

***Latino migrants:  
A profile on remittances, finances, and health***

Manuel Orozco and Nancy Castillo  
April 2008

## Contents

Introduction.....	1
1. International migration in the United States .....	2
2. Demographic characteristics of remitters.....	3
3. Migrants and their Family Remittances .....	5
4. Remittance Market Intermediation .....	7
5. Financial access and Banking in the Home and Host Countries.....	10
6. Health and Social Protection .....	17
Financial and Remittance Literacy as a policy issues .....	19

## ***Introduction***

This document provides a descriptive profile of the main traits and characteristics of Latin American migrants in the United States. The document serves as an educational reference to easily access facts on migrants' behavior on money transfers and finances. Moreover, it also attempts to look at the socio-economic profile of this population including attention to their health condition.

The main characteristics and patterns of migrants show that they are relatively young, with low education levels and income, who mostly use money transfer companies to remit, and have little access to financial services. Here we summarize some of these characteristics:

- A majority of migrants sends money back home;
- These migrants are on average in the early thirties, male and female, with less than a university education, and only one-fifth is a naturalized US citizen;
- They remit annually nearly \$4,000 with variations across nationalities;
- They use and trust predominantly money transfer companies;
- Their access to banking institutions is low, however, the majority saves more than \$4,000 in cash;
- Most migrants do not have health insurance, rather when sick, self-medicate themselves.

## ***Methodology***

The paper is based on a nationwide survey conducted in five major U.S. cities—New York, Los Angeles, Chicago, Washington DC, and Florida—during July 2007 on 1,250 participants who send remittances. The survey was conducted with people from eight nationalities from Latin America and the Caribbean. The survey is also complemented with focus group interviews with a total of 55 migrants living in New York, Los Angeles, Washington DC, and Austin from Argentina, Ecuador, El Salvador, Guatemala, Honduras, Mexico and Peru. Of these participants, over half (62%) are from El Salvador or Mexico.

Table 1: Nationality of Latin American and Caribbean migrants surveyed

<b><i>Country of Origin</i></b>	<b><i>%</i></b>
Mexico	32
Dominican Republic	8
Jamaica	8
El Salvador	16
Guatemala	8
Colombia	8
Bolivia	10
Nicaragua	10
Total	100

## **1. International migration in the United States**

The United States is a major host to migrants arriving from all over the world, particularly from Latin America and the Caribbean. Although exact figures are relatively unknown, the U.S. Census Bureau estimates that the number of migrants is nearly forty million (US Census Bureau 2008). As the table below shows, individuals from Latin America are believed to be just over half of that number, of which people from Mexico constitute the main migrant population of Latin American origin.

Various factors lead to the consideration that the US Census figures are estimates that may not reflect the actual number. Migrant associations, for example, often contend that the size of different nationalities is as much as double what the Census estimates. Moreover Central Bank data from many countries in Latin America and the Caribbean consisting of reliable figures on the volume of monthly transfers of remittances may confirm some associations' claims. For example, the sum of number of transfers from El Salvador, Guatemala, Honduras, and Nicaragua amount to 3.2 million, whereas the number of Central Americans accounted by the US Census is 2.6 million.<sup>1</sup> Moreover, not all migrants remit: surveys show (see section below) that on average 65 percent of migrants do so.<sup>2</sup> Another interesting example, and of a lesser known migrant population, is of Paraguayans. U.S. Census figures approximate less than 50,000 Paraguayans in the U.S., however, one money transfer company alone makes as many as thirty thousand transfers per month.

Table 2: Migrant population in the United States from Latin America and the Caribbean

<b><i>Population in the United States</i></b>	<b><i>Number</i></b>	<b><i>% of total foreign born</i></b>
Foreign born	37,547,789	
Born in Latin America	20,088,292	54
Born in Mexico	11,541,404	31
Born in Other Central America	2,648,637	7
Born in Caribbean	3,355,737	9
Born in South America	2,542,514	7

Source: US Census Bureau American Community Survey, 2006.

<sup>1</sup> Transactions recorded by Central Banks come predominantly from money transfer companies. The average and median transfer recorded by MTOs is very similar from that reported from surveys.

<sup>2</sup> This document does not offer a detailed discussion on this issue, but merely points to the differences as an issue to keep in mind when thinking about the number of migrants.

### *Migrant remitters*

Setting aside discrepancies on how many migrants are in the United States, but acknowledging the existence of possible undercounts, is important to point out that most migrants seek to fulfill an obligation of sending money to their relatives. In industrialized societies, the number of people remitting is not as large as in populations where international labor migration results from guest worker programs or labor export programs, as is the case in places like the Arab Oil Exporting countries, South East Asia, or Russia.

In the case of Latino migrants in the U.S., studies show that about two-thirds remit. According to a study by the Inter-American Development Bank, between 60 and 78 percent of migrants sent remittances to their families (averaging 66 percent) totaling \$55 billion in transfers (IADB 2007). Another study estimates that total migrants in the United States remitted just over \$100 billion worldwide (Orozco 2007).

