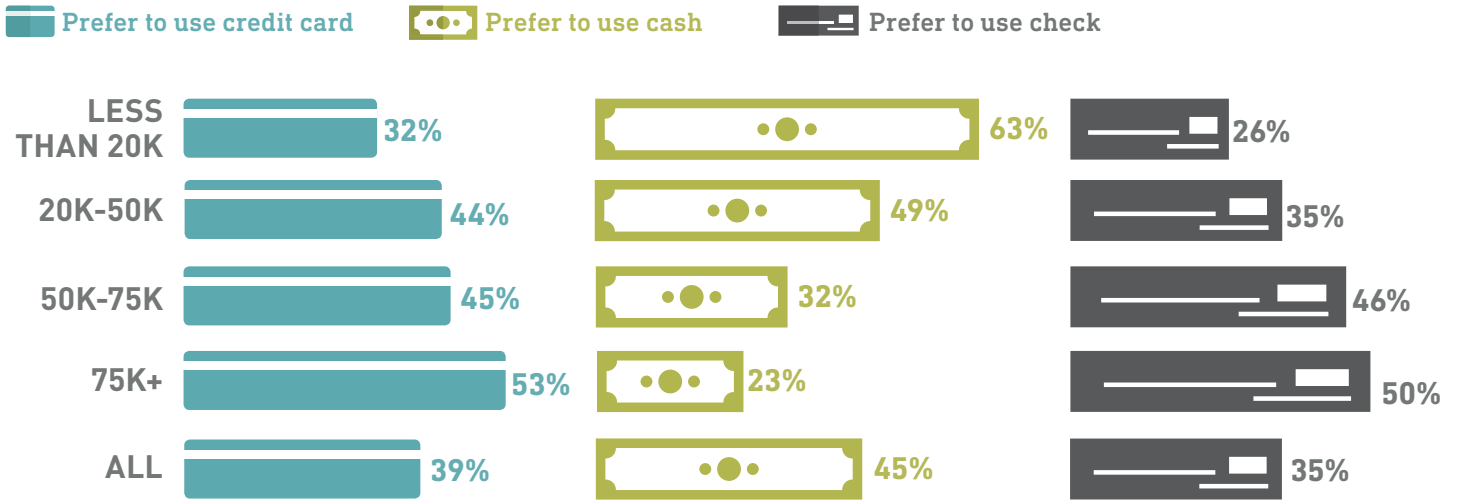
38% of AAPI females



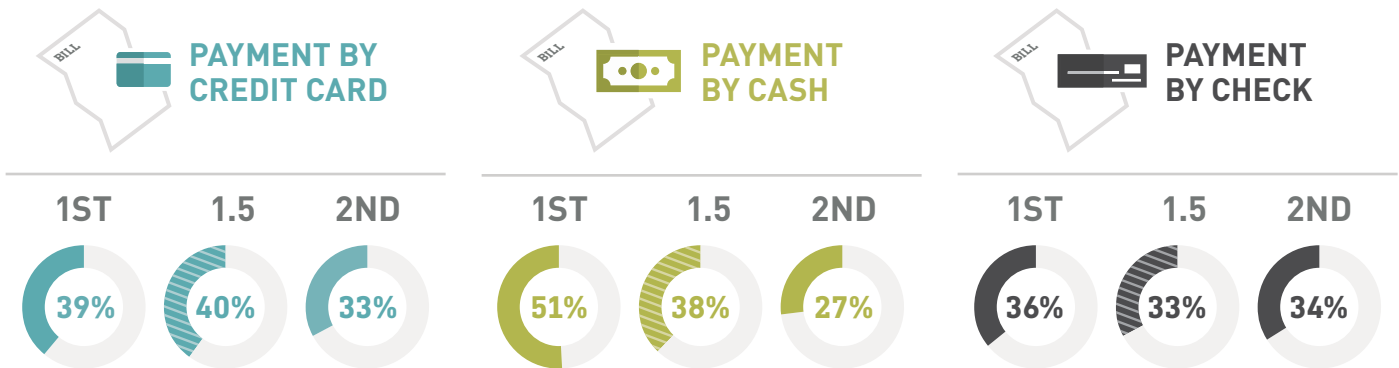
42% of AAPI males

CASH V. CREDIT

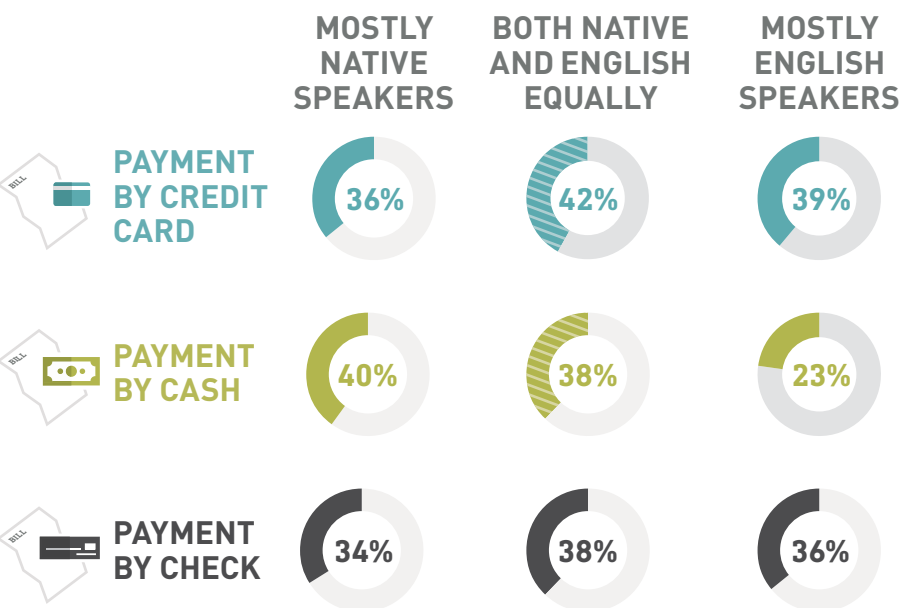
Bill Payment Preference, By Income



