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**Immigrants and Financial Services:
Literacy, Difficulty of Access,
Needs and Solutions**

The Spanish Experience

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1. Introduction

All immigrants have a plan for their lives which starts in their country of origin, and which also needs a lot of material represented by “basic symbols”, in order to be put into action. The immigrant is in fact a person who thinks about and plans his starting point with the idea, in the majority of cases, of returning to his homeland some time in the future.

Different types of migration projects exist which differ in terms of place, time of departure, settlement networks used, and of ways of reconstructing an “identity”.

A huge flow of migrants moves towards Europe. The EU dealt with this subject at the Seville Conference in June 2002 and set a limit to the rights of entry, concession of political asylum, and refugee status.

The EU has 18 million migrants and the UN has estimated that Europe will have the need for 44 million before 2050, in order to assure a stable economic development and to cover pensions. In particular Spain will need 12 millions¹.

2. The context

2.1 A brief history of immigration in Spain

Until recently Spain registered a consistent flow of emigration due to economical, political and social factors. Essentially it was the search for a better life, combined with the lack of freedom at home partly due to past years of dictatorship. Spain, in fact, was a country of emigration having about 3 million migrants, of which about 2 million still live abroad. In the last 10 years or so, Spanish migrants saw their goal as the ones from Central and South America, Algeria, Morocco, France, Germany, and other countries in Central Europe, did.

As far as immigration is concerned, if no other European country was ready to receive the consistent flow of migrants which occurred from the 1990s, then Spain was even less prepared. It should be remembered that in this country in 1492 during the reign of Queen Isabella I, known as the Catholic, at the moment when Catholicism was spreading, Jews and Muslims were expelled and the Spaniards until the death of General Franco, have always lived with the strong sense of a cultural and religious ethnic unity of the country.

From the 1950s there was a massive influx of migrants into Europe, which needed help with reconstruction after the economic disaster which followed the war. We must also remember that an “internal” migration took place in the 1960s and 70s, continuing through to more recent years: there were in fact a great number of people moving from rural and depressed areas to urban and industrialized zones.

Amongst the changes and transformation which took place in Spain, two facts emerge which altered the traditional image of the country: Spain joined the EU in 1986, and migration took a change of direction. The latter was increased by the progressive return of migrants to their country of origin. We can say that Spain is today considered a goal for migrants, and their presence will continue to rise over the coming years.

According to information supplied by the CCOO (*Comisiones Obreras*²), Spain has never received influxes of political refugees. Statistics reveal that in Spain the migrant population has grown slowly over the last 20 years, but in the last 3 years it has registered a considerable increase in numbers.

¹ From: *Comisiones Obreras*, Informe 2001

² CCOO is the main Spanish trade union.

2.2 Immigration: cheap manual labour for unskilled employment

In Spain, as in many countries of the EU, we find ourselves facing a kind of dual society, based on two economies. On one hand there is the official economy occupied by highly qualified people and reserved for Spanish citizens. On the other hand there is a “submerged” or hidden economy which refers to the “simple” services (agriculture, building, household services, and hotel work), or to industrial work and manual labour which needs very little skilled technology. In this last sector there is a very high concentration of immigrant labour.

In Spain though thousands of immigrant workers have regular legal jobs and pay contributions towards assistance and sickness benefit funds. The fact that 22% of the gross domestic product is “hidden” derives from the fact that illegal immigrant workers are used.

The weight of their presence continues to grow: according to official statistics there are 761,000 immigrants paying into sickness benefit funds, this has doubled in two and a half years.

Between May 2001 and April 2002, four of every ten new registrations with social security were foreigners. Their contribution is important to the economy of the country. According to the CCOO, foreigners contributed € 18,000 million towards the GDP in the first quarter of 2002 (2.5%).

The Spanish pension scheme is very similar to the Italian one, as it is based on a solidarity system: those who are working today pay the pensions of today’s pensioners. In Spain if an excess in contributions exists, this is thanks to the input of immigrants³. We must highlight the fact that nearly 800,000 registered foreigners bring a clear-cut contribution due to the fact that they are young, healthy (and so do not need medical care), and are at the beginning of a working career and thus a long way away from any right to a pension.

2.3 The characteristics of the immigrant population

Immigration is, above all, from Morocco, Ecuador, Peru, and the Dominican Republic⁴. In fact, if the flow of Africans always registered high numbers between 1996 and 2000, then Latin Americans have dominated over the last two years.

If we consider the age group, the most consistent number of foreigners is between 25-44 years old. Obviously we are talking about a working age group. The average age is therefore lower relative to that of the native population.

In the years 2000-2001 the most significant increase both in terms of growth percentage, and the size reached by the ethnic communities, are those registered by Ecuador, Romania, Colombia, and Morocco.

The formal educational level is lower when compared to the native population.

In February 2001 a survey was conducted by the *Centro di Investigacion Sociologica* (CIS)⁵ to try to understand public opinion about immigration into Spain. According to this, immigration was seen as a social problem by 37% of the population, and 78% of Spaniards thought that immigrants should only be allowed to enter if they were in possession of a job contract. In May 2002, according to a survey conducted by the CCOO, 70% thought that there were too many immigrants, 75% thought that an entry limit was necessary, and 60% thought that immigrants caused public order problems, particularly towards the safety of citizens. In actual fact, the most public concerns of the current government are towards immigrants, security and public safety.