Table 3: Migrants who remit

<b>Nationality</b>	<b>Sends remittances (%)</b>	
	No	Yes
Mexico	40	60
Guatemala	28	72
Honduras	21	79
El Salvador	26	74
	34	66

Source: IADB survey commissioned in 2007 to Bendixen and Associates

## **2. Demographic characteristics of remitters**

Who are these remitters? In order to obtain a clearer picture of migrants who send money back home, a survey of people from different nationalities of Latin America was carried out. The demographic composition of migrant remitters is a point of departure to the understanding of who sends remittances. First, there is a near gender split because gender distribution was fairly even: women made up 44 percent and men made up 56 percent of remitters. This split is different from previous generations of migrations, but surveys conducted since 2000 suggest this current pattern. Second, the majority of migrants does not hold more than high school education and predominantly work in the service economy. Third, they are predominantly young individuals in their thirties who on average have been in the United States for seven years (as of 2007).

These characteristics were similar among the focus group interview participants, but there were variations in education by city. Participants in New York and Austin have the highest rates of completed education; over half of each group reported completing secondary school or higher. In contrast 50 percent of both Los Angeles and Washington participants did not complete primary school. Also, they are slightly older than the survey population, being mainly between 38 and 45 years old.

Table 4: Education and main occupation of migrant remitters

<b>Education</b>	<b>%</b>	<b>Most common occupations</b>	<b>%</b>
College degree	4	Construction	9
Some college	25	Waiter/waitress	8
High School	41	Cleaning person	7
Elementary School	25	Cook	6
Did not finish Elementary School	6	Seller	4
		Employee	4
		Nanny	4

Source: Orozco Survey of Latino Migrants, 2007

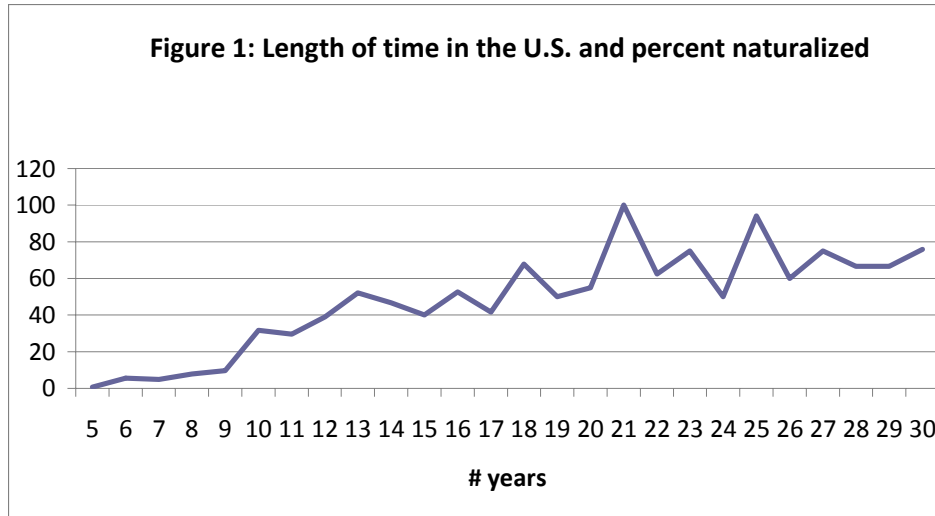
Moreover, only twenty percent of migrant remitters are naturalized citizens; however they are also older, in their forties, and have been an average of 17 years in the country. The longer they are in the country the higher the percent of those who naturalize. The table below shows that migrants from the Caribbean have a higher percentage being citizen. The case was similar among the focus group interviews; only four out of 55 hold U.S. citizenship and three-fourths have been in the U.S. for 10 years or less. Only Los Angeles showed a significant number of participants who have lived in the country longer than 10 years and Washington DC showed the largest range of time in the US of immigrants.

Finally, they are generally low income earners, condition associated to their occupations, education, as well as legal status: only fourteen percent of migrant remitters are earning more than \$30,000. The low income levels were even more prevalent in the interviews with migrants. They overwhelmingly (92%) earn less than \$30,000 with higher concentrations at lower ranges. This trend is strongest in Washington DC and Los Angeles.

Table 5: Citizenship status of remittance senders

<b>Nationality</b>	<b>% Naturalized US citizen</b>
Mexico	17.5
Dominican Republic	39.0
Jamaica	35.0
El Salvador	16.0
Guatemala	20.0
Colombia	18.0
Bolivia	9.6
Nicaragua	14.4
All groups	19.5

Source: Orozco Survey of Latino Migrants, 2007



Source: Orozco Survey of Latino Migrants, 2007

Table 6: Income among migrant remitters

<i>Personal Annual Income</i>	<i>%</i>
Less than 10,000	10
Between 10,001 and 15,000	25
Between 15,001 and 20,000	21
Between 20,001 and 25,000	17
Between 25,001 and 30,000	13
Between 30,001 and 35,000	8
Over 35,000	6

Source: Orozco Survey of Latino Migrants, 2007

### **3. Migrants and their Family Remittances**

When looking at the actual exercise of sending money, migrants send on average \$257 in remittances at a frequency of 15 times per year. In one year, they send on average \$3,452. The interviews with migrants showed the same amount remitted per transaction but at an average frequency of 19 times per year, yielding a slightly higher \$4,800 remitted in one year. Also, migrants in Los Angeles indicated sending the highest average amount (\$326). Another important consideration is the added amount sent for unexpected situations: one couple had sent \$1,500 in the month prior to the focus group interview due to emergencies.