Bill Payment Preference, By Generation



Bill Payment Preference, By Language



CASH IS STILL KING!

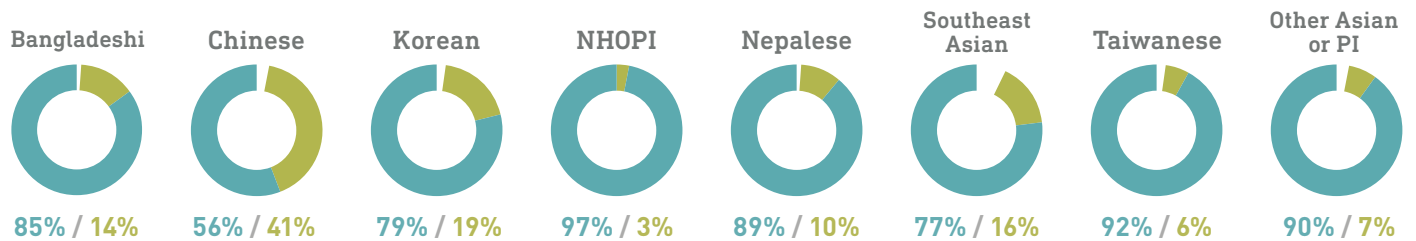
74% of respondents report using cash for day-to-day financial transactions such as buying lunch or groceries