The work carried out by immigrants is concentrated in some sectors where more simple and “humble” duties are entrusted exclusively to them. In particular, 64% work in five areas which are

³ As highlighted by Carmen Alcaide, *Presidente* of the *Istituto Nazionale di Statistica*.

⁴ This refers to 2001.

⁵ See <http://www.cis.es>

characterized by unstable working conditions: agriculture, commerce, building, hotel work, and household duties. Some jobs like strawberry picking in Huelva, pear picking in Lleida, hotel work on the coasts, or the opening up of building sites would not be possible without the contribution of foreign workers. Because of the above-mentioned high level of undeclared workers, it is difficult to estimate the contribution in a more precise way.

2.4 The foreign population in Spain

In September 2001 there were about 659,000 immigrant residents living in Spain who were of non-EU origin (equal to 1.8% of the population), and about 449,000 coming from countries within the EU, in a much lower percentage than those living in other European countries.

Figure 1 – Foreign residents- EU and non – consistency is % of annual growth

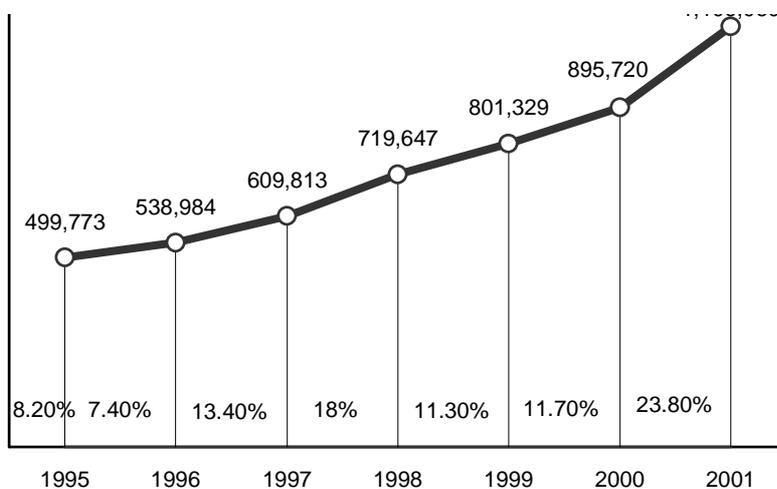


Table 1: The immigrant population: Countries of origin

Total residents from non EU countries		659,179 ⁶
1.	Morocco	219,731
2.	Ecuador	82,765
3.	Colombia	39,538
4.	China	35,046
5.	Peru	28,484
6.	Rumania	23,884
7.	Dominican Republic	19,163
8.	Algeria	13,651
9.	Pakistan	13,518
10.	Philippines	12,732

Source: Comisiones Obreras, 2001

⁶ Considering obviously only the legal residents in the country.

Due to the fact that official data considers only official numbers, in reality the above does not give a true picture of the migrant situation in Spain as a whole, given that a large number cannot supply their personal details and are therefore not counted.

Apart from this, we must consider that Spain in the past was a country of emigration: a part of the “foreigners” are emigrants of former times or children of emigrants who have not applied for Spanish nationality. In 2001, 47,788 immigrants returned to Spain, of which 46% came from Latin America⁷.

2.5 Spanish immigration laws

In the 1980s the first influx of migrants into Spain began, and the first feelings of pressure began to arise⁸. At that time Spain was negotiating its entrance into the EU, and therefore it was induced to adopt a policy which coincided with the feeling of the moment: it had to guarantee that the southern border of the EU was not left unprotected.

In this context the first immigration law was approved (law n. 7/85). The aim of the law was substantially to strengthen police border control; no attention was paid to the social integration and employment of the migrant. Obviously that law did not cover the needs of Spain. Even though Spain was going through an economically negative phase, the hostility and prejudice towards immigrants felt by the Spanish then was not as strong as it is today.

In 1992, with the treaty of Maastricht, a new political and social community was shaping and between 1992 and 1996 a program of social integration was approved and the immigration tribunal created; at the same time when progressive political initiatives were being developed, a limit of new entries was applied as a fixed number of allowed migrants’ entries per year.

In 2000 the second law on immigration was approved. It was a progressive law in the sense that it defended the rights of foreigners in Spain, either those in Spain legally and those in illegal situations. In general this was a law intended to favor integration and offer more guarantees and rights to all foreigners⁹.

The government in office in 2001 began a counter reformation of the law, sustaining that Spanish legislation had to adjust to European standards, and that the number of migrants had made the law inapplicable: thus the rights of the illegal workers were not recognized by law, and the more restrictive law eliminated the former progressive law.

Not-for-profit organizations, immigrant associations, and unions all pressed the *Difensor del Pueblo* (People’s Advocate) to present an appeal for the unconstitutionality of the law in that it denied a person’s fundamental rights. The *Difensor del Pueblo* rejected the request for an appeal.

3. Research into the need for financial literacy and initiatives for the immigrant population

3.1 The necessity for field research

In Spanish financial literacy, “Immigration” is, in general, a subject not taken into particular consideration by scholastic institutions and consumer associations (which are involved in other problems) nor by not-for-profit organizations who are busy dealing with problems of “primary assistance”.