Moreover, there are differences in the average amount sent by nationality according to they survey. Dominicans, for example, send less than the average transfers and Mexicans send different amounts depending on where they are living.

Table 7: Average amount sent by an immigrant

<b>Nationality</b>	<b>Average Sent (\$)</b>
Mexico	259
Dominican Republic	140
Jamaica	403
El Salvador	255
Guatemala	277
Colombia	285
Bolivia	215
Nicaragua	233
Total	257

Source: Orozco Survey of Latino Migrants, 2007

These amounts are not negligible because they represent 15 percent of a migrant's income and the average amount sent increases as income increases, though not proportionally. This indicates that migrants remit generally a minimum threshold that is felt more among those in the lower income brackets, but also do not send necessarily more in proportion to their earnings. Previous research has shown that people remit in relationship to their income but also to the cost of living in their home country (thus the differences among nationalities), and that increases in income often relate to their commitments to invest back home.

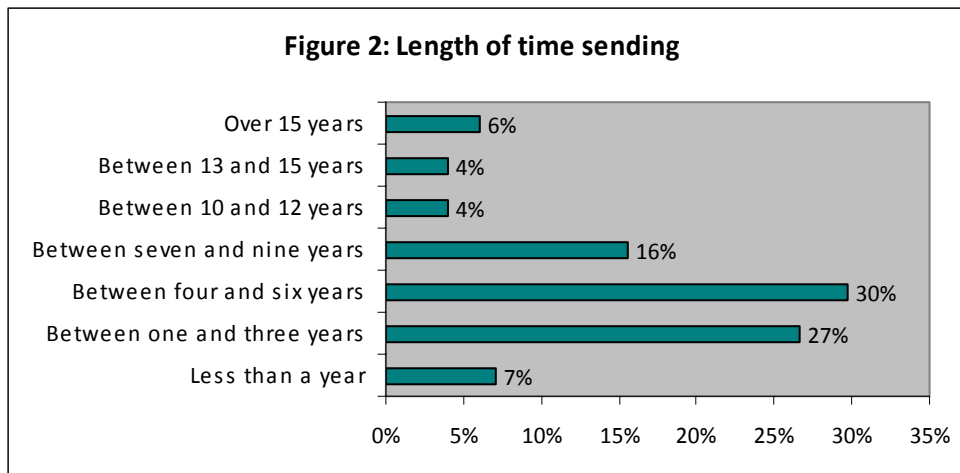
These amounts remitted are likely to represent the second most important expense in the hierarchy of needs after rent. In fact, on a scale from 1 to 10 (from least to most important) the migrants interviewed in Austin on average rated remittances as 8.19; over half of the participants rated remittances as 10, citing the obligation they feel to send money, particularly to parents. In Los Angeles, remittances were on average rated 2.89 using a scale of 1 to 5; nearly half of the participants rated remittances as 3.

Table 8: Remittances as percent of income

<b>Income</b>	<b>%</b>	<b>Average remitted (\$)</b>
Personal Annual Income	21	2,060
Less than 10,000	20	2,637
Between 10,001 and 15,000	18	3,256
Between 15,001 and 20,000	18	4,066
Between 20,001 and 25,000	14	4,030
Between 25,001 and 30,000	12	3,999
Between 30,001 and 35,000	15	6,173

Source: Orozco Survey of Latino Migrants, 2007

The majority have been sending money for between one and six years. However, those who have been sending the longest are also among those who on average send a bit more, but not in larger quantities proportional to their time sending. This issue indicates that remittance transfers are relatively inelastic, that is, although a migrant sends more over time, they do not send much larger amounts commensurable to time sending. This inelasticity factor does signal the issue of greater disposable income over time.



Source: Orozco Survey of Latino Migrants, 2007

Table 9: Length of time remitting and amount remitted

<i>Years sending</i>	<i>Per transfer</i>
Less than a year	211
Between one and three years	233
Between four and six years	267
Between seven and nine years	276
Between 10 and 12 years	252
Between 13 and 15 years	282
Over 15 years	334

Source: Orozco Survey of Latino Migrants, 2007

#### **4. Remittance Market Intermediation**

These sending patterns occur within a context of market intermediation offered by a range of remittance service providers and types of businesses that include the typical money transfer operator, banks and other entities, including informal businesses without a license to perform money transfers.

Latinos send remittances mainly via a money transfer operator. Banking institutions are used by only 12 percent, though this group sends more each time on average. This finding is also reflected in the interviews with migrants, though in some cities banks are

utilized more than in others. For example in New York and DC, only one-fourth and one-ninth send money through banks, respectively. In Austin and LA, one-half and nearly one-third utilize banks, respectively. These figures reflect a questionnaire that was submitted at the interview though during the discussion, only 3 people in Austin and none of the respondents in LA admitted to using a bank to transfer money. About half of those banks are Latin American and Caribbean banks operating as MTOs rather than actual banks. Banks offering transfers are about seven percent, and are an increase from previous years where it was as low as one percent.

Among the most preferred money transfer companies range from large entities such as Western Union and MoneyGram to more corridor-specific companies such as Alante Financial. Nearly all respondents (94%) have never had a bad experience sending money. Bad experiences were caused by a transfer not arriving (or getting lost) or a transfer not arriving on time (or being late).