Influencing Consumer Behavior Technology

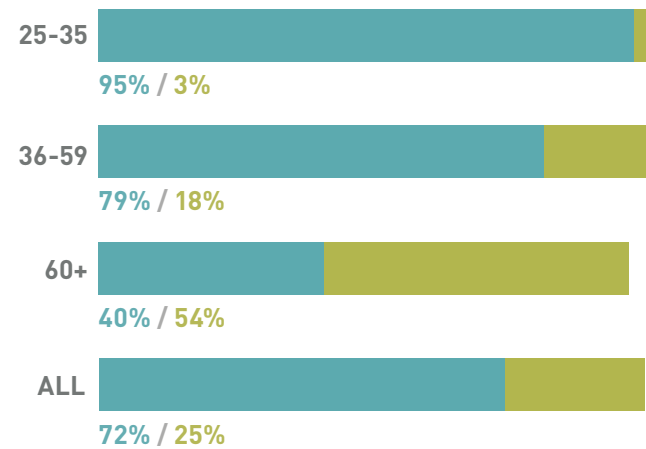
INTERNET ACCESS BY DEMOGRAPHICS

■ Have Internet Access ■ Do Not Have Internet Access

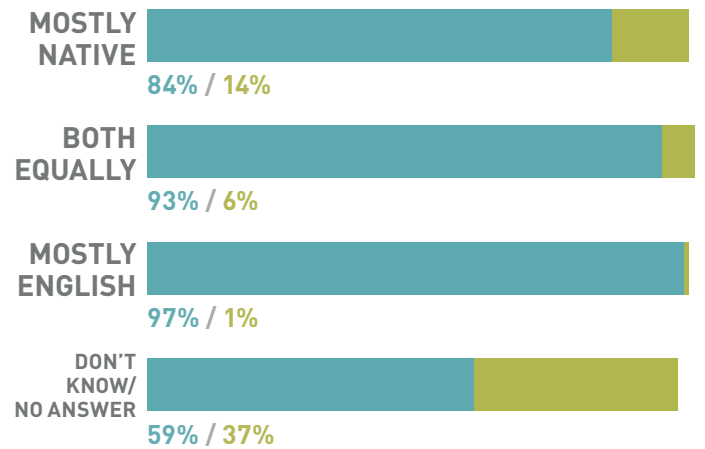
By Ethnicity



By Age



By Language



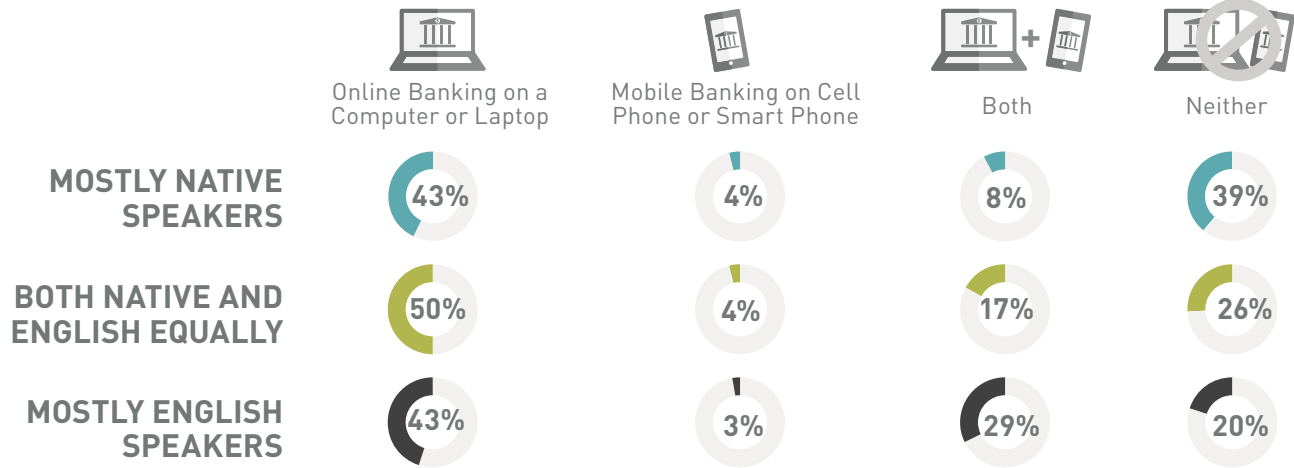
By Gender



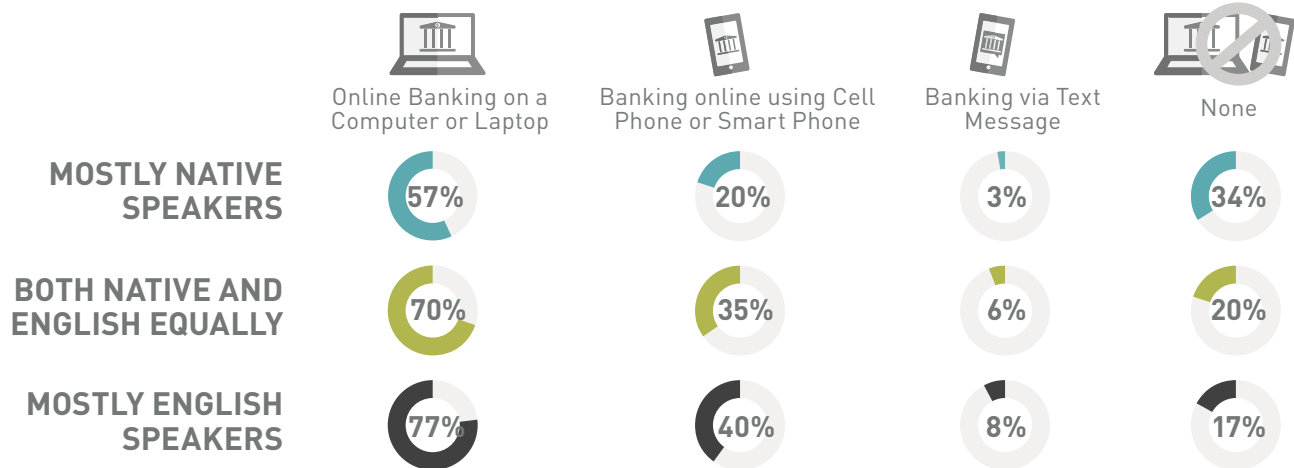
are **LESS** likely to have access to the internet