⁷ Some of these did not find work on returning to Spain: nearly 10% of the “repatriates” in May 2002 were receiving unemployment benefits.

⁸ At the beginning of the 1980s the immigrant population was about 182,000.

⁹ This law guarantees the right to meetings, associations, demonstrations, and strikes. It also guarantees health insurance.

This explains why there are no studies or empirical evidence regarding:

1. the problems faced by the immigrant population when dealing with banks, and
2. this segment's need for a better knowledge of bank procedures and services, bank formalities, and the best way to choose the most suitable product or service.

To develop an understanding of the situation in Spain, and to produce a comparison to the British, Italian, and Spanish situations, we have proceeded empirically through interviews and questionnaires (reproduced in the Appendix) with suitably representatives of ethnic communities, voluntary associations, consumer associations, banks, and specialized financial institutions which deal with the savings of migrants.

3.2 Choice of a research model

As mentioned above, we chose to contact different types of organizations so as to collect different points of view regarding financial literacy. In particular we contacted:

- migrant associations (mainly the larger ones, and also the most “representative” ones, in order to have a clearer idea of the situation);
- non-profit organizations that work with migrant groups;
- trade unions;
- consumer associations;
- banks, savings banks, and financial institutions specializing in remittances.

The organizations with whom we worked were often recommended to us by the people we interviewed, they “had heard” from others how helpful these organizations had been.

It proved more difficult to convince the banks to fill in the questionnaire; the few which actually took part preferred to be interviewed, to give a less formal and more open atmosphere.

Migrant associations were in general much more interested in the problem. They were willing to help and to answer the questionnaire, even though only a few deal with access to banking services.

An outline of the participants to the survey is as follows:

<i>Kind of organization</i>	<i>No. of contacts</i>	<i>No. of questionnaires distributed (on the basis of declared competence/ interests)</i>	<i>No. of interviews conducted</i>
<i>Ethnic Associations</i>	19	13	5
<i>Federations of ethnic and voluntary associations¹</i>	2	2	2
<i>Not-for-profit associations</i>	8	4	2
<i>Trade Unions</i>	2	2	1
<i>Consumer Associations</i>	4	2	n.a.
<i>Banks, Savings Banks, Financial Institutions and Post Office financial services</i>	14	8	6
Total	49	31	16

¹ Refers to a total of 22 ethnic and 14 voluntary associations.

In the next two paragraphs the results of the research in terms of needs, initiatives, expectations, and proposals (as expressed by the different interviewees) are presented. The organizations can be put into two macro-categories: on one hand the “spokespersons” for the needs of the migrant population (§ 3.2.1.) and on the other the banking and financial institutions (§ 3.3.2.).

3.3 The “spokespersons” for the needs of the migrant population

3.3.1 Feelings about the problem, perception of difficulties, and initiatives taken

During the research we noted the following points regarding the attention paid by people who deal with migrants to such migrants and to their financial problems.

On the part of the ethnic community and their federations we encountered great interest in the subject, but such associations have not, in general, their own or special measures to help migrants with financial matters. They are mostly concerned with helping the ethnic community to integrate, and also with creating cooperative initiatives towards development in their countries of origin.

Any assistance or advice is, above all, directed towards worker’s rights and access to housing.

However when asked “*According to your experience do you think that the migrant population in Spain faces difficulties when trying to gain access to banking and financial services?*” the answer was yes, indicating the maximum level of difficulty (sometimes emphasized vigorously). However for the question “*Have you taken any steps to make banking access any easier?*” only three indicated any experience in this field. It’s important to remind that these are not institutionalized services but more of a sporadic aid given individually on request¹⁰ by which assistance is provided for example in opening bank accounts.

Sometimes the need is connected with house buying and the necessity for legal advice, and with access to finance¹¹. Often the problem arises when legal assistance is needed; this is targeted towards the specific service which is provided by the associations when problems with banks arise¹².

Two or three associations which have experimented with specially structured assistance in banking relations have tried or are trying to establish a formal framework. In particular *Ari-Peru* has tried to negotiate agreements with Spanish banks to help with access to banking facilities and, in particular, to make it easier to send money back home. However the initiative never came to fruition due to the difficulties in reaching either a favorable agreement with the banks or one which the majority of that ethnic community would be able to afford. Notwithstanding the significant numbers, even the bargaining power was insufficient to conclude favorable agreements.

In the case of *Aesco*, however, a project for providing micro-credits is being initiated. We would also like to add that this association has now gained considerable experience, over a long period, in the development of international cooperation.

All ethnic and federation associations that took part in this survey gave, however, clear reasons as for the origins of these difficulties.

<i>Reasons for difficulty</i>	<i>Cases</i>
Prejudice towards immigrants and discrimination	4
Difficulty in understanding rules and complex agreements	4
Difficult relationship with personnel	2

¹⁰ Meaning *Aesco*, *Ari-Peru*, *Rasinet*.

¹¹ This is the case with *Rasinet*.

¹² This is the case with *Ari-Peru*.