Table 10: Method of transfer and amount sent

<b>Method of Transfer</b>	<b>Amount Sent (\$)</b>	<b>% of all remitters</b>
Money Transfer Operator	244	87
Travelers	257	13
Banks	336	12
Internet	540	1
Total average for all remitters	257	

Source: Orozco Survey of Latino Migrants, 2007

These companies are preferred because they are perceived to be secure, reliable, accessible, and to have convenient agencies. Customer service and a favorable reputation are also characteristics of preferred companies. The table below shows what migrants believe make their company of choice a preferred business. Similar characteristics were found in the interviews with migrants, though while most participants in all cities prefer a service that is first fast and secure, the top preferences differ slightly from city to city. In New York, participants foremost favored a service that is fast and secure but in DC, people favored a fast and close service. In Los Angeles, security was a top priority.

Table 11: Attributes of proffered remittance company

<b>Characteristics</b>	<b>%</b>
Security	67
Reliability	66
Accessible and convenient agencies	56
Easy remittances pick up	49
Excellent customer service	44
Good reputation	37
Direct deposit	33

<b>Characteristics</b>	<b>%</b>
Remittances card	26
Different ways to send your money	17
It's a tradition	15
It's from my country	12
Ways to access to other financial instruments	6

Source: Orozco Survey of Latino Migrants, 2007

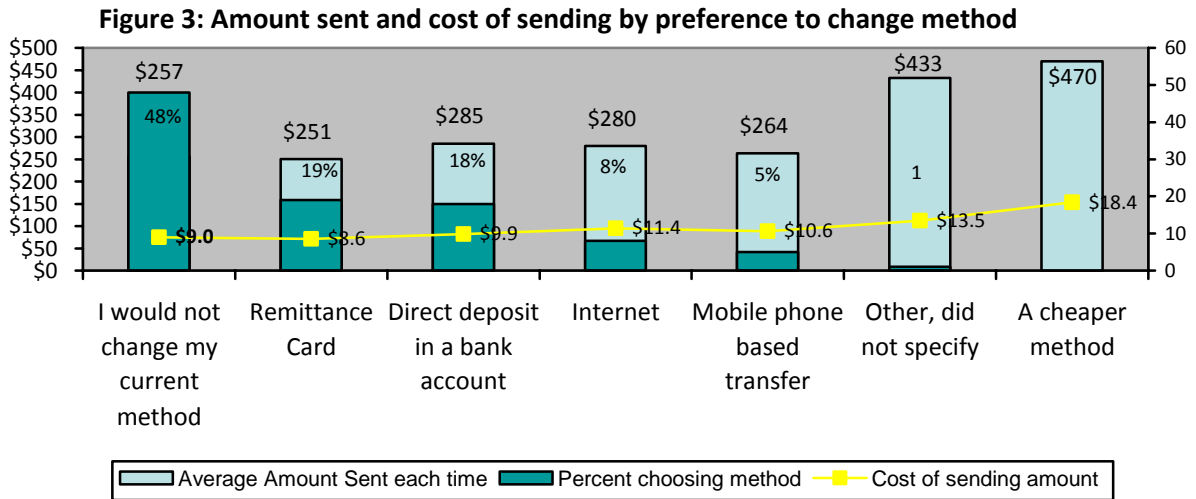
Another issue of interest to the remitter in addition to the speed and availability of the product is the cost of sending it; interviews with migrants in Austin showed that cost was the most important factor for them. The cost of remitting varies from country to country as well as from city to city depending on the competition. These costs have been declining considerable over time, but in some corridors these prices remain high: transactions to Jamaica cost on average \$18 and to Nicaragua are an equivalent of 7 percent of the amount per transaction. Cost is not a negligible issue for migrants, and they do show preferences to find more affordable solutions.

Table 12: Percent charged to send a remittance

<b>Country of Origin</b>	<b>in USD</b>	<b>in % per transaction</b>
Mexico	9	6
Dominican Republic	5	3
Jamaica	18	5
El Salvador	8	4
Guatemala	9	5
Colombia	10	4
Bolivia	7	3
Nicaragua	12	7
Total	9	5

Source: Orozco Survey of Latino Migrants, 2007

In fact, although migrants have no complaints on remittance service providers, loyalty with the current method of transfer is split. One half of respondents indicated wanting a more efficient way to send their money. The preference is from the current cash to cash transfer model, to mainly card based transfers or account to account transfers. These preferences are also associated to the costs of the current transfer method, that is, those preferring to switch to a different method are paying more than those who do not want to change methods.



Source: Orozco Survey of Latino Migrants, 2007

The preferences to change are also evident when examining the favorable characteristics of preferred companies: one-quarter of respondents indicated that their company offers a remittance card. Notably, only 6 percent of preferred remittance providers offer avenues through which customers can access other financial services. This fact may indicate that there is a gap between the supply of these financial services and the demand for them, an issue that is discussed below.

### ***5. Financial access and Banking in the Home and Host Countries***

Asset building is considerably important to guarantee a good quality of life. And the extent to which a person is able to build financial assets will be pivotal in defining their well being. Financial assets are an assortment of valuables such as savings, investments, and other financial instruments that people can accrue under different circumstances. But the opportunity to build those assets depends on the extent to which people have access to them.

Financial access and financial intermediation are critically important issues associated to asset building and remittances. Financial access is a condition by which individuals are able to enjoy services without substantial restrictions to do personal or corporate business. Moreover, greater financial access increases and strengthens the health of the financial system and the economy as it makes the system more competitive and capital more accessible for investment.

