

“Who Is Banking Latino Families: Latino Access to Financial Services and Products”

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Marisabel Torres joined the National Council of La Raza (NCLR) in 2008 to work in its Office of Research, Advocacy, and Legislation (ORAL). In her current capacity as policy analyst in the Wealth-Building Policy Project, Torres’s portfolio includes banking and homeownership policies affecting Latino families. She produces policy documents that demonstrate the effects of social programs on the Latino community and communicates NCLR’s position and recommended policy changes to Congress and NCLR’s affiliate organizations, as well as to other interested stakeholders. Previously, Torres worked in ORAL as a policy analyst in the Policy Analysis Center and as part of the Economic and Employment Policy Project. Her work included analyses of federal investments in Latino-serving programs, the Latino electorate, and barriers to federal retirement programs for low-income Latino workers. Before working at NCLR, she worked as a government affairs associate for the Specialty Graphic Imaging Association, an international trade association representing the screen and digital printing industries. She holds a BA in international affairs from the University of Mary Washington in Fredericksburg, Virginia.

Summary and Findings: NCLR’s financial access research in California sought to discover the ways in which the financial services industry was serving the Latino community, perceptions held by the community of financial institutions, and the ways in which technology was either fostering or blocking access to financial services. Research was conducted through NCLR’s California Affiliate Network, comprised of community-based organizations serving the Latino community, and Progreso Financiero stores, an alternative financial service provider serving a largely Hispanic customer base. Survey data represent many of the demographic characteristics that have been found to impact access to mainstream financial services and products. NCLR’s research showed that 21 percent of the Latinos surveyed did not own a mainstream bank account, consistent with findings from the Federal Deposit Insurance Corporation’s national findings. The Latinos surveyed by NCLR who were non-U.S. citizens, and those who were predominantly Spanish speaking, were also more likely to be outside the financial mainstream. Insights from this report help to demonstrate the values placed on the customer experience, the importance of effective communication and delivery of financial information by financial institutions, and ways that the Latino community wants to engage with the financial system.

Implications for Policy and Practice: Improving access for the Latino community to the financial mainstream will require participation from the financial industry and policymakers. Industry must meaningfully engage the immigrant community and Spanish speakers who are more likely to be disconnected from financial services. For immigrants who could be eligible to naturalize under Comprehensive Immigration Reform, it will be especially critical that they have access to safe and affordable products to finance related expenses. The recession has knocked many households out of economic stability. Financial institutions should create products with very low-income and unemployed customers in mind, which will keep them engaged in the financial system and help them regain their economic footing. Examples of these products include basic low- or no-cost accounts; credit products with better terms like low interest rates, as well as credit-building and repairing products; and no-fee savings accounts. There is a gap in access to quality financial information for Latino and immigrant communities. Policymakers should identify best practices being used in the field by community-based organizations that are working in this space, and find ways to bring them to scale, encouraging industry and nonprofit cooperation. Policymakers must also keep up with emerging trends in financial services and products, including the use of new technological platforms. They should engage consumer advocates and industry in this effort.