Language and comprehension difficulty	2
Others (lack of residence permit, uncertain working conditions, feeling of being at risk)	4
<i>Total cases</i>	<i>16</i>

Regarding not-for-profit organizations, voluntary associations in Madrid (who deal either exclusively or partially with immigrants) were contacted.

It was found that the bulk of their work is directed at front line help for refugees, fugitives or clandestine immigrants, or in dealing with disputes relating to poverty and hardship. The associations therefore have no experience regarding “the handling of money matters”, on the other hand this kind of service is never needed by the people they are helping. In the case of assistance to clandestine immigrants, there is recognition of the negative aspects of not being able to turn to a bank (for depositing sums of money, for various payments including rent, etc.).

The only organization which deals with this problem is *Caritas*, whose volunteers try to create an informal group to develop ideas and initiatives in this field. Although they are aware that this problem exists and are willing to carry out research, their commitment at the moment is essentially towards assisting refugees and immigrants who have just arrived and are in need of assistance.

As far as the role of trade unions is concerned, both the CCOO (*Comisiones Obreras*) and the UGC (*Union General de Trabajadores*) were contacted. Only the CCOO agreed to take part in the research¹³. Their perception was that the migrant population had great difficulty in accessing banking facilities (maximum of 5 points). The reasons were given as “lack of confidence when relating with bank staff and difficulty in understanding the complex rules and agreements”, and “prejudice and discrimination towards immigrants”. Up to this day no action has been taken by the union itself, but in the near future this is not to be excluded.

As far as consumer associations are concerned, great difficulty was found in actually contacting the right person to speak to, plus a lack of co-operation when trying to conduct the interview. This seems to indicate that no specific attention is paid by these associations towards the problem of financial literacy faced by the migrant population.

3.3.2 Expectations and proposals

A recurring theme: microcredit

A common need which emerged from the interviews was that of access to credit by the migrant population, both for housing and for business establishment. To meet this need, and based on the experience in developing countries and endorsed by many migrant communities, microcredit is vital. In economically developed countries like Spain, new areas of poverty are emerging due to the widening of the economic and social gap. This has resulted in the emergence of an upper class, a middle class, and those who remain on or below the poverty line. For the latter, micro-credit is considered one of the means to initiate the process of economic and social “relief”.

With regards to initiatives already taken with microcredit, it was found that only La Caixa has given any long-term commitment to the microcredit system¹⁵. This product is specifically designed for women, and women migrants can also benefit from it. It exists thanks to the collaboration with the

¹³ *Comisiones Obreras* has the largest number of members, and publishes an annual report in which attention is paid to the migration situation. For more details see § 2 above, in which a wide coverage of statistics was supplied.

¹⁵ *Caja Madrid* is the biggest savings bank in the country. It has a social lending program which is significant in terms of both the funds it provides and the social impact it has.

Generalitat de Catalunya (the Region of Catalunya) and gains benefit therefore from public intervention. Micro-credit can reach up to €12,000, and is targeted towards those setting up businesses. It should be noted that this initiative is organized within the Social Initiatives Department (Obra Social), and therefore an “assistance” mindset prevails, rather than an economic answer to marginal segments of the market. When these projects finally begin to work they could, however, lead to “normal” banking relationships.

More recently the Caixa de Catalunya, or more precisely its Obra Social, has also created the “Un Sol Mon” fund which distributes microcredit to people and groups who are in need of social assistance; such groups will include migrants. Since 2001, when it began working, 50 loans for a total of €450,000 have been allocated.

The Caritas of Zaragoza (Province of Aragon), in collaboration with a local bank (La Caja de la Inmaculada de Aragon), allocates microcredit to people in difficulty.

3.3.3 A common requirement: contracts and information in different languages

As mentioned previously (see § 3.3.1), one of the major reasons for not being able to access financial services is difficulty in understanding the system of rules, complex conventions (contracts) and the language difficulty (particularly idiomatic aspects). Therefore the availability of information, and eventually even contracts written in the common languages of migrants in Spain (Arabic, French, English, Chinese and, more recently, Eastern European) would represent an important step towards making access much easier. Moreover, this could help to reduce prejudice and discrimination towards the migrant population.

On an informal basis some ethnic associations have already worked with individual bank officials or managers to write these texts in different languages.

Those banks which have dealings with this segment of the market, or which have independently decided to target this sector, have begun to notice this requirement.

Thus the *Caja de Murcia* (see § 3.4.3.1.) has published information brochures and bank statements in different languages (Italian, French, German, English)¹⁶. At the time of writing they were developing one in Arabic.

La Caja Mar which works in the same field as *Caja de Murcia*, has published a brochure in Arabic. This is thanks to the initiative of one of their clerks who carried out the translation.

The Caixa has prepared a bi-lingual contract (French and Spanish) for those clients who use the money transfer service to Morocco. It was prepared ad hoc with *Crédit du Maroc*. To promote this service, leaflets and brochures written in Arabic and Spanish have been distributed.

3.4 Attention paid by banks, savings banks and financial institutions

3.4.1 A general view

First of all it should be pointed out that the concentration of the migrant population is higher in some areas of the country (zones and quarters in urban centers) than in others. Therefore for some local banks which operate in areas with a high migrant population, the migrant clientele and its money represent a significant part of the portfolio (for example, for the *Caja de Murcia* has a share of about 25%). On the other hand, banks which operate on a national scale have some branches which have migrant population in their market area. This is particularly true of those branches in cities, and especially those branches in the so-called “historical” centers which are now occupied mostly by migrants.

