



Strategies for Financial Inclusion

*Findings from Talking Circles
with Members of the Hmong
Community*

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Study purpose and methods

In February 2014, ECHO Minnesota (Emergency, Community, Health, and Outreach) and *tpt* (Twin Cities Public Television) contracted with Wilder Research to learn ways of promoting increased mainstream financial service usage among four cultural communities: African American, Hmong, Latino, and Somali. In addition, ECHO and *tpt* identified the “1.5 generation” as a focus area for this study. The 1.5 generation refers to people who immigrated to the U.S. from another country before or during their early teens and typically use their bilingual skills to serve as liaisons for family and friends. ECHO is a Saint Paul based organization that partners with health, safety, and media organizations to help diverse communities, including immigrants and refugees, access the resources they need regarding health, safety, civic engagement, and emergency readiness.

Wilder Research conducted a literature review which included 28 articles that focused on the financial perceptions and practices of the cultural communities included in the study. The literature review resulted in two reports – one focused on minority and immigrant groups, the other on Islamic banking. Please contact Thalia Hall at (651) 280-2692 or thalia.hall@wilder.org for access to either report.

Two talking circles with each cultural community (a total of 10 groups) were conducted in Minneapolis and Saint Paul in March and April 2014 to help us learn more about barriers and challenges that members of these communities have experienced when using banks. Using the literature review, questions for the talking circles were developed in collaboration with ECHO staff and their partners.

Talking circle participants were asked to anonymously complete a brief demographic survey at the beginning of each meeting. Included in the survey were some questions to learn about participants’ current banking experiences, and the kinds of financial products and services they have used. The number of community members who attended the talking circles and completed the demographic survey varied. Some participants chose not to or missed the opportunity to complete a survey. The demographic tables reflect this variance by displaying the sample size for individual questions in parentheses in the table heading. For detailed demographic tables, please see the Appendix.

This report summarizes findings from two talking circles with 23 members of the Hmong community. Talking circles lasted roughly 1.5 hours and were conducted in Hmong. The conversations were audio recorded, which supplemented notes taken during the circles. At the end of each meeting, every participant received a \$20 Target gift card to thank them for their participation.

Findings from talking circles

Findings from talking circles with 23 participants from the Hmong community are grouped into four main categories:

- Learning about banking and money management
- Perceptions of financial institutions and whether banking personnel understand the needs of the Hmong community
- Financial services and products used and perceptions of those services and products
- Suggestions for increasing financial education among the Hmong community

Learning about banking and money management

Six participants noted that they learned about banking and money management from their parents. Three participants mentioned opening a bank account after receiving a check from an employer (with one participant receiving banking advice directly from their employer). Two participants noted relying on their children or other family members for guidance in financial tasks.

When I was younger, my dad told me to go work. When I was 16 and working, he said that it will be hard to cash a check if you don't have an account, so I opened a bank account.

We don't have jobs so we never went to get a mortgage. We waited for our sons and daughters to see if they got accepted.

Perceptions of financial institutions

Participants were asked to talk about their relationship with banks – if banks treated them well, and whether or not they trusted banks. Twelve participants said they did not feel well treated by banks nor did they trust banks. However, six of those participants recalled positive experiences they had when they had been served by “really nice” banking staff. These experiences were positive because of the products and services offered, the courteousness of staff, and/or integrity of staff. Two of the six participants mentioned that they really believe in banks.

All participants (12) in one group agreed that charging overdraft fees and other fees associated with checking or savings accounts is a challenge for them, particularly because their income level is low. This is one of the main reasons why participants do not feel

banks treat them well. Participants of both groups mentioned some experiences that contribute to participants' distrust of banks, including:

- Poor customer service from bank staff (4 participants), including one instance in which a staff person stole money from a participant's account
- Poor communication from bank staff (4 participants), with participants suggesting that bank staff should spend more time explaining terms and consequences of different financial agreements, as well as suggesting more in-depth explanations of charges associated with different types of accounts

Two participants also mentioned that banks do not understand the needs of the Hmong immigrant community, with one participant noting the difficulty of communicating their financial needs to a non-Hmong-speaker.

If I was them, I would have someone who is Hmong who can explain clearly and get more Hmong customers. I want them to accept people of color to work there. I want our people to serve on their board, to be there and come up with strategies and speak for us.