ONLINE BANKING

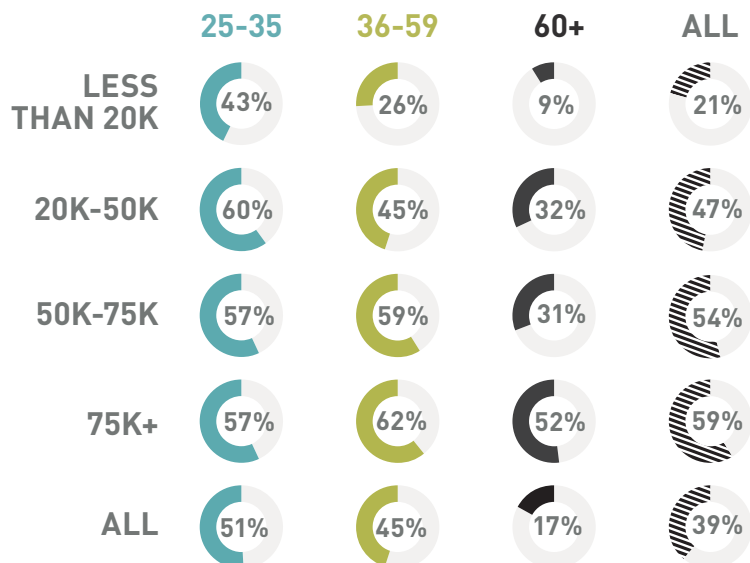
Current Usage, By Language



Preference, By Language



Usage By Income and Age



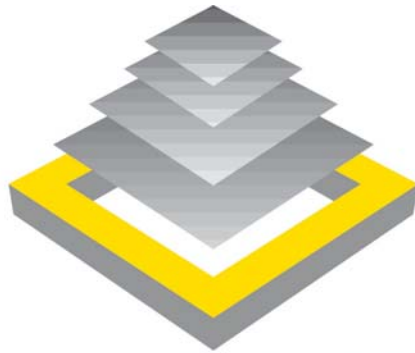
Usage By Educational Attainment

Along with income, educational attainment determines the likelihood of using online banking.

Nearly **10%** of adults who have not completed high school conduct online banking, compared to **27% AND 58%** of high school graduates and college graduates

Endnotes

- ⁱ Hoeffel, Elizabeth M., Sonya Rastogi, Myoung Ouk Kim, and Hasan Shahid, “The Asian Population: 2010 – 2010 Census Briefs”, U.S. Census Bureau, U.S. Department of Commerce, last modified March 2012, <http://www.census.gov/prod/cen2010/briefs/c2010br-11.pdf>
- ⁱⁱ Kochhar, Rakesh, Richard Fry, Paul Taylor, Gabriel Velasco, and Seth Motel, Wealth Gaps Rise to Record Highs between Whites, Blacks and Hispanics (Washington: Pew Research Center, 2011), accessed December 22, 2014, http://www.pewsocialtrends.org/files/2011/07/SDT-Wealth-Report_7-26-11_FINAL.pdf
- ⁱⁱⁱ Ibid.
- ^{iv} Ishimatsu, Josh, Spotlight on Asian American and Pacific Islander Poverty: A Demographic Profile (Washington: National CAPACD, 2013), accessed December 1, 2014, http://nationalcapacd.org/sites/default/files/u12/aapi_poverty_report-web_compressed.pdf
- ^v “The Racial Wealth Gap: Asian Americans and Pacific Islanders – Fact Sheet April 2014”, Center for Global Policy Solutions, accessed December 19, 2014, http://globalpolicysolutions.org/wp-content/uploads/2014/04/AAPI_RacialWealthGap.pdf
- ^{vi} “2013 FDIC National Survey of Unbanked and Underbanked Households,” Federal Deposit Insurance Corporation, last modified October, 2014, <https://www.fdic.gov/householdsurvey/2013report.pdf>
- ^{vii} “Encouraging Economic Empowerment: A Report on the financial and banking capabilities of Southeast Asian American Communities in California”, Southeast Asia Resource Action Center, accessed December 19, 2014; http://www.searac.org/sites/default/files/SEARAC__2012_MAY_FINAL.pdf
- ^{viii} Chung Hevener, Christy, Alternative Financial Vehicles: Rotating Savings and Credit Associations (ROSCAs) (Philadelphia: Federal Reserve Bank of Philadelphia, 2006), accessed January 5, 2015, <http://www.philadelphiafed.org/community-development/publications/discussion-papers/discussionpaper-ROSCAs.pdf>
- ^{ix} Taylor, Paul et al, The Return of the Multi-Generational Family Household (Washington: Pew Research Center, 2010), accessed January 5, 2015, <http://www.pewsocialtrends.org/files/2010/10/752-multi-generational-families.pdf>



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