¹⁶ This also meets the needs of tourist clientele.

Some local banks (in order to meet customer needs), and on rare occasions some national banks (especially those with a broader and more open outlook), have begun to consider the migrant population as future potential clients¹⁷.

The responses which have been organized by these banks, to satisfy the specific needs of the migrant population, can be classified as:

- the opening of dedicated branches;
- the preparation of information, documentation and contracts written in the various languages of the different ethnic groups;
- the employment of ethnic personnel;
- the organization of seminars with ethnic associations to illustrate how the bank works and its range of products and services;
- the organization of courses for bank personnel to improve communication towards this segment of customers, and to help bank relationships;
- the offer of ad hoc services (in particular for remittances);
- the use of more flexible procedures when evaluating credit risk.

3.4.2 Rules and regulations: no problems in theory

As verified during interviews with banking representatives, no obstacles exist in the enforced rules and legislation which prohibit migrants from using banking services.

Rules oblige banks to supply the public with information pamphlets illustrating the range of products and services offered and their relative economic conditions. This obligation, however, refers to the Spanish language and there are just very few savings banks which provide immigrants with informations in any other language than Spanish. In several independent regions brochures and informations are supplied in the official local language.

The exceptions are La Caixa and Caja de Murcia, whose experiences are presented later § 3.4.3.

Therefore we must conclude that a migrant population, whose native tongue is not Spanish, will encounter language as its first obstacle when trying to obtain bank access.

Some of these initiatives have been brought to the attention by ethnic associations rather than bank management itself. We can also deduce that initiatives are due to informal awareness of ethnic elements on the part of the individual bank management and personnel, rather than some explicit administrative policy towards the market.

3.4.3 The answers given

3.4.3.1 Dedicated branches: the experience of the *Torre Pacheco* branch of *Caja del Mediterraneo*

Torre Pacheco is a town on the Mediterranean coast, 30 km from Murcia in the south of the country. Historically this was an economically depressed area, as it lies in desert land. In 1986 significant investment was made in the area of water supply, which improved soil fertility. Approximately 18,000 hectares of fertile land was created, where vegetables and fruits are now grown. These plantations need many laborers, most of them on a seasonal basis.

In 1989 a typical case was brought to light by the press. In that year 1,800 manual laborers were required, but only 30 Spaniards could be found to work there. Low wages could not attract anyone, even though the region had enormous problems with unemployment.

¹⁷ The latter scenario is the case with the *Banco Santander Central Hispano*, as illustrated in § 3.4.3.3

To meet this need the region set up a program open to immigrant laborers. Initially, only Moroccans replied, but later also Ecuadorians. In 2001 the regional government issued residents permits to laborers from the Ukraine and Bulgaria. At the time of writing there were 27,000 people registered in Torre Pacheco, of which 6,000 were foreigners (3,500 Moroccans, 2,000 Ecuadorians, and the remainder mainly from Eastern Europe). Unofficial statistics, however, indicate that another 20,000 Moroccans and 14,000 Ecuadorians who lack resident permits must be added to the official data.

This region has therefore tripled its population in ten years due to migrants. Some are only there on a temporary basis for the harvest, while others have settled there with their families and have been there for 7 or 8 years. In this area there are many banks (about 10) which have been opened to meet the needs of the newcomers.

The experiences of the *Caja del Mediterraneo* and the *Caja de Murcia* are particularly interesting.

The *Caja del Mediterraneo* is a medium-sized savings bank with branches all over Spain. It operates mainly though its original area of activity, on the Mediterranean coast.

Its strategy for dealing with the needs of this specific market segment, and which made it decide to open branches dedicated to the migrant population, is divided as follows:

- banking relationships and communication;
- rules and regulations for opening an account;
- the preparation of ad hoc products (in particular for remittances), and other services for better customer satisfaction.

The first contact with immigrant customers is easier here, due to the bank manager having a Moroccan background (even if his formative education was Spanish) and being able to speak Spanish, Arabic, French and English. Furthermore it would be essential the presence of two clerks in the branch who, apart from speaking Spanish and Arabic, also speak French.

The agency has never carried out any initiatives on financial literacy for the population in general (potential clients). However inside the branch, and above all in the business strategy, there is a reception and consultancy service, and particular attention is paid to presenting how the system works, its contracts, and its operational practices.

The documents required to open a bank account have been reduced to the bare minimum: a passport. (In fact to open an “overseas account” it is obviously not necessary to present a residence permit, but for commercial policy and security, overseas accounts follow banking convention and carry high commissions and fees, and are not accessible to immigrants from the poorer classes). As a result of this simplified approach to the documentation, large numbers of immigrants working and living in unstable conditions have managed to open an account.

As far as products are concerned, particular attention has been paid to remittance services. Agreements with banks in Algeria and Morocco have been established, so as to minimize transfer costs.

When put into use, the results differ between the two principle ethnic groups.