Before I talk to someone about my finances, I want to know if they know about us and are culturally sensitive. Workers at banks don't know the needs of the Hmong community. They don't know how much we need.

Hmong people are poor. If you have money, they will treat you better. Maybe they need to start treating everyone the same so there is equal distribution.

In addition to these experiences and perceptions, participants also mentioned a number of reasons that they limit the amount of money in their bank accounts, including:

- They do not have much money to begin with, and they do not save because their finances are put towards other expenses (3 participants)
- While participants acknowledged the benefits of saving small amounts of money over many years, some participants noted that it is difficult to deposit or withdraw large sums of money from banks or other financial institutions due to a long process, or the bank's suspicion of the customer (2 participants)

The banker told us that after 9/11 whoever puts over \$10,000 in their account at once will be investigated, so my husband and I decided to not open an account and give it to my mom and dad to hold. After that, we wanted to take out \$15,000 and they would not allow us to. We had to wait two more days for our money, and then we closed our account.

- One participant expressed worry about the security of their money in banks, and distributed their money to relatives instead

It should be noted that two participants said that they trust banks, with one participant noting that there are regulations in place to insure their money (though no specific information regarding these regulations was shared).

Financial services and products used

Participants have used a variety of financial services and products from banks and financial institutions (Figure 1).

1. Services and products used by talking circle participants (N=22)

	Talking circle participants	Percent
Checking account	16	73%
ATM (automated teller machine)	12	55%
Credit card or debit card	10	46%
Savings account	8	36%
Home mortgage	6	27%
Other services	4	18%
Unsecured personal loan, for example to buy a car or make a big purchase	2	9%
Home equity loan	1	5%
Retirement account, like an IRA (Individual Retirement Account)	1	5%
Investment in a certificate of deposit (CD) or Money Market funds	--	--
Prefer not to answer	1	5%

Note: N=22 represents the total number of participants who answered this question. See Appendix.

The most popular services and products used by participants are checking accounts, ATM, and credit and debit cards. Participants say it is easy to open a checking account and they use it mostly to pay bills. When asked about savings accounts, four participants said that they do not have enough money for a savings account, mentioning minimum balance requirements as a barrier.

I used to have savings when I was working. Now that I'm not working, there is no money, so I don't have a savings account.

To open a savings, you have to have \$700 and you can't take any out; then they will let your checking be used.

I feel that in my heart, it is not good when they charge us. We are already poor, and one or two dollars – we already hold that dear to us. If they take it, it is not good.

While some participants did not have a savings account, four participants expressed a desire to learn more about saving for their retirement.

Maybe they should have a personalized individual retirement plan for everyone.

Because I am younger, they don't tell you how to save for retirement. But when I brought my parents and aunts, they see that they are older and talk about retirement.

Regarding checking accounts, 10 participants expressed frustration with overdraft fees and other fees (such as fees for opening an account or monthly fees to keep the account open), with some mentioning that charging extra fees to customers who are already poor is “not right.”

If you don't have direct deposit, you have to use your debit card 10 times per month. You will get penalized either way. For us poor, \$12 is already a big amount.

It was very easy to open an account. After I have opened an account, [however,] they told me to pay fees. If I didn't have \$500 in the account, then I would have to pay a fee.

In addition, four participants mentioned that applying for credit can be difficult, and three participants noted the same regarding receiving a loan from banks.

If you have good credit, then you get a loan and getting a house is easy. If you have bad credit, then it is difficult.

If you have low income then the banks will not give you a loan.

Lending circles¹

Participants in both groups mentioned that they value informal, family-based lending circles. They expressed that participating in family-based lending circles is a good way to help one another.

We do that because of our history of poorness and closeness. We don't trust those outside, so we help each other out. When there is a problem, each house or family has to help with a certain amount.

For those who don't have a lot of money in the family, we use that for something big for one or more families, like a wedding or funeral.

One participant suggested that banks facilitate lending circles as a way to engage Hmong communities.

¹ Lending circles refer to the practice of lending money to relatives, friends, or otherwise unrelated individuals without going through a traditional financial intermediary such as a bank or other traditional financial institution.