The World Banking Institute<sup>3</sup> measures access in four ways, namely usability, openness, formality and functional capacity:

- *Usability*: capable of opening accounts affordably and with small balances
- *Openness*: capable of reaching everyone without hurting any social sector
- *Formality*: capable of enforcing regulations without compromising use and openness
- *Functional capacity*: capable to serve the four core financial product needs: payments, savings, credit and risk mitigation

Within this context, financial access for and among migrants is an activity that includes domestic (utilities) and cross border payments (remittances), and the cross-selling of financial products, such as a variety of savings, loans and insurance.

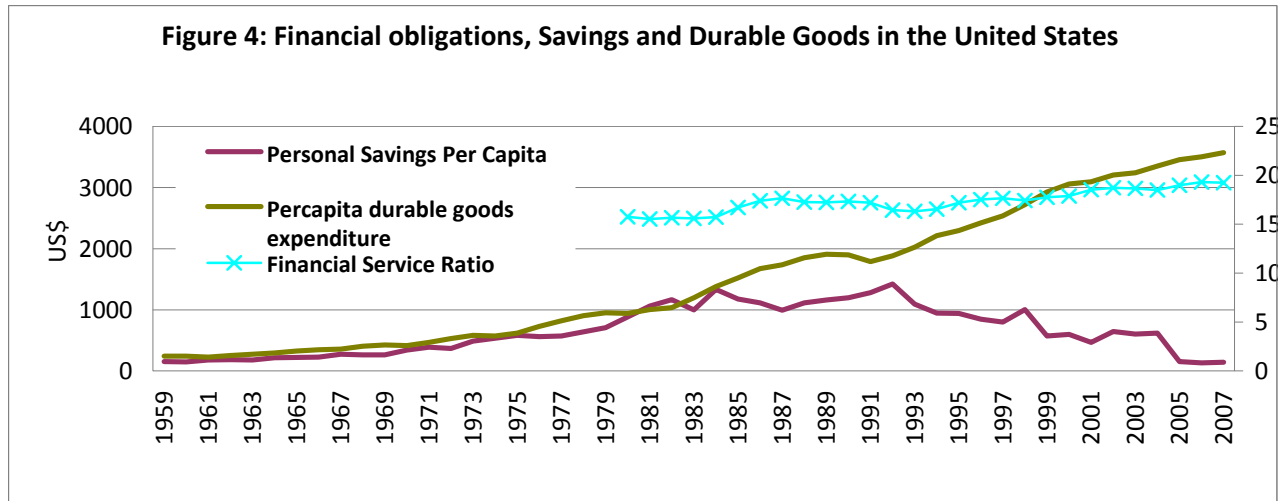
Table 13: Financial Access Possibilities

	<i>Remittances</i>	<i>Savings</i>	<i>Credit</i>	<i>Risk mitigation</i>
<i>Usability</i>	Transfers are competitive	Ability to affordably open an account at a Financial Institution (FI)	Migrants can afford to obtain small dollar loans	Migrants can afford to buy basic types of insurance
<i>Openness</i>	Transfers are accessible	Migrants can open accounts without major restrictions	Criteria to access credit is not a deterrent	Financial institutions market these products without major documentation hurdles
<i>Formality</i>	Transfers are carried out by a wide range of Financial Institutions (FIs)	Commercial banks as well as savings and credit institutions are primary providers		
<i>Functionality</i>	Range or extent of services offered			

The importance to access these financial instruments is more imperative in today's age when the needs to acquire durable goods have increased and the affordability to save is on the decline. The money that people are saving is quickly being used to obtain durable goods of different nature (electrodomestics, personal electronics, etc.), reducing their capacity to accrue interest and other assets through those savings. Contemporary society makes use of a larger number of goods than in decades before. Similarly, cost of living increases have pushed people to increase their debt to income and debt to savings ratios in ways that are making them more vulnerable to external

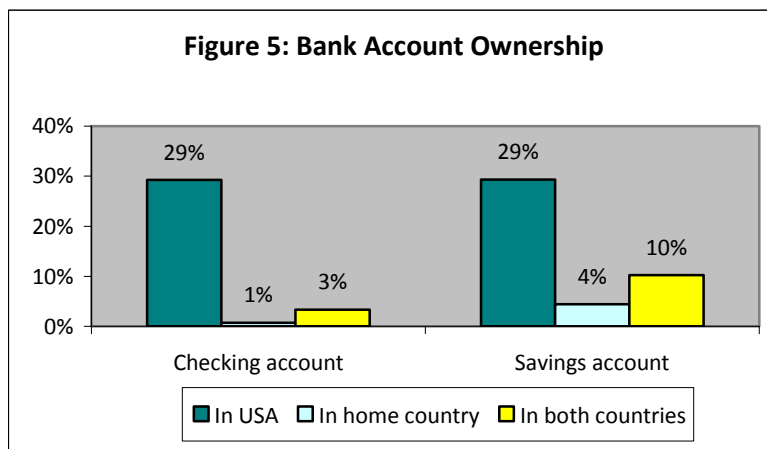
<sup>3</sup> "Access to Finance: What does it mean and how do savings banks foster access," in Perspectives n.49, January 2006.

shocks. This situation can be more problematic for low income people, migrants included, if their access to financial institutions is already restricted.