The North Africans prefer the deposits service: little by little they deposit money and once a year during their holidays they take their savings back home with them. The Ecuadorians, on the other hand, use the money transfer service intensively.

Another area of attention is that of credit products, which carry a certain amount of risk (e.g: mortgages, personal loans, and credit cards).

In this context the problem of repayment default has been dealt with, both through more flexible risk assessment (e.g: “non official” employers who have known the employees for some time), and through the search for guarantees by third parties (e.g: by consulting the Imam for the Muslim population or sometimes the bank itself contacts various third parties).

There is also an offer of loans to be registered under more than one name. As far as mortgage loans are concerned, more than 50 have been granted and not one has become insolvent. As an indication

these are loans usually made for house purchases in the medium-low cost range, with sums between €60,000 and €90,000.

In the case of personal loans some arrears were registered, but the bank manager sustains that they lie within normal insolvency rates.

Another service which is offered is an informal link with real estate offices in the area, so as to be informed in advance of any property on the market which could be accessible to the migrant population. (In this area the demand for houses far outnumbers supply, so prices are always rising.) In this manner there is time to prepare loan applications and to rapidly conclude the negotiations necessary for the purchase.

The experience we have described shows that an initial empathy towards these problems, and towards the financial needs of the migrant population, has created a series of apparently minor initiatives. Such initiatives, when added together, provide an adequate response to a large number of people who would otherwise probably remain excluded from banking services which in time generate a chain reaction with other banks operating in the same area.

Without doubt the bank manager and his feelings towards this segment of the market contributed to the planning of the bank policy and its successful activation.

3.4.3.2and that of *Caja de Murcia*

This bank, of smaller dimension and which works at a local level, operates in the same market area as the *Banca del Mediterraneo* as far as the region of Murcia is concerned.

It has therefore accumulated similar experience to that mentioned above, and 29% of the customers of the bank are from the migrant population. It has opened dedicated branches in the area of Torre Pacheco, the coast of Almeria and Mazarrón, and it has taken on ethnic and multilingual personnel and compiled information in languages other than Spanish. In particular it is equipped to supply correspondence (statements, communications, brochures) in different languages.

To facilitate understanding on both sides it has taken a two-pronged approach. On one hand it has organized meetings with voluntary organizations to illustrate banking operations, regulations, agreements, and its services prepared for immigrants and, on the other, it has organized courses specifically for bank employees to help improve their attitude and to handle relations with immigrants in a better manner. Relative to *Caja del Mediterraneo* policy, however, *Caja de Murcia* has adopted rules of conduct which are stricter (e.g: more formal paperwork, a binding obligation of a residence permit for at least two years) and these have limited the impact towards more marginal customers.

3.4.3.3 Dedicated branches and “virtual” remittances: the case of the *Banco Santander Central Hispano*

The *Santander Central Hispano* bank is one of the major Spanish banking groups, and was created after a succession of merges between large banks. It has a linked network of branches located over the whole country and it operates as a universal full fledged bank. As a result of its origins, it has a linked network of branches all over South America.

During the first months of 2002 the bank launched a new special banking product for immigrants. The product, called “*International Express*” is reserved for account holders of the bank (a passport is sufficient to do this). The nominee can request a special card, similar to a credit card, which includes up to two additional “mirror cards”. These “mirror cards” are sent by courier to the assigned person/s in the country of origin. By transferring money from the savings account to the credit card it gives the holder/s of the mirror card back home the possibility of using the money by means of withdraws or by use of credit onto the account. A sum of €30 is the cost of a traditional

money transfer and of 0,5 per thousand, with a minimum of €9. With a virtual money transfer, the fees are reduced. This is made possible through the network of branches which the bank has throughout South America and the frequent uses of transactions are concluded with a simple compensation.

It is interesting to note exactly how the *Banco Santander Central Hispano* elaborated the above mentioned offer, based on the financial needs which occur throughout the life of the immigrant:

- 1) arrival and initial settlement: return of money to homeland.
- 2) consolidation and family reunion: the return of money towards home decreases and money begins to accumulate in the savings account.
- 3) permanent settlement: house buying and request for a mortgage loan.
- 4) integration: use of banking services in a similar manner to those of Spanish customers of the same social class.

The bank, having seen the potential in offering banking services to the migrant sector, set its aim towards instigating good customer relations right from the beginning, and worked towards trust and the presentation of a wider range of services.

The above mentioned ad hoc product for remittances to the homeland is just one of the initiatives to approach migrant clients' needs. In actual fact the Banco boasts some specialized agencies (for example in Madrid there is a branch in the centre of the city, in Puerta del Sol, for migrant population with specially trained personnel to deal with migrant clientele¹⁸) and the promotion of different meetings with representatives from the ethnic communities. The program foresees the opening of other dedicated branches, starting with Barcelona and Valencia.

The bank has also developed a program for granting credit, in particular microcredit, in collaboration with the *Istitut de Credito Officiale*¹⁹. During the initial four months phase a total of 20 personal loans and 2 mortgage loans were issued.

3.4.3.4 Dedicated branches and hiring of “ethnic personnel”: the case of *Caja di Madrid*

Caja Madrid is one of the biggest bank of the country, which in Madrid alone serves a large part of the migrant population; they are mostly Latin-Americans, who represent a community which share a common culture and have the same needs (on a national scale they represent about 3% of customers portfolio but in the city of Madrid that percentage is about 30%).