Owning a home

Six participants thought it was important to own a home. Of the six participants, one expressed that it is part of the American Dream, another said, “it is important because you bought it, you own it,” while a third participant said owning was better than renting. However, 10 participants noted barriers to receiving a mortgage from a bank or financial institution, including: lack of knowledge or not fully understanding the terms of the mortgage agreement (6 participants), not having enough money for a down payment, and in some instances needing to have other family members cosign (3 participants).

When I bought a house, our problem was the knowledge. We didn't know about our credit. We needed them to explain all of the information on payments for 30 years and the different options, and then I would sign.

If your job is good, if your income is good, then getting a mortgage is easy. But if you have low income, and every month you have low income, then it is difficult.

For us, buying a home was difficult. They have to check things. It had to be both of us to sign the mortgage agreement, my son and me. If it was just me, they would not let me.

Suggestions for increasing financial education

Overall, participants agreed upon the importance of providing financial education to youth. Two participants suggested delivering financial education when students are in high school, and three participants suggested delivering financial education earlier than high school. One participant suggested creating multiple age-specific curricula to deliver to students in elementary, middle, and high schools. Participants noted the benefits of delivering financial education in schools because children “don’t listen to their parents” regarding financial matters (2 participants), and because some parents don’t possess extensive knowledge about the U.S. financial system (1 participant).

Participants mentioned the following topics on which financial education curricula might focus: credit/debt (8 participants), saving and savings accounts (6 participants), budgeting and individual finance (4 participants), investments (2 participants), social security (1 participant), and loans (1 participant).

Summary and recommendations

Participants in talking circles with members of the Hmong community spoke mainly to the challenges of actively engaging in mainstream financial services in the U.S. from the perspective of first generation immigrants. Considering the range of challenges that accompany immigrating to a new country, the majority of concerns regarding banks and financial institutions expressed by participants focused on poor customer service from bank personnel. At times, participants related experiences with bank personnel who were not well-equipped to serve customers who do not speak English or who have different cultural values than bank staff. At other times, participants felt manipulated and cheated by bank personnel. Recommendations for increasing the level of engagement from the Hmong community in mainstream financial services focus on increasing cultural competency among bank staff.

Participants recommended the following measures to more effectively engage the Hmong community in mainstream financial services:

- **Hire Hmong people, or people who understand the needs of the Hmong community.** While some participants suggested hiring members of the Hmong community to better serve Hmong customers, one participant noted that customer service and understanding the needs of immigrants is more important than ethnic origin.
- **Make cultural competency a priority among frontline and customer service staff.** Participants suggested increasing “cultural sensitivity,” an effort that includes increasing knowledge of Hmong history and culture, as well as challenges and experiences associated with immigrating to a new country.
- **Offer culturally appropriate services and products.** Participants expressed positive attitudes towards lending circles, mentioning their involvement in informal lending circles with family members for large purchases or expenses. Offering services or products that align with activities that Hmong people are already engaged in may increase involvement from the Hmong community in mainstream financial practices.

Appendix

Demographic tables for talking circle participants

It should be noted that the number of community members who attended the talking circles and those who answered individual questions on the demographic survey varied. This is the result of some community members who chose not to or missed the opportunity to complete a survey, but still participated in the talking circle conversation. There were also some attendees who did not participate in the conversation but they completed a survey. The demographic tables reflect this variance by displaying the sample size for individual questions in parentheses in the table heading.

A1. Ages of talking circle participants (N=19)

	Number of participants	Percent
18-24 years old	3	16%
25-44 years old	7	37%
45-64 years old	8	42%
65+ years old	1	5%

A2. Gender of talking circle participants (N=18)

	Number of participants	Percent
Male	6	33%
Female	12	67%

A3. Level of education of talking circle participants (N =12)

	Number of participants	Percent
8th grade or less	4	33%
Some high school, but did not finish	2	17%
High school diploma or GED	--	--
Some college, but no degree	4	33%
Completed any college degree (2-year Associate or higher)	2	17%

A4. Employment status of talking circle participants (N =23)

	Number of participants	Percent
Employed	9	39%
Not employed	14	61%

A5. Monthly income of talking circle participants (N=10)

	Number of participants	Percent
\$0 - \$1,499	4	40%
\$1,500 - \$2,999	4	40%
\$3,000 - \$4,499	1	10%
\$4,500 - \$5,999	1	10%
\$6,000+	--	--