



Tips for Providing Financial Capability Services to Immigrant Communities

Financial Challenges Facing Immigrant Communities

Immigrants face many of the same challenges that low- and moderate-income communities experience (e.g., low and unstable incomes, poor credit or lack of a credit history, and limited ability to access loans).¹ But they also face a set of unique challenges. For example, immigrants may be hesitant to open a bank account because they find document requirements confusing, or they may not trust financial institutions in the U.S.² Immigrants may be unfamiliar with key aspects of the U.S. financial system, such as credit, taxes, financial products and fees. Limited English proficiency and lack of bilingual banking staff can make it difficult for immigrants to access the information they need.³ Many important financial terms, such as “subprime” or 401(k), don’t have direct translations into other languages.⁴ And, because of limited English proficiency and discomfort using mainstream financial services, immigrants are more susceptible to scams.

Tips for Providing Financial Services to Immigrant Communities

TIP
1

Employ culturally competent staff.

Bilingual staff familiar with social norms of different populations can make immigrant clients feel more comfortable. Employing immigrant staff or individuals whose families are recent immigrants improves staff understanding of the concerns immigrant clients face. Local refugee resettlement agencies can be an excellent resource to learn about cultural norms.

TIP
2

Know the documentation requirements for local banks.

A 2012 FDIC survey found that the majority of banks accepted non-U.S. passports or other alternative forms of identification.⁵ Tell clients to bring a photo ID (such as their passport), proof of home address (such as a phone or utility bill) and an identification number (such as an individual taxpayer identity number [ITIN], passport number, consular ID or other government-issued ID).⁶

TIP
3

Build trust between your organization and immigrant communities.

Recruit immigrant clients who have had a positive experience with your organization to share their experiences with other immigrants.

TIP
4

Build trust between mainstream financial institutions and immigrant communities.

Immigrants may have negative perceptions of financial services due to past experiences. Invite representatives from local banks and credit unions in immigrant communities to present their products and services at your organization when you have clients' attention, such as during their monthly financial education class. Accompanying clients to these financial institutions in person can also build trust.

TIP
5

Integrate financial capability services into other services.

Integrating financial capability means providing services when and where immigrants are already receiving other services. Teaching financial vocabulary and concepts as part of an English as a Second Language (ESL) class is a great example of how to integrate financial capability. Taking a field trip to a credit union during a parenting class is another example.

TIP
6

Clarify tax filing requirements and benefits for undocumented workers.

All wage earners are required to pay taxes. Undocumented immigrants can use their ITIN to file. Filing taxes benefits undocumented workers if they apply for citizenship because tax returns can be used to demonstrate work history and length of residence in the United States. Individuals with ITINs who file tax returns can also claim important supports, such as the Child Tax Credit.⁷

TIP
7

Educate about credit.

Immigrants can access some credit products with an ITIN. However, since the ITIN is not the primary way credit bureaus identify individuals, ITIN holders should provide consistent data when applying for credit (e.g., consistent spelling of their name), so that all lines of credit link to their file.⁸ To pull a credit report, immigrants must write the credit bureaus with the following information: name, date of birth, current and previous addresses, employment history, and their ITIN (if an ITIN was used to secure credit). When ITIN holders become citizens and receive social security numbers, they can transfer their credit history to the social security number by sending a letter like this one to each of the credit bureaus asking them to transfer the credit history to the new number.

Resources

- ✓ The **National Immigrant Law Center** responds to frequently asked questions about ITINs. Visit <http://nilc.org/issues/taxes/itinfaq> for more information.
- ✓ **New Economy Project** provides brochures outlining undocumented immigrant's rights around banking. Access these brochures at <http://neweconomy.org/resource/immigrants-banking-rights-brochure>.
- ✓ The **Office of Refugee Resettlement** maintains a resource directory for refugees. Visit <http://acf.hhs.gov/orr/state-programs-annual-overview> for more information.
- ✓ The **Labor Council for Latin American Advancement** offers helpful tips in their blog post, "Life After DACA: Obtaining a Social Security Number, Transferring Your Credit History, and Rescinding your ITIN."

1 *Financial Education Programs Serving Immigrant Populations* (Washington, DC: Consumer Financial Protection Bureau, 2016).

2 *Immigrant Financial Services Study* (New York: Office of Financial Empowerment, Department of Consumer Affairs, 2013).

3 Consumer Financial Protection Bureau, *Financial Education Programs*.

4 *Ibid.*

5 *Ibid.*

6 *Financial Justice for Immigrants: Know Your Rights* (New York: New Economy Project, 2013).

7 *Individual Taxpayer Identification Number: A Powerful Tool for Immigrant Taxpayers* (Washington, DC: National Immigrant Law Center, 2016).

8 *Tip Sheet: Building Credit Without a Social Security Number* (Washington, DC: Credit Builders Alliance).