It has many branches in the centre of Madrid (Chamartin, Ciudad Lineal, Vicalvaro and Hortaleza) and also on the outskirts (Barajas, Alcobendas, Torrejòn de Ardoz and Complutense), where there is a large concentration of migrants.

It has initiated a program for hiring “ethnic” personnel, who are distributed throughout the various agencies. At the same time it has developed a program of “dedicated” migrant services.

First of all there is the possibility of opening an account or of having a savings account book not only by resident permit holders but also by those who do not hold a resident's permit (the latter by showing a “security clearance certificate” issued by the local offices of the Ministry of the Interior (directed by State Security authorities).

The migrant customer, as holder of a savings account, can then obtain a credit card and gain access to credit under conditions similar to those applied to a native resident.

Overseas credit transfer services have been organized to reduce costs. In particular the *Caja Madrid* has an agreement with the *Banco Popular de Cuba* to create an advantageous family savings system.

¹⁸ It chooses people who volunteer to be transferred to that particular location and to participate in specific training courses.

¹⁹ Project shared with *Caja Madrid*.

Up till now the initiatives taken represent the beginning of a wider development strategy for this segment of the market, which has a high growth potential relative to the stalled “domestic” market.

To meet the needs of this segment, the *Caja* foresees the strengthening of its policies towards:

- customer relations which take into account the cultural diversity and language of the customer;
- development of ad hoc products;
- strengthening of international credit transfer services;
- the hiring of ethnic bank personnel to eliminate the language barrier and to achieve a better understanding of customers’ needs.

3.4.3.5and that of Postal Transfer

The Spanish Post Office (*Correos y Telecomunicaciones*), after the transfer of the *Caja Postal* to the *Argentaria* group, offers a limited range of financial services over post office counters. Postal money orders and postal credit transfers are included.

The growing number of migrants is positive for the post office, which sees new and promising economic activities arising from this segment.

The post office has opened four new dedicated offices which offer services to foreign migrants under the new name “*Postal Transfer*”. Two have been opened in Madrid; in the area of Tetuan and on the outskirts of Arganzuela respectively, another has been opened in the above mentioned region of Murcia (Lorca), and another in Barcelona. For these, special “ethnic” personnel have been hired. These personnel were located by utilizing contacts from not-for-profit organizations to provide the names of people with the experience and responsibility necessary for the job.

These offices have longer working hours, which includes evenings, Saturdays, and holidays.

The services of Postal Transfer are:

- phone center;
- internet access;
- remittances (with links in 184 countries).

Given that private agencies and non-official organizations have sometimes created problems in this area, and therefore gained a negative reputation, the image of the post office as solid and secure has proven to be advantageous.

The volume of work has been steady, thus enabling it to compete with the two largest and oldest operators in this segment of the market: Money Gram and Western Union.

4. Conclusion and suggestions

The research highlighted two distinct facets regarding immigrants and financial services. On one hand there is the well-known problem of banking access which the migrant population faces and in particular in the area of payment services.

Not-for-profit and ethnic organizations complain about discriminating behavior, based most likely on prejudice. On the other hand there are the beginning of various new initiatives by providers of financial services (banks, saving banks and the Postal Office) to meet these needs. Mostly these initiatives cover distribution policy forms of communication and ad hoc services.

In particular it is interesting to underline that such initiatives are not part of the system, but reflect the entrepreneurial spirit of certain banks which, with particular far-sightedness, have positively valued the prospect of a growth in the migrant market, or which have had to adapt to new market conditions when established in areas with a high concentration of immigrants.

The importance of the social-economical growth of the immigrant population has forced a growing number of banks to plan their strategies and provide dedicated service packages.

The elements on which a strategy is based are principally:

- fast transfer of funds;
- discretion and reliability during transactions;
- transfer fees;
- an answer to service needs;
- transparency towards customers.

The Spanish experience undoubtedly establishes a benchmark for other European contexts which have not yet formulated any initiatives of real substance that meet the needs of the immigrant population.

In any case, these initiatives are targeted to profit from commercial products, and not to genuine instructional and educational action: for this kind of approach the Anglo-Saxon and German experiences must be exemplified.

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FONDAZIONE "GIORDANO DELL'AMORE"

(già FINAFRICA)

Centro per l'assistenza alle istituzioni finanziarie e allo sviluppo

Costituita dalla *Fondazione Cassa di Risparmio delle Provincia Lombarde*

Perfil de la comunidad étnica / asociación, ong / estructura pública, sindical, consumidores

Nombre _____

Tipo _____

Finalidad institucional y ámbito de operatividad

Nº asociados/contactos anuales _____

Breve presentación

Dispone de una sede organizativa propia: SI /_/ NO/_/

A) La percepción del problema del acceso a los servicios bancarios y financieros

1. Sobre la base de su experiencia considera que la población migrante en España encuentra dificultad en el acceso a los servicios bancarios y financieros?

Pocas 1 2 3 4 5 Muchas

--	--	--	--	--	--

Si pocas (1-2)

- porque se resuelven dentro de la comunidad o familia /_/
- porque no tienen dinero suficiente /_/
- porque no existen problemas específicos /_/

2. Si medias o muchas (3-4-5-)

- Dificultades l nguisticas y de comprensi n /_/
- Dificultad de comprensi n de un sistema de reglas y convenciones complejas /_/
- Prevenci n frente a los inmigrantes y discriminaci n /_/
- Dificultad de tipo subjetivo o de relaci n /_/
- Otras /_/

B) Las iniciativas emprendidas (directamente)

3.  Han emprendido iniciativas para mejorar la situaci n y facilitar el acceso ?

SI /_/

NO /_/

si **NO**

- porque no entra entre vuestra finalidad institucional /_/
- porque no tenemos recursos /_/
- porque no es una prioridad en este momento, pero podemos ocuparnos en el futuro /_/
- otro /_/

si **SI** de que tipo:

- a. promoci n del conocimiento de la operatividad bancaria, /_/
- b. Asistencia para encaminar la relaci n /_/
- c. "convenciones" (relaciones) con otras asociaciones /_/
- d. convenci n con bancos /_/
- e. acuerdos informales con los bancos /_/
- f. acuerdos con financieras /_/
- g. asistencia en las relaciones con los bancos/financieras /_/
- h. aceleraci n de pr cticas /_/
- i. otro /_/

descripci n experiencia :

Sint tico juicio sobre la eficacia

Poca	media	mucha

Las iniciativas que conoce

4.  Conoce las iniciativas realizadas por otros organismos para facilitar la difusi n del conocimiento de la operatividad bancaria y facilitar el acceso a los servicios bancarios por parte de las poblaciones migrantes?

SI

NO

si **SI**

de que tipo:

- a. promoción del conocimiento de la operatividad bancaria /_/
- b. Asistencia para encaminar la relación /_/
- c. “convenciones” (relaciones) con otras asociaciones /_/
- d. convención con bancos /_/

Sintético juicio sobre la eficacia

Poca	media	mucha

C) Propuestas

Según Usted, ¿sería útil implementar iniciativas para mejorar el conocimiento de los servicios bancarios?

	1	2	3	4	5	
Poco útil						Muy útil

De que tipo ?

¿Promovidas de parte de quién ?

- Servicios públicos /_/
- Iniciativas de voluntarios /_/
- Sindicatos /_/
- asociaciones de consumidores /_/
- escuelas /_/
- bancos /_/

D) Otras propuestas y sugerencias



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Costituita dalla *Fondazione Cassa di Risparmio delle Provincia Lombarde*

Banco o Caja de Ahorros: _____

Nombre: _____

ámbito de operatividad: _____

Agencia: _____

Ciudad: _____

Nombre de la persona que contesta el cuestionario y su cargo dentro de la entidad:

1. ¿Tiene su banco clientes inmigrantes? SI /_/ NO/_/

1.1 ¿ Qué porcentaje representa sobre el total de clientes?

2.¿Ofrece su banco servicios especiales para inmigrantes? SI /_/ NO/_/

2.1. ¿ Puede especificar que tipo de servicio?

2.2 ¿ Que documentos se necesitan para acceder a estos servicios?

2.3.¿ Funciona igualmente para todas la comunidades étnicas? **SI /_/ NO/_/**

2.4. En su zona puede indicar que comunidades se han establecido y si alguna de ellas utiliza más los servicios bancarios que otras?

3. ¿Qué documentos se le piden a un inmigrante para abrir una libreta de ahorro o cuenta corriente?

3.1. ¿Puede tener una tarjeta de débito un cliente inmigrante titular de una cuenta corriente?

SI /_/ NO/_/

3.2. ¿Puede tener una tarjeta de crédito un cliente inmigrante titular de una cuenta corriente?

SI /_/ NO/_/

4. ¿Cuál es el coste de una transferencia internacional para sus clientes inmigrantes?

4.1 ¿Han hecho algún acuerdo con otros bancos para las transferencias internacionales?

4.2 ¿Puede un inmigrante que no sea cliente suyo hacer una transferencia bancaria a su país?

SI /_/ NO/_/

5. ¿Conceden créditos personales a los clientes inmigrantes? SI /_/ NO/_/

5.1 ¿Qué requisitos se necesitan?

5.2 ¿ Pueden indicar el número de créditos personales que han concedido?

6. ¿Conceden créditos hipotecarios a los clientes inmigrantes? SI /_/ NO/_/

6.1. ¿Qué requisitos se necesitan?

6.2 ¿Pueden indicar el número de créditos hipotecarios que han concedido?

6.3 ¿Puede indicar el grado de morosidad?

7. ¿Han organizado algún tipo de formación específica para los inmigrantes (ya sea charlas o cursos)?

7.1 ¿Ha publicado alguna vez folletos en otros idiomas? **SI /_/ NO/_/**

7.2 ¿Han realizado acciones formativas dirigidas al personal bancario para mejorar la atención a la clientela inmigrante?

8. ¿Considera al inmigrante como un objetivo interesante para su banco?

SI /_/ NO/_/

8.1 Explique ¿por qué?

9. ¿Tiene alguna propuesta o sugerimiento para mejorar el acceso a los servicios bancarios por parte de la población inmigrante?