Source: US Department of Commerce; Federal Reserve Bank.

Using bank account ownership as an indicator of financial access we learn that only slightly over one-quarter of remittance senders have a savings account or a checking accounts in the United States. Moreover, account ownership of either kind in the home country is vastly lower, though having a savings account is more prevalent than a checking account. As with remittance transfers, the ownership of banks accounts varies across nationalities, Mexicans being among those with the lowest percent. Migrants interviewed in the focus groups have a higher rate of account ownership: over one-half (57%) have either a checking or savings account at a bank. In DC, all of those interviewed have a savings account in the U.S., but only one-half have an account in their home country. As in the survey, checking account ownership is lower with two-thirds having one in the U.S. and only one person has an account in their home country.



Source: Orozco Survey of Latino Migrants, 2007

The primary reason survey respondents gave for not having a bank account is the lack of documentation, possibly reflecting factors such as assumptions about legal status, the strict documentation requirements of banks and/or the lack of knowledge about the array of documents that banks and other financial institutions accept to open an account. This was also reflected in the interviews with migrants where of those without bank accounts, the reason most cited for not having an account is the lack of documents for the bank (14 people). Approximately one-third of survey respondents say they do not have account because of language barriers and their perception that they do not have enough money to save. Trust is also a factor in determining account ownership: 11 percent do not trust banks.

Table 14: Reasons for not having a bank account

<b>Reasons</b>	<b>%</b>
I don't have papers for the bank	79
I don't speak English	34
I don't have enough money to save	32
The process is very complicated	23
I don't need a bank account	21
I don't trust banks	11
I had a bad experience with a bank	2
There is no bank near my home or work	2
I have doubts	0.3

Source: Orozco Survey of Latino Migrants, 2007

These reasons are evident when examining the changes or adaptations banks would have to do to better target the Latino community. The majority were most concerned about changes that would make financial services easier, more affordable, and more accessible to them. Coincidentally, these traits go hand-in-hand with characteristics of an ideal banking service: security, accepting of a foreign ID, favorable interest rates, accessible savings and loans, good service, and trust. Similarly, migrants interviewed expressed these traits in addition to extended hours, transparency, availability of services in Spanish are also important, and ease in transactions.

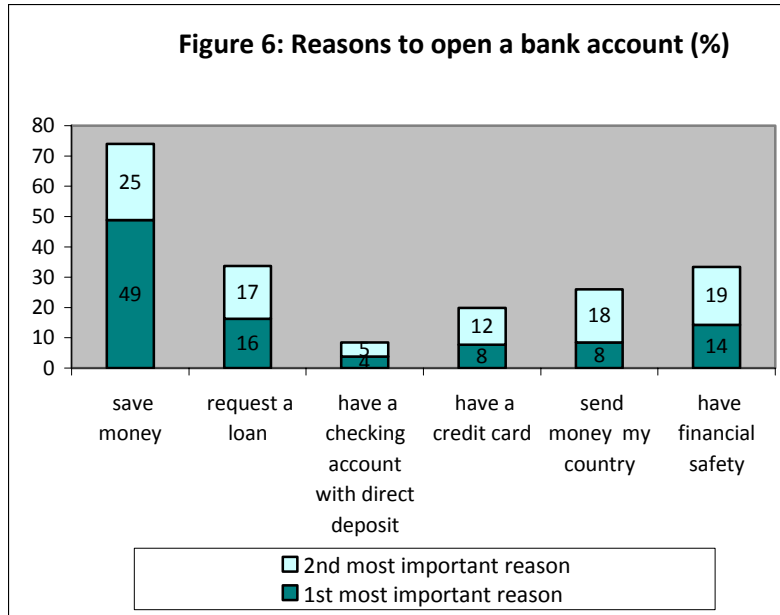
Table 15: Changes migrants would expect from a bank to make to use their services

<b>Changes</b>	<b>%</b>
Lower interests	57
Easier loans	53
Accept foreign IDs	50
Eliminate service fees	40
Better customer service	27
Be more efficient	23
Better reputation	17
Extended hours	16

Source: Orozco Survey of Latino Migrants, 2007

These reasons and changes speak to the perception that Latino migrants have of banks and their existing preference to use MTOs for remittance transfers. In the interviews with migrants, people expressed their perceptions of these institutions in both the U.S. and home countries through various mediums and overall, they prefer MTOs. Using visual creations, participants in New York mainly drew banks with smaller pictures compared to MTOs and related banks to large transactions and being cold, unwelcoming, and unstable institutions. Moreover, they perceive banks to charge too much on fees, have long lines, and lack Spanish-speaking staff, though there was mention that some banks provide cost-effective. Alternatively, their drawings of MTOs reflected an institution offering better customer service, cheaper normal transactions and ease in transactions, and services in Spanish. In DC, migrants mainly attribute loans and savings to banks and MTOs as placed for money transfers and check cashing. In Austin, one woman mentioned that banks offer “secure savings” (in quotes), reflecting her mistrust of banks. Migrants in DC and New York expressed a preference for MTOs to market products to them over banks.

In addition to some expected changes previously discussed, migrants are clear that the two most important reasons to open a bank account are to save or request a loan. Overwhelmingly, the opportunity to access savings products makes up the two most important reasons to open a bank account. While requesting a loan is the second top priority for migrants, having overall financial safety is almost equally as important. These reasons are further reinforced by the majority response (59%) that at the time of opening a bank account, the opportunity to save is more important than the possibility to request a loan. These reasons can be seen across the nation in the interviews with migrants. In line with the survey responses, being able to save money via an account is more important, than being able to access a loan. In New York, the main reason to open an account is to have access to financial services such as remittance transfers and credit cards, as well as establish a credit history. They also expressed interest in transnational accounts to access loans and credit cards. The importance of having financial safety is the main reason for migrants in DC.



Source: Orozco Survey of Latino Migrants, 2007

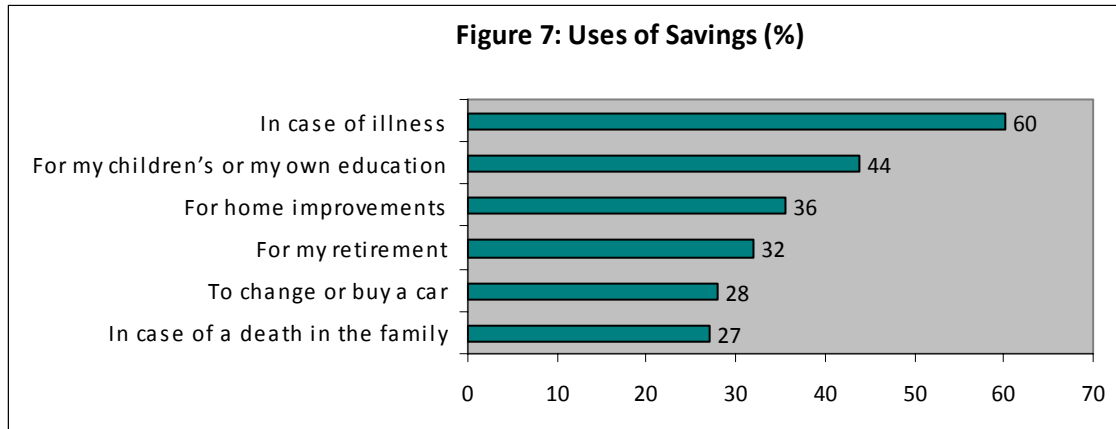
Putting money in a bank is not coincidental. Over half of the survey respondents (57%) save or invest in some way an average of \$4,179 saved in cash. When asked about the methods utilized to save or invest, putting aside money leftover at the end of the month followed by working overtime, were the most popular methods. Only 34 percent of the survey population said they use a bank or post office savings account to save or invest.

Table 16: Methods migrants use to save

	%
If I have leftover money at the end of the month, I put it aside	68
Work extra hours to earn more money	56
<i>Bank or post office savings account</i>	34
Take advantage of sales	33
Invest in a business	18
Put aside bonuses or gifts	15
I buy durable goods, such as cars, homes or other items	12
Retirement	7

Source: Orozco Survey of Latino Migrants, 2007

Survey results show the extent to which savings are used as a form of insurance by migrants, particularly for health. Over half (60%) save in case of illness and 27 percent save in case of a death in the family. Notably, 21 percent save in order to invest in a small business. Interviews with migrants in Austin displayed an active discussion about savings. The primary reason to save is for their children’s education (71%), home improvements (29%), or in the case of an emergency (29%). Notably, over one-fourth of these migrants have health insurance and almost one-half have life insurance.



Source: Orozco Survey of Latino Migrants, 2007

These results show that savings are mostly informal. Moreover, we learn that migrants have few financial activities: looking at a range of 23 financial activities people (that included loans, donations, savings, payments, insurance, and investments) that migrants currently have or want to have in both the US and their home countries, shows that migrants only make use of four activities. Out of the 23 options of activities and obligations, only four (in either US or home country or both) were used by over 10 percent of the total surveyed. The activity/obligation with the most responses received 40 percent.

These four activities are all current and in both the US and home countries. They are made up of account ownership, family obligations, and transportation payments. Nearly forty percent indicated having a savings account in the US (though results from a previous questions asking the same thing showed only 29% have a savings account) and most of these people have the account at a bank institution.

Table 17: Top Financial Activities/Obligations and to whom/what it is with (%)

	Total	Bank	Credit Union	MFI	Family or friends in the US	Private loan	Insurance company	Other	Not specified
Has a savings account in a bank, post office, or other in the US	39.9	39.5	0.1					0.2	0.2
Supports non-household family members living in the home country	35.2	0.7		0.1	14.0	0.5		8.2	11.8
Pays for bicycle, motorcycle, or car in the US	20.1	6.2	1.7	0.8	2.6	0.3	0.2	2.3	6.0
Pays loan for a past emergency in home country	13.9	0.1		0.3	8.5	0.2		2.7	2.1
Supports non-household family members living in the US	12.1	0.2			4.6	0.4		3.5	3.4

	Total	Bank	Credit Union	MFI	Family or friends in the US	Private loan	Insurance company	Other	Not specified
Has a savings account in a bank, post office, or other in the home country	11.9	11.9							

Source: Orozco Survey of Latino Migrants, 2007

The discussion about financial activities and obligations during the interviews with migrants delved into their balance of everyday expenses in the U.S. and transnational expenditures. Expenses related to the home were the most frequently expenditures across all focus group interviews according to a small questionnaire each filled out at the end of the interview. Over half of all migrants cited utilities and rent as important expenses and this was true for all survey cities. Other expenses varied widely ranging from home, life and automotive insurance to clothing, entertainment or internet service. Respondents consistently listed remittances behind more immediate private expenses indicating that while there is still high importance on sending money, personal expenses have priority.

The discussion in New York echoed these priorities; rent is the most important obligation followed by utility bills and credit card bills. The majority fulfill these obligations in cash and money orders. None claimed to have loans, possibly because of the problems they expressed with obtaining a bank account. In the questionnaire, loans were not frequently mentioned in other cities as well, with only four respondents indicating they had home mortgages.

Migrants in the majority fulfilled their financial obligations in cash, though some also use financial services. The most used cards are the remittance identification card and transit card in the US, with two-thirds having each. Loan or insurance usage was very low; each type of product in the US had only one response and these products were rarely and little used in the home countries.

In Austin, loans are mainly to pay for a mode of transportation (43%) and over one-half have a savings account. While Los Angeles participants did not discuss financial obligations in the meeting, in cases of emergency, they said they would first go to their family and community for financial help. Other than going to these people, all but one person would go to a financial institution to financial help.

## **6. Health and Social Protection**

Migrants are generally believed to be a more vulnerable population, and maintaining a good health for a population whose income and financial assets are limited increases the importance of their social condition. Migrant interviews focused on the health

condition of migrants and ways they mitigated their health risks. Providing health and other forms of medical insurance is a form of upkeeping personal assets.

The most common general health issues among Latinos are the flu, headaches, cold, and fever. When asked about chronic conditions experienced in the last 12 months, the majority (82% of total surveyed) did not respond or said they did not have any chronic problems. Only a little over 50 people each said they experienced an ulcer/gastritis or blood pressure problems and 43 people said they have diabetes.

Table 18: Main illnesses faced by migrants

<i>Illness</i>	<i>%</i>
Allergies	19
Headaches	45
Anemia	2
Asthma	4
Bronchitis	11
Cold	39
Weakness	15
Diarrhea	13
Nose bleeding	45
Ear pain	9
Fever	25
Flu	48
Urinary infections	8
Lightheadness	6
Hearing problems	3
Breathing problems	8
Sight problems	7
Nose bleeding	5
Emergency sickness (accident, "bad treated" sickness)	4
Other	18

Source: Orozco Survey of Latino Migrants, 2007

The more astounding results are found in how migrants treat or mitigate their health problems. Over half of the respondents self-treat their general medical problems and one-quarter of respondents go to a free town or county hospital. Less than 10 percent go to a doctor paid by their insurance; this data is further reinforced by the results that show 9 percent of respondents pay for health insurance in the US.

Table 19: Method to cope with general health issue

<b>Method</b>	<b>%</b>
I prescribe myself medicines/treatment	55
Free town/county hospital	22
Private hospital	13
Doctor paid by my job insurance	8
Do nothing/DK/NR	5

Source: Orozco Survey of Latino Migrants, 2007

Lack of work medical insurance poses a vulnerability problem for this population. Moreover, although they claim to save their money for cases of medical emergencies, only 10 percent actually uses those savings when sick. Part of the problem is that access to medical insurance is constrained by similar challenges of those in the banking context: limited supply of insurance services to migrants.

### ***Financial and Remittance Literacy as a policy issues***

The results presented here offer a sketch of vulnerable individuals who struggle to maintain a sound obligation back home by remitting while working in the United States and facing challenges of being poor and underserved.

The mix of survey, migrant interviews in focus groups and independently helped not only get a better idea of the relationship between remitting and finances, but also some aspects of the meaning of these obligations as part of everyday life in a context where distance is both an emotional, pragmatic and logistical matter. For example, perceptions of the immigrants' place in the US community differed slightly among the cities, though overall, participants expressed a strong desire to improve their lives and those of their families back home. In New York, participants drew perceptions of themselves as Latin American immigrants in the United States. They depicted the dichotomy between their lives in the United States and in their home countries. In the US, participants predominately saw themselves alone, in front of tall buildings or afraid of deportation. In the home country, people saw themselves happy, with their family and homes, or playing soccer.

When participants were asked to describe what comes to mind when they think about themselves in the US and wanting to improve their financial situation, they gave some important answers. Some of them focused on the difficulties in improving their finances in the United States without a stable job. Gender also played a role in the ability to budget well; one woman expressed that females plan for the future as opposed to males, who live in the moment, and others believed jobs are easier on women than on men.

Most participants spoke about their lack of and need for financial education and the necessity of making a budget and having an outlook toward the future. Specifically, they

viewed the ability to save and buy a house, either here or in the home country, as a means to improve their financial situation. This kind of response was also reflected when people prioritized what their savings were to be used for. Their responses reflected a rather context of urgency and emergency, instead of long term planning to mitigate urgency. Even on discussions on remittances, people played little understandings of what role remittances play as a financial activity.

A strategy on financial literacy is thus a cornerstone reality as part of an approach to improve the economic clout of migrants. Financial literacy is a tool that strengthens people's capacity to understand the financial environment, is so far as people are formed and informed about finances, but also are diagnosed about their financial situation. For populations whose financial vulnerability is dire, literacy is an essential tool to learn how to budget one's economic